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Wednesday, 4 December 2002

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

CRIMES LEGISLATION AMENDMENT (PEOPLE SMUGGLING, FIREARMS TRAFFICKING AND OTHER MEASURES) BILL 2002

First Reading

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

Second Reading

Mr ANTHONY (Richmond—Minister for Children and Youth Affairs) (9.30 a.m.)—I move:

That this bill be now read a second time.

The Crimes Legislation Amendment (People Smuggling, Firearms Trafficking and Other Measures) Bill 2002 will introduce new strong and effective offences into the Commonwealth Criminal Code to deal with people-smuggling and interstate firearms trafficking. It also proposes to deal with a number of other important criminal law issues.

In recent years people-smuggling has emerged as a major global issue. It is rapidly becoming one of the most lucrative illicit trades in the world. This bill is an important part in the government’s overall strategy to combat people-smuggling.

The new people-smuggling offences will target activity not covered by the regime in the Migration Act 1958. In particular, the offences will prohibit the smuggling of persons from Australia to another country, or from a country other than Australia to a third country, with or without transit through Australia.

Where there is no transit through Australia, the offences will apply where the person organises or facilitates the smuggling either engages in that conduct in Australia or is an Australian citizen or resident.

This bill also provides for aggravated people-smuggling offences. These offences provide larger penalties for people smugglers who endanger the lives or safety of the people they are smuggling, or who subject the people being smuggled to cruel, inhuman or degrading treatment. An aggravated people-smuggling offence is also proposed for people smugglers who smuggle five or more persons at a time.

The aggravated people-smuggling offences also criminalise smuggling a person to a foreign country with the intention that that person will be exploited in that foreign country. ‘Exploitation’ is defined in the bill to include slavery, sexual servitude, forced labour and the removal of a person’s organs. This type of activity is commonly associated with the illegal trafficking of persons.

The people-smuggling and aggravated people-smuggling offences will apply to all Australian citizens or residents who are involved in overseas smuggling operations. The broad coverage of these offences demonstrates Australia’s commitment to combating people-smuggling activity both in Australia and in the region.

The offences also fulfil a commitment to criminalise people-smuggling made by participants in the Ministerial Conference on People Smuggling, Trafficking in Persons and Related Transnational Crime, which was held in Bali in February this year. It is hoped that the introduction of these offences will encourage other countries in the region to adopt similar offences.

The people-smuggling offences are supported by new offences which will prohibit making, providing or possessing false travel or identity documents where those documents are intended for use in securing the unlawful entry of a person into a foreign country. An offence of taking possession of or destroying another person’s travel or identity documents is also included.

The bill also proposes to deal with the issue of interstate trafficking of firearms. The trafficking of firearms to supply the black market is an increasing problem facing the Australian community. Research indicates that those who engage in firearms crime are invariably sourcing their weapons illegally and do not comply with licensing and registration requirements.

The cross-border trade in illicit firearms is specifically targeted in the new firearm offences contained in this bill. These offences...
will work with the existing state and territory schemes to make it unlawful, in the course of trade and commerce between the states and territories, to dispose of or acquire a firearm, where the disposal or acquisition of that firearm is an offence under a state or territory law. The bill will also make it unlawful to take or send a firearm from one state or territory to another, intending that the firearm will be disposed of in the other state or territory in circumstances which would constitute an offence against the law of that state or territory.

Implementation of these offences is an important step towards achieving a nationally consistent approach. Differences in the relevant laws pose major challenges in our efforts to combat interstate firearms trafficking.

The offences will provide the means by which people engaged in the illegal interstate trade in firearms can be prosecuted under Commonwealth law. The offences should also be a significant deterrent to those engaged in firearms trafficking across state and territory borders.

In addition to people-smuggling and interstate firearms trafficking, this bill makes amendments to a number of criminal justice laws to enhance their effectiveness.

The bill will finetune the theft and fraud offences in the Criminal Code, which have been operating for over a year, to address minor problems which have emerged with the offences.

The bill will also repeal sections 16G and 19AG of the Crimes Act 1914. That amendment will mean that courts will no longer have to take into account whether or not remissions are available in a state or territory when sentencing federal offenders in that state or territory. This shift follows the abolition of remissions in most states and territories and the move towards removal of remissions in the remaining jurisdictions.

The bill proposes to include the drug gamma-hydroxybutyric acid, better known as ‘fantasy’, as a psychotropic substance under the Crimes (Traffic in Narcotic Drugs and Psychotropic Substances) Act 1990. The substance is commonly used in drink spiking incidents. This will enhance the ability of law enforcement agencies to investigate and prosecute domestic manufacturers and suppliers of that substance.

The bill also amends the Financial Transaction Reports Act 1988 to ensure that remittance dealers are covered by the definition of ‘cash dealer’ in that act. A technical amendment is also proposed to correct a cross-reference to the Commonwealth money laundering legislation following the passage of new money laundering offences earlier this year.

The bill also proposes to amend the International Transfer of Prisoners Act 1997. These amendments will clearly define the role of the Minister for Immigration and Multicultural and Indigenous Affairs (the immigration minister), while ensuring that the Attorney-General and the immigration minister consult on the eligibility of prisoners prior to their transfer. The amendments will also ensure that the immigration minister is given the opportunity to consider cancelling a prisoner’s citizenship or visa prior to their transfer to Australia. If the immigration minister does cancel a prisoner’s citizenship or visa that person is no longer eligible for transfer to Australia.

The Crimes Legislation Amendment (People Smuggling, Firearms Trafficking and Other Measures) Bill 2002 deals with a number of important criminal justice issues facing Australia and our region. The measures contained in the bill will go a long way to dealing with people-smuggling, firearms trafficking and other important issues. I commend the bill to the House and present the explanatory memorandum to this bill.

Debate (on motion by Dr Lawrence) adjourned.

WORKPLACE RELATIONS AMENDMENT (PROHIBITION OF COMPULSORY UNION FEES) 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) (9.40 a.m.)—I move:

That this bill be now read a second time.

Freedom of association is a cornerstone of the government’s vision for more productive and more prosperous workplaces. On coming to office, the government amended the Workplace Relations Act 1996 better to reflect this principle, with broad legislative recognition of the freedom to join or not to join an industrial association.

This fundamental freedom is violated by recent union attempts to impose so-called ‘bargaining agent’s fees’. These require non-union members to pay for union negotiations at their workplace, even though these negotiations may take no account of their concerns. In many cases the fee demanded has been set at $500 per year, well above the level of annual union dues. This suggests that many compulsory fee demands are being made with premeditated coercive intent.

Clauses purporting to require payment of compulsory union fees by nonunionists have already been included in hundreds of federal certified agreements.

Compulsory fees for an unrequested service do not constitute ‘user pays’. User pays involves an exchange that is freely entered into by willing and properly informed parties. The government believes that industrial associations should be subject to the same standards as ordinary businesses, which are prevented by fair trading legislation from providing unrequested services and then demanding payment for those services.

The content and intent of this bill should be familiar. It is the same as the bill that was laid aside on 18 September 2002 after the House of Representatives rejected Senate amendments that would have undermined the intent of the bill to protect individual employees from the imposition of compulsory union fees.

The Senate amendments would have allowed a majority vote to impose a compulsory bargaining services fee on all employees, irrespective of whether the individual employees affected had sought the bargaining services. The amendments removed from the bill important protections for employees who choose not to pay a fee, as well as the capacity to have compulsory bargaining service fee clauses removed from agreements.

The government is reintroducing this bill to honour the commitment it made before the 2001 election to ban compulsory union levies.

The bill will amend the certified agreement and freedom of association provisions in the Workplace Relations Act 1996. The amendments address clauses in certified agreements that purport to require payment of bargaining services fees. They also address conduct designed to compel people to pay such fees.

In late 2001, a full bench of the Australian Industrial Relations Commission found that bargaining fee clauses in certified agreements do not contradict the strict letter of the freedom of association provisions of the Workplace Relations Act 1996, despite their acknowledged coercive intent. This has exhausted the legal avenues to have clauses removed from certified agreements.

There has been ongoing uncertainty in relation to the legal status of bargaining fee clauses, including whether such clauses can be included in agreements. In August 2002, the commission held that it was unable to certify nine agreements containing a bargaining fee clause because that clause did not pertain to the employment relationship; that decision is under appeal.

The Workplace Relations Amendment (Prohibition of Compulsory Union Fees) Bill 2002 [No. 2] addresses this uncertainty. The bill provides that bargaining fee clauses in certified agreements are void, and will give the commission the power to remove such clauses on application by the Employment Advocate, or a party to the agreement. The bill will prevent the commission certifying an agreement containing a clause requiring the payment of a fee for bargaining services.

To ensure that it is clear that bargaining fee clauses in certified agreements do not provide a basis on which unions can legally compel non-members to pay such fees and to
ensure that there are appropriate protections for individual employees who choose not to pay a bargaining fee the bill will amend the Workplace Relations Act 1996 to:

- prohibit employers and others from engaging in discriminatory conduct against people who refuse to pay a bargaining fee;
- prohibit an industrial association from encouraging or inciting others to take discriminatory action against people who refuse to pay a bargaining fee;
- prohibit an industrial association from taking, or threatening to take, action with intent to coerce people to pay a bargaining fee; and
- prohibit an industrial association from demanding a bargaining fee.

There is also a need to prevent unions and employers from using other methods to create an impression that employees are legally obliged to pay these compulsory union fees. Hence the bill will prohibit the making of false or misleading representations about a person’s liability to pay a compulsory union fee.

However, the bill will not prevent people making voluntary contributions, provided there is no coercion or misrepresentative conduct. The bill will prevent demands for coercive, non-consensual fees that are contrary to rights to freedom of association.

Bargaining fees are not a legitimate way for trade unions to arrest the dramatic and sustained fall in their membership.

Australian laws recognise an important statutory role for registered organisations, and confer upon them significant rights and obligations. But that legal standing cannot be at the expense of the right of individual employers and employees to freedom of association and to protection from coercive or discriminatory conduct.

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

Debate (on motion by Dr Lawrence) adjourned.

FAMILY AND COMMUNITY SERVICES LEGISLATION AMENDMENT BILL 2002

First Reading

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

Second Reading

Mr ANTHONY (Richmond—Minister for Children and Youth Affairs) (9.47 a.m.)—I move:

That this bill be now read a second time.

This bill contains a number of non-budget measures that will assist in more effective and efficient administration of the social security law and family assistance law.


The technical amendments contained in this bill include the repeal of redundant provisions, references and notes and the renumbering of misdescribed provisions. This bill also makes minor amendments which largely seek to simplify and clarify existing legislative provisions, achieve consistency between similar provisions and payment types, and address some unintended consequences of earlier amendments.

The bill also makes some minor policy changes, such as amending the Social Security Act 1991 to allow a person to qualify for mobility allowance if they are undertaking approved activities, such as gainful employment, vocational training or voluntary work, for at least 32 hours every four weeks, rather than eight hours every week. This will provide more flexibility for mobility allowance customers and recognises that these customers have different needs and abilities which may affect the number of hours they are able to undertake approved activities in a particular week.

In addition, the bill repeals the First Home Owners Act 1983, which is now redundant.
given that no new applications have been permitted under that act since 1991.

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

Debate (on motion by Dr Lawrence) adjourned.

NATIONAL HEALTH AMENDMENT (PHARMACEUTICAL BENEFITS—BUDGET MEASURES) BILL 2002 [No.2]

Second Reading

Debate resumed from 2 December, on motion by Mr Andrews:

That this bill be now read a second time.

upon which Mr Stephen Smith moved by way of amendment:

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

“the House rejects this bill for the following reasons:

(1) it will increase by nearly 30% the cost of essential medicines, hitting the sickest and poorest in our society;

(2) Australian pensioners and concession cardholders will go without almost five million prescriptions, and Australian families will also go without almost half a million prescriptions as a result of the proposed increase;

(3) by depriving sick and elderly Australians of the medicines they need, there will be an increased need for greater medical interventions in public hospitals and nursing homes at even greater cost to taxpayers;

(4) there are other, more effective, means by which the long term sustainability of the Pharmaceutical Benefits Scheme could be assured, means which would put appropriate responsibility on the pharmaceutical industry and the medical profession rather than on those least able to bear the burden, and on which the Government has been silent since the Leader of the Opposition’s Budget reply; and

(5) the true rationale for the bill is to restore the budget bottom line and has nothing to do with the long term sustainability of the Pharmaceutical Benefits Scheme or with genuine health outcomes for Australians”.

Mr SCIACCA (Bowman) (9.50 a.m.)—The Pharmaceutical Benefits Scheme aims to make affordable to all Australians the medications they need, but at a reasonable cost to the community. It is certainly a challenging balancing act, one that undoubtedly will become increasingly difficult in years to come under the pressure of Australia’s ageing population and rising expectations in the community about securing access to the latest medical technology. In his comments in this place when this bill was first debated—statements that have been reiterated in numerous forums—my colleague and friend the shadow minister for health, Stephen Smith, made it abundantly clear that Labor is very much aware of these challenges and is very keen to pursue policy options that will ensure the long-term viability of the Pharmaceutical Benefits Scheme.

But the option of increasing the copayment put forward by this government does little if anything to ensure the sustainability of the PBS. If passed, it will increase the cost of essential medicines for pensioners, low income earners and the general community by 30 per cent. At the same time, budget figures released in September showed clearly that the immediate PBS crisis touted by the government at budget time was grossly exaggerated and that, as Labor suspected, these measures have more to do with the budget bottom line that with health care.

In fact, far from ensuring affordable access to medicines, the government’s approach to the challenges facing the PBS would hit the sickest and the poorest members of our community hardest. It raises the concessional copayment from $3.60 to $4.60 and the general copayment from $22.40 to $28.60 per prescription. According to the Department of Health and Ageing, if these measures were introduced the demand for prescriptions would drop by 2.8 per cent amongst pensioners and concession cardholders and 1.4 per cent in the general community in the first year alone, as those who cannot afford increased prices stop having their scripts filled. That is the equivalent of 5½ million unfilled prescriptions for pharmaceuticals a year.

We are talking here about the most vulnerable in our community. Why does it always seem that to this government the almighty dollar is far more important than the people in our own community, particularly
those who will be hit hardest, our seniors? Many of our seniors make up a magnificent generation of Australians who in bad times fought for this country and went through depressions. They made it easier for us to live better today and they made our country the free country that it is today where we enjoy a very high standard of living. Of course, that is not taking into account those people in our community who are not getting the medical treatment they need, because they cannot find a doctor who bulk-bills and they cannot afford to go and see one that doesn’t.

For the many pensioners I represent in the Bayside and Redlands districts of Queensland, who are already struggling to make ends meet, the prospect of outlaying an additional $52 a year to obtain their essential medicines is a daunting one. I would like to tell the House a little about the situation facing just one of my constituents by way of example of how little the seniors both in my electorate and around the country can afford this proposal. A very close friend of mine, Mrs Phyllis Jeffells, is a woman for whom I have a great deal of admiration. She is 83 years old and has devoted a great deal of her life to the community. She worked as a decoder during World War II and has volunteered with a variety of community associations in her retirement. She also worked in my office as a tax help volunteer for a number of years before ill health forced her to step down. She is one of those ladies that I was referring to before who represents a magnificent generation of Australians who in their older years should not have to worry about whether they can afford medicines or not.

Mrs Jeffells suffers from osteoarthritis, she is an asthmatic and suffers from many allergies. Like many of the older members of my community, her weekly bill for pharmaceuticals is quite a sizeable and consists of PBS items and non-subsidised items. Until recently, the financial strain of footing her medical bill was even greater as she had been unable to obtain secure subsidised housing and was paying $330 a fortnight out of her pension to keep a roof over her head. I know she is not alone when she tells me of her concerns that if the cost of PBS items goes up $1 a week, she would be forced to decide whether to have a script filled or buy a loaf of bread. Some people might think that that is gilding the lily or stretching the facts, but that is the reality for people who are on fixed incomes, where every dollar counts.

I do not know of many people who would support the introduction of measures that would mean our seniors would have to give up their medicines in order to eat, or vice versa. But even looking at the proposal from a cold, hard economic perspective, these measures fail to meet their objective because the prospect of patients missing their medication due to financial constraints has significant long-term implications for the health care system and the health budget.

In outlining the Australian Medical Association’s opposition to an increased PBS copayment, president Kerryn Phelps stated: Research shows that cuts in access to pharmaceuticals can have the long-term effect of increasing health costs as an individual’s health condition may worsen if not treated appropriately or in a timely manner.

While on paper these measures are intended to reduce the Commonwealth’s health liability, in practice it would do just the opposite and put increased pressure on aged care facilities and on public hospitals.

If this bill is all about making sacrifices now to ensure the viability of the Pharmaceutical Benefits Scheme and a strong health care system into the future—as members opposite have asked us to believe—looking at it in the context of the government’s overall health program, I can only shake my head in wonderment at the logic of a government that gripes about subsidising the cost of life-saving and life improving drugs to the community but is content to subsidise the leisure activities of private health care customers.

Mr and Mrs Hazlett of Wynnum in my electorate recently approached me with respect to this very practice. I had a long conversation with Mr Hazlett and he said that they have held private health cover for a number of years and are currently insured with Medibank Private. They pay a premium of $28 a week; that is, almost $1,500 a year for comprehensive hospital and top extras
cover. But what the Hazletts and many others in my electorate cannot understand is why their insurance covers ancillary items such as sports club membership, sports equipment and clothing, relaxation CDs or aromatherapy. I have had aromatherapy myself and it is quite good, but I do not really know that it is something which should be on ancillary list. When Mr Hazlett recently inquired about the sports equipment claims available to him as a keen fisherman, he was surprised to learn that his insurance would extend to fishing gear, flares and even the registration charges for his boat trailer.

Mr Hazlett contends that if the $500 per annum of this type of ancillary cover was removed from his policy, his premium would be significantly reduced and the financial burden he and his wife bear in order to retain their private health insurance would be greatly reduced. The Treasurer told this House in question time recently that the private health insurance rebate strengthens Australia’s health system. I fail to see how subsidising the purchase of classical music CDs could contribute more to the health of our health system than the PBS, particularly when research has demonstrated that for every $1 invested in pharmaceuticals there is a saving of some $3 to $4 of expenditure on later health services. We need to think ahead rather than only think for tomorrow.

It seems ludicrous for the government to allow this practice of subsidising leisure activities to continue. While it maintains the argument that the Commonwealth cannot wear the current costs of the Pharmaceutical Benefits Scheme, the taxpayer is providing a 30 per cent rebate for private health insurance premia. The proposal to increase the PBS copayment, hitting pensioners for an extra $52 a year and asking the 300,000 families around Australia who qualify for the safety net to find an additional $190 for essential medicines, is not only unfair to the most vulnerable in our community—the ill, the aged and the low-income families with young children—and inconsistent with the government’s budget outcome figures and the minister’s failure to act to stop the use of taxpayers’ money to subsidise the leisure activities of private health insurance policy-holders, but also simply fails to meet the government’s stated objective of ensuring the continued viability of the PBS.

Experience tells us that increasing the copayment does not have the desired effect of containing costs to the Commonwealth. The government tried it in 1996-97. While an increase in the copayment induces a plateau in the use of the scheme—a trend that, as I mentioned, has serious implications for future health expenditure—given that the medicines we are talking about are essential medicines, it is not surprising that growth in the use of this scheme soon regains momentum.

The opposition is happy to support other measures contained in the budget, such as promoting the use of generic drugs, improving list procedures for new medicines and increasing the focus on evidence-based medicine, which will have a real impact on the sustainability of the Pharmaceutical Benefits Scheme into the future. The PBS has played an important role in delivering positive health outcomes for individuals and for the overall health of the nation over the last 50 years. The continued capacity of the scheme to assist those most in need requires proper planning and tighter administrative controls. That is why the opposition has called for measures such as increased focus on the costs and prescribing patterns of new drugs in their first year on the PBS, the inclusion of the full cost of the medicine on the label so that consumers are aware of that cost, tighter controls on direct-to-consumer advertising and greater scrutiny of industry marketing. It is these kinds of measures, not an increase in the copayment, that will ensure that the PBS continues to meet its mission statement and that members of our community who need essential medicines will be able to access them at a cost affordable to both the individuals themselves and the community.

These kinds of reforms will ensure that the PBS list can continue to be amended and updated to assist the greatest number of people to access the medicines they need to combat their current health problems and limit their need for more serious medical intervention in the long term—people like
Mrs Antoinette Papas, who has written to me about her inability to access botulinum toxin on the Pharmaceutical Benefits Scheme. Mrs Papas suffered a stroke in March, which has left her with severe spasticity on the left side of her body. She writes:

... the PBS does not presently provide Botox for my particular condition. This makes it extremely difficult if not impossible for us to afford the treatment. I have tried other treatments including oral medication, physiotherapy, hydrotherapy and acupuncture with limited success ... I have spent 6 months in private rehab hospitals having intense physiotherapy and am still working on regaining my mobility as much as possible as I am only 46 years old. My current condition is limiting my mobility and slowing the whole process so I really need Botox to progress. The cost is preventing me at present.

Botox is available currently on the PBS for children with cerebral palsy and for people with spasticity in their neck and facial muscles, but it does not extend to Mrs Papas’s condition. Importantly, Mrs Papas’s doctors recommend the Botox treatment because of its capacity to assist her rehabilitation. This is a very real example of how making a treatment available on the PBS has a significant capacity to limit the health costs that the Commonwealth will encounter down the track if Mrs Papas rehabilitation is limited due to inability to afford the treatment.

I have made representation to the minister on this matter. If the Minister for Health and Ageing, Senator Patterson, whom I know very well, were to read the letter and find out about my constituent’s matter—if her department were to give the letter to her—and not just sign the answer, which departments like ministers do and which I never did, I believe she would do something about this. The point is that Mrs Papas’s condition will cost the government—that is, the taxpayer—a lot of money. But, if it can be fixed up and Mrs Papas’s mobility can be helped, why wouldn’t you do it? So I implore Senator Patterson to ask specifically for this letter and she perhaps might be able to do something about it. Perhaps her advisers in the box might want to advise her of this matter, particularly if they are good advisers—and I am sure they are. Mrs Papas’s situation reinforces the need for this parliament to work to put in place effective measures to preserve not only the longevity of the PBS but also its actual mechanisms and ability to help people.

The opposition does not want to act in a way that will not ensure the long-term viability of the Pharmaceutical Benefits Scheme, because we recognise the importance of the scheme in assisting the sick in the short term and keeping a lid on future health costs. We want to ensure that people in the communities we represent, like Mrs Papas and others, are able to reach the assistance they need to access medication now and into the future. But increasing the copayment is not the way forward. It merely serves to penalise those who can afford it least. Along with the inaction on bulk-billing and the estimated $60 million a year of public money going to subsidise the purchase of running shoes and second-hand golf clubs, this is just another example of how this government is not prepared to put in the funds and the planning needed to ensure that all Australians have access to the quality health care they deserve.

Finally, I noticed only the other day that the Treasurer, in presenting his budget forecasts or his revision of budget forecasts, said that there is still going to be something like $2 billion in surplus. We are a rich country with a limited population. We do not have a great number of people in this country—19 million, which is far too low in my estimation. That is one of the major reasons we have some of these economic problems, but that is an argument for another day. When we have that sort of money available, we need to be able to say, ‘Look, we’ve got plenty of money in the bank but we are going to make sure that we stick it up some of the sick people in our community who are vulnerable and who are not able to make the sorts of decisions that perhaps those in government and people like myself can. So we’ll keep the money in the bank but we are going to make sure that you have to make these decisions as to whether you’ll buy medication if you can afford it or you won’t.’ I do not think any government of whatever political persuasion would really want that to happen. I am aware of how departments come up with budget
savings at the request of ministers, but I do not believe that that is what the people who come up with these budget savings intend. If we were that broke, if we were almost bankrupt as a country and we wanted to turn around and skim a few dollars off the people who can least afford it, fine; but we are not in that position. In my view, this sort of legislation should not go ahead. I commend the opposition for refusing to allow this measure, and I will be voting accordingly.

Mrs DE-ANNE KELLY (Dawson) (10.08 a.m.)—I rise to speak on the National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002 [No. 2]. This is a bill which I believe will secure the future of the Pharmaceutical Benefits Scheme. It proposes that there be an increase in the copayment for prescriptions. From the date of the passing of the bill, concession cardholders will pay an extra dollar per script, increasing the price from $3.60 to $4.60. General patients will pay up to an additional $6.20 per script, increasing the price from the $22.40 paid now to $28.60. From 1 January 2003, the safety net for concessional cardholders will increase to $239.20, which is equal to 52 prescriptions at the new copayment rate. This equates to a maximum increase of $52 for a concessional cardholder—that is, a dollar a week for the whole year. For general patients, the safety net threshold will increase from $686.40 per annum to $874.90.

The PBS began life on 1 June 1948. Over all the years since, it has supplied life-saving and disease-preventing drugs to pensioners and others. Presently the PBS covers 593 drugs available in 1,461 forms and strengths and marketed as 2,506 brands. What does it actually mean for Australian consumers to have the Pharmaceutical Benefits Scheme in place? What it means is this. The price of insulin, for example, is $189.19. A pensioner or a concession cardholder pays not $189.19 but $4.60; the general consumer pays $28.60. And so it goes for other quite costly drugs. Since we have been in government, the National-Liberal government has added new items to the PBS at a gross cost of $1.5 billion.

The PBS is an excellent scheme that enables those in the community to have access to very necessary medications, fully subsidised by the taxpayer. That is a very worthy aim. But a nation’s responsibilities are not only to those Australians who are now in a position to be, if you like, voting Australians; a nation’s responsibilities are also to those who have built the nation and to those who are going to inherit the nation. I have no doubt that, like me, all members of parliament visit primary and high schools in their electorates. When I see those eager young faces—people who in 20, 30 or 40 years time will be, I trust, the leaders of their community, their states and perhaps the nation—I am acutely aware of the responsibility we have to all in our nation. We have a responsibility not just to those who are now aged and ill—though it is appropriate that we accept a responsibility for those who need care—and not just to those who are the voting population now, but to those future young Australians who will be embarking on careers, buying a home and raising a family. There is no doubt that they will face a considerable challenge. For those who doubt it, the Intergenerational Report delivered by the Treasurer lays outs clearly the incredible challenge to our future Australians, our now young Australians.

The reality is that we are an ageing nation. I wish that it were different, but the reality is that the ratio of those over the age of 65 to those in their earning years paying taxes is going to increase dramatically. Therefore we need to think not only of our circumstances now but also of the circumstances for those young future Australians who will be leading the nation, raising families and working. We need to look at projections of spending, and of course spending involves taxing. When you look at the projected Commonwealth spending by category, you see that one of the highest increases will be in health. In fact, it is the highest. Health spending will go from the present rate of four per cent of GDP to close to eight per cent of GDP. It will double in 40 years. When you look at the elements of health spending that will increase the most in that period, and look at the charts, there is one thing that stands out—the Pharmaceutical Benefits Scheme subsidy. It will quadru-
ple in that period of time. The others increase, but not at the same rate. So we have a responsibility to young Australians of the future.

Have there been any previous governments which have recognised that the Pharmaceutical Benefits Scheme occasionally needs to be reworked to ensure that the integrity of the scheme remains? Yes, in fact, there have been. There was a time in the past when the Pharmaceutical Benefits Scheme was under pressure and the patient copayment for concession cardholders was increased. Goodness me—to hear the cries from the opposition about increasing the patient copayment! But it was done; it went from $2 to $2.50 and it increased for general patients from $11 to $15. Back at that time, patient copayments were about 20 per cent of the total cost, so they were a considerably greater proportion of the total cost than they are now, when they are 15 per cent. Who was it who proposed at that time that copayments increase? Was it the Treasurer? No, it was not. Let me tell you who it was. It was Brian Howe, the health minister.

Mr Anthony—who was it?

Mrs DE-ANNE KELLY—it was Brian Howe—the same man, I might add, who wanted to reduce the Medicare rebate because bulk-billing was rising to a considerable level, with 70.1 per cent bulk-billing. I digress for one moment to say that Mr Howe was a health minister who was far-sighted. I did not admire all of his policies but, in ensuring the integrity of various programs in the Medicare scheme, he made tough decisions. At that time, bulk-billing was 70.1 per cent and he said it was too high. What do we hear now? We hear the Labor Party saying that bulk-billing is too low, and it is 70.4 per cent. But Mr Howe, the then health minister, thought that it was too high and he wanted to change the Medicare rebate. I must admit that he was eventually unsuccessful, but he was going to change the Medicare rebate to address that problem. Again, he was a far-sighted minister and he addressed the problems with the Pharmaceutical Benefits Scheme. What did the Labor Party say about him at the time? When Mr Howe retired, the then Prime Minister, Mr Keating, said he was a Labor luminary. I thought he was a bit of a luminary, too; in fact, I think we are very much taking a leaf out of his book. We are following the precedent he set with the Pharmaceutical Benefits Scheme. We are certainly going to take note of his very sound comments about bulk-billing being too high at 70.1 per cent.

What do the Labor Party of today do about the very sound precedent set by one of their luminaries—as Mr Keating said, one of the leading luminaries on the Left in Australia? The Labor Party of today oppose our changes. The Labor Party, when they were in government, were responsible—or they tried to be, at least as far as the Pharmaceutical Benefits Scheme was concerned when Mr Howe was the minister—but when they are in opposition they are opportunistic.

Do not think that the Australian people do not notice this. In my electorate, when this very sensible and sound measure to retain the integrity of the Pharmaceutical Benefits Scheme was originally proposed by the health minister in our government, I went out and sold it to my electorate. I will not pretend that there were not concerns raised initially, as there were when the health minister, Mr Howe, did the very same thing. Yes, there were concerns raised. But, when people understood what was involved in retaining the integrity of the scheme, and when they understood that new medications could be put on as more and more lifesaving drugs came on the market, they realised that $52 a year for a pensioner was a reasonable amount to contribute to preserving a scheme that entitled all Australians to lifesaving drugs at a reasonable price, subsidised by the taxpayer. For instance, they learned that drugs such as Celebrex and Vioxx, which are the fourth and 17th most expensive drugs on the Pharmaceutical Benefits Scheme, would be available at a reasonable price. Celebrex is going to cost $40 million in the first year, although the cost blew out to $160 million. Those drugs are subsidised by the taxpayer. One of the most expensive drugs is Simvastatin, which is used to treat high cholesterol. The average price for that is $60.86, but a concessional patient receives it now for $3.60 and, under our sound proposal, it is $4.60.
The total cost of that medication is $282 million, but the government, the taxpayer, will contribute $251 million to that cost.

Atorvastatin, or Lipitor, which is also used for high cholesterol, has an average price of about $60. For a pensioner it will cost as little as $4.60 under our proposal. Losec, which is used for peptic ulcer, has an average price of $64.14, and it is available under our very sound proposal for $4.60. And so it goes on. When you explain to people in the community that they have access to lifesaving and very necessary medications at $4.60 for pensioners and at concessional rates for other Australians, they understand that you cannot continue to add new drugs that are becoming more costly to the Pharmaceutical Benefits Scheme, keep the patient copayment at the same level, and hope to retain the integrity of the scheme. I found that, over time, people in my electorate came to understand that. Some begrudgingly accepted it and others willingly embraced it, but generally I found that there was acceptance that the government was making tough decisions to ensure that the scheme—which was very necessary—had integrity over the long term. Many families were grateful that the government was ensuring that, in the future for young Australians coming on, our existing health arrangements did not place a burden on them that would be unsustainable.

Since the Labor Party have been in opposition, they have adopted every cheapjack trick to try to stop the government from taking responsible decisions. They are happy to propose more spending, but they do not want to see the government put in place any of the sensible saving measures that are so necessary to ensure that all of the government’s programs, including the Pharmaceutical Benefits Scheme, retain their integrity. The Labor Party, though, are unfortunate in that the electorate is very shrewd and perceptive. The electorate is well aware that the government is being responsible. Never have I seen a Prime Minister so highly regarded and respected by the electorate for taking tough though not always popular decisions. With regard to this measure, the electorate will support a tough decision that ensures in the long run that the government’s sensible health arrangements retain their integrity.

What the electorate will not put up with is parties such as the Labor Party playing internal party games, avoiding the tough decisions, voting down the savings that will enable expenditure in other areas and simply playing cheapjack politics to avoid tough decisions.

These tactics will not get them anywhere, because the electorate is very perceptive now. People really do understand. I have no doubt that this measure has been generally accepted since it was first introduced to my constituency. When I tell my electorate that the Labor Party have sought to defeat a very sensible plan for the long-term integrity of the Pharmaceutical Benefits Scheme, I will get the same reaction as before: that the government needs to be supported in its sensible and tough decisions. I commend the bill to the House.

Dr LAWRENCE (Fremantle) (10.24 a.m.)—I have been placed in a rather awkward position because I was paying attention to other matters. By now, another speaker should have turned up. Nonetheless, as a former minister for health, I have very clear views about this matter and, having read much of the material, no doubt I can make a fist of ensuring that this debate on the National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002 [No. 2] does not collapse.

Pharmaceutical benefits are a very important part of Medicare. Only last evening, I sat with a number of people in Old Parliament House and discussed the legacy of the Whitlam government. One important part of that legacy—indeed, it goes to a former Labor government—was a comprehensive Medicare program that included pharmaceutical benefits. The pharmaceutical benefits program is under threat by this government, as is Medicare as a whole. The current Prime Minister some years ago stood before the people of Australia as Leader of the Opposition and as a shadow minister and put to them the proposition that Medicare was an expensive failure. He indicated—I think I am quoting him correctly, although it is a little unedifying—that he ‘would rip the guts out of Medicare’ because he regarded it as ineffi-
cient, expensive and an intrusion into what he regarded should essentially be private matters between medical practitioners and the people who are seeking medical care. At the time when Malcolm Fraser took over from Gough Whitlam, he was so aware that Australians were committed to Medibank, even after a very short time, that he stood before the people of Australia and told them that he would retain Medibank. But what actually happened was that, in that period from 1975 to 1983, the conservatives systematically dismantled it. From memory, we got up to Medibank mark 8 as the tinkering went on and the system was gradually dismantled.

Something similar is happening now. Despite those comments that the now Prime Minister made during his time in opposition, when it came to the issue of the retention of Medicare in 1996 at the election that this government subsequently won, Mr Howard again made it clear to the people of Australia—who approve of Medicare, including the Pharmaceutical Benefits Scheme—that he would not dismantle Medicare, that he would retain it in all its elements and that the conservatives, having said that this was a system they wanted to dismantle, were now committed to retaining it. The government knew that any other message would be poorly received by the people of Australia. Nonetheless, since that time, it has attempted to systematically dismantle Medicare, and now pharmaceutical benefits are under attack.

The SPEAKER—Order! I want the member for Fremantle to link her remarks to the Pharmaceutical Benefits Scheme, as she will understand.

Dr LAWRENCE—I am indeed going to do that. The Pharmaceutical Benefits Scheme, though perhaps some people do not fully understand it, is an important part of the whole Medicare agreement, which includes the payment for fee-for-service, the Pharmaceutical Benefits Scheme and the support for places in public hospitals for all citizens free of charge. Hence it is not possible, Mr Speaker, to separate them in the way that you suggest, because they are all part of the same scheme.

The SPEAKER—The member for Fremantle will understand the need for the link.

Dr LAWRENCE—This government would have us now significantly reduce the affordability of pharmaceuticals under this legislation, thereby betraying the promise they made to the people of Australia in 1996, repeated in 1998 and repeated again in 2001. The people of Australia have voted for Medicare, for pharmaceutical benefits support and for free private hospital places in successive elections; however, the true intentions of this government have been revealed to the people of Australia by the successive changes that we have seen.

The Pharmaceutical Benefits Scheme is not unsustainable. It can be managed appropriately. It is possible to ensure affordable medicines and new medicines. Moves have been made over time to ensure, for instance, that generic drugs are substituted for expensive drugs and that it is possible to ensure that those new and typically more expensive medicines are made available in a timely way. As a former health minister, I know that it is possible to contain the costs of the Pharmaceutical Benefits Scheme. We have done so over successive years in this country in a way I think is deserving of admiration and, indeed, has been the subject of admiration by overseas governments that have examined our system of checking for the cost-benefit of medicines before they are listed and negotiating as tough a price as possible with the major pharmaceutical companies.

One of the weaknesses of this current government is that it has failed to do that. It has had far too cosy a relationship, in my view, with the major pharmaceutical companies. It has, in some cases, accepted drugs against the advice of its professional bodies and in fact has sought to undermine the professional capacity and judgment of the various committees that advise on both the efficacy and the cost of pharmaceuticals. In particular, former ministers have operated in such ways that they have, to a degree, undermined public confidence in the independence of those decisions. So, if there is any problem with the Pharmaceutical Benefits Scheme, it is in the government’s administration of the scheme. The government fails to
appreciate that, for many people, increasing the cost of pharmaceuticals is tantamount to denying them appropriate medical support. At the same time, it is impossible to have this debate without commenting on the fact that the government is simultaneously complaining about the cost of the Pharmaceutical Benefits Scheme and providing, on last estimate, $2.3 billion a year by way of private health insurance rebates covering matters such as entertainment and recreation rather than providing for high-cost, high-quality drugs for all Australians.

Mrs DRAPER (Makin) (10.30 a.m.)—I rise to speak on the National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002 [No. 2]. This bill seeks to address the problem of rapidly increasing costs in the subsidisation of medicines in Australia. The Pharmaceutical Benefits Scheme, by which doctor-prescribed drugs are subsidised in this country, is currently the fastest growing area of health expenditure in Australia. Last financial year it cost the Australian taxpayer almost $5 billion, which was 13.6 per cent more than it cost in the previous year. Over the last 10 years it has grown on average by around 14 per cent and is set to grow by an even faster rate.

According to the Intergenerational Report, if this rate of growth continues, in 40 years the PBS could cost taxpayers as much as $60 billion a year. There is a very real danger that this one component of the health budget will take up a disproportionate amount of the resources allocated to Australia’s health expenditure. What should be of equal concern to all Australians is that, unless something is done to address this issue, it will place increasing pressure on the PBS’s capacity to make available to Australians newly developed expensive medicines. It is clear that, unless responsible action is taken now, life-saving medicines may be denied to Australians in the future. This is the true nature of the situation we face.

I must report to the House that, in the time since the government announced its measures to address this issue, I have been impressed by the level of appreciation and understanding shown by members of the community. Once the problem is correctly explained and the government’s proposals fully demonstrated, most reasonable people accept the necessity to increase the copayment for prescriptions. Unfortunately, this cannot be said of the opposition. Many constituents in my electorate actually approached me personally, in writing and by telephone to say that they do appreciate the fact that they are able to have expensive medicines subsidised by the federal government.

The Labor Party says it wants to be a responsible opposition, but continually fails the test. So what are the government proposals that have our left wing colleagues falling all about in fit of apoplexy? Simply this: the government support the continuation of the subsidisation of medicines so that they remain affordable. In return, we are asking the Australian people to pay a little more to ensure that the PBS remains viable and allows for the entry of new life-saving drugs whenever they become available. We are asking concession card holders to pay $1 more per script—from $3.60 to $4.60—up to a maximum of 52 scripts. After concession card holders go beyond 52 scripts, they pay nothing. Around 85 per cent of all prescriptions issued in Australia are for concession card holders. Non-concessional patients pay a little more but will continue to enjoy a safety net that ensures that, after they reach the threshold, they will only have to pay the concessional rate.

Government subsidisation is far greater than many people realise. People are often surprised to learn that the most frequently prescribed medicine, to lower levels of cholesterol, actually costs around $80 per script—which for one month’s supply. Under the government’s new measures, concession card holders will pay no more than $4.60. The commonly prescribed medicine for diabetes actually costs $42 per script, but the generous level of government subsidisation means concession card holders will pay no more than $4.60. Asthma drugs can cost between $52 and $85 per script, but for concession card holders, again, the cost will be just $4.60. Commonly prescribed treatments for ovarian cancer cost $2,488 and for multiple sclerosis, $1,248—but all that we will ask a
pensioner to pay is $4.60. Obviously none of us likes to pay more for anything but, when it is explained to people in this clear and concise manner, most reasonable people do not object to these changes. They realise these changes will mean that they will continue to have access to the best available medicines and treatments. The Labor opposition is putting in jeopardy the availability of life-saving drugs for the Australian people. It is behaving irresponsibly, and many of its members must know this.

For the benefit of those opposite, I shall remind the House of some of the other important measures contained in the government’s health budget this year: cancer treatments—$72.7 million to ensure cancer patients have better access to radiation oncology, including funding for up to six new regional radiotherapy centres; arthritis—$11.5 million for better diagnosis, treatment and care for Australia’s more than three million arthritis sufferers; visudyne therapy—$140 million for a new medical service to treat age-related macular degeneration, a severe eye condition leading to blindness that primarily affects older Australians; palliative care—$55 million to ensure that people who are dying have the best care and support available to maintain quality of life and dignity in such difficult circumstances; and $11.4 million towards acquiring and stockpiling a range of medicines, antidotes and vaccines to ensure a rapid and effective response to any acts of bioterrorism. In addition, Senator Kay Patterson, the Minister for Health and Ageing, recently announced that one million more children aged over 12 months to five years will receive free meningococcal C vaccine from early next year as part of the federal government’s $300 million program to combat the potentially fatal disease.

Unless the reasonable measures contained in this bill are enacted, future governments will not have the means to make these contributions towards safeguarding the health of the Australian people. I challenge the opposition to show some heart and work with the government to maintain the viability of the very system that supplies Australians with those life-saving medicines. Threatening to jeopardise the supply of those medicines will gain the opposition no kudos and will only serve to hurt those it professes to represent. This bill is a responsible reaction to pressures now facing the Pharmaceutical Benefits Scheme. Every day that it is delayed is a day closer to denying medicines to the sick—and those responsible for such a travesty will not go unscathed. As Chair of the Health and Aged Care Committee, I commend the bill to the House.

Ms ELLIS (Canberra) (10.37 a.m.)—I am pleased to have the opportunity this morning to speak very strongly against the National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002 [No. 2]—and with my heart in the right place, I can assure the members opposite. This bill is virtually identical to the bill introduced in the House and then in the Senate earlier this year—a bill that was subsequently defeated. The government is showing its determination on this issue by bringing a virtually identical bill into this chamber a second time.

The bill proposes amendments to the National Health Act 1953. The amendments will implement increases to the PBS patient copayments and safety nets, as announced in the budget that the Treasurer brought down earlier this year, hoping as they say to reduce outlays under the PBS. The amendments would increase the general patient copayment from $22.40 to $28.60 with effect from August this year had the bill gone through; increase the concessional patient copayment from $3.60 to $4.60; increase the general patient safety net threshold from $686.40 to $874.90 with effect from 1 January, which was the original proposal; and increase the concessional patient safety net threshold to an amount equal to 52 times the concessional patient copayment from $3.60 to $4.60; increase the general patient safety net threshold to $686.40 to $874.90 with effect from 1 January, which was the original proposal; and increase the concessional patient safety net threshold to an amount equal to 52 times the concessional patient copayment, from $187.20 to $239.20, with virtually immediate effect should the bill go through. An indexation of patient copayment and safety net thresholds will resume as well.

We have heard comments from those on the other side of the House claiming that we are heartless, that we are putting the whole of the PBS structure in this country under threat, that by arguing against this bill we are denying people access to medicines in the
future, and so on. What is really happening here is a philosophical debate on how we feel about access to PBS: what it is actually there for and which people should have broad admission to it. Yesterday when the debate on this bill began in the House, I heard one of the members opposite—I think it was the member for Cowper; I apologise if I have that wrong—say that this side of the House wanted to 'spend like there is no tomorrow' in denying this bill. In other words, he suggested that we did not care how much the PBS cost; we were going to spend like there was no tomorrow and have a very cheap attitude to budgetary restraints. I would like to just remind that member and others opposite that, if ever we had evidence of spending like tomorrow, it was by this government in the lead-up to the last election when we saw spending not like there was no tomorrow but like there was no next week.

The level of government spending in the 12 to 18 months prior to the last election was to the stage of absolute disbelief, particularly when we consider that they had an advertising bill which was, I think, more than the combined advertising bills of Coca Cola, Toyota and somebody else. It was just a self-promotion line, all with a view of buying votes before the last election. Anything that anybody in government ranks wanted, they got. It was irresponsible government spending to an appalling level. That sort of action has led to the position we are in today, I believe; steps in the government’s processes to try to regain some economic footing have led us to the point where they propose things like changes to the copayment process for the Pharmaceutical Benefits Scheme in this country. This scheme, as we are all aware, is held up around the world as an incredibly successful and in some cases enviable regime for the access it provides people out in our countryside and around our suburbs to pharmaceutical benefits and treatments when they need them.

For over one million pensioners and concession cardholders who reach the safety net, the 30 per cent increase is going to add an extra $52 a year to the cost of their essential medicines. For 300,000 Australians in families who reach the safety net, it will mean an extra $190 per year for the cost of their essential medicines. The Department of Health and Ageing calculations obtained through recent Senate estimates show that, in the first year of the proposed price increases, 2.8 per cent of pensioner and concession scripts and 1.4 per cent of general scripts will in fact not be filled. In other words, where people believe they can manage to do so or take the risk of doing so, they will not have prescriptions filled to avoid the cost they will incur. This means that, as a result of the proposed increase in the concessional copayment from $3.60 to $4.60, Australian pensioners and concession cardholders will go without almost five million prescriptions for their essential medicines. This is the way the government wants to go about pulling back excess use of prescriptions. Maybe it is a clever idea, but it is not the way that I think clever application of pharmaceutical and medicinal treatment should occur. If people are given a prescription by their doctor, they should be financially able to have the prescription filled and to receive the treatment accordingly. Those same calculations also show that Australian families under financial pressure will go without almost half a million prescriptions as a result of the proposed increase in the general copayment from $22.40 to $28.60.

We have consistently opposed the proposed copayment increases on the basis that they have nothing to do with health, in our view, but everything to do with propping up the government’s budget bottom line, particularly when we consider this government’s absolutely rampant level of spending—particularly in the lead-up to that last election—which I have already referred to and which is on the public record and undeniable. If prescriptions go unfilled because the poorest of Australians are unable to afford them, obviously other areas of the health system, including our public hospitals, will suffer—at far greater expense to the taxpayer.

We have to look at the complete picture and at what will happen should these predictions come true. The estimates have come from the federal Department of Health and Ageing through the Senate estimates process,
so they are a reliable indication of what the department believes will happen as a result of this sort of action should it be passed by the parliament. It is not as if the government has not had fair warning. We are not the only people who are saying that this is not a good tactic; following the budget announcement in May this year, the Council of the Ageing, COTA, repeated their opposition. Earlier this year in March, on the suspicion that a decision like this was going to be made, COTA made it very clear that they would have severe problems if such a regime were put in place. Following the budget in May this year, they were very upset and made their view known on behalf of the older population of this country. They said that they believed the increase in pharmaceutical costs as a result of that budget was going to be an extra expense which will cause personal hardship, without necessarily reducing the nation’s overall health costs. They referred to overseas experience and other evidence which, they are of the opinion, should be carefully examined by government when they make such decisions.

I will refer briefly to people living with HIV-AIDS. A large number of those people find, through their circumstances, that they do not have a lot of money. They are in and out of ill health all the time and in many cases are living very close to the poverty line, if not under it. The National Association of People Living With HIV-AIDS has said that you cannot assume that only another $1 or $3 is going to be easy for everybody. It is not. There is no doubt that it would be easy for all of us standing in this place. It would mean nothing to any of us but, if you are in the suburbs living with a disease or a disability, it is not a cheap option for life. Living with a disability costs money. There are extra charges and costs associated with performing your day-to-day activities and surviving. You cannot assume on the basis of your socio-economic view of the world that people in those circumstances in our society are automatically going to be able to pick up the extra $1 or $3 and that it means nothing. It means a lot.

After the GST and a range of cost increases, these people are not just facing PBS increases; they face a lot of other things as well. It is acknowledged in all quarters that the compensation put forward by government as a so-called padding for the impost on the GST charges that people incur through shopping, service delivery and so on was well and truly inferior to start off with and has by now been eaten away. When members in this place arrogantly believe you can just throw another $1 on a bill here and another $3 there and that people ought to be grateful, there is a very large proportion of our community who, in fact, are not grateful and find it very difficult. If your family has a child with a disability or a person living with a disability, chronic illness or HIV-AIDS—the list is very long—you cannot keep paying additional costs. Do not believe these people are going to thank you for it; it is quite the reverse.

I feel very strongly about this. This is not the way to tackle the increasing charges in the PBS. There is no doubt that has happened in the past. I understand that in more recent times the overall bill for the pharmaceutical benefits process has begun to drop. It has been coming down. We have to acknowledge that to be a fact. We have to understand the difficulty people in the community have when additional charges are laid upon them—with a view that they do not care and can manage. We have to listen to organisations like COTA which represent their constituents. When they make it very clear that charges like this are an impost, government must listen. Government cannot be arrogant about it and have the attitude that, because they have created a crisis, probably, in their cash flow through government and their exorbitant levels of spending in the past, you can make that up by throwing charges for pharmaceuticals onto the elderly, people with disabilities and chronic illness or families with sick children. We have all heard other members say, ‘If one child gets sick, they all do.’ You cannot assume that you can move charges across to people like that and redeem the cost. You cannot do that. That is not the way to run a properly organised health system or a recognised pharmaceutical benefits system.
The Pharmaceutical Benefits Scheme of this country is held up around the world as one of the best examples, if not the best, of how to run public health policy. We have to make sure that any reform to the PBS is done in a proper, sensible and sensitive way, paying due regard to the people who use it and those who need it most. We have heard debate this week about private medical insurance covering the cost of sneakers and gym shoes and of the most amazing range of add-ons. When we turn around and consider that we can charge families, people with disabilities or chronic illness and pensioners additional money for their pharmaceuticals, there is something dramatically wrong with the balance in this country. I have no problem whatsoever in saying very loudly and clearly on behalf of my electorate, ‘I do not agree.’ We do not agree with this tactic. It is not good policy. I will certainly be voting against it, as I did when the bill was first in the House.

Mr MARTYN EVANS (Bonython) (10.51 a.m.)—This is the second time that this House has considered the measure contained in the National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002 [No. 2]. During the first debate, my colleague the shadow minister for health, the member for Perth, ably put the opposition’s viewpoint with respect to the impact that this measure will have on some of the poorest and sickest members of the community. My opposition colleagues during this debate have again highlighted the impact this measure will have on some of the poorest members of our community: the old, the sick, the disabled—those in our community who can least afford the impact of this measure.

There are other aspects of this bill which need to be highlighted. Individual members of the community will be forced to bear the impact of this very unfair and unreasonable measure. It will detract from their ability to buy the pharmaceuticals which they need to enjoy the reasonable health which they would seek, particularly in their senior years. This measure will also impact on the way in which the pharmaceutical industry develops new pharmaceuticals. In later years we will all benefit from the advances which that industry is able to deliver, particularly in the 21st century—which undoubtedly, at least in the first 25 or 50 years, will come to be known as the ‘biotech century’. I say that for very good reason. I am sure that 1953 will go down in history as the year in which Watson and Crick first unravelled, so to speak, the structure of DNA and the double helix, and the year in which the honourable member for Bonython was born—two very important and significant events in the history of the last century. I am sure honourable members will draw their own conclusions about which of those two events will have the greatest impact on history. I will not further explore the merits of those two arguments.

History will probably draw the conclusion that the discovery of the structure of DNA is the most important of those two events. It is only now, some 50 years later—next year will be the 50th anniversary of the discovery of the structure of DNA—that we are enjoying the fruits of that discovery in that we have recently completed the sequencing of DNA. We are only now exploring the very structure of that DNA, discovering the gene sequences, which genes are important, which genes undertake which protein discoveries and which genes are responsible for certain outcomes in human medicine. It will be many years yet before all of those structures are fully elucidated—before we know the basis on which all of those genes work in the human body, the way in which all of them are fully regulated and the function of all the so-called junk DNA and before we have discovered the basis on which all of the cellular biochemical mechanisms work. It may be many decades before all of that is fully established. The pharmaceutical industry will have many new and exciting drug targets to work out over the next few decades—indeed, it may extend well beyond that.

The next couple of decades will see a very significant trend in the pharmaceutical industry, and that will present both costs and opportunities to the community and to the Pharmaceutical Benefits Scheme itself. There are those—particularly those in Treasury, I suspect—who see this as a potentially very expensive area, and that may well be
one of the motivating factors behind the Treasurer’s attempts to bring some stability to the Pharmaceutical Benefits Scheme. When the Treasurer first indicated to the parliament and community that he was contemplating an intergenerational report into the costs of the Pharmaceutical Benefits Scheme, I was initially concerned because, when Treasury and, in particular, this Treasurer turn their hand to that kind of financial exercise, you have to be just a little suspicious that it will not be simply a cost-cutting exercise. But, at the same time, Treasury do have access to significant economic and research potential. A number of people in Treasury have expertise in these areas. If they were casting their minds that far forward, they may well cast aside simple politics, cast aside a simple financial exercise, and look at the intergenerational potential in this mechanism. They may well look beyond the simple financial statistics to the health implications—a forward-thinking exercise that we would expect of people of that educational and intellectual calibre. Unfortunately, they have spent a considerable period of time on this matter but have brought forth very little.

As I indicated in this debate in the last period of parliamentary sittings, what we obtained from the efforts of the Treasury department I think does it very little intellectual justice. I am sure that the result was under the direct instruction of the Treasurer himself. If the department had been left to its own devices, I am sure it would have been capable of far more. The reality is that what we have seen is a simple financial forward projection, a simple linear analysis, which does very little credit to the department. It has not taken into account any of the health or biomedical projections which one might have reasonably taken into account. It has done very little of that analysis and has simply projected forward some of the simplistic thinking that one might have done on the basis of the simple financial calculations that are the product of last year’s arithmetic.

So we have a simple calculation which tells us to add a few dollars to the cost of medicines now. ‘A few dollars,’ the Treasurer says, as if it were simply nothing. To him, I suppose, it is very little, but to the average pensioner or the average disabled person struggling with a family budget it is quite significant when it is added up over the course of a year. That will do very little to stabilise the financial aspects of the PBS in the context of producing a forward-looking system over 50 years, but it will have a great deal of impact on the average family’s budget. In reality, it does nothing to address the needs of the pharmaceutical industry which is looking for stability and some forward thinking, at genetic discoveries and at biomedical applications in the future. This will come at a significant discovery cost but will, in the long term, reduce the cost of health care in this country and hopefully throughout the world.

In the long-term, pharmaceuticals reduce the cost of hospitalisation. They reduce the cost of illness to the individual because they are able to return to work much more quickly than they might otherwise have done. Preventative pharmaceuticals add years to the lives of individuals because they reduce the probability that individuals will suffer from particular illnesses. Therefore, they reduce the cost to the individual and to society of that individual suffering some long-term health impact.

Pharmaceuticals are the basis of significant industries. Australia has a substantial pharmaceutical industry. In broad terms, the Australian pharmaceutical industry imports about $5 billion worth of pharmaceutical components, drugs, chemicals and related constituents and exports $3 billion worth of those components in various forms, exporting completed drugs and a whole variety of tablets to the Asian markets. Some of our factories, in Sydney for example, can export up to a billion tablets a year to the Asian market. The total industry, including all related sectors—research, development and the associated companies that supply the industry as a whole—has a turnover in Australia of $12 billion, employing some 35,000 people across approximately 300 firms, universities and related institutions. So it is a significant industry, and one which we take far too little notice of.
The pharmaceutical industry deserves much more credit than the Treasurer, with his current Pharmaceutical Benefits Scheme changes, would give it. The current attack on the Pharmaceutical Benefits Scheme will discredit it to a degree and have the public question its value to some extent. It will certainly not establish the scheme on a very sound basis for the future. The Treasurer claims that the increases in the current cost of drugs will establish a long-term basis for the scheme. The changes to the cost of drugs—although seen as modest in dollar terms by the Treasurer—will have a significant impact on the budgets of individual families. These measures will not make the necessary major structural changes to the scheme or have the kind of impact on it which the Treasurer and the pharmaceutical industry see as necessary. They will not bring about significant industry-wide change and are not the sort of action agenda the government would need to have for an effective industry policy.

These measures are not the basis for an industry agenda. The industry, if it is to have an impact in Australia in the long term, needs an industry-wide program. It needs confidence that its intellectual property will be protected in Australia. It needs confidence that its innovative drugs will be available through the Pharmaceutical Benefits Scheme. Yet all we hear from the Treasurer are threats that those drugs will simply not be listed if changes are not made to the PBS. What confidence does the industry have that new and innovative products will be available when all we hear from the government is that cost cutting is the order of the day? Those drugs will have significant impacts on the individuals and on government and society as a whole if they are allowed to process through the system. The government does not see pharmaceuticals as an investment in the lives of individuals or in society as a whole in terms of the economic benefit which they can bring to everyone across the board.

Let us look at one of the drugs which the government has recently listed, despite its recent commentary. Glivec affects acute myeloid leukaemia. Despite the fact that Glivec is one of the those new biotech drugs and is quite expensive in the short term, it brings people suffering from that illness into almost complete remission and allows them to return to work and to normal family life from what is otherwise a life-threatening illness. It allows them to return to an almost completely normal existence. Several of my constituents were part of the lobbying effort to have that drug listed, and it has brought them back almost completely to the standards of normal health. Of course, they still have the underlying illness and require a frequent and constant dosing with Glivec to maintain their standard of health. That is a very effective cost benefit to those patients, to their families and, ultimately, to society because they are able to contribute normally to society. Yet the government sees that as a cost, not an investment in those individuals—who are able to return to normal family life and normal economic life—and in society which has an effective rate of return to the government and to the community.

Many drugs will be in those categories as we continue to make gains from the discoveries Watson and Crick made 50 years ago and which we are now starting to reap the benefits of. That is the kind of change we will see accelerate over the next 10 years as drugs like Glivec come onto the market. As those drugs come onto the market at an initially high price, many drugs—as they have done in the last few years—will fall off the end of the patent curve. The patent system exists to provide pharmaceutical companies and others— inventors—with a guaranteed monopoly period, but that monopoly period has a limited lifetime. In the case of drugs we have extended it to 25 years because of the seriously long development time and high development costs involved in producing a pharmaceutical drug. Some $US500 million and perhaps some 10 to 15 years of development time are involved in getting a drug to market. But, at the end of the day, that 25 years expires and those drugs fall off the end of the patent curve. They are then available for generic manufacture. Companies like Fauldings, in my own electorate, and other companies, like Alphapharm in Australia and many overseas, are able to produce those drugs as generics. One day
drugs like Glivec and so on will also be generic drugs. When they become available on the world market and the Australian market as generic drugs—as all drugs do at the end of the process—their cost begins to fall.

The diseases do not go away, and the reality is that those drugs remain as effective as they were the day they were discovered. Eventually, those costs begin to decline as well. The process of pharmaceutical funding has a continuous curve behind it. At the beginning of that process some of these drugs are expensive, but at the end of it they become a lot cheaper. The drugs remain as effective as the day they started. The investment in the lives of people, without cost in some respects, does have a measurable benefit in other very clear ways. I would have expected the Treasury document, which is the essence of the bill we are debating today, to have covered a much wider range of aspects than it has.

Another aspect which has not been debated in this bill that I would like to draw attention to in the few minutes that remain is complementary medicines. Australians are spending an increasing amount of money on medicines which are not covered by the PBS but which withdraw money from funds available to the PBS. In 2000 some $2.3 billion was spent on alternative medicine and associated therapies. This covers more than just the drugs and the alternative therapies themselves; it includes the consultations associated with them and vitamins, herbs and minerals, many of which have absolutely no demonstrable benefit and none of which have gone through any clinical trials or proven tests. Yet all the drugs on the PBS have.

If we are going to spend $2 billion to $3 billion on these kinds of products—and this is comparable in nature to the $4 billion to $5 billion we are spending on the PBS—then it is about time that some of these products were also subjected to the kinds of tests that the PBS and related drugs are put to so that the public can see whether or not these therapies have the kind of demonstrable efficacy that drugs listed on the PBS and drugs subjected to TGA regimes also clearly have. If the industry has the kinds of profits which the throughput of $2 billion to $3 billion in Australia alone would demonstrate that they have then they have the funds necessary to put their products through the clinical trials and other tests which drugs on the PBS and drugs that the TGA also tests have been through. If people are spending equivalent amounts of money to that they spend on the PBS drugs then we clearly need to be putting pressure on these industries which make the claims that they do and put their drugs alongside the PBS drugs and TGA drugs in the chemist shops to demonstrate that the public are getting value for money for their tablets as well.

You see adverts in the press for vitamin C, vitamin D or Lyprinol, Blackmores’s latest product. Lyprinol is a natural anti-inflammatory derived from mussels which is alleged to work for rheumatoid arthritis, a bit like the latest Vioxx or whatever. You are required to take four to six tablets a day. A packet costs nearly $40 and would work for about 10 days. It actually works out to be dearer than Vioxx, even if you pay the full price and not the PBS price. I would also like to see clinical trials of the order of magnitude that Vioxx went through to demonstrate that Lyprinol is worth that kind of price. If we are going to see money siphoned out of the PBS system to pay for these kinds of tablets, I think the public is entitled to the same kind of proof of efficacy that they get from other tablets as well. That product is not the only one on the market and I do not single it out for special attention. The reality is that all these things are on a level playing field but they are not on a level playing field with the PBS. (Time expired)

Ms JANN McFARLANE (Stirling) (11.11 a.m.)—I rise to speak on the National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002 [No. 2] as it returns to the House. This bill is nothing more than a cheap political stunt to provide a trigger for a double dissolution election. It does not reform the Pharmaceutical Benefits Scheme in any meaningful way. This bill does something that the Howard government has turned into an art form. It places a heavier burden on lower and middle income Australians. It does this by clawing back $1.1
billion by making Australian families and pensioners pay more for their prescriptions.

The increasing financial pressure on Australian pensioners and the average Australian family started with the GST. This government effectively increased the tax burden on these people. We saw the introduction of an indirect tax on just about everything, which immediately hurt pensioners and those on a fixed income. A huge selling point for the GST was its much vaunted tax cuts. Well, the Treasurer’s tax cuts have been all but eradicated by bracket creep, effectively ripping an additional $6 billion from low- and middle-income earners. There go the tax cuts that seduced people into voting for the Prime Minister in 1998. I find it somewhat ironic that media reports are speculating that the Howard government is considering tax cuts for the next election. I wonder how quickly it will take for those cuts to be gobbled up by bracket creep.

This government’s policy on the PBS is very similar. It is not about reforming the PBS; it focuses solely on a user-pays philosophy. The whole policy is based on the premise that by increasing the price that a consumer pays—in this case the price of the copayment paid by Australian families and pensioners—the PBS will somehow become more efficient. This will not work. I fail to see how increasing cost makes something efficient. It will reduce the number of people using the scheme by making it too expensive for them to use. So the Howard government thinks that a reduction in the number of people using the scheme makes it somehow more efficient. No, what it creates is an underclass of people who cannot afford medicines due to the increased cost. This policy decision does not take into account a person’s health.

By exactly how much will the National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002 [No. 2] increase the amount of money a sick person has to pay? The bill seeks to increase the general copayment by 28 per cent, from $22.40 to $28.60 per prescription. In the general category the increase in the safety net threshold means that the average Australian family will be forced to pay an extra $190 per year. Concessional copayments will also increase by 28 per cent under the measures outlined in this bill. This increase of $1 will have an impact of $52 per year for up to one million cardholders and pensioners. The Howard government has been saying that the $1 increase is only small. It is not small when it adds up to $52 per year. The average pensioner is on an income of $210 per week; $52 is a quarter of that weekly payment. This is substantial.

I was talking to some pensioners on the weekend at a community brunch organised by my state colleague John Quigley MLA in the grounds of the lovely Osborne Park Hospital in my electorate. The meeting was attended by the Premier, Dr Geoff Gallop MLA; Bob Kucera MLA, the state Minister for Health; Senator Ruth Webber; and over 200 local residents. Two of the pensioners I was talking to were Mary Haddow and Margaret Erikson, hardworking local pensioners involved with the Innaloo branch of the Australian Pensioners League and the Scarborough Autumn Club. These two ladies were telling me about their weekly struggle to survive on the pension. Mary and Margaret were worried about the cost increases to their medication and told me that they would have to make decisions not to get some medications because of this increased cost. It is a dangerous situation when people are making decisions about their health based on the cost of their medications.

I also recently had a Scarborough resident, Fred, come into my office. He was complaining about this government’s advertising on the changes to the PBS. It is very confusing and distressing for pensioners to go to the chemist believing that they will have to pay extra for a prescription. Fred came into the office for a copy of my medical record card, which I recently sent out to over 10,000 seniors in the electorate. Often when someone is taking a large number of medications they forget the dosage and the frequency with which a drug should be taken. The overwhelming positive reception for my medical record card shows that a huge percentage of the population is using medication on a regular basis. Senior Australians are more likely to have health problems than younger peo-
ple; hence their need for medication is greater. The general thrust of the Intergenerational Report is correct. The number of people over 55 is increasing as a percentage of the Australian population. This means that PBS costs will increase—this is inevitable if there are more people accessing the scheme. However, we need to focus on getting the cost per capita for using the scheme down by making it more efficient.

The government also needs to do more in the way of health prevention funding as a complementary strategy for reducing the use of medications. Groups at the cutting edge of health prevention and promotion are Diabetes Australia, the Health Foundation, Alzheimer’s Australia, the Stroke Association and the Asthma Foundation, just to name some. They run excellent programs. A number of months ago these organisations decided to combine their health promotion budgets as a way of getting their message across more effectively to the community. Many of the health prevention strategies for people who suffer those conditions are very similar. The other driving force behind combining their budgets was the lack of increasing funding from the government. We all know, at a sensible level, that health prevention and promotion improve people’s health. They bring down the amount of medication used and hence the cost of the PBS budget. They are of benefit to the taxpayer in more ways than one.

Reform of the PBS scheme is required. This is an issue that will not go away. A lot of the cost increases can be attributed to expensive medications. The most famous drug to cause an outcry about the PBS was Viagra. Decisions to put drugs on the PBS need to be made independently. Putting a drug onto the PBS schedule is often an emotive issue. I received many letters pleading for the drug Glivec to be put onto the schedule. When you are sick and there is a drug that can save your life you will pull out all stops to receive treatment. I think it was a good decision to place Glivec on the PBS schedule; however, some of the other decisions on the listing of new drugs were less auspicious. They all tended to be listed during the final days in office of the former Minister for Health and Aged Care, Dr Wooldridge, who continued to make the headlines with allegations in relation to his behaviour in accessing government resources after he had left office.

Two drugs, Celebrex and Zyban, have added considerable cost pressures to the PBS. Under the former minister we saw these two drugs contribute to a huge blow-out. We also saw few resources put into health prevention and quit smoking courses so that people had alternative ways of dealing with health issues in their lives. Private sector firms do not increase prices to their consumers when they make bad decisions; they examine their operations and cut out inefficiencies. This government, which so often lauds its connections with big business in this country, should take a leaf out of their book. With better management we can control costs instead of whacking pensioners and families with extra charges, which does not solve the problem.

Labor opposes this bill. We oppose it because, in the lead-up to the last election, the Australian people were given no indication that there would be any changes to the PBS. I have looked through all the media releases and statements made by the former minister for health, the Treasurer and the Prime Minister, and there was not one mention of this. I am not surprised that they did not mention they were going to increase the cost of essential medications by 30 per cent for families who were already under financial pressure from the policies of this government. Families are just beginning to realise that the Howard-Costello Liberal government is the highest taxing government in Australia’s history. Again, there was no mention that more than half a million pensioners would be required to pay an extra $52 per year for their essential medicines.

The proposed increases in copayment levels will reduce the proportion of the annual costs of the PBS that the Commonwealth will have to pay; there is no doubt about that at all. But it will be done by cost shifting to the most sick and vulnerable in our community. It is interesting to note the comments made by the author of the Bills Digest:

It is questionable, however, whether this will have the stated long-term impact of enhancing the sus-
tainability of the PBS. It can be argued that such an increase may negatively affect the operation of the PBS.

We need to look at the growth drivers influencing cost increases in the PBS. One of the areas I highlighted in this speech is the rising prescription of expensive newly developed medicines outside of their PBS cost-effectiveness. The government needs to look at other means of ensuring this does not occur to the same extent in the near future. The government needs to address the issues of information for doctors prescribing the drugs and misleading promotional incentives from manufacturers. The whole relationship between drug companies and doctors needs to be examined closely.

This Howard-Costello government is already heavily subsidising the private health industry in this country. We cannot afford to subsidise the pharmaceutical industry as well. As legislators, we need to look at some kind of regulation that would curb the over-ambitious promotion of these expensive drugs. As the previous speaker stated in his speech, the government could also do well to look at the cost of complementary and therapeutic medications, which is over $2 billion a year—the same as the PBS. These other complementary and therapeutic products do not need to go through any clinical trials, they do not need to be examined and they do not need to have any grading. People buy them thinking they will do something good for their health, yet there are no controls on them.

People in the community have been saying that there is little difference between the two major parties. I do not think that there is a more clear-cut difference between the government and the Labor Party than in the health area. The Treasurer has been taunting Labor about its tacit support for the 30 per cent rebate at the last election. As I stated in a speech I made in this place during the last sittings, the Howard-Costello government is about supporting its mates. It supports its mates in the pharmaceutical industry and its mates in the private health insurance industry through government subsidies and cost-shifting onto the community. As the member for Werriwa recently identified in one of his policy speeches, our country no longer has an ideological divide between the Right and the Left; it now has a divide between people who have and those who have not. This PBS bill reinforces the divide between those who have the money to purchase the medications they need and those who do not have the necessary money. Labor will not stand for this divide to be made into a chasm by this government. That is why we oppose this bill. What I have just explained, and I hope the government was listening, is expressed in Labor’s amendment to this bill, which says:

the House rejects this bill for the following reasons:

(1) it will increase by nearly 30% the cost of essential medicines, hitting the sickest and poorest in our society;

(2) Australian pensioners and concession card-holders will go without almost five million prescriptions, and Australian families will also go without almost half a million prescriptions as a result of the proposed increase;

(3) by depriving sick and elderly Australians of the medicines they need, there will be an increased need for greater medical interventions in public hospitals and nursing homes at even greater cost to taxpayers;

(4) there are other, more effective, means by which the long term sustainability of the Pharmaceutical Benefits Scheme could be assured, means which would put appropriate responsibility on the pharmaceutical industry and the medical profession rather than on those least able to bear the burden, and on which the Government has been silent since the Leader of the Opposition’s Budget reply; and

(5) the true rationale for the bill is to restore the budget bottom line and has nothing to do with the long term sustainability of the Pharmaceutical Benefits Scheme or with genuine health outcomes for Australians.

I oppose the bill and I ask the government to seriously consider what they are doing in this regard.

Mr MURPHY (Lowe) (11.25 a.m.)—I rise this morning to oppose the National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002 [No. 2] and express my anger and frustration that, for the second time in the space of six
months, the Howard government is asking the parliament to support an ill-considered and unfair increase in the cost of essential medicines for the most vulnerable Australians—the frail, the sick and the poor.

I also rise to support the second reading amendment moved by my colleague the member for Perth and shadow minister for health and ageing, Stephen Smith, which in five parts encapsulates why this bill must be opposed. It explains why it was opposed by the parliament the first time and also why Labor and thousands of Australian citizens and care providers want this bill defeated.

The House should reject this bill because it will increase the cost of essential medicines by nearly 30 per cent and, as I have said, that will slug the frail, the sick and the poor. It increases the Pharmaceutical Benefits Scheme copayment and safety nets. The increases proposed are from $3.60 to $4.60 for pensioners and concession cardholders and from $22.40 to $28.60 for general patients. This is outrageous.

On the day after the budget, Treasurer Costello, in his unmistakably smug tone—an attitude Australians are growing increasingly sick and tired of—lectured us, saying that this increase would ensure the long-term sustainability of the Pharmaceutical Benefits Scheme at the cost of just $1. We now know that both parts of that assertion are completely wrong. For over one million pensioners and concession cardholders who reach the safety net, the 30 per cent increase will mean an extra $52 a year slug for the cost of their essential medicines. This is scandalous. For 300,000 Australian families who reach the safety net, it will mean an extra $52 a year slug for the cost of their essential medicines. This is scandalous. For 300,000 Australian families who reach the safety net, it will mean an extra $190 a year for the cost of general patients. This is outrageous.

On the day after the budget, Treasurer Costello, in his unmistakably smug tone—an attitude Australians are growing increasingly sick and tired of—lectured us, saying that this increase would ensure the long-term sustainability of the Pharmaceutical Benefits Scheme at the cost of just $1. We now know that both parts of that assertion are completely wrong. For over one million pensioners and concession cardholders who reach the safety net, the 30 per cent increase will mean an extra $52 a year for the cost of their essential medicines. This is scandalous. For 300,000 Australian families who reach the safety net, it will mean an extra $190 a year for the cost of general patients. This is outrageous.

We know it is a short-sighted grab for money from those Australians who have no choice but to pay, because it does little for the long-term sustainability of the Pharmaceutical Benefits Scheme. The government’s own calculations prove that after essentially four years this measure would have little effect on the sustainability of the Pharmaceutical Benefits Scheme. This fits the government’s track record so far as increasing pharmaceutical charges for essential medicines is concerned. When you combine the slug in this legislation with the increases the government made in 1996, the copayments have increased by 70 per cent since the government came to office. This is a shameful record compared to Labor’s record when it was last in government of fully compensating pensioners through the pensioner pharmaceutical allowance.

The House must reject this bill because it will mean Australian pensioners and concession cardholders will go without almost five million prescriptions and Australian families will also go without almost half a million prescriptions as a result of the proposed increase. Government calculations prepared by the Department of Health and Ageing show that, in the first year of the price increases, the government is banking on 2.8 per cent of pensioner and concession scripts and 1.4 per cent of general scripts going unfilled because people will not be able to afford them. This is a government-introduced disincentive for people to effectively address their own medical needs. This is yet another very good reason for opposing this legislation before the House. By depriving sick and elderly Australians of the medicines they need, there will be an increased need for greater medical interventions in public hospitals and nursing homes, at even greater cost to taxpayers. As a consequence, this will put further pressure on the public hospital waiting lists and is another of the growing number of examples of the Howard government abrogating its responsibility to health care in Australia, preferring to leave it to state governments to cope with.

More Australians being unable to afford their medication will ensure that more patients visit their GPs or, when their condition becomes unbearable, go to emergency rooms. Not only is this a shameful way to treat people who are sick but it also makes no public policy sense. The consequence of this is more Australians seeking expensive medical intervention at greater individual cost and at greater expense to the state and Commonwealth taxpayer when they need treatment in Australia’s public hospitals. Es-
essential medicines keep people healthier for longer. If prescriptions go unfilled because Australians cannot afford them, not only will people’s health deteriorate but also it will lead to even greater expense for medical assistance down the track.

Unfortunately, this legislation is the latest example of what I believe is the government’s mismanagement of the Pharmaceutical Benefits Scheme. That scheme has served Australians very well for 50 years and has been managed by previous successive governments committed to providing the latest and best drugs to Australians at affordable prices and at affordable rates to the taxpayer. Increases to copayments by previous governments were never implemented as a short-sighted grab to improve the budget bottom line while also preventing Australians from accessing medicines.

You have only to think back one health minister to the discredited Dr Wooldridge and, more recently, to September this year, when the Prime Minister and the current health minister, Senator Patterson, celebrated their announcement that Glivec, a life-saving drug for sufferers of chronic myeloid leukaemia, would be made available on the Pharmaceutical Benefits Scheme. Embarrassingly, the whole truth was soon revealed. The government had simultaneously decided to impose arbitrary rules so that patients would miss out while being first required to endure older, less effective treatments, causing serious side effects, before qualifying for the newly subsidised drug. The government’s cynicism has been duly exposed.

The House can only reject this bill today, because there are other more effective means by which the long-term sustainability of the Pharmaceutical Benefits Scheme can be secured—means which would put appropriate responsibility on both the pharmaceutical industry and the medical profession rather than on those least able to shoulder the burden; means about which the government has been silent since the Leader of the Opposition’s budget reply. We should be debating controls to tighten the administration of the scheme. The government should consider alternatives to slugging families and pensioners. It should consider measures that focus on the cost and prescribing patterns of new drugs in their first year on the Pharmaceutical Benefits Scheme, tighter controls on consumer advertising and greater scrutiny of industry marketing.

I am indebted to the Cancer Council of New South Wales and its Chief Executive Officer, Mr Andrew Penman, who, in a letter to me dated 21 November this year, described the joint statement, signed by 16 health and consumer groups—including the Arthritis Foundation of Australia, the Breast Cancer Action Group New South Wales, Cystic Fibrosis Australia, the New South Wales Palliative Care Association and People With Disabilities New South Wales—as expressing their concerns about the government’s ‘budget solution’, which is the subject of this bill. More importantly, that joint statement outlines a number of other key reforms, some of which clearly support Labor’s position in opposing this bill. Inter alia, Mr Penman’s letter states:

... the joint statement clearly articulates concerns felt by many organisations working with and on behalf of people with serious and chronic illnesses that genuine access to the Scheme is being limited.

Of particular concern for this organisation is the reliance on increasing the cost of the Scheme for health consumers when there are a number of other key reforms needed, for example—

I say good morning to the minister for ageing and seniors—

Better monitoring of prescribing patterns of practitioners and a greater level of research on drug utilisation;

The ‘Quality of Use of Medicines’ program be rationalised, co-ordinated and adequately resourced with a revised mandate;

The introduction of standard processes in relation to surveillance of drugs after listing in order to improve targeting of the investment in the PBS;

Assessments of cost and effectiveness should encompass broader measures of health and social and economic benefits that can be attained from particular treatments;

Consideration of amendments to the National Health Act 1953 to allow greater transparency of and stakeholder participation in processes of the Pharmaceutical Benefits Advisory Committee (PBAC); and
Development of mechanisms to enable broader and more active consumer input into the processes and decisions of PBAC.

The best solutions to address increasing costs for the PBS relate to improved management of the Scheme through a combination of methods and not merely a reliance on a single revenue raiser—the co-payment increase.

The statement also includes core principles that Labor believes are very important:

That the over-riding objective of the PBS to ensure equitable access to necessary and life-saving medicines at an affordable price should not be compromised by any changes to the system.

That the question of whether the PBS is sustainable in the face of increased costs should be judged in the context of the total health expenditure at Commonwealth and State levels, rather than simply by growth in PBS expenditure over consecutive years.

That any process for reviewing and reforming a public health program should be open, transparent, participatory and inclusive.

We would oppose any proposals that jeopardise the fundamental principles of universal health care and equity of access to prescription medicines.

With regard to the financing of the Pharmaceutical Benefits Scheme, three points in the joint statement reflect Labor’s position in this debate. The first is this:

We would oppose the use of co-payments as a mechanism for containing demand on prescription medicines subsidised under the PBS, or as a strategy for increasing revenue for the PBS.

The increases in copayments in this bill will have an inequitable impact on people on low incomes and those with chronic illness and will reduce demand for prescription medicines only with those Australians who cannot afford them. The second point is this:

We call for a review of the private health insurance rebate scheme, to assess its cost effectiveness and health outcomes ... If the private health insurance rebate scheme is not a sound investment of public funds, there should be an open review process to consider whether funds from this program may be better used in subsidising prescription medicines.

The third point relates to the 30 per cent private health insurance rebate and the introduction of private health insurance coverage for prescription medicines. A recent report by the Private Health Insurance Ombudsman revealed at Senate estimates on 21 November this year gave details of taxpayers subsidising, through the 30 per cent private health insurance rebate, the purchase of classical CDs, second-hand golf clubs, tents and other marketing gimmicks. Labor believes that it is impossible to consider a $120 federal government subsidy for the purchase of $400 worth of classical CDs as legitimate Commonwealth expenditure. This is not a sound investment of public funds. Taxpayers should not be slugged for the cost of someone else’s CDs on the basis that this is priority health expenditure. This is outrageous. Incredibly, the government is willing to spend taxpayers’ money on music and golf clubs for those people who can afford to take out top level extra cover. However, at the same time, it is today asking this House to support increases in PBS copayments, impacting upon the frail, the sick and the poor, in the hope that fewer prescriptions will be filled. Australian taxpayers deserve an apology and an immediate explanation, in my view. Is this merely incompetence, is it merely mismanagement, or is it, as the opposition suspects, that universal health care in Australia is now just another non-core promise? There is no doubt that this is just the thin end of the wedge. The joint statement of health and consumer groups also expresses concern about the introduction of a two-tiered system of access:

We would not support the introduction of private health insurance coverage for prescription medicines. The effect of this financing strategy would be to create a two-tiered system of access, disadvantaging those who cannot afford private health insurance, while only achieving small cost savings. It is also likely to lead to an increase in premiums for private health insurance, counteracting any effect of the private health insurance rebate scheme.

There is no doubt that there needs to be an improvement in the efficiency and effectiveness of the PBS through research into drug utilisation, a revised quality use of medicines program and the introduction of standard processes in relation to surveillance of drugs after listing. But a short-sighted slug to the frail, the sick and low-income Australians
will never guarantee the long-term sustainability of the Pharmaceutical Benefits Scheme. In our view, the true rationale for this bill is to restore the budget bottom line and has nothing to do with the long-term sustainability of the Pharmaceutical Benefits Scheme or with genuine health outcomes for Australians.

I thank the Cancer Council of New South Wales and the signatory groups to the joint statement from health and consumer groups. I urge all members of the House to reject this bill because it is representative of the government’s contempt for universal health care in Australia. I urge all members of the House to support the amendments of Mr Stephen Smith, the shadow minister for health and ageing and member for Perth. Those amendments were tabled in the House last night.

I thought that the member for Blaxland was supposed to be following me in this debate. I understand he is not, so I am more than happy to conclude and let my friend and colleague—opponent, dare I say—the minister for ageing and seniors conclude the debate.

Mr ANDREWS (Menzies—Minister for Ageing) (11.41 a.m.)—I thank all honourable members, including the member for Lowe, for their contributions to this debate on the National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002 [No. 2] but I indicate that the government is resolved in relation to the need for this legislation.

This bill implements the decision which was announced in the 2002-03 budget to increase the patient copayments and safety net thresholds under the Pharmaceutical Benefits Scheme. In this legislation, we are asking consumers to make a small contribution. For a health care cardholder such as a pensioner, a self-funded retiree or a low-income family, it will mean a maximum additional contribution of $52 per year. The average health care cardholder has 19 prescriptions per year, which means that the announced changes in this legislation will on average cost cardholders $19 per year. For general consumers, the copayment will increase to $28.60. However, almost half of all medicines on the PBS are priced below the current general copayment. Consequently, for almost half of the medicines on the PBS, general consumers will pay no more as a direct result of the changes that will take effect from 1 August. The fact is that the Pharmaceutical Benefits Scheme has grown at an average annual rate of 14 per cent for the last 10 years. In that time, it has grown from $1.1 billion in 1990-91 to almost precisely $5 billion, in fact to $4.8 billion, in 2002-03.

No responsible government can allow this to continue if Australians are to continue to enjoy universal access to medicines into the future, and no responsible opposition should allow this to continue. I remind the House once again of remarks made by the Treasurer of Australia—the Treasurer in the then Australian Labor Party government—in 1990, namely, Paul Keating. When this scheme was costing Australia $1 billion a year, he said that, unless a copayment was introduced, we would be left in a situation in the future where the scheme would not be sustainable and affordable, and that only the most wealthy of Australians would be able to afford medicines and pharmaceuticals into the future. We are now in a situation where it costs $5 billion, not $1 billion, and the remarks of Paul Keating back in 1990 are equally applicable today. It is a pity that the opposition, the same Australian Labor Party, is not following what Mr Keating then said.

Even with the announced increases in copayments, consumers will be contributing just one-fifth of the total cost of the Pharmaceutical Benefits Scheme—that is, just $1 billion towards the total cost of the Pharmaceutical Benefits Scheme, which this year will be $4.8 billion. The Pharmaceutical Benefits Scheme is a world-class scheme and very generous, but securing its future requires a whole of community approach. We will be continuing to work together with doctors, pharmacists, pharmaceutical manufacturers and patients to ensure that Australians continue to have access to the medicines they need. For those reasons, the government stands resolved about this bill. I urge the opposition to think very carefully before opting to take the course, which they have fore-
shadowed, of cheap political opportunism. I commend the bill to the House.

Question put:

That the words proposed to be omitted (Mr Stephen Smith’s amendment) stand part of the question.

The House divided. [11.50 a.m.]

(The Deputy Speaker—Hon. L.R.S. Price)

Ayes.……… 77

Noes.……….. 59

Majority……… 18

AYES

Abbott, A.J. Anderson, J.D.
Andrews, K.J. Anthony, L.J.
Bailey, F.E. Baird, B.G.
Baldwin, R.C. Barresi, P.A.
Bartlett, K.J. Billson, B.F.
Bishop, B.K. Bishop, J.I.
Brough, M.T. Cadman, A.G.
Cameron, R.A. Charles, R.E.
Ciobo, S.M. Cobb, J.K.
Downer, A.J.G. Draper, P.
Dutton, P.C. Elson, K.S.
Entsch, W.G. Farmer, P.F.
Forrest, J.A. * Gallus, C.A.
Gambino, T. Gash, J.
Georgiou, P. Haase, B.W.
Hardgrave, G.D. Hartsuyker, L.
Hawker, D.P.M. Hockey, J.B.
Hull, K.E. Hunt, G.A.
Johnson, M.A. Jull, D.F.
Kelly, D.M. Kemp, D.A.
King, P.E. Ley, S.P.
Lindsay, P.J. Lloyd, J.E.
Macfarlane, I.E. May, M.A.
McArthur, S. * McGauran, P.J.
Moylan, J.E. Nairn, G. R.
Nelson, B.J. Neville, P.C.
Panopoulos, S. Pearce, C.J.
Prosper, G.D. Pyne, C.
Randall, D.J. Ruddock, P.M.
Schultz, A. Secker, P.D.
Slipper, P.N. Smith, A.D.H.
Somlyay, A.M. Southcott, A.J.
Stone, S.N. Thompson, C.P.
Ticehurst, K.V. Tollner, D.W.
Truss, W.E. Tuckey, C.W.
Vaile, M.A. Vale, D.S.
Wakelin, B.H. Washer, M.J.
Williams, D.R. Windsor, A.H.C.
Worth, P.M.

NOES

Adams, D.G.H. Albanese, A.N.
Andren, P.J. Beazley, K.C.
Bevis, A.R. Byrne, A.M.
Corcoran, A.K. Crean, S.F.
Crosio, J.A. Dunby, M. *
Edwards, G.J. Ellis, A.L.
Emerson, C.A. Evans, M.J.
Ferguson, L.D.T. Ferguson, M.J.
Fitzgibbon, J.A. George, J.
Gibbons, S.W. Gillard, J.E.
Grierson, S.J. Griffin, A.P.
Hall, J.G. Hatton, M.J.
Hoare, K.J. Irwin, J.
Jackson, S.M. Jenkins, H.A.
Katter, R.C. Kerr, D.J.C.
King, C.F. Latham, M.W.
Lawrence, C.M. Livermore, K.F.
McClelland, R.B. McFarlane, J.S.
McLeay, L.B. McMullan, R.F.
Melham, D. Mossfield, P.W.
Murphy, J. P. O’Byrne, M.A.
O’Connor, B.P. Quick, H.V. *
Organ, M. Rudd, K.M.
Ripoll, B.F. Sciacca, C.A.
Sawford, R.W. Sidebottom, P.S.
Sercombe, R.C.G. Smith, S.F.
Swan, W.M. Snowdon, W.E.
Thomson, K.J. Tanner, L.
Zahra, C.J. Wilkie, K.

* denotes teller

Question agreed to.

Question put:

That this bill be now read a second time.

The House divided. [11.58 a.m.]

(The Deputy Speaker—Hon. L.R.S. Price)

Ayes.……… 77

Noes.……….. 59

Majority……… 18

AYES

Abbott, A.J. Anderson, J.D.
Andrews, K.J. Anthony, L.J.
Bailey, F.E. Baird, B.G.
Baldwin, R.C. Barresi, P.A.
Bartlett, K.J. Billson, B.F.
Bishop, B.K. Bishop, J.I.
Brough, M.T. Cadman, A.G.
Cameron, R.A. Charles, R.E.
Ciobo, S.M. Cobb, J.K.
Downer, A.J.G. Draper, P.
Dutton, P.C. Elson, K.S.
Entsch, W.G. Farmer, P.F.
Mr ANDREWS (Menzies—Minister for Ageing) (11.59 a.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a second time.

Mr ANDREWS (Menzies—Minister for Ageing) (11.59 a.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

Third Reading

Mr ANDREWS (Menzies—Minister for Ageing) (11.59 a.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

CHARTER OF THE UNITED NATIONS AMENDMENT BILL 2002

Second Reading

Debate resumed from 14 November, on motion by Mrs Gallus:

That this bill be now read a second time.

Mr Rudd (Griffith) (12.00 p.m.)—There is a constant need for countries to play their part as good international citizens in the global campaign against global terrorism. Australia has supported United Nations resolution 1373, which was passed on 28 September last year. That resolution requires UN member states to prevent and suppress the financing of terrorist acts, to criminalise the willful provision or collection of terrorist funds by their nationals and to freeze the assets of those connected with terrorism. It also calls on member states to take the necessary steps to prevent terrorist acts from being carried out and ensure that terrorists, their accomplices and their supporters are brought to justice. As well, UN Security Council resolution 1373 calls on member states to legislate so that terrorist acts are established in domestic laws as serious offences and that the punishment reflects the seriousness of those acts.

The Charter of the United Nations Amendment Bill 2002 seeks to amend the Charter of the United Nations Act 1945, as amended by the Suppression of the Financing of Terrorism Act 2002, thereby bringing into line and giving domestic legislative effect to our obligations and that important UN resolution. For this reason, the opposition offers bipartisan support for the bill. The Suppression of the Financing of Terrorism...
Act 2002 was designed to restrict the financial resources that are available to support the activities of terrorist organisations. It explicitly made the financing of terrorism a criminal offence and substantially increased the penalties that apply when a person deals with suspected terrorist assets that have been frozen. The legislation enhanced the collection and use of financial intelligence by requiring cash dealers to report suspected terrorist financing transactions to the Australian Transaction Reports and Analysis Centre and also relaxed restrictions on the sharing of information regarding such transactions with the relevant foreign authorities. Given the passage of the Suppression of the Financing of Terrorism Bill 2002, this subsequent amendment is not in itself particularly contentious; it simply consolidates the pre-existing approach.

The opposition supported the Suppression of the Financing of Terrorism Bill 2002 as part of the package of legislation on terrorism because our priority has always been the paramount importance of Australian national security. We support the toughest laws on terrorists. We support the toughest laws on terrorism. We support the toughest laws on those financing terrorists and terrorist organisations. But we insist that those laws target terrorists. Terrorism threatens our values, just as we have all seen most tragically, graphically and grotesquely demonstrated in Bali. It very directly threatens Australia and Australians.

When Australia supported UN Security Council resolution 1373 in September last year, we in this parliament and elsewhere looked at the funding sources for terrorist organisations like al-Qaeda. This led to legitimate debate about the global and regional operations of the al-Qaeda organisation. Twelve months ago in this parliament we, as members of the House of Representatives, voted on a resolution in support of the Australian government’s decision to send Australian troops to Afghanistan to combat al-Qaeda in its home base. What is now clear is that, at the time that we were in this place voting to do that—12 months ago—al-Qaeda was already well established as a terrorist network and organisation across much of South-East Asia. It had in fact over the previous five years or more penetrated a large number of militant Islamic organisations in the various countries of the region.

In making these remarks, I draw extensively on recent research conducted by Dr Zachary Abuza of Simmons College in Boston. From his research it is clear that al-Qaeda began moving into South-East Asia in the 1990s. Dr Abuza is an acknowledged expert in this field. As al-Qaeda moved into the region, it co-opted individuals and groups, established its own independent cells and found common cause with local militants for various reasons. First, whereas there have been long-established militant Muslim organisations fighting separatist causes in the southern Philippines, in Aceh and to a lesser extent in southern Thailand and Burma, these groups have historically been completely domestically focused in their activities with little interest in linking up with international Muslim terrorist organisations.

Al-Qaeda emerged in the region in the 1990s as state sponsorship for local terrorist organisations—notably from Libya—began to wane. Al-Qaeda was able to build on its personal relationships with veterans in the Mujaheddin in Afghanistan who had returned to their countries of origin. It now appears that the leadership of almost every militant Islamic organisation in our region—the Kumpulan Mujaheddin Malaysia, Jemaah Islamiyah, Laskar Jihad and the Moro Islamic Liberation Front—fought with the Mujaheddin. By linking their domestic struggles with an international network, these groups were able to pool and share their resources, conduct joint training exercises, and assist each other in weapons and explosives procurement, identity laundering and financial transfers.

It appears that these previously domestically-oriented groups were better able to achieve their goals by cooperating increasingly internationally. Dr Abuza contends that a second reason for al-Qaeda’s successful infiltration in the region was that, although the majority of the population in the societies of the region is secular and tolerant, not radical Islam, radical militant Islam is growing, particularly through a range of sects of Islam,
including Wahabism and others associated with it.

When we look particularly at Dr Abuza’s research on the question of the infiltration of terrorist organisations in Indonesia by al-Qaeda, he has some remarkable observations in his most recent report. He found that the activities conducted conjointly between al-Qaeda and Jemaah Islamiah go back as far as 1998. On pages 47-48 of the report, it states that in 1998-99 al-Qaeda despatched Omar al-Faruq to Indonesia to ‘establish al-Qaeda cells’. There al-Faruq worked very closely with Jemaah Islamiah and other al-Qaeda cells. On pages 44-45 of Dr Abuza’s report, it states that in June 2002 two top bin Laden lieutenants were despatched to Indonesia. According to a leaked Indonesian intelligence report of 9 July 2002, their visit ‘was part of a wider strategy of shifting the base of Osama bin Laden’s terrorist operations from the subcontinent to South-East Asia’. Page 61 of the report prepared by Dr Abuza refers to a further report by the national intelligence agency of Indonesia, BIN, entitled Al-Qaeda infrastructure in Indonesia. This Indonesian intelligence agency report—at least as presented by Dr Abuza—details the location and weaponry of and possession of explosives by al-Qaeda training camps in Indonesia.

Page 50 of the Abuza report details the arrest of 67 separate people across South-East Asia between 9 December 2001 and August 2002. As part of al-Qaeda’s regional network, the people arrested included those alleged to be responsible for planning terrorist bombings in Singapore, including an attack on the Australian High Commission. Page 48 of Dr Abuza’s report details the arrest of Omar al-Faruq and his subsequent interrogation at Bagram Air Base in Afghanistan in June-July 2002, where he apparently admitted to planning a range of September 11 anniversary attacks across the region, including in Indonesia. On page 65 of the Abuza report, it states that as early as May 2001 intelligence reports had highlighted the planning of a series of attacks on ‘US, British, Australian and Israeli diplomatic, military and commercial interests’.

According to Dr Abuza’s analysis, a number of local Islamic organisations operating in the region have established links with al-Qaeda. One, for example, is Darul Islam. Darul Islam has maintained ties to al-Qaeda for some time, which include ‘military collaboration’. These links were formed in the eighties, when Darul Islam members volunteered to fight in Afghanistan. According to Lindsay Murdoch from the Sydney Morning Herald, writing on 28 September 2001, Al Chaidar, one of the faction heads of Darul Islam, admitted to receiving 1.2 billion rupiah—that is, $243,000—from al-Qaeda. He said:

Yes, we’ve gotten funding and assistance from the bin Laden group since we went helping Afghanistan in the 1980s.

He also said:

The relationship between Darul Islam and Osama bin Laden is just undeniable.

For another group, Laskar Jihad, we also see a pattern of connection. Remember, this is the group that, according to Department of Foreign Affairs and Trade officials at the most recent Senate estimates hearings, has informal links with the Indonesian special forces, Kopassus. Dr Abuza argues that Laskar Jihad ‘maintain contact with the international Mujiheddin network, including Osama bin Laden’s group’. Darul Islam’s Al Chaidar is on record as saying:

Wherever a jihad is in force, this network provides money and weapons and all tools needed for the jihad fighters to go to the jihad area … This is exactly what is happening in the Malukus. Osama bin Laden is one of those who have sent money and weapons to jihad fighters in the Malukus.

That is from page 46 of the report.

These various excerpts from the Abuza report indicate that, for up to five years before the Bali bombing, evidence existed of a joint operational relationship between al-Qaeda, Jemaah Islamiah and other Islamic terrorist organisations, such as those that I have just mentioned. There is also, from Dr Abuza’s research, some evidence of a broadening of the targeting priorities of terrorist organisations in South-East Asia from so-called hard targets—that is, military and dip-
diplomatic targets—to include so-called soft targets, including commercial interests.

When we look at the range of activities in which the al-Qaeda network have engaged elsewhere in the region, we turn also to their activities in the Philippines. Again, Dr Abuza’s report provides some illuminating insights. According to page 13 of the report, al-Qaeda was providing financial support for the local Moro Islamic Liberation Front, the MILF, from 1995-96 onwards. On page 14, we find that Osama bin Laden’s brother-in-law, Mohamed Jamal Khalifa, had been active in the Philippines since 1991, when he was sent there to establish a permanent al-Qaeda network. We also see, on page 18 of the report, that al-Qaeda placed a large number of instructors in MILF camps from the mid-1990s onwards to help not just the MILF but also other jihadis in the region. Then, again, according to page 22 of the Abuza report, al-Qaeda has also had significant links with the other Islamic terrorist splinter organisation, the Abu Sayyaf group, or the ASG, from 1994 onwards. Dr Abuza’s assessment, on page 35, is:

... the greatest threat to the Philippines, in terms of international terrorism, does not come from the Abu Sayyaf or the MILF, but in the continued presence of independent cells of Al Qaeda operatives, who are networking to counterparts throughout the region.

Dr Abuza goes on to identify in his report five such cells and speaks of them at considerable length. Questions arise from the specificity of the information contained in Dr Abuza’s report. His report details a pattern or a network of al-Qaeda penetration of other Islamic organisations, including Islamic terrorist organisations in Indonesia, the Philippines and elsewhere in South-East Asia, not just in the last 12 months but over the last four to five years and longer. It is quite plain that al-Qaeda has established a large network of terrorist cells across the region. As we examine the performance of our national intelligence effort over the last 12 months or so in the lead-up to the Bali bombings, Dr Abuza’s report presents some fundamental questions which need to be answered. When we in this parliament voted to dispatch Australian troops to Afghanistan somewhat more than 12 months ago now, simultaneously, it is demonstrated by Dr Abuza’s research, there already existed across South-East Asia this large network of al-Qaeda and al-Qaeda related operations and organisations and a pattern of organisational cooperation with indigenous terrorist organisations from Je-maah Islamiah through to Abu Sayyaf in the Philippines and others. At that point, when we in this parliament voted on a bipartisan basis to commit Australian troops to Afghanistan for the legitimate purpose of eliminating al-Qaeda from that country—because of its obvious involvement in the events of September 11 and the horror that contained for our collective humanity—al-Qaeda was already well established in South-East Asia. As a responsible opposition in this place, a question we would dearly like to have the answer to is: when we made the decision to commit Australian troops to Afghanistan to eliminate al-Qaeda there, what analysis did the Australian intelligence community and the Australian government do of any change in the threat profile as it related to the tens of thousands of Australians living at that time across South-East Asia in Indonesia, the Republic of the Philippines, Malaysia and Singapore?

It is plain from Dr Abuza’s research that the network existed already and that we in Australia were committing ourselves rightly to a cause of common endeavour to deal a body blow to al-Qaeda in Afghanistan because of its horrific work in New York and Washington. Did we equally have our eye on the ball in terms of what al-Qaeda was then likely to do across South-East Asia? This is a very important question which all Australians would dearly like to know the answer to. At the time the Australian government made the decision to commit our troops to Afghanistan, what did they assess as being the change in the threat to Australians living in South-East Asia? I find it hard to believe that, prior to Dr Abuza’s research first being made public, selectively, from February this year, the Australian government and other allied governments were not at least privy to that intelligence information. If we accept the remote hypothesis that it was not available to the Australian government, at least from February of this year it existed partially in the public domain—an extensive cata-
logue of the nature of al-Qaeda’s established network across South-East Asia; an extensive catalogue of the training activities in which al-Qaeda was already engaged; a catalogue of al-Qaeda’s engagement with the whole business of explosives and the use of weaponry; a catalogue of al-Qaeda’s organisational structure; and an emerging body of evidence, it seems, of its targeting priorities as well.

We certainly had our eyes firmly fixed on what was about to happen in Afghanistan with the dispatch of Australian troops there, and they served this nation well. Did we have our eyes equally fixed on the enemy closer to home? That is a legitimate question for this parliament and for the people of this country. In the 12 months since then, al-Qaeda operatives across South-East Asia have plainly been at work, and that is the burden of Dr Abuza’s analysis. On top of that, it is clear—less so in Dr Abuza’s research but elsewhere—that, as the military campaign in Afghanistan proceeded apace from the end of last year on and al-Qaeda and the Taliban retreated from Kabul and headed south towards the Pakistan border through Kandahar, and as they moved in part across the border into Pakistan, a number of them also then moved from that part of the world into South-East Asia.

I repeat that this is not the first arrival of al-Qaeda in South-East Asia. Al-Qaeda, based on this extraordinary piece of research by Dr Abuza, had been established and active in the region for the better part of half a decade from the mid-nineties on and possibly earlier. Once the military campaign ensued, we had the arrival of an even greater number of al-Qaeda operatives. From the beginning of 2002, what warning bells were ringing within the Australian government about the nature of the al-Qaeda threat to Australians living in and Australian government facilities operating in South-East Asia? These are very important questions. Was the attention of this government equally focused on the enemy closer to home? Was the attention of our government equally focused on threats posed to Australians within the region as we targeted al-Qaeda in its base? Did we also assume that al-Qaeda, with its tentacles in the region, would not then seek to target us?

These are valid questions to be posed and important questions to be answered as Bill Blick, the Inspector-General of Intelligence, conducts his review of the Australian government’s performance on these questions in the period leading up to the Bali bombing. I have said repeatedly in this place and elsewhere that we make no prior judgments on these questions, but these are valid and central questions to be asked and they must be answered in the report that is being produced. If that report fails to address these questions, we as an opposition, responsibly, will need to address how best then to tease the answers to these questions out from the government. It goes to the heart of this country’s national security.

National security has also been prominent in the debate in this place in the last several days. Our common endeavour in this place is to take all robust and necessary means for the elimination of terrorism, both global and regional. We are as one in this place on that. That is why we support this bill and that is why we have supported the campaign against the Taliban and al-Qaeda in Afghanistan, although we raise questions about how vigilant we have been in terms of the threat posed by al-Qaeda in South-East Asia. But when it comes to the challenge we face now in dealing with terrorism in South-East Asia, it is a plain and stark reality for us all that we must do so conjointly, collaboratively and collectively with the governments of the region. The governments of the region are our partners in dealing with the common threat of terrorism we face; that is a plain fact. We rely upon the cooperation of those governments in dealing with terrorism on the ground; that is a plain fact. It is not just a statement of Australian Labor Party policy; it reflects repeated statements on the part of the foreign minister, Mr Downer.

All that was proceeding apace until last Sunday. Last Sunday we had enter into the debate an entirely new phenomenon: a view which said that, when it comes to dealing with terrorism on the ground, over and above working conjointly, cooperatively and collectively with the governments of the region,
we—the Australian government, the Howard government—hold open the possibility that we can launch a unilateral military strike against the territory of a neighbouring state. This was a remarkable statement. From time to time in this place we have spoken about the former Howard doctrine; that is, after the events of East Timor in 1999 when the Prime Minister announced to one and all that the function of Australian foreign policy in South-East Asia was to act as the deputy sheriff for the United States of America. And, to some extent, that debate rages through the region today. Just in case the region had forgotten about the debate on the first Howard doctrine, enter the new Howard doctrine—a doctrine which says that Australia under certain circumstances would engage in a pre-emptive military strike against the sovereign territory of a neighbouring state. For the foreign minister of Australia to stand in this place and elsewhere and say that this simply restates pre-existing policy I find novel in the extreme. I do not recall any Prime Minister or any foreign minister standing in this parliament since the Second World War and saying that to engage in an act of direct military pre-emption against the territory of a neighbouring state was an active element of Australian international security policy.

Mr Ross Cameron—We didn’t have terrorism then.

Mr Rudd—Terrorism has been a phenomenon existing in the world for a long, long time. It has existed in various forms at least since the Second World War and—as the honourable member for Parramatta, who has just interjected, would know, if he had listened to my earlier remarks—it has been a fact evident on the ground across South-East Asia for the last half decade. Let us hope the government had its eye on that ball as well.

This is a most grave development, because it goes to the heart of whether Australia can and will act cooperatively with the governments of South-East Asia in dealing with the common problem of terrorism or whether we are now seeking to work against those governments. The situation we now find ourselves in is most grave. When the foreign minister says he is simply stating policy that has long existed, I would simply pose this question to him. Let us assume that this new doctrine of Australian military pre-emption in the region takes on, and let us assume that it becomes a new orthodoxy as part of international law. I assume, therefore, that this new orthodoxy and this new teaching of international law would become equally valid for all players and that, if it is okay now for Australia to contemplate the possibility of engaging in a pre-emptive military strike against a neighbouring state, then it is equally possible for a neighbouring state to consider engaging in a pre-emptive military strike against this country.

Let us be hypothetical again. Let us assume that a government in the region becomes actively concerned about the potential subversive efforts of a group of, shall we say, students who happen to be nationals of that country temporarily resident in this country. That government becomes so concerned that in fact it believes that that cell of students is going to represent a direct threat to the security of the host country. That host country and that host government decide that the smart thing to do is to dispatch their own special air services regiment to do something about it—to take ‘em out. They launch a pre-emptive strike against the said residences of the said students on the said campus of an Australian university—all because it enhances the security of that country, in their view, and all justified by a doctrine of pre-emptive military strike. That government had concluded that that was necessary to ensure the national security of that country and had become convinced that that cell lying within this country represented a threat to it.

When you start to unravel the fabric of international law—which, for those opposite, seems to be a plaything which you manipulate one day in and one day out—the consequences are far and wide, and we need to think through carefully what those consequences might be. It is, I think, an appalling indictment of the weakness of our foreign minister—a foreign minister who actually knows what is going on in the region as we speak, a foreign minister who knows through the cable traffic each day what the reactions from regional governments and regional el-
ites has been—not to at least issue a statement clarifying what our Prime Minister meant by the new Howard doctrine of a pre-emptive military strike against Asia. He has been given two opportunities to do so. I see an adviser in the advisers’ box shaking his head. I would wish that the foreign minister would enlighten us, so that there would not be any shaking of heads around the region.

If the foreign minister was a person of courage, he would confront his Prime Minister and say, ‘Listen, John, me old mate, you’ve got this one wrong. Your language on Sunday was a bit sloppy. We need to tidy it up.’ If you look at the text of what the foreign minister had to say on the World Today on the ABC on Monday, you will see that he tried to do that. If you look at the transcript of what he said, you will see that he inferred that what the Prime Minister was intending was to work cooperatively with regional governments in dealing with terrorism on the ground.

However, there was no such precondition alive in the Prime Minister’s statement on the Sunday program when interviewed by Laurie Oakes. The Prime Minister did not place a precondition of cooperation and consent on the part of regional governments; he simply talked about the possibility of a unilateral Australian military act, and that is of great, great concern to us all. When presented with an opportunity on Monday in the parliament to clarify what he meant, the Prime Minister failed to retract or to clarify his statements in any fashion whatsoever. Had he done so, the matter would easily have passed. The fact that he has not done so—out of political hubris and personal pride, and because it is consistent with his personal political agenda for his party and his government—does a fundamental disservice to this country’s long-term national security interests. To deal with the problem of terrorism requires the common actions of the international community, the global community and the regional community. We need to work with the region in combating the challenge of terrorism within our neighbourhood, not against the region. We cannot afford not to do so. (Time expired)

Dr SOUTHCOTT (Boothby) (12.30 p.m.)—I rise to speak on the Charter of the United Nations Amendment Bill 2002. As we see the results and the successes of the joint investigation team between Australia and Indonesia, anecdotal evidence is emerging of how important the Afghan experience has been in the recruiting of people sympathetic to al-Qaeda in the region and in South-East Asia. The majority of South-East Asia’s estimated 230 million Muslims have tolerant and moderate views, but there is a strident anti-pluralist stream, most commonly coming out of Saudi Arabia, Pakistan and Afghanistan, which does have a minority appeal to the region’s Muslims. We have seen international recruitment in Afghanistan, in some cases dating back to the war against the Soviet invasion there, and more recently relating to the camps which al-Qaeda has been operating there since 1996. We find that many people who have been associated with bombings in the region have served in Afghanistan or trained there.

As the member for Griffith stated in his speech, pre-existing local groups are gaining inspiration, assistance and funding from international movements—largely al-Qaeda. The structure of al-Qaeda in South-East Asia is a bit opaque, but it operates in a decentralised way and is quite elusive. The International Institute of Strategic Studies argues that al-Qaeda has been damaged by coalition operations since September 11. We see evidence of that in Yemen, in Pakistan and in Afghanistan, and we are seeing it now with the success of the joint investigation team with the Indonesian police and Australia. The International Institute of Strategic Studies argues that al-Qaeda has been damaged by coalition operations since September 11. We see evidence of that in Yemen, in Pakistan and in Afghanistan, and we are seeing it now with the success of the joint investigation team with the Indonesian police and Australia. The International Institute of Strategic Studies argues that al-Qaeda still has two-thirds of its core leadership intact and the majority of 20,000 activists, who were trained in the Afghan camps, still in place. The British based terrorism specialist Rohan Gunaratna estimated in early 2002 that about one-fifth of al-Qaeda’s organisational strength overall is in Asia. I am indebted to Dr Frank Frost, from the Parliamentary Library, for his note on terrorism in South-East Asia. In Gunaratna’s book, Inside Al Qaeda: Global Network of Terror, he argues:
Their leaders are handpicked, mostly educated in the Middle East. They speak Arabic, unlike the vast majority of Asian Muslims, and were already of a radical bent. Al Qaeda’s Asian core is hand-picked from several hundred Jihad volunteers who fought in Afghanistan, including, inter alia, Central Asians, Chinese, Pakistanis, Bangladeshis, Indonesians, Malaysians, Singaporeans, and Filipinos.

Ramzi Yousef, for example, who was involved in the World Trade Centre bombing in 1993, was also involved in a spate of bombings in the Philippines. In the southern Philippines, radical Islamic groups like Abu Sayyaf and the Moro Islamic Liberation Front operate. In his book Mr Gunaratna argues that Jemaah Islamiah appears to operate in loose association with several other groups, including the Moro Islamic Liberation Front. He says:

Together they have been part of a regional terrorist network operating under the aegis of Al Qaeda. JI is conceivably Al Qaeda’s instrument connecting mainstream and renegade tourists and guerilla elements in the region.

Singapore alleges also that Jemaah Islamiah received funding from al-Qaeda. As we debate the Charter of the United Nations Amendment Bill 2002, today’s papers report that evidence has been uncovered that Jemaah Islamiah planned and trained for a terrorist attack against the 2000 Sydney Olympic Games, involving individuals living in Australia. At the time that was one of our worst fears. Our counter-terrorism forces were at their highest state of preparation to deal with such an eventuality.

I would like to draw on some points from a recent publication by the Australian Strategic Policy Institute entitled ‘Beyond Bali’. The institute argues in this publication that as a country we need to take two urgent steps: firstly, to increase resources to intelligence agencies, particularly ASIO; and, secondly, to improve our ability to deal with the aftermath of an attack within Australia, particularly a successful attack involving weapons of mass destruction against a densely populated area. The publication raises the possibility of an attack with biological, chemical or radioactive weapons which may cause few casualties but may cause mass panic. We have already passed legislation in this parliament which deals with the implications, both for the intelligence agencies and for health, of an attack by weapons of mass destruction.

The institute also argues we need a greater understanding of current terrorist networks. When we think of the terrorist networks of the 1970s, they were politically motivated and objective orientated. Our counter-terrorism forces, through the SAS, are trained for hostage situations and so on. These have given way to attacks causing mass casualties, often by suicide bombers. There is a lack of a clear structure of command throughout the militant Islamic networks. There is an unwillingness to negotiate. An unwillingness to win popular support indicates that they will use violence without restraint and possibly even weapons of mass destruction.

The bill which we are debating involves the suppression of the financing of terrorism. The financial war against al-Qaeda is a priority to prevent an attack using weapons of mass destruction. Al-Qaeda possesses the financial resources for procuring, perhaps, a nuclear weapon. We also need to focus beyond weapons of mass destruction on a much more likely conventional or suicide attack.

Our close neighbours, particularly Indonesia and the Philippines, lack the ability to prevent or tackle terrorist groups. We have to say it. That has been very evident for 12 months. Even states with strong authoritarian control—like Singapore—do not negate the threat, as we saw in the attempted bombing of the United States Embassy and possibly the neighbouring Australian High Commission in December 2001. This was a plot hatched by Jemaah Islamiah which was uncovered by Singapore’s internal security department. We need to put the emphasis once again on intelligence and the freezing of financial assets.

A member of the Bush administration—it may have been Donald Rumsfeld—said last year that what we need to do is to rip up these cells bit by bit and smoke the terrorists out. It is not a conventional campaign. As I said, the coalition against terrorism is having some success but there is a long way to go.
We need regional cooperation, especially in financial monitoring.

The bill under discussion at the moment is an extension of the financing of terrorism bill which was passed earlier this year. That bill aimed to restrict the financial resources going to terrorist organisations. It made the financing of terrorism a criminal offence. It increased the penalties for dealing in the frozen assets of terrorists and it enhanced the financial intelligence by requiring cash dealers to report suspected terrorist transactions. It also relaxes the restriction on sharing this information with our allies. It was in response to United Nations Security Council resolution 1373, which calls on states to prevent and suppress the financing of terrorism, to criminalise the financing of terrorism and to freeze the assets of terrorists and their associates.

The Financial Action Task Force on Money Laundering, which was announced on 31 October 2001, stated that it would focus its resources on the worldwide effort to combat terrorist financing. Its recommendations include: to criminalise the financing of terrorism, terrorist acts and terrorist organisations; to freeze and confiscate terrorist assets; to report suspicious transactions linked to terrorism; and to provide the widest range of assistance to other countries’ law enforcement and regulatory authorities for investigations into terrorist funding.

On 3 October 2001 the Reserve Bank of Australia announced that the coalition government had directed it to take steps to block accounts which might be held by persons or organisations which had been identified by the United Nations or the United States. This list has been twice updated and, in March 2002, when the bill passed the House, it included 46 entities and 16 individuals. It was updated more recently in September 2002 and is available on the Department of Foreign Affairs and Trade web site.

The Reserve Bank has written to institutions seeking details of accounts held by any terrorist groups. While no accounts held by terrorists or their associations have been frozen in Australia, it has been claimed that groups such as Hamas, Hezbollah, the Chechen Mujaheddin and the Liberation Tigers of Tamil Eelam have been active in raising funds for their organisations in Australia.

On 8 October 2001 the government made the Charter of the United Nations (Anti-Terrorism Measures) Regulations 2001, which gave effect to that United Nations Security Council resolution in Australia by preventing persons in Australia or citizens of Australia from dealing with the financial assets of persons or entities that engage in or support terrorism, or are under the direct or indirect control of such a person.

The bill we are debating, the Charter of the United Nations Amendment Bill 2002, seeks to amend the Charter of the United Nations Act 1945. It has already been amended by the Suppression of the Financing of Terrorism Act. The Suppression of the Financing of Terrorism Act was part of a package of counter-terrorism legislation introduced by the Howard government on 12 March 2002. As I stated before, the bill made the financing of terrorism a criminal offence and increased the penalties for dealing in the frozen assets of terrorists.

However, there can be authorised dealing with such assets. This is what this bill seeks to do. It seeks to ensure that not only the owner but also the holder of assets can apply to the minister—in this case the Minister for Foreign Affairs—for permission to deal with this asset. The bill also ensures that the minister can issue notices permitting such dealings, either on their own initiative or on an application made by an owner or holder of an asset.

While this amendment seeks only to remedy some unintended consequences in the drafting of the Suppression of the Financing of Terrorism Act 2002, it is extremely important that this act is effective as a tool in countering the spread of terrorism. Strong action has already been taken by the Howard government on the suppression of the financing of terrorism, and the passing of this legislation is important to ensure it goes further and is as effective as possible.

We now know that there are cells of the terrorist organisation Jemaah Islamiah in Australia. ASIO has uncovered evidence of well-established cells of this organisation in
Melbourne, Sydney and Perth, and that information is on the public record. Despite the 11 September 2001 terrorist attacks in the United States, it was clear when we debated much of the legislation on terrorism earlier this year that many did not feel that Australia faced a clear and present threat. It is clear, following Bali, that we now need to act on this threat. As we gather more information about the modus operandi of JI, we are increasingly able to legislate against groups like it taking advantage of us. Groups like JI use countries like Australia to raise funds. They are well organised and well financed. The Charter of the United Nations Amendment Bill 2002 forms part of a legislative regime that ensures that dealing with the assets of terrorists is a criminal offence. It further ensures that the government has control over efforts to freeze terrorist assets.

Under this new bill, holders of assets, such as banks and trustees, will have protection while they ask the Australian Federal Police for help in determining whether there is a likely match between a proscribed person and an owner or controller of an asset. Private financial institutions such as banks and trustees have highlighted the need to give the holders of assets the same ability as the owners of assets to apply to the Minister for Foreign Affairs for permission to deal with freezable assets or to give assets to proscribed persons in specific circumstances. Such authorisations may be requested where, for example, a bank dealing with urgent currency transactions has sought help from the AFP to determine whether there is a likely match between a proscribed person and a controller of an asset, and wants some protection if the transaction proceeds. The freezing of terrorist assets is a crucial part of international efforts to suppress terrorism and deserves the House’s support.

In conclusion, the coalition against terrorism has been successful in Yemen, Pakistan and Afghanistan, and now in Indonesia with the joint investigation team, but this is only the beginning. There is a lot further to go, and this bill helps to strengthen the legislative regime to make sure that terrorist groups cannot raise money in Australia and do not have access to financial assets in Australia.

Mr Rippoll (Oxley) (12.46 p.m.)—It is a privilege to speak on the Charter of the United Nations Amendment Bill 2002. This bill is very important in the new world climate we find ourselves in—a world now completely open to terrorism. I think it is open to terrorism against Australians for the first time, in the sense that it has touched all of us. The Bali bombings brought home to many people just how serious and how close to home this new threat is. Of course, it is newer to us than to many others around the world who have been living with the threat of terrorism and with terrorism itself for many years, some for decades. This bill will put in place measures to freeze assets and take away the ability of terror organisations and individuals to move and collect funds and assets to finance their operations. In that, it is an extremely necessary piece of legislation. However, there are parts of it which do not meet necessary requirements and which also raise some issues of concern where the mechanisms provided are not complete enough to provide the robust framework Australia needs to be able to deal with these matters.

The bill makes it an offence to provide or collect funds with the specific intention to use those funds to facilitate terrorist activities. It requires that cash dealers report transactions suspected to be related to terrorist activities. It enables the Director of the Australian Transaction Reports and Analysis Centre, AUSTRAC, the Commissioner of the Australian Federal Police and the Director-General of Security to disclose financial transaction reports directly to foreign countries, foreign law enforcement agencies and foreign intelligence agencies. It supersedes the Charter of the United Nations (Antiterrorism Measures) Regulations 2001 and incorporates those matters by creating high-penalty offences for people caught under this legislation.

There is certainly no question that we must put in place very tough measures. Labor stands firm on its commitment to be tough in these areas. You have to be when you consider the people and the organisations you are dealing with. At the same time you always need to couch that firmness, that
toughness and that ability to apprehend those the legislation attempts to deal with in terms that do not take away the rights of ordinary people. These are important parameters within which all decisions and legislation need to be brought about.

The disclosure of financial statements, assets and transactions directly to foreign countries and foreign law enforcement agencies is welcome in the sense that it can be used to track terrorists and terrorist organisations in this country. But within that needs to be the safeguarding of Australian citizens and of that information so that it is not later misused by countries which seek that information from us. While the legislation works in its attempt to bring about changes to provide the powers and legal framework for Australian authorities to deal with terrorism, at the same time we need to be certain that we do not inadvertently create a mechanism by which people could gain information that could then be used for other means. That is just a cautionary note.

The bill implements the obligations we have under UN Security Council resolution 1373, which criminalises the provision of funds to terrorism and allows for the freezing of assets under the International Convention for the Suppression of the Financing of Terrorism. This legislation is much needed. There is also a tight time frame for bringing it forward and having it in place to meet our requirements. As I said, this bill goes some way towards dealing with these matters, though there are some concerns about it. It deals with a number of acts, including the Suppression of the Financing of Terrorism Act 2002 and the Charter of the United Nations Act 1945. The bill does all of those things and the government has brought it forward, though I do not think it needs congratulating because this is something it had to do.

I want to talk generally about what this bill is about and some of the issues in the media at the moment. I particularly want to raise the issues of how Australia deals with terrorism, how it has been affected by terrorism and the financing of terrorism, which in itself is a major issue. We have heard the Prime Minister, John Howard, talking reasonbly softly, softly on a range of issues and then, with much surprise to many people, he has taken on a new doctrine. We had for quite some time the Howard doctrine in which he was the deputy sheriff or ‘deputy dawg’, of the region and that he would look after things for the US. The PM has now taken a new line—though hypothetical, enough time has passed for the PM to correct the record or make his position more clear—in which he says that there is a new paradigm that, if Australia believes that there is an operative, a cell or an organisation in a neighbouring country, Australia should have the right to go into that sovereign country and attack. That is a big statement for a Prime Minister to make.

We heard from our shadow foreign affairs spokesman, Kevin Rudd, that a Prime Minister has not used such strong language probably since the Second World War. It seems that the days of diplomacy are gone and, while it may seem popular on talkback radio programs, the Prime Minister has actually made a blooper. He has made a blooper in the sense that we have to examine what the real threats from terrorism are to Australia and how we can best defend our shores.

I recently heard an international expert, Professor Yoram Schweitzer, from Israel speak about terrorism. He said the greatest tool you have to make your own country safe is to make other countries safe. I think that has a fair bit to it and is something to think about. To boil that down: if Australia is to protect itself, we need to work with our neighbours and protect our whole region. We do not live in isolation. We may be a big island continent with a giant moat around us but, to protect ourselves, we need to help protect our neighbours, who also deplore violence and terrorism and who also do not support these groups. Our neighbours may have more particular problems than we currently do, but that does not mean that they support those groups.

Australia, a sovereign country, has taken it on itself to claim that the United Nations charter, particularly article 51 on defence and pre-empive strikes, is not flexible enough because it does not encompass the world we live in now—in which non-state actors are
now the international actors—and because it will not be a nation or a country that attacks us but non-state actors within any country. The United Nations declarations do not particularly deal with that issue, so we do need to look at how we deal with these things.

By trying to make the United Nations charter more flexible, the Prime Minister and the defence minister are saying that they want more rights and abilities to enter a sovereign country and attack within those boundaries. Not only do I find that deplorable but I cannot understand where that has come from and how this government could be thinking along those lines. If we consider the impact of that statement on our neighbours and on us, it is cause for a lot of concern. I am more concerned now about our position in the region, the stability of our region and the threat to Australia from terrorism than I was prior to those comments being made. It has signalled to those countries that Australia does not respect them, it does not respect their sovereign rights and it does not respect their boundaries. That will cause us some pain in the future. We are already seeing reactions in the media and from our neighbours in the region to what our Prime Minister has said.

The key issue is: what do we do now? We need to speak and negotiate with countries like Indonesia, Philippines, Malaysia and Thailand in terms of a terrorist threat. We need to know what they think and try to work with them. There has been a great deal of damage done by the Prime Minister in terms of our ability to deal with what is contained in this legislation—that is, the freezing of assets used to finance terrorist organisations. In terms of the views of the Prime Minister and the Minister for Defence, this country is now travelling down a dangerous path. They have created a situation in which those countries could now rightfully say that, if they believed there was a threat from a non-state actor within Australia, they have the same right to act within our borders. I think that any Australian would find that situation unacceptable. We would not accept that Indonesian troops, Kopassus, could come into our borders without our permission and strike. Basically, it would be a declaration of war. Some have said that that is what the Prime Minister has done: through his words, he has enacted a declaration of war affecting our neighbours. He has said to them, ‘Australia will strike, without your permission, on shore, on your sovereign countries.’ This is not an acceptable position.

This legislation is trying to deal with some very serious matters in terms of freezing of assets and controlling and preventing terrorism on our own shores, but the attitude that Australia now takes through this government has done us damage in our region. It says it will not play the game with our neighbours, it will play its own game.

Once we have countries playing their own games, once we have these sovereign states playing their own games—and we may not like the games they play, either—these are the prices we will have to pay. The course of action Australia should take is to continue down a diplomatic path and continue to negotiate and deal with our neighbours, as anybody would expect. Our greatest weapon will be our ability to have a dialogue with our nearest neighbours and to negotiate with them. We are currently seeing that ability demonstrated through the great job our Federal Police force and our intelligence units and organisations are doing in Bali in bringing to justice those who committed the horrible crimes on 12 October. While the talkback radio programs might have enjoyed the comments, and they might have proved slightly humorous and popular for a short period of time, we are going to find ourselves in a quagmire of difficulties in our relations with our international neighbours. This is an extremely dangerous position for us to be in.

Finally, I want to say a couple of words about terrorism. I believe there is a myth in the community that somehow terrorists are a poor people, that they are hopeless—that is, without hope—that they are uneducated and that all that is left to them is this final act of either blowing themselves up or ramming a plane into a building. They think that is it; that that is all that is left for these people. I dispute that myth and think it is very far from the truth. If people took some time to look closely at terrorist organisations—
Jemaah Islamiah, al-Qaeda and a range of other organisations throughout the world—they would see these are wealthy organisations with immense access to resources, protection, support, finances, assets and capacity. These are not poor people or organisations. The people who run these organisations are wealthy, and the people who act on their behalf are not poor. The people who committed the crimes at the twin towers in New York were educated men. They were men of ability, men who learnt how to fly and men who had families, backgrounds, hope and wealth—men who had everything—but still they committed these crimes.

One case that springs to mind—and it keeps coming back to me because I just cannot understand it—is that of a young Palestinian woman in Israel who blew up herself and a number of other people with her. She was about 21 years of age. She was about to graduate from university, came from a wealthy family and was about to be married—she had a fiancé. In normal circumstances, you would say her life would be full of hope, joy and everything one could expect to live happily for the rest of her life—everything within her grasp. Yet, she committed an act of terrorism by blowing up herself and other people along with her. I cannot understand, and I am sure most people could not understand, how a person could do that. Is it because there is no hope? I do not believe that. Is it because of poverty? I do not believe that, either. Whatever the reasons might be—and there are many—they are mostly about ideologies, beliefs and causes. They are not about poverty, hopelessness and the uneducated.

It is a complex world we live in. It is a world that has changed. We all said these words when the terrorist acts took place on United States soil: the world has changed forever. It has continued to change forever; for instance, look at what took place in Bali. We know we are no longer safe in Australia. That is not an alarmist statement; it is a statement to say we have to acknowledge that we are part of the rest of the globe and that we have to deal with issues that other people have been dealing with for many years. It is now much closer to home. This legislation brings part of that acknowledgment into practice in terms of law.

As I said earlier, I am disappointed with where the government is going in terms of diplomacy, and I am also disappointed that we have lost a great chance to try to build relationships with our neighbours. Instead, we are seeing those being destroyed. I do not see what political gain the Prime Minister can expect from that. Perhaps it is just that his popularity rating is still going up and that he thinks he is infallible. Even the infallible occasionally fail, and the Prime Minister in this case has failed. He has tripped over quite badly. I took pleasure in getting a copy of an article by Michelle Grattan in which she says, ‘Words are bullets, Mr Howard.’ There was another article on the same page by Mark Baker, who says, ‘A bad call made worse by shouting.’

The Prime Minister has had an opportunity to set the record straight, to make our regional neighbours feel at ease and to let them know we want to work with them and not against them. He has had the opportunities to back away and to basically say, ‘That is not what I meant; it was unintentional, it was not the intent of my words,’ but he has not done that. The Prime Minister has gone on to use stronger language and thinks that, by standing hard and fast on this, somehow he is doing all of us a favour. Prime Minister, you are doing nobody a favour. You are not doing any Australians any favours. You are making our lot more dangerous. You are turning your back on our neighbours, who want to assist us and who want to be part of the global fight against terrorism but not part of a cavalier, cowboy approach where Australia, through its Prime Minister, believes that somehow a population of 20 million people with an expansive continent can defend itself on its own. When the crunch comes, when we need the help of our neighbours, we will call on them. But will they assist, given the Prime Minister’s view that they are token in terms of their own sovereignty? I think that is a dangerous path.

I wish I could record in the Hansard the view of this cartoon: it is the three stooges, all resembling what appears to be John Howard, with the labels ‘offence’, ‘defence’ and
He has put out nonsense that Australia would somehow send SAS troops into somebody else’s country unannounced, uninvited—an act of war—and that this would somehow make us more safe. I think that is a dangerous approach. The Prime Minister should walk backwards softly, start retracting his comments and make it clear to our neighbours that we should all work together in the fight against terrorism.

Ms JULIE BISHOP (Curtin) (1.06 p.m.)—‘Peaceably if we can, forcibly if we must.’ This distillation of foreign policy in a democracy is attributed to the American congressman of the early national period, Josiah Quincy. It is a timely reminder to this House that diplomacy, multilateral and bilateral, is a means rather than an end. In speaking to the Charter of the United Nations Amendment Bill 2002 I say it would be well for members opposite to remember history. In the 1920s there was the first great burst of internationalist governance of diplomacy in the service of universal rights rather than national interest. The apogee of this flourishing was the Kellogg-Briand Pact of 1928, sometimes known as the Pact of Paris, which was an international agreement that outlawed war, and whose signatories would all be at war just 11 years later. Of course, it was a clear-headed realist like Stanley Baldwin who recognised, presciently:

... the old frontiers are gone. When you think of the defence of England, you no longer think of the chalk cliffs of Dover; you think of the Rhine. That is where our frontier lies.

He said that in 1934. Nevertheless, from the disappointment of interwar diplomacy came a more realistic internationalism in the form of the United Nations. It is certainly true that to the United Nations can be attributed much of the kudos for the prolonged peace—or at least superpower peace—of the Cold War period. The United Nations provided a forum for the articulation of international disputes, even if it did not always provide for their resolution, although an opposite viewpoint might hold that this superpower peace was marked by multiple proxy wars and by the prolonged enslavement of the lands and peoples of the Soviet empire.

Today, the United Nations continues to play a useful role in international affairs. It is not, reasonable people would observe, a panacea. It is a means not an end. Just as it was incapable of resolving the issue of Soviet imperialism in Central Asia and Eastern Europe, so it will not be in the 21st century a solution to the perennial threat of war and the more recent threat of terrorism, yet it can be a means towards the achievement of ameliorating those threats. This promise is exemplified by the reaction of the United Nations to the escalation of radical Islamic terrorism since September 2001. This escalation has rocked the United States, the nations of the Middle East and South and South-East Asia as well as our own nation. Clearly, the United Nations is not in a position to react militarily to this threat. Any realistic appraisal of the present situation would indicate that there is but one nation that commands a projectible military capability adequate to the task of defeating these terrorists. It should be to the relief of free people everywhere that that nation is the United States.

There is much discussion at present of the ‘coalition of the willing’ being assembled by Washington. I think this grouping might more accurately be titled a ‘coalition of the willing and able’. This theme has been explored most recently with particular reference to the future of the North Atlantic Treaty Organisation, for example, by Lenore Taylor in the Australian Financial Review. In a recent article Taylor pointed out that US military spending is almost double the combined expenditure of the other NATO members. However, with the inclusion of seven former Eastern bloc countries, the organisation’s original purpose of protecting Western allies from its foes behind the Iron Curtain earns its acronym the ‘in jest’ translation: Now Almost Totally Obsolete. Thomas Friedman, in his regular column in the New York Times, continued this theme with an article ‘The new club NATO’—heavy on satire—where he questions the military capability of the new and expanded NATO and its purpose. ‘More Dale Carnegie than Clausewitz,’ he says.

But, in fact, NATO, which proved its raison d’etre by deterring Soviet aggression, is
now completing that task naturally by laying the basis for a peaceful Europe. The governments of ex-communist countries have had to meet NATO’s standards of political freedom, including the handling of relations with ethnic minorities, in order to gain the security offered by a military alliance with the world’s superpower. While a larger NATO is not necessarily a stronger NATO, it appears that it does want to make a difference in the world beyond Europe. Underlining NATO’s role in the global war against terrorism, its Secretary-General, George Robertson, declared:

... a transformed and modernised NATO is at the very heart of the free world’s response to terrorists and their backers, the failed states in which they flourish and the proliferating weapons of mass destruction.

But just as NATO continues to serve a purpose for both the Americans and the Europeans, so the United Nations continues to serve a purpose related to autonomous military action. It may be that the ‘coalition of the willing and able’ is confined to the Americans, the British, the French and ourselves. But just as NATO needs its specialists—antichemical warfare units from Germany and minesweepers from Spain—so too does the United Nations contribute peacekeeping experience and infrastructure, civil affairs expertise, organisational coordination and so forth.

The role of the United Nation’s in the liberation of Afghanistan from the Taliban and their al-Qaeda tenants may have been limited but the organisation’s role in the keeping of the peace and the rebuilding of that country is critical, not least because of a perceived reluctance on the part of Washington to engage in ‘nation building’, which I suggest should more accurately be known as ‘state building’. Australia strongly supports this United Nations participation and commitment. The United Nations does have a critical role to play in restricting the capacity of terrorist entities for transferring funds, communicating, strategising and coordinating actions. That is why this parliament passed the Suppression of the Financing of Terrorism Bill 2002 in June; that is why Australia ratified the related international convention in September; and that is why Australia became a party to the treaty in October.

In order to bolster that international commitment through Australian domestic policy, the bill before the House will amend part 4 of the Charter of the United Nations Act 1945, the part that deals with internationally freezeable assets. This amendment follows consultation between agencies of the federal government and Australian financial institutions. At present, the act allows an owner of a freezeable asset or the owner of an asset who seeks to make that asset available to a proscribed person or entity to apply to the Minister for Foreign Affairs for permission to do so. These reforms will allow holders such as financial institutions as well as owners to apply to the minister for these authorisations. The minister will also be able to grant an authorisation on his own motion. As such, the bill ensures that the act, as amended, replicates the existing regime under the United Nations (Anti-Terrorism Measures) Regulations.

In order to assist private financial institutions in preventing the misuse of their facilities by persons and entities with terrorist connections, the Australian Federal Police will be able to help determine whether there is a likely match between a proscribed person and an asset owner or holder. As the Parliamentary Secretary to the Minister for Foreign Affairs noted in her second reading speech, this was a recommendation of the Senate’s Legal and Constitutional Committee’s inquiry into the Security Legislation Amendment (Terrorism) Bill 2002. We are all too aware that terrorists are organised and that terrorists must be financed. To find and freeze the source of the funds is a step in the war against terrorism. The bill represents the continuing recognition by the Australian government that the United Nations plays an important if particular part in that fight against terrorism. I commend this bill to the House.

Mr DANBY (Melbourne Ports) (1.16 p.m.)—Nearly 100 of our fellow citizens were murdered on 12 October by a Jemaah Islamiah group headed by Imam Samudra, Amrozi and his benighted brothers. Another member of this JI gang, called Iqbal, who I
hope is the first and last homicide bomber to kill Australians, initiated the attack by blowing himself up. These are names that should live in infamy for all Australians. The Charter of the United Nations Amendment Bill 2002 is part of the response of a democratic parliament to those terrible attacks, the effects of which we have seen in all of the Australian newspapers and on TV through the terribly moving funerals of our fellow citizens that have taken place all around the country.

The purpose of this bill is to amend the Charter of the United Nations Act 1945 so that new provisions dealing with terrorism and finances will cover the holder as well as the owner of assets that are to be regulated. The bill is not contentious. It is a common-sense approach to amending an area of legislation that has become inconsistent with other related legislation. The background to this bill is that it seeks to amend the Charter of the United Nations Act 1954, as I said, as amended by the Suppression of the Financing of Terrorism Act 2002. That legislation was aimed at restricting the financial resources that are available to support the activities of terrorist organisations. It explicitly made the financing of terrorism a criminal offence and substantially increased the penalties that apply where a person deals with suspected terrorist assets that have been frozen.

Section 22 of the act provides for the owner of a freezeable asset seeking to use that asset in a specified way or the owner of an asset seeking to make use of the asset available to a proscribed person or entity to apply in writing to the minister for permission to do so. The amendment to part 4 of the bill addresses concerns raised by private sector financial institutions. The bill seeks to ensure that not only the owners of assets but also the holders of such assets can apply to the minister for permission to use or deal with the asset in particular ways. It is foreseeable that individuals or institutions may need to deal with an asset that may be a freezeable asset. The final amendment ensures that the minister can issue notices permitting such dealings on his own initiative. As it currently stands, the minister’s ability to issue notices is restricted to situations where the owner of an asset makes an application in writing. As the member for Boothby said, all of this legislation is in response to UN resolution 1373, which was passed by the United Nations after the murder of 3,000 Americans by al-Qaeda on September 11, 2001. Al-Qaeda is an organisation which we now know is responsible for the terrorism in this part of the world that led to the death of nearly 100 innocent Australians in Bali on 12 October, 2002.

The member for Griffith ably outlined an explanation of the activities, the financing and the organisation of the South-East Asian arm of al-Qaeda, and the pattern over the last five years, as he described it, of the penetration of local Islamist terrorist organisations and their new cooperation with al-Qaeda financing, arms procurement, intelligence et cetera. These groups have all had military experience and are often described as the ‘Afghan alumni’, the ironic expression being used to describe their military experience in fighting in the war in Afghanistan. They include local groups active in Indonesia such as Jamaah Islamiah, Laskar Jihad, Abu Sayyaf and terrorist organisations that are also active in Malaysia. Their activities are quite ominous for any Australian citizen, and it is imperative that this parliament act in a non-partisan way to protect Australian citizens. Their activities are becoming clearer and clearer by the day in newspaper reports. I would like to comment on the extraordinary rolling up of the network that was involved in the murder of our fellow citizens.

Most Australians would not have thought it was possible that the Indonesian police, acting in concert with our Australian Federal Police, would have been able to act so efficiently, with such alacrity, to roll up this network. But they have, and for that we should be extremely grateful. I think it is a great tribute to the Indonesian police chief, in particular, General Pastika, who has propped up most of this network, arrested most of these people and openly got them to confess their dreadful deeds so that tens of millions of moderate Indonesians in Indonesia will see that these people are openly claiming credit for the murder of nearly 200
people, the disruption to a large part of the Indonesian economy and the destruction of the tourist industry on Indonesia’s island of Bali.

Although it is an odd time to focus on, and indeed to pay tribute to, some of the work that South-East Asian countries have been doing in this area, I want to focus on Malaysia for a few moments because the difference between what Malaysia is actually doing, its anti-Australian rhetoric notwithstanding, is something that Australians should pay attention to in this deadly serious matter that affects the security of all Australian citizens. I want to focus on the recent attack on what we all thought was just a French oil tanker, off the coast of Aden. That tanker was actually 62 per cent owned by Malaysia and it contained almost only Malaysian oil—some 1.5 million barrels of oil destined for the Petronas refinery, Melaka II. Despite Dr Mahathir’s fiery rhetoric, there is good reason to believe that the Limburg bombing was a deliberate act against Malaysian interests by the Islamist terrorists of al-Qaeda. This is based on the fact that, while Dr Mahathir condemns the West, he has arrested 63 members of al-Qaeda’s terrorist network in a crackdown that began even before the September 11 attacks.

It is interesting that the US Ambassador to Malaysia, Marie Huhtala, this month underscored the US view that Dr Mahathir’s government, after it deported an American Muslim accused of supporting al-Qaeda, is part of the solution and not part of the problem when it comes to counter-terrorism. Dr Mahathir’s cooperation, according to Eric Watkins in the Asian Wall Street Journal of 28 October, has obviously earned him the hatred of Jemaah Islamiyah because these arrests broke up the plan to simultaneously bomb United States, Australian and Singaporean interests in Singapore and in Kuala Lumpur. A document entitled ‘Jihad Operation in Asia’ laid out targets and justifications for these attacks. Apparently Hambali, the head of JI—the al-Qaeda of this part of the world—swore vengeance against Malaysia and that is why they took action. It was action designed to destroy not just that particular tanker but a very important pillar of the Malaysian economy—that is, its oil trade, particularly that of the very important company Petronas.

Recently there was an important arrest in Malaysia of Yazid Sufaat, an alleged al-Qaeda operative, when he returned from Afghanistan, where he fought against US-led forces. This was yet another arrest by Dr Mahathir. In June 2000, at the request of Washington, according to the Wall Street Journal, Dr Mahathir’s intelligence service watched a meeting of top al-Qaeda and JI planners in Kuala Lumpur. The meeting, which Hambali ordered Sufaat to host, has been associated with the 12 October attack on the US destroyer Cole in the Yemeni port of Aden as well as the September 11 suicide attacks in New York. These attacks were very much planned in Kuala Lumpur and were observed by the Malaysians. The al-Qaeda network is not shy at all about its focus on Malaysia. The Islamic Army of Aden, which is the local al-Qaeda front organisation in the Gulf, said that the reason they did not blow up an American tanker was that the French were the only ones who were immediately available, but they were infidels too, and any infidels would do.

This issue of terrorism was brought very close to home for me in my electorate on the weekend, when nearly 10,000 people attended a large community festival in Caulfield Park. There was also a fireworks exhibition. Unfortunately, we had to have over 100 security personnel present—30 from the Victoria Police and at least 70 private security people. In Australia we enjoy our freedom. We are open, multicultural and pluralist and we tolerate people from every tradition, but we have to think about the security threat—especially since the Melbourne Herald Sun has just revealed in the last few days that there was a camp, operated by an Islamic group associated with Abu Qatada and JI, active somewhere in the forests of Victoria. We must keep the security threat in perspective and contrast the activities of this fanatic minority of the Islamic religion with the very good statements of the majority of Islamic leaders in Australia. In particular, I want to pay tribute to the recent statement, on behalf of all Islamic organisations in Aus-
Australia, of the head of the Islamic Council of Victoria, Mr Yasser Soliman. His very moderate and conciliatory statements, and his concern for his fellow Australians after the Bali bombing, were certainly welcomed by everyone in government and in the opposition. His statements should also be compared with the hard line activities of al-Qaeda and its leaders. I seek leave to table the statement of Osama bin Laden who, in an act of apostasy, described himself as a prophet of Allah in a message circulated to British Islamic extremists which called for attacks on civilians and described the Islamic nation as ‘eager for martyrdom.’ This was published in the Guardian newspaper on 24 November this year.

The DEPUTY SPEAKER (Mr Mossfield)—Leave is granted, providing it meets the Speaker’s guidelines.

Mr DANBY—Osama bin Laden’s statement explains the completely fanatical and extreme aims of these terrorists all around the world. They are not about rational demands that can be accommodated in any part of the world, that can be addressed by people of goodwill; they are about their own world view. The member for Griffith, the shadow spokesman for foreign affairs, explained that the real problem with al-Qaeda terrorism is its broadening to all countries around the world—especially to Western countries and developing countries where there are tourist industries—with attacks by Islamic terrorists on soft targets. There has been a deliberate decision by al-Qaeda and its local operatives to broaden their attack to soft targets. We have seen, as I have described, the attempt to disrupt economic life by attacking the Malaysian oil trade. We have seen attacks on tourists in Bali and in the Philippines. In Moscow we have seen Chechen fanatics attempt to murder 700 people in a theatre. Finally, we have seen the recent attack on all commercial tourism in Mombasa, Kenya. The potential of this recent attack is extremely alarming. The use of shoulder fired missiles to attack civilian airliners that recently took place in Mombasa is something that ust discomfort all of us. This is an extremely worrying development that I believe will have to be considered by every airport in the world and every civilian airliner. They are precisely the kinds of soft targets that the member for Griffith described the al-Qaeda network as now going after.

I want to conclude by talking about an issue that emerges directly from this bill, and that is the financing of these organisations. The bill is supported by the opposition. We now know that JI has a network here in Australia. We saw the arrest and charging of Jack Roche in Western Australia. He said in a newspaper interview the weekend before last that he still planned or still would have undertaken an explosives attack in Canberra and Sydney, after having done explosives training in Afghanistan. I am concerned, though, about the network of people that has been thrown up by this series of raids and arrests, about where they come from and the pattern that is being followed overseas. On that point, I have asked a series of questions—they are in the Notice Paper today, listed under question 1192—on the financing by extremist Wahabist elements of Islamist elements here in Australia. I believe that is something that we need to look into. It is a matter of great seriousness for the Australian people. The issue of Saudi support for Islamists arose in the United States again last week. It will be a recurring point of contention, I believe, between this country and Saudi Arabia until we are satisfied that there is no financing of individuals or groups here that are the progenitors of these terrorist groups.

I believe a great battle is going on. It is not being fought in the Arab homelands but on the frontiers of the Islamic world, particularly in Indonesia. In the past few years, we have seen Middle East oil wealth being used by restrictive and oppressive states to export what I regard as a regressive, ferociously intolerant and anti-Western form of Islam to mosques and madrassas abroad, from immigrant quarters in London to the back country of Indonesia and even in Australia. To quote Mr Ralph Peters in the Washington Post of 1 December:

On its frontiers, Islam remains capable of changes necessary to make it, once again, a healthy, luminous faith whose followers can compete globally on their own terms. But the hard men from that
religion’s ancient homelands are determined to frustrate every exploratory effort. The extremist Muslim diaspora from the Middle East has one consistent message: Return to the past, for that is what God wants.

I do not believe that that is the future of Islam. The crucial point, in my view, will be the success or failure of modernising forces in Indonesia. There is good news. The Saudis who spent millions upon millions bringing extreme fundamentalism to Indonesia have seen the Indonesians take their money but do whatever they want to. According to Mr Peters:

You can go to fundamentalist schools in Solo, in central Java, and hear more denunciations of the West than you can possibly absorb between lunch and dinner. Terrorists, both Indonesians and deadly vagabonds from abroad, certainly use Indonesia’s sprawling territories as a base.

Indonesia has 200 million Muslims, but a very low percentage of them are extremists. While Indonesia is a male dominated society, it has a female president. Women in Indonesia have far more potential than the Wahabist vision of Islam would like to see in the Islamic world.

I believe that the contest for the hearts and minds of moderate Islamic people in Indonesia is the frontier where this battle of international terrorism will be decided. There is not much that Western countries can do to influence that battle. If we are going to give foreign aid, we can perhaps give it to successful organisations like the Indonesian police. We can perhaps assist with education in Indonesia to see that young Indonesian men and women have a future in IT, so that they long for modernity like we do and that they do not look back to the Wahabist vision of the sixth century as their future. This is a matter of deadly seriousness now for all Australians. I hope that this bill that we are speaking to here today is just part of a package that will ensure the safety and security of Australians in the years to come.

Mr HUNT (Flinders) (1.36 p.m.)—It gives me great pleasure to rise to speak in support of the Charter of the United Nations Amendment Bill 2002. The world as we know it is different. It is a different world that we inherit today from the one that our predecessors faced. We face a new range of security challenges and threats which were not there previously. Before the current era, before 1990, it was a bipolar world. With the collapse of the Soviet bloc, we then faced an essentially unipolar world. But now we have moved to a third stage. It is a fascinating and frightening development. We now face a range of non-state actors with a capacity and an intent not previously seen. They present a challenge to us; a challenge which we have to both address and understand. Those two elements of understanding and prevention are critical.

I want to speak on four things today: the first is the question of terrorism, the second is the issue of weapons of mass destruction, the third is Australia’s place, and the fourth is the role of this particular bill in helping to contain and suppress the financing of terrorist organisations. When looking at the question of terrorism, it is important to understand that what we face today are two principal non-state security threats. The first one comes from actors and groups which seek to destabilise governments within the developing world and do that by wreaking havoc on the developed world. The second great risk we face is the spread of weapons of mass destruction. The nightmare scenario is the linkage of these two problems. If terrorist groups, non-state actors, are able to obtain weapons of mass destruction then we face a threat far beyond that which confronts us today.

I turn to the first of these challenges: the spread and greater impact of terrorist organisations led by al-Qaeda, which has as its premier leader Osama bin Laden. It is important to understand this in a series of stages. The first stage in understanding terrorism is knowing the goal of the al-Qaeda movement. It is a thoughtful and patient but ultimately frightening objective which they are pursuing. The ultimate objective, and one which has been well established through their own words and their own writings, is for a pan-Islamic world but in an ultra-extremist form. It does not represent the view of the majority of Islam. It does not represent the view of the vast majority of people. It is an extremist sliver which is as unrepresentative of Islam
as any of the extremes have been from within the West. It has hijacked, perverted and distorted the meaning of Islam.

One Islamic commentator, in the wake of the September 11 bombings in the United States, said, ‘The United States was attacked today but so were all moderate Muslims and members of the Islamic community.’ What we have here is a terrorist movement which happens to comprise a small minority of people from one particular faith, but it is not a terrorist movement which in any way represents the people of that faith. So that is its ultimate objective.

The second stage in understanding terrorism is: what is the strategy? The strategy is quite clear. The strategy is to destabilise and to establish a base within one of the core Islamic states. We saw that the Taliban, which was intimately and intricately linked to al-Qaeda, had sway and control in Afghanistan. From that base in one of the poorest countries in the world al-Qaeda were able to coordinate, organise and execute the events of September 11 last year. As a consequence, there was an international reaction, the Taliban was driven from office and al-Qaeda are now a stateless group. But even as a stateless group they were able to launch the tragic attack on the Sari Club in Bali, in which all those Australians, internationals and Indonesians were killed on 12 October this year. The strategy develops further. What they seek to do is take in an Egypt, a Pakistan, a Saudi Arabia or an Indonesia and make it a base for their work. Let me say quite clearly that this will not occur. This will not be allowed to happen. They will not be successful in that objective. But in pursuing that objective they are willing to adopt extraordinary means.

The goal is to use force to achieve two things. Firstly, it is to drive the disengagement of the West: to make it so uncomfortable and so painful that the West will not engage with the countries of Egypt, Pakistan, Saudi Arabia and Indonesia. In so doing they will bring about financial hardship and collapse and bring about instability and fragmentation. If they achieve this then they are successful, because that is the basis from which they will be able to achieve their objective. But, again, they will not be successful. The question then is: how do we prevent these things occurring in the first place and how do we contain the movement?

This brings us to the third question concerning their methods and the strategic objective of destabilisation. We see that throughout the world there have been actions of extreme violence. In the United States we saw September 11, in Russia we saw the attack and storming of a theatre, in Tunisia we saw an attack which killed approximately 18 German citizens, and in Yemen we saw an attack on a French tanker. In all of these countries there have been attacks. In Indonesia itself, beyond the tragedy of Bali on October 12, there were over 30 terrorist actions of a political nature with a religious intent during the last 18 months. What occurred then was not a single event—it was not unique in any way—but the latest in a series of actions all directed at the destabilisation and weakening of the Indonesian government. That is the goal. They were the principal objectives.

What we see from that is that we are also linked to the problem of weapons of mass destruction, because what occurred in the United States and in Bali was the maximum that they could achieve with the implements that they had. There can be no doubt that, if greater human suffering could have been brought about, those that executed these horrific acts would have done so. This comes to the question of the second great linkage, and that is the goal of seeking, pursuing and ultimately acquiring weapons of mass destruction. Because, as I said earlier and as the Prime Minister has said, the nightmare scenario is if terrorist groups obtain access to weapons of mass destruction.

We know there are rogue states that have chosen to stand outside the international system—North Korea and Iraq—and that have been developing weapons of mass destruction. In the case of North Korea, they have acknowledged that they have acquired nuclear capability. The acquisition is disastrous; the acknowledgment is a step in the right direction. In the case of Iraq, however, we have a regime with a brutal history which has decided to thumb its nose at the interna-
tional community. It has done that throughout the last decade, because during that time it has continued its process of acquiring chemical and biological capability. As Richard Butler, the former chief weapons inspector for the United Nations, made clear, there is no doubt at international level that Iraq has gained access to anthrax, to VX nerve gas, to botulism and to many of the extraordinarily dangerous chemical and biological weapons.

We also know that for two decades now, since well before the bombing of the Osirak reactor, Iraq has been seeking access to nuclear capability. Throughout that time, what we have seen is an unquestionable desire and an unceasing attempt to gain nuclear capability. For four years, there have been no weapons inspections. For the first time, under the threat of imminent attack and overwhelming force—a 15-0 vote of the United Nations Security Council—Iraq has relented and agreed to allow inspectors in. These actions are critical in ensuring that we protect all of the countries throughout the world from the spread of weapons of mass destruction, because there is a very real chance that those weapons, if developed, will at some stage over the next five to seven years fall into the wrong hands.

Where does Australia sit? I turn to the third element of my speech, and that is, as much as we would wish it to be so, Australia is not immune. In that circumstance, this bill plays a critical part in establishing the armoury that will protect not just Australia but many other countries. Very simply, in summarising this bill, what it does is bring to pass the other actions that we have taken to help suppress terrorist financing. It places greater capacity in the hands of the government to ensure that assets can be frozen and that frozen assets cannot be dealt with by individuals. As a consequence of that, this bill helps provide greater security for Australia. I commend the bill to the House.

Mrs GALLUS (Hindmarsh—Parliamentary Secretary to the Minister for Foreign Affairs) (1.49 p.m.)—The purpose of the Charter of the United Nations Amendment Bill 2002 is to amend part 4 of the Charter of the United Nations Amendment Act 1945, which creates offences of dealing with freezable assets and of giving an asset to a proscribed member or entity. A proscribed person or entity is one that the Minister for Foreign Affairs is satisfied is a terrorist entity. Under the act, an owner of a freezable asset or the owner of an asset seeking to make the asset available to a proscribed person or entity can apply in writing to the Minister for Foreign Affairs for permission to do so. The minister can give such authorisations by written notice. The bill will allow holders as well as owners of assets to apply to the minister for these authorisations. Holders of assets include financial institutions. The bill will also ensure the minister can grant such an authorisation on his own motion. As part 4 is currently drafted, the minister’s ability to issue such notices is restricted and it was not intended to so limit the minister’s ability.

The bill ensures the act, as amended, will replicate the existing regime of authorisations available under the charter of the United Nations (Antiterrorism Measures) Regulations 2001. Part 4 of the act will commence either on the making of regulations under section 22A or on 6 January 2003, whichever is earlier. Hence, passage of the bill through parliament is urgent to prevent part 4 from commencing unamended. The Department of Foreign Affairs and Trade has consulted extensively with the private financial sector in the development of the asset freezing regime under the act. The amendments contained in the bill have been specifically drafted in response to issues raised in consultations with these private financial institutions.

This bill will assist AUSTRAC—the Australian Transaction Reports and Analysis Centre—in its dissemination of intelligence, in its collection of intelligence and in setting up the best practices available to work with other countries in our region. Of course, it follows other situations where we have already signed memorandums of understanding in the region to counter terrorism with Indonesia, Thailand and Malaysia, and we are looking at other countries. I might say that Australia’s cooperation with countries in the region is at an all-time high in our common determination to stamp out terrorism. This bill addresses that very issue, which is
the financing of terrorism, because terrorism cannot go ahead unless there are organisations and individuals prepared to finance it. Therefore, it is incumbent on this government and on the governments of all countries to ensure that they have a regime in place where terrorist financing cannot go ahead—where every precaution is taken and every ability is given to the institutions in those countries to freeze assets when they are shown to belong to a person who is financing terrorism, a terrorist or a terrorist organisation. This bill will better enable us to do that.

Can I comment on some of the contributions that have been made here today. In particular, the member for Curtin gave an excellent analysis of the evolution of terrorism, how we have perceived national threats over the years and how borders—starting at the white cliffs of Dover—have moved successively further away from a country. Now we have, in a way, actually brought them back into our own countries. We look for terrorists prepared to bring down elements, wreak havoc and kill people within the borders of a country. The member for Boothby also made an excellent contribution. Finally, the member for Flinders ably summarised the bill for us and commented on the threat of terrorism in the region.

Unfortunately, I cannot say the same for the member for Griffith. I can only presume his reasons are related to his own role within his party and wanting to make a place for himself within the political spectrum. He was running down this country and the Prime Minister of this country by suggesting motives for and interpretations of the Prime Minister’s statements. His suggestions were extremely questionable and fanciful. Let us face it: oppositions have always been known to put constructions on statements by prime ministers which neither prime ministers nor anybody else ever intended. To some extent, that is part of the game we play in politics. But when we come to the issues of Australia’s national security and Australia’s relationship with the rest of the region, we should not play this sort of game. The member for Griffith should be condemned by his own party for taking such a line.

We should look at it from the point of view of the region. Someone in another country could read what that member of our parliament said. And it is not just any member of the parliament; it is not some backbencher whom nobody has ever heard of but a frontbencher in the opposition. He was making statements about the government of this country. Remember, even if he is in opposition, this is still his government; it is the government of Australia. By attacking this country, he raises questions that should not be raised and that should not need to be raised in the minds of other countries. In doing so, he is committing a grave disservice to this country and to everybody in this country, because we are basically all Australians and it reflects on us all. It also reflects on the opposition and the role they want Australia to play in the region.

In conclusion, this bill will go a long way towards assisting us in our fight against terrorism—a fight that has changed recently. Bali will ring out to us as something that happened to Australia that changed us in some way forever. We could reflect that some other places on foreign shores have the same effect on the Australian psyche. For instance, we think of places like Gallipoli—and now of course we have Bali. We must now take our fight not only to terrorists beyond our borders but also to terrorists within our borders. I commend the bill to the House.

Question agreed to.
Bill read a second time.

Third Reading

Mrs GALLUS (Hindmarsh—Parliamentary Secretary to the Minister for Foreign Affairs) (1.57 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.
Bill read a third time.
That, in accordance with section 5 of the Parliament Act 1974, the House approves the following proposal for work in the Parliamentary Zone which was presented to the House on Monday, 2 December 2002, namely: Construction of Ministerial entry security barriers at Parliament House.

This motion proposes the construction of additional security elements, including vehicular access gates and bollards, to prevent access to the ministerial entry by unauthorised vehicles. As part of the ongoing management strategy for the parliamentary precinct, the security arrangements for the ministerial entry have been identified as an area that requires additional security measures to reduce the risk of access by unauthorised vehicles. Under section 5 of the Parliament Act 1974, the presiding officers are responsible for works within the parliamentary precinct, and the Minister for Regional Services, Territories and Local Government is responsible for other works in the parliamentary zone. Accordingly, this motion is moved on behalf of the Speaker and the President. The works are expected to cost in the vicinity of $150,000 and will be funded jointly by the Department of the Senate and the Department of the House of Representatives security asset replacement program appropriation for the 2002-03 financial year. The National Capital Authority has given works approval. Given the minor nature of the works, the presiding officers did not think it was necessary to refer the matter to the Joint Standing Committee on the National Capital and External Territories for inquiry and report. I commend this motion to the House.

Question agreed to.

QUESTIONS WITHOUT NOTICE

Drought Assistance

Mr CREAN (2.00 p.m.)—My question is to the Prime Minister, and it concerns families living in drought affected areas. Prime Minister, given that the New South Wales energy minister today has announced that families in drought affected areas will not have to pay their energy bills for 12 months, will you match this by ensuring that families in these communities who have family payment debts are treated similarly?

Mr HOWARD—I thank the Leader of the Opposition for the question, and I welcome the fact that the New South Wales government has extended this assistance to people in drought affected areas. I think it is a sign of a change by the New South Wales government—and I welcome that—in coming to the help of people in drought affected areas. The government is giving consideration to a number of things relating to issues of drought. When I have something further to say on the subject, I will.

Iraq: Weapons Inspections

Ms GAMBARO (2.01 p.m.)—My question is addressed to the Minister for Foreign Affairs. Would the minister inform the House of progress on inspections in Iraq? What is the government expecting from Iraq’s declaration on its weapons of mass destruction?

Mr DOWNER—I thank the honourable member for Petrie for her question. I recognise the interest she shows in this issue. As the House is, I know, only too well aware, UNMOVIC, the United Nations Monitoring, Verification and Inspection Commission, and the International Atomic Energy Agency weapons inspectors began their work on 27 November. They have now visited somewhere in the vicinity of 20 sites in Iraq. Importantly, yesterday, the inspectors went unannounced to the presidential palace at Sejoud in Baghdad. Access was given a few minutes after their arrival and inspectors were unhindered in their work. The visit to the palace was an important message for the inspection teams to send to Iraq—that the inspectors will carry out their mandate of inspections anywhere, at any time and, of course, importantly, on their own terms.

We are only in the first week of inspections. It is worth noting what the Secretary-General of the United Nations, Kofi Annan, said yesterday—that cooperation seems to be good, but this is not a one-week wonder. The Iraqis must sustain the cooperation, and there is a long way to go. By their own estimation, inspectors might have to visit something in the vicinity of 700 different sites before their task could be considered to have been completed. We and many others will be watching closely for any signs that Iraq is giving less than the full cooperation demanded of it by the United Nations Security Council.
The fact that Iraq continues to fire at American and British aircraft in the no-fly zones is, as President Bush has said, not encouraging. It is also troubling that inspectors have found that missile parts tagged in 1998 by UNSCOM were missing from the site at Waziriya, north of Baghdad. There are also conflicting reports that Iraq attempted a number of times to procure aluminium tubes for use in military programs.

Very importantly, I think it should be said that we do welcome advice from Iraq that it will declare what it has in the way of chemical, biological and/or nuclear programs before the 8 December deadline. We believe that the declaration will be made on 7 December. This declaration must be currently accurate, full and complete, according to resolution 1441. UNMOVIC and the IAEA will have to undertake a detailed assessment of the declaration, which could run to 1,000 pages. This will take time. Iraq will need to give a full account of all its civilian and military programs and account for those items left unaccounted for when UNSCOM left at the end of 1998. We will remain in close touch with our allies at this crucial phase of the United Nations mandated process.

In the latter part of next week, I will be hosting a visit to Australia by the United States Deputy Secretary of State, Richard Armitage. He will be meeting with the Prime Minister and with the Minister for Defence as well as with me. This will be an opportunity to discuss with him not just broader regional security issues, including the campaign against terrorism, but also the question of Iraq and the requirement that Iraq complies with resolution 1441.

**Defence: Contracts**

Mr EDWARDS (2.06 p.m.)—My question is to the Minister Assisting the Minister for Defence, and it concerns a defence contract which impacts on the Holsworthy army base in her electorate. Can the minister confirm that the former minister, Peter Reith, had been given details of the bids for the Defence Integrated Distribution System before he cancelled the process and restarted the tender round in July last year? Can the minister provide an absolute guarantee that the former minister did not convey this highly sensitive commercial information to his new employer Tenix while he was working for them when they were submitting their successful bid for the DIDS? Minister, what steps did you take to ensure the integrity of this tender round, given Peter Reith’s involvement with the successful bidder? Minister, don’t taxpayers rightly get suspicious when a former defence minister jumps straight across—

Mr Hockey—Oh, come on.

The SPEAKER—The member for Cowan’s question has thus far been in order, but he is aware that he cannot seek an opinion, and that is what he was doing in his latter sentence.

Mr EDWARDS—Minister, don’t taxpayers rightly get suspicious when a former defence minister jumps straight across to a defence company which then proceeds to win a $900 million contract which he was involved with?

Mrs VALE—I thank the honourable member for his question. Tenders are conducted under departmental guidelines and there are always issues of probity to be considered. I will make some inquiries on behalf of the member and I will get back to him.

**Economy: Performance**

Mr PEARCE (2.08 p.m.)—My question is addressed to the Treasurer. Would the Treasurer advise the House of the results of the September quarter national accounts, which were released this morning by the Australian Bureau of Statistics?

Mr COSTELLO—I thank the honourable member for Aston for his question, and I note his interest in the economic issues that confront Australia at the moment. I inform the House that the September quarter national accounts were released today and they showed that GDP for the quarter grew by 0.9 per cent and by 3.7 per cent through the year. This is very solid growth at a time when Australia is in a very substantial drought. The drought detracted around 0.4 per cent from the GDP growth number, with agricultural production down by about 12 per cent. So, notwithstanding a very severe drought and the effect that that has had on agricultural product, the Australian economy con-
continued to grow in the non-farm area to such an extent that growth was 0.9 per cent in the September quarter and 3.7 per cent through the year, making Australia one of the leading growth economies of the industrialised world.

The growth was led by private business investment, which rose by 2.9 per cent in the quarter and 12.2 per cent through the year. We are continuing to get growth in the dwelling sector, which grew by 3.3 per cent, to be 22 per cent higher through the year. The national accounts show strong growth in incomes for employees, which increased by 2.1 per cent in the quarter. However, mixed income—that is, the income of individual self-employed—fell by 1.7 per cent, no doubt reflecting the effects of the drought and farming incomes, which fell for the quarter.

The good news on inflation is that the measures of inflation show that it is within the government’s target band of two to three per cent, and the household consumption chain price index grew 0.7 per cent in the quarter and 2.8 per cent through the year. Overall, the outlook remains positive for growth, as forecast in the midyear review, of three per cent on year average over 2002-03. This is substantial growth, notwithstanding the great challenges which the Australian economy faces at the moment. Internationally, the economy is weak in Europe and in Japan, and there is a very slow recovery in the United States. In Australia, as I said earlier, the effect of the drought has taken one per cent off our growth forecast for the year and 0.4 per cent off the September quarter.

Notwithstanding that, Australia remains one of the growth economies of the developed world. We remain well placed to cope with this international downturn, and I can assure the people of Australia that the government intends to continue strong economic management to keep job opportunities for all of those Australians and their families who rely on a growing economy.

Defence: Contracts

Mr PRICE (2.12 p.m.)—My question is to the Minister Assisting the Minister for Defence, and it follows on from the question asked by the honourable member for Cowan. Can the minister confirm that, prior to Peter Reith cancelling the tender process for DIDS, the department was aiming for a 30 per cent savings target, from a baseline cost of $1,059 million, which equated to $318 million over 10 years? Can the minister confirm that, following the intervention of Peter Reith in this tender, the savings will be a maximum of $80 million over 10 years? Minister, what has happened to the other $220 million in savings that the Australian taxpayers were promised before Mr Reith intervened?

Mrs VALE—I thank the honourable member for his question, but I have nothing further to add to the answer that I have given to the member for Cowan. However, we will make inquiries regarding the specific questions he asks. I will get back to him and make sure that the answer is here before the House.

Immigration: Illegal Workers

Mr LINDSAY (2.13 p.m.)—My question is addressed to the Minister for Immigration and Multicultural and Indigenous Affairs. Would the minister advise the House of the government’s approach to people working illegally in Australia? Is the minister aware of other policy proposals to address this issue?

Mr RUDDOCK—I thank the honourable member for Herbert for his question. The government take most seriously the problem of illegal employment, and this question gives me an opportunity to advise the House of the extent to which we have been able to address it in a very positive way. It is important that honourable members are aware that, in Labor’s last year in office, fewer than 8,000 people were located living unlawfully in the community. In the last financial year, this number had risen to 17,000 people, double that of Labor’s last year in office. In case honourable members opposite are suggesting that there has been an increase in the number of overstayers and people working unlawfully, let me add that the evidence is to the contrary.
Australia has a very substantial capacity to identify whether people have travelled in and out of Australia and whether they have returned. Those figures demonstrate that there has been very little change in recent years, and there certainly has not been an increase. The government have also worked extensively with employers, unions and the community to bring into place processes that diminish the ability of unlawful non-citizens to work. To that end, we commissioned the review into illegal workers and we implemented measures to enhance employers’ and labour market suppliers’ awareness of their obligations under the law.

On 1 November, the government introduced increased monitoring of temporary business sponsors in Australia, and 100 per cent of business sponsors are now subject to monitoring activity. This assists the government to check that employers are fulfilling their obligations to employees. In 2001-02, some 2,000 employers were the subject of monitoring and over 1,000 on-site visits occurred.

I was asked about other policies, and members opposite suggested that I should be aware of a proposal that they have advanced for a green card. I thought that was a particularly interesting development. I see it as a refinement of what people already have—that is, a passport with a valid visa that records whether or not people have permission to work. So you already have the equivalent of a so-called green card.

I have taken the opportunity to read a little more of what the Labor Party have said about this matter. Interestingly, they make the point in their paper that, for a green card system—or a passport and visa with work rights—to do its job of dealing with employment issues, you have to deal with the issue of how you identify other Australians. The very interesting development, which has not been the subject of any reporting or comment but which those opposite might like to look at and consider the implications of—

Mr Albanese—Come to the meeting.

Mr RUDDOCK—If there is an invitation, I would be willing to come. I would be able to inform the debate, and I would do it very conscientiously. I am helping now by ensuring that honourable members opposite know that the implications of their document is that a tax file number will have to become a universal identifier for all Australians. That is the implication in the policy document that has been advanced. The only way in which a green card system could operate would be if you were able to identify others who are entitled to work. The opposition make it very clear that the tax file number would have to become a universal identifier for all Australians. I hope that, in the discussion that takes place, you will consider very fully the implications of what you are advancing.

Defence: Contracts

Ms CORCORAN (2.19 p.m.)—My question is to the Minister assisting the Minister for Defence. Can the minister confirm that, in July last year, Peter Reith cancelled the tender process for the new torpedoes for our submarines and selected a US torpedo? Minister, following the intervention of Peter Reith, didn’t the cost of the torpedoes blow out from $250 million to $450 million? Minister, have you investigated the reasons why Mr Reith cancelled a competitive tender and then awarded the contract to a firm, with the result that taxpayers are now paying $200 million for a torpedo that is too heavy for our submarines? Minister, given your previous commitments to come back to the House on earlier questions, will you commit to return to the House today to provide this important information?

Mrs VALE—I thank the honourable member for her question. I have nothing to add to the answers I have given to the House. If I have anything further to add, I will get back to the House.

DISTINGUISHED VISITORS

The SPEAKER (2.21 p.m.)—I inform the House that we have present in the gallery this afternoon members of the New Zealand parliament’s select committee on health. I look forward to meeting with the members after question time and extend to each of them a very warm welcome on behalf of the parliament.
I also notice that we have in the gallery this afternoon former Minister Simmons and a number of former members of the parliament. I extend to all of them a welcome as well.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Immigration: Offshore Processing

Mr HARTSUYKER (2.21 p.m.)—My question is addressed to the Minister for Foreign Affairs. Would the minister inform the House of the level of cooperation Australia has received from the Papua New Guinea and Nauru governments in assisting with the processing of unauthorised arrivals who have been prevented from illegally entering Australia?

Mr DOWNER—I thank the member for Cowper for his question. I know he has been a strong supporter of the government’s endeavours to stop illegal migrants coming to Australia. I think all members of this House and certainly most people in the Australian community know that over the last year the government’s policy in stopping illegal arrivals in Australia has been an outstanding success. One of the components of that success has been the establishment of offshore processing centres in Nauru and on Manus Island in Papua New Guinea. These offshore processing centres have sent a very simple but very strong message to people smugglers, and that is that they will not be able to deliver people to Australia. The fact that the people cannot get to Australia has been absolutely decisive in the government’s endeavours to destroy the activities of the people smugglers.

This is a country which has in the past been targeted by criminal syndicates. They believed that Australia was a soft touch, and our orderly and generous migration and refugee programs were under attack. There is no question about that, and we had to take quick and decisive action. As I have said, the offshore processing centres have been a central component of that strategy. There is not any doubt that the offshore processing centres, particularly in the case of Nauru, have been mutually beneficial to Australia and our Pacific neighbours. Nauru, in particular, has been going through a very difficult stage financially, and we are working closely with Nauru in order to help it through a difficult period. We have had numerous meetings with President Harris and other members of the Nauru government in order to provide support for them at this time. Significantly, because we have had the processing centre in Nauru, we have been very focused on ensuring adequate services are available to the asylum seekers in the processing centre. That has meant that we have had to assist with the provision of power and water. Most of the fresh water in Nauru comes from a desalination plant. We have done a lot of work to keep power and the desalination plant going in Nauru. Obviously, whilst that is done to the advantage of asylum seekers, of course the people of Nauru have benefited as well.

We have had some success not only in the processing of those asylum seekers in Nauru and Manus Island but also, when the processing has been completed, in moving those people on. The numbers in the centres on Manus Island and Nauru continue to decline, with the total population of those centres now at 819, which is down from a peak of 1,515. So the numbers have almost halved from the peak. There have been a total of 195 returns to Afghanistan from both the onshore and offshore processing centres, and more than 350 others have accepted the government’s reintegration assistance package and will be returning home in the near future. Importantly, the success of this return arrangement would not have been possible without the cooperation of the government of Afghanistan, and I want to pay tribute to them. They have worked closely with us, and we have appreciated very much their cooperation. That was a point I made to Dr Abdullah Abdullah, the foreign minister of Afghanistan, when he was here a couple of weeks ago.

In concluding my answer to the honourable member’s question, let me say that we very much appreciate the cooperation of the governments of Nauru and Papua New Guinea in dealing with this problem of people-smuggling. There has been a regional approach. There has been a contribution made by our Pacific island neighbours. There
has of course been a very substantial contribution made by the government of Indonesia—and I talked about that in the House a couple of days ago—and by other governments in the region and even beyond; for example, the governments of Afghanistan, Pakistan and like.

I think it is fair to say that Australia has very much driven a broad Asia-Pacific approach to dealing with the problem of people-smuggling. We cannot claim that the problem has gone away forever. The problem always has the potential to re-emerge at any time. We have to be focused, we have to be determined and we have to make it perfectly clear that this country is closed for business for people smugglers. A softening of Australia’s approach or the abandonment of the offshore processing centres is of course the kind of putative policy of the Labor Party—although I am not quite sure of its status at this stage. Some announcements have been made before the caucus have considered it, presumably because caucus will not consider it all that favourably. But they will have to now, won’t they, because it will become a test of leadership for the Leader of the Opposition.

Mr Crean interjecting—

Mr DOWNER—But I was never as unpopular as you when I was Leader of the Opposition.

Howard Government: Ministerial Code of Conduct

Mr CREAN (2.28 p.m.)—My question is to the Prime Minister. Given Peter Reith’s intervention in the DIDS contract, both as a minister and as a consultant to the successful tenderer, will you now adopt Labor’s policy for a tougher code of ministerial conduct, which requires ministers for a 12-month period after ceasing to be a minister (1) to not take employment with, nor act as an adviser or consultant to, any company or business interest with which they have had official dealings as minister in their last 12 months in office, and (2) to not take personal advantage of information to which they have had access as a minister where that information is not generally available to the public? Prime Minister, when you will stop acting in Peter Reith’s interests and start acting in the public interest?

The SPEAKER—The Leader of the Opposition, the latter part of the question is out of order. The Prime Minister will respond to the former part of the question.

Mr HOWARD—As the Minister Assisting the Minister for Defence indicated, she will be seeking some further information on this matter and, when that information is available, if there is anything appropriate to be further advised to the House, she will. The code to which the Leader of the Opposition referred is, I assume, the code that was in force in the 13 years that you were in government. I assume it is the code that applied to ministers—indeed, very senior ministers in that government—in relation to their financial matters. I know the former member for Flinders is remembered hard by the Labor Party, and for good reason: he hit them very hard where it hurt on a large number of matters.

Although ruled out of order by you, Mr Speaker, the imputation by the Leader of the Opposition nonetheless stands—an imputation made under parliamentary privilege that in some way the former minister personally gained from the privileged information that comes the way of people who hold office as ministers in any government in this country. There is no evidence of that. My experience in dealing with the former Minister for Defence and member for Flinders is that he was a totally honourable person as a minister. I regard this attempt at the traducing of his reputation as being without any foundation. If the Labor Party has any evidence that Peter Reith has behaved improperly in relation to his consultancies with Tenix—

Mr Zahra interjecting—

The SPEAKER—The member for McMillan!

Mr HOWARD—then let them lay that information on the table. Let them give that information to me to see if there is any appropriate action required. In the meantime, this attempt to traduce the reputation of the former minister will be as futile as your failed attempt to traduce the reputation of Senator Coonan.
Immigration: Asylum Seekers

Mrs ELSON (2.32 p.m.)—My question is addressed to the Minister for Immigration and Multicultural and Indigenous Affairs. Is the minister aware of proposals to monitor all failed asylum seekers? Would the minister advise the House of the implications of Australia seeking to monitor persons who have been returned to their home countries and the practicalities of such a proposal?

Mr RUDDOCK—I thank the honourable member for Forde for her question. The proposal by the opposition to use our embassies and agencies such as the Red Cross to monitor the return of failed asylum seekers, while superficially attractive for the sorts of reasons advanced by members opposite—concerns about people’s welfare and circumstances—I suspect has not been the subject of very serious consideration. I would like to help honourable members in at least considering some of the implications of this particular proposal.

Mr Zahra interjecting—

The SPEAKER—The member for McMillan is warned!

Mr RUDDOCK—At the outset, it is important to recognise that people who are returned from Australia to their countries have been found not to be refugees or to be facing a real chance of persecution: that is on all the evidence, with all the opportunities to test, not only before the department but also through the Refugee Review Tribunal and the judicial review process—all of those matters. Our system is extraordinarily robust and it has significant checks and balances. If people have a real concern, even after going through all of that testing, they have the opportunity to put those matters to me before returning.

The important point is whether it is realistic to expect that other countries would be happy to accept open-ended monitoring of their nationals by Australian officials or others. Recently I have noticed people talking about the foreign affairs implications of relationships with other countries. You are asking for Australian officials to routinely monitor the activities of other countries’ returned nationals. What would be the implications for the sovereignty of Australia if we accepted other countries monitoring through their missions the activities of their nationals in Australia? That is the question.

Ms Gillard interjecting—

The SPEAKER—The member for Lalor is warned!

Mr RUDDOCK—This is a proposal to go to other countries and monitor their nationals. I thought it might be instructive for the House to be aware of the implications of that. I table here a list of countries, detailing the citizenship of failed asylum seekers for the years 2000-01 and 2001-02. It shows that there were of the order of 130 different countries to which failed asylum seekers were returned.

Mr Kelvin Thomson interjecting—

The SPEAKER—The member for Wills may be about to find the answer to his question.

Mr RUDDOCK—They include France, Malaysia, Singapore, Sweden, Indonesia, Canada and the Philippines. Let us suppose that these countries would be happy to allow us to come in and monitor their nationals. The next question is how long are you going to monitor them—for the whole of their lives?

What does it mean in terms of potential costings with something of the order of 8,000 rejected asylum seekers being found not in need of protection and being returned? I notice in the document I have read that they are saying, in the first instance, that monitoring could be extended to targeted regions. So they are recognising that this is just the beginning. All countries to which rejected asylum seekers were returned would be the subject of monitoring. If you are looking at 8,000 people a year found not to be in need of protection, given the number of countries involved and assuming monthly contact, you would be looking at providing something like $40 million a year. Those figures would expand every year as the number of failed asylum seekers increased. You have written the document. You have left it as open as it is. I encourage you to think about the implications not only in terms of the practicality
and the costs but also for Australia’s foreign relations.

Australian Broadcasting Corporation Board

Mr SWAN (2.39 p.m.)—My question is directed to the Prime Minister: can you confirm that you have denied that Peter Reith told you that children were not thrown overboard—

Government members interjecting—

Miss Jackie Kelly—It is a big joke, isn’t it?

Mr SWAN—It says a lot about you!

The SPEAKER—Member for Lindsay, for the third time!

Ms Hoare interjecting—

The SPEAKER—The member for Charlton will withdraw that reflection on the chair or I will deal with her instantly.

Ms Hoare—I withdraw.

The SPEAKER—I call the member for Lilley.

Mr SWAN—Can the Prime Minister confirm that he has denied that Peter Reith told him that children were not thrown overboard despite specifically requesting the information in relation to this on 7 November 2001? Can he confirm that he has admitted that Peter Reith told him that there was doubt over the photographs of the children overboard incident that same day and that he twice spoke to Peter Reith’s advisers that night about the video and the photographs? Prime Minister, given these events, will you rule out the appointment of Peter Reith to the ABC board—

Opposition members interjecting—

The SPEAKER—The member for Forrest is also entitled to be heard in silence as are all members under the standing orders.

Mr PROSSER—Can the Prime Minister confirm that he has denied that Peter Reith told him that children were not thrown overboard despite specifically requesting the information in relation to this on 7 November 2001? Can he confirm that he has admitted that Peter Reith told him that there was doubt over the photographs of the children overboard incident that same day and that he twice spoke to Peter Reith’s advisers that night about the video and the photographs? Prime Minister, given these events, will you rule out the appointment of Peter Reith to the ABC board—

Opposition members interjecting—

The SPEAKER—The member for Forrest has the call. He is entitled to be heard in silence.

Mr SWAN—Prime Minister, given these events, will you rule out the appointment of Peter Reith to the ABC board or to a diplomatic posting or to any other post?

Mr HOWARD—To borrow a phrase used in another context, I have nothing to add to what I have previously said on the subject.

Workplace Relations: Industrial Action

Mr PROSSER (2.42 p.m.)—My question is to the Minister for Employment and Workplace Relations. Would the minister inform the House of the most recent national strike figures?

Opposition members interjecting—

The SPEAKER—The member for Forrest is also entitled to be heard in silence as are all members under the standing orders.

Mr PROSSER—Would the minister inform the House of the most recent national strike figures, what the impact of these figures for Australian workers is; what action the government will take to ensure strike rates continue to fall and whether there are any threats to the continued success of the government’s policies?

Mr ABBOTT—I thank the member for Forrest for his question. I can inform the House that for the workers of Australia, the Howard government has delivered more jobs, higher pay and, just as importantly, fewer strikes. I can inform the House that in August the annual strike rate dropped to the lowest levels ever recorded—just 35 working days lost per 1,000 employees. This is an eightfold decrease on the peak strike rates recorded during the life of the former government. Strikes are down because this government has successfully encouraged a spirit of workplace partnerships. We have encouraged the workers and managers of Australia to make their own decisions at a workplace level rather than accept dictation from ideologically driven outsiders.

This government will continue policies designed to give Australian workers higher pay for better work, but I very much fear that this government will continue to be opposed by weak state Labor governments which think that unions are above the law. The new Victorian government hinted this morning that it might drop its industrial manslaughter laws. This is a classic case of standing up to the unions once so you never have to stand up to them ever again. What can you expect from Labor governments which increasingly comprise identikit political careerists? If you look at the new Victorian Labor caucus—

Mr Latham—There are plenty to look at!
The SPEAKER—I warn the member for Werriwa!

Mr ABBOTT—There are 18 former teachers, 18 former union officials and no fewer than 39 former political staffers. About the only one I could find that had any business experience whatsoever—

Ms Hoare interjecting—

The SPEAKER—The member for Charlton is warned!

Mr ABBOTT—was a former vigneron, but I suppose that is typical of a party comprising chardonnay socialists. No less an authority than Gough Whitlam said the other day that it was unacceptable and counterproductive for unions to be trying to dictate Labor Party policy. I thought at last I had found a new ally, but then I realised that Gough was actually blasting Joe de Bruyn but not other union officials. I do not know which church has canonised St Gough, but it certainly is not Joe’s church!

Ministerial Conduct: Senator Coonan

Mr SWAN (2.46 p.m.)—My question without notice is directed to the Prime Minister and it concerns his minister for taxation’s belated payment of $50,000 in land tax on Tuesday. Prime Minister, why is it appropriate—

The SPEAKER—Order! I do not believe that the question as it is presently structured by the Manager of Opposition Business is, in fact, a question in fact. I was not conscious of any failure on the part of the minister to recognise a tax liability. The member for Lilley may commence again—the Prime Minister did not hear the question.

Mr Howard—No, I did not hear your ruling.

The SPEAKER—I said that I was not conscious of any failing on the part of the minister to meet a tax liability.

Mr SWAN—My question is to the Prime Minister and it concerns the hundreds of thousands of families who have been overpaid family tax benefit because of the government’s flawed family tax payments system who are receiving debt letters to pay up before Christmas. Prime Minister, why is there one standard for your minister for taxation and another for the 300,000 average families that have been hit with debts before Christmas?

Mr Abbott—On a point of order, Mr Speaker: the member for Lilley has insinuated that the Minister for Revenue has failed to pay tax. This is completely false.

Mrs Crosio interjecting—

The SPEAKER—The member for Prospect!

Mr Abbott—There is a factual assertion in that question that the Minister for Revenue either did not pay tax or paid tax late. There is no basis whatsoever for this factual assertion. It is nothing but a smear, and the entire question should be ruled out of order.

The SPEAKER—I have already acquainted the House earlier in the week with standing order 153. The latter part of the member for Lilley’s question infringes standing order 153. I have also taken action on the earlier part of the question. There is a portion in the centre of the question which is a legitimate question.

Mr Abbott—Further to the point of order, Mr Speaker, he is making an assertion about the Minister for Revenue which he knows is not true. The question, therefore, should be ruled completely out of order.

The SPEAKER—I would remind the Leader of the House that I have dealt with those parts of the question that were entirely out of order, and the member for Lilley is aware of that. I must admit that it is now some time ago, but there was a portion in the centre of the question which did not in fact impute or assign unfair or unreasonable motives.

Mr HOWARD—Now I have forgotten what the centre of the question was. I know: it was about how you-beaut family tax benefit policy. I thank the member for Lilley for reminding me—

Mrs Crosio interjecting—

The SPEAKER—The member for Prospect is warned!

Mr HOWARD—of a policy which has enabled us to deliver something in the order of $2 billion a year of additional family benefits to the families of Australia.
Let me take the opportunity again of reinforcing what was said by the Leader of the House in his intervention, and that is that there is not a skerrick of evidence that Senator Coonan has either avoided tax or been late in meeting her tax obligations. There is no evidence of that, and therefore the whole factual basis of the question falls to the ground, because the proposition in the question was that there was a double standard. There is no double standard. Senator Coonan has not, on any of the evidence presented to me, been found wanting in meeting her obligations to the taxation authorities. There is also no evidence that her husband, Mr Andrew Rogers QC, has been negligent in meeting his tax responsibilities. This is nothing other than a rotten smear on a decent minister who is performing extremely well in her portfolio responsibility. I want to make it clear that she retains my 100 per cent support and confidence.

**Health and Ageing**

Mrs DRAPER (1.53 p.m.)—My question is addressed to the Minister for Ageing, representing the Minister for Health and Ageing. Would the minister inform the House of the government’s initiatives to address the challenges faced by Australia as a result of an ageing population.

Mr ANDREWS—I thank the member for Makin for her question and her ongoing interest in these issues, particularly as chair of the government’s policy committee on health and ageing. Over the next 20 years the proportion of the Australian population aged 65 years and over will increase from some 12 per cent, which it is today, to 18 per cent. If one projects out to 2040, we expect that well over a quarter of the Australian population will be aged 65 years and over. So the Commonwealth government recognises not only the importance of meeting the continuing health care needs of an ageing population but also the social and economic impact, particularly in terms of developing, for example, mature age work force strategies.

One of the government’s major initiatives in addressing the health care needs of an ageing population has been the introduction of the 30 per cent private health insurance rebate. As with millions of ordinary working families in Australia, older Australians have also recognised the importance of having real choice in health care. This is evidenced by the fact that over one million older Australians—over one million people over the age of 65 years—have private health insurance, which is a resounding endorsement by older Australians of the government’s private health insurance policy.

This is the rebate that the Labor Party wants to rip away from Australians. Any decline in private health insurance would place unsustainable pressure on the public health system. If you look at the number of admissions to public and private hospitals in the year 2000-01, there was a 0.1 per cent fall in admissions to public hospitals, 5,000 fewer admissions, compared to 12 per cent growth in admissions to private hospitals—some 245,000 additional admissions to private hospitals. Yet the Labor Party is saying that they will rip away the private health insurance rebate. That will place enormous pressure on queues for public hospitals in Australia. The Labor Party’s proposal offers no freedom of choice or access for older Australians. They will simply have to join the queue.

In terms of an ageing population, the government is also continuing to work on mature age work force strategies. A recent report by Access Economics predicted that the rate of growth in the Australian work force would drop from some 170,000 people per year for this current year to just 125,000 for the entire decade, from 2020 through to 2030—in other words, from 170,000 this year down to an average of about 12,000 to 13,000 per year from 2020 to 2030. This is why I have appointed the National Advisory Committee on Ageing. They are looking at the issue of mature age employment and the work ability of workers into the future. It is one of the fundamental changes that Australia must face in terms of a need for a workplace revolution. This, along with our commitment to aged care and to the health system in Australia, is an indication of the way in which this government remains committed to the ageing of the Australian population.
Ministerial Conduct: Senator Coonan

Mr LATHAM (2.57 p.m.)—I refer the Prime Minister to his statement in the House yesterday when he said that his department had advised him, ‘Endispute was not involved in the area of Senator Coonan’s responsibilities.’ Prime Minister, does this advice cover Senator Coonan’s endorsement in October of the recommendations of the Ipp report on tort law reform, particularly recommendation 57, to make mediation proceedings compulsory for every public liability insurance case in Australia? Prime Minister, given that the minister’s policy would increase dispute resolution and mediation work for companies like Endispute, isn’t this a clear breach of your ministerial guidelines requiring ministers to have regard to the interests of their immediate families when ensuring that no conflict, or apparent conflict, arises between interests and ministerial duties?

Mr HOWARD—The answer is no, there is no conflict. The sequence of events was that when Senator Coonan became a minister she got out of the company and therefore the question of whether there was a collision of portfolio responsibility and the activities of the company simply did not arise. Let me again, for the benefit of the honourable member for Werriwa, read the relevant section of the code. Against the background of reading the relevant section of that code, let me remind the House that Senator Coonan’s portfolio responsibilities include the prudential supervision of insurance. It is in that context that the comments to which you refer were made. The code states:

Ministers are required to resign directorships in public companies and may retain directorships in private companies—

which is obviously the case here—

only if any such company operates, for example, a family farm, business or portfolio of investments, and if retention of the directorship is not likely to conflict with the minister’s public duty (e.g. a minister should question the retention of a directorship in a company in which share holdings extend beyond the minister’s own family). Ministers are required to divest themselves, or relinquish control, of all shares and similar interests in any company involved in the area of their portfolio responsibilities.

Even if we accept for the purposes of this answer—which I do not, but I will for the purposes of illustrating my point—that there was a clear covering of the area of portfolio responsibility, the minister plainly complied with the injunction in the guidelines—

Ms Macklin—She gave it to her family.

The SPEAKER—The Prime Minister is responding to the question.

Mr HOWARD—by divesting herself of the interest. This goes to the interjections which have been the subject of questions before. It goes on to say:

The transfer of interests to a spouse or dependent family member or to a nominee or trust is not an acceptable form of divestment.

She transferred to her adult son, who is not a dependent family member. That is as plain as the proverbial nose on one’s face. That is what happened. In those circumstances, even if you accept—which I do not—

Mr Crean—Mr Speaker, I rise on a point of order on relevance. It is fine for the Prime Minister to refer to that dimension of the code of conduct but the question asked specifically about this part of the code of conduct.

The SPEAKER—The Leader of the Opposition will resume his seat. The Prime Minister is responding to a question and his answer is entirely relevant to the question.

Mr Crean—Mr Speaker, I rise on a point of order on relevance. He is not referring to that part of the code of conduct that the question referred to.

The SPEAKER—The Leader of the Opposition will resume his seat. The Prime Minister is entirely in order.

Mr Adams—That is not correct.

The SPEAKER—The member for Lyons is an occasional occupier of the chair who ought to be as familiar with the standing orders as I am and he knows that there is no way they have been breached.

Mr HOWARD—I can only repeat that the interest was transferred to the adult son—

Mr Gavan O’Connor—This is family tax benefit three.
Mr HOWARD—I do not think the opposition is interested in the answer.

Mr Latham—Mr Speaker, I seek leave to table that part of the ministerial conduct code that reads that ministers need to have regard to the interest of members of their immediate families when ensuring that no conflict or apparent conflict between interests and duties arises.

The SPEAKER—The member for Werriwa has indicated what he wants to table.

Leave granted.

Environment: Sustainability

Mr HUNT (3.02 p.m.)—My question is to the Minister for the Environment and Heritage. Would the minister advise the House how industry is responding to the Howard government’s forward strategies on sustainability and climate change? Is the minister aware of any alternative policies in this area?

Dr KEMP—I thank the honourable member for Flinders for his question and take the opportunity to congratulate him on his environmental interest in clean water and ocean sewerage outfalls. Global warming could have very serious consequences for the Australian economy and for Australian sustainability, and the Howard government is working very closely with Australian industry to meet our target for greenhouse gas reductions and more importantly to put in place the long-term framework that will allow Australian industries to invest with certainty in environmentally friendlier technologies.

To properly address climate change a global approach is necessary because Australia only makes a very tiny contribution to total global greenhouse gas emissions. Nevertheless, it is very pleasing that Australian industries are already making a significant contribution to the development of technologies that will allow that global approach to be effective. I cite the recent clean coal mission to the United States and Canada which took place under the climate action partnership that I concluded with the United States earlier in the year and which will help to secure Australian participation within the new technologies.

The minister for industry and I are currently engaged in an extensive consultative process with Australian industry to ensure that we find the right solutions to reducing greenhouse gas emissions without threatening Australian competitiveness. I must say it has been very encouraging to observe the changing culture of Australian business towards a recognition of the need for environmental sustainability.

This morning I signed an eco-efficiency agreement with the electricity industry through the Electricity Supply Association of Australia. One of the primary targets of that industry and that agreement is greenhouse gas reduction. The industry estimates—and the House may be interested in this—that by the end of the decade on present policies it will produce an annual net saving of 20 million tonnes of CO2 equivalent, the equivalent of moving some four million cars off the road. So the electricity industry, which is a significant producer of greenhouse gas emissions, is already making a significant reduction and is addressing the problem. I congratulate the industry for its foresight and I look forward to working with the Electricity Supply Association, which has now signed the 25th eco-efficiency agreement with the government. Twenty-five major Australian industries are now working with the government to produce environmentally sustainable policies.

The government are determined to address these issues while maintaining the competitiveness of Australian industry and retaining jobs and industries in Australia. That is what distinguishes us from the Labor Party, which is prepared in this area to see Australian industries and Australian jobs go offshore because it is prepared to impose legal obligations on those industries which they do not face from competitor countries in the developing world. The government are concerned with Australian jobs and are concerned with Australian growth and intends to meet our obligations and our responsibilities to reduce greenhouse gas emissions without damaging the competitiveness of this country.
Ministerial Conduct: Senator Coonan

Mr LATHAM (3.07 p.m.)—My question is directed to the Prime Minister. I refer him to his promise during Monday’s question time to report back to the House on the detail of Senator Coonan’s ministerial declaration of pecuniary interest, in particular her ownership and residential arrangements for the Pittwater and Woollahra properties. Prime Minister, as you know, your friend Andrew Rogers has said that he and Senator Coonan live in each other’s skins. Are these arrangements reflected in the minister’s declaration?

The SPEAKER—The question is out of order.

Mr Swan—Mr Speaker, I rise on a point of order. The question was directed to the Prime Minister, who is responsible for his code of conduct. It relates to the Prime Minister’s commitment on Monday to come back to this House. It cannot possibly be out of order.

The SPEAKER—I have indicated that in my view the question was out of order. It was out of order because, while I have been tolerant in allowing, as previous Speakers have, a good deal of inference, imputation and hypothetical matter in questions, this one contained an ironical expression which I felt made it out of order.

Mr Latham—Further to the point of order, Mr Speaker: in the interests of parliamentary accountability and standards, I remind you that on Monday the Prime Minister said:

I would have to look again at the declaration she made before answering that question in full, and I will do that.

My question asked him to do the thing he promised to do on Monday, and then I quoted from Andrew Rogers’s words—not my words, his. This is entirely in order. The Prime Minister should answer the question and be accountable to the House of Representatives.

The SPEAKER—I have indicated that the question is out of order because of the level of ironical expression and I stand by my ruling.

Mr McMullan—On the point of order, Mr Speaker: given that ‘irony’ means words being used to have an opposite meaning from the one stated, what irony was in the question? Can you tell me which ironic word or phrase was in the question? As a matter of plain English language, there was none.

The SPEAKER—The member for Fraser is well aware that the latter part of the question was dripping with irony, and I have ruled it out of order.

Mr Crean—On the point of order, Mr Speaker: you have indicated that the latter part of the question was dripping with irony. The latter part of the question referred to a quote made by Mr Rogers and reported in a newspaper article. It was made by him. It gave context to the question before it that went clearly to the Prime Minister’s accountability and his commitment to come back into this House and report on the factual material the member for Werriwa has sought. If this House is going to be denied the opportunity to hear the Prime Minister deliver on what he promised he would do, we are getting to a sorry state of affairs in terms of your rulings.

I suggest, Mr Speaker, that if you want to insist on the ‘dripping in irony’ bit, at least be prepared to allow the first part of the question—which goes to the Prime Minister’s commitment to this chamber in answer to questions earlier this week about a matter that has been accorded great relevance and given great reportage in the daily newspapers and about which there is great concern. There is a requirement for the Prime Minister to come back into this chamber and honour what he told us he would do. That is the question, and he should be required to answer it.

Mr Howard—On the point of order, Mr Speaker: I have had a look at the question that got everybody excited. This is what I had to say in response:

I would have to look again at the declaration she made before answering that question in full, and I will do that.

What I was referring to there was to have a look at the declaration and I did not have the declaration with me. But I went on to say: I am flattered beyond belief—
Ms Roxon—What is the point of order?

Mr Gavan O’Connor—He is answering the question! I thought it was a point of order!

The SPEAKER—I am listening to the Prime Minister; the Prime Minister has a point of order.

Mr Howard—No, I thought I was speaking to the point of order.

The SPEAKER—I have not denied you the call, Prime Minister.

Mr Howard—If I am out of order I will resume my seat. I am making the observation that I did not ‘promise’, as claimed. This is what I said:

I will have another look at her declaration and, if there is anything I should add, I will.

I did have a look at the declaration. The declaration she gave me was perfectly in order, and there was absolutely nothing to add.

Small Business

Ms JULIE BISHOP (3.13 p.m.)—My question is to the Minister for Small Business and Tourism. Minister, how is the federal government promoting a more flexible and family-friendly work force in Australia’s more than one million small businesses? Is the minister aware of any alternate policy approaches? What would be the impact if these were implemented?

Mr HOCKEY—I would like to thank the member for Curtin for her question and her ongoing interest in small business. As the member for Curtin and other members would be aware, for some weeks I have been suggesting to the House that changes to the industrial relations and workplace relations laws in Western Australia will have a bad impact on Western Australia’s small businesses. Many members here—the member for Canning, the member for Moore and a range of other members—are familiar with that fact, and we continually advise the parliament that the Western Australian industrial relations laws will have a negative impact on small business.

The first test really came back in the recent Yellow Pages business index survey. When I picked up the West Australian newspaper last week to read about the result of the survey, I saw the headline ‘Small business unhappy’. I thought, ‘Oh my goodness, crikey, what have we done?’ I read the article and it said:

More than a third of small business owners in Western Australia say the State Government is working against them. Only 13 per cent of respondents in the Yellow Pages survey this month said the Government—

That is the state Labor government— was supportive, 39 per cent said it worked against them and 48 per cent claimed its policies had no impact.

That is in stark contrast to the federal government, where the results show that small business support for federal government policies has improved by five per cent. Small businesses are saying that the major reason for the increase in small and medium enterprise support for the federal government is its policies and that it is trying to help small business. That is exactly what we are doing. I thought, ‘What is the real impact?’ because the Labor Party have continually said that their industrial relations reforms would have no impact on small business. I have a copy of the Albany Advertiser, which is from the member for O’Connor’s electorate. It says:

Industrial relations legislation changes recently introduced by the State Government are affecting some local cafes but leaving others unscathed. Emily’s Country Kitchen is closing this month and Cafe Sails only opens during weekdays ...

Dylans is preparing to by-pass the changes by using the Federal Australian Workplace Agreements, and Beachside Cafe pre-empted the changes and now predominantly employ staff as contract workers.

We have four businesses all prepared to have their names identified in the paper saying that the Western Australian Labor Party’s industrial relations laws are costing jobs and costing work. I quote again from the Albany Advertiser:

Dylans on the Terrace owner Morris Blake said staff were still on existing workplace agreements but they would be changing to the Federal system which precluded union entry onto the premises.

Ms Jackson interjecting—

The SPEAKER—I warn the member for Hasluck!
Mr HOCKEY—The member for Curtin, who asked the question, would be aware of Jean-Claude, who operates a small business in Subiaco. He is reported in the *West Australian* as saying that the new industrial relation laws meant his staff were covered by three awards instead of one. So, when the Labor Party talks about red tape, they should look in the mirror because under Western Australian labour laws now workers in small business are covered by three awards instead of one. The article goes on to say:

No amount of juggling the roster could avoid heavy penalty rates for overtime and weekend work. ... Chez Jean-Claude opened in 1997 with a staff of four. Now 42 people work there. ... Customers were told prices would rise 15 per cent ... to compensate for higher wages.

Jean-Claude says:

The award system does not provide the seven-day businesses with the same flexibility that we had with the workplace agreement, where every employee, customer and employer could—

Mr Adams interjecting—

The SPEAKER—The member for Lyons is warned!

Ms Plibersek—Mr Speaker, I rise on a point of order. I think the minister was asked about the family-friendly work practice policies of his own government. He has not mentioned any; perhaps he does not have any.

The SPEAKER—Would the member for Sydney indicate under what standing order she is raising a point of order.

Ms Plibersek—My point of order is on relevance, Mr Speaker, standing order 145—

The SPEAKER—The member for Sydney will resume her seat.

Mr HOCKEY—This small business, which is now changing its workplace arrangements, has to pay higher wages. This small business in Western Australia says:

The award system does not provide the seven-day business with the same flexibility that we have with the workplace agreement, where every employee, customer and employer could profit from the advantage ... He posted that letter in the shop window. I am happy to table copies of those articles. Mr Speaker, if you want to know what the Labor Party does for small business, look no further than Western Australia. Small businesses are closing up. Small businesses are sacking people. Small businesses are not able to operate seven days a week to earn the money that is going to sustain their own families and the families of their employees. The Labor Party is against small business; the coalition is for small business.

**Employment: Work for the Dole**

Mr WINDSOR (3.19 p.m.)—My question is to the Prime Minister. Further to a letter of 6 November to your office and a newspaper article today regarding the government’s intention to investigate Work for the Dole participants being sent to drought-stricken farms, could the Prime Minister include in that investigation the option of paying unemployment benefits into farm and farm-support businesses where it can be demonstrated that those workers would otherwise lose their jobs?

Mr HOWARD—As a result of representations that have already been made to me by a number of Liberal and National Party members who represent rural constituencies, that is already occurring; that is, the consideration to which the honourable member referred.

**Education: Year 12 Completion Rates**

Mr WAKELIN (3.20 p.m.)—My question is to the Minister for Education, Science and Training. Is the minister aware of statements regarding the setting of targets for the number of school students who should complete year 12? Would the minister advise the House of problems associated with such target setting and what action the government is taking to provide opportunities to enable every young Australian to be their best?

Dr NELSON—I thank the member for Grey for his question and also for his representation. Whether it is for the ASK Employment and Training Services in Whyalla or getting bricks put down at the Ororroo Area School, here is a man who has built his life beginning as a shearer, a canecutter and, of course, a waterside worker—

Mr Fitzgibbon interjecting—

The SPEAKER—I warn the member for Hunter!
Dr NELSON—This government’s vision of education is based on every Australian, in particular every young person, being able to find and achieve his or her own potential, whatever that is. We recognise that education is about learning how to learn, and that it begins not long after birth and continues right throughout life.

Mr Ripoll interjecting—

The SPEAKER—I warn the member for Oxley!

Dr NELSON—This government is very committed to young people understanding the importance of remaining at school for as long as they are able and seeing universities as a part of their life horizon, but equally we are determined that every young person will know that they have choices—

Mr Crean interjecting—

The SPEAKER—The Leader of the Opposition laughs with derision and mirth. Just to put a few facts on the table, in one year I have had many questions about universities—

Mr Albanese interjecting—

The SPEAKER—The member for Grayndler is warned!

Dr NELSON—Thank you, Mr Speaker.

Just returning to our children’s educational and career prospects, they should understand that remaining at school is very important and that universities are an important part of their life horizon. But we are also determined that they will know they have choices—

Mr Crean interjecting—

The SPEAKER—The Leader of the Opposition is not exempted from the standing orders and will respect the fact that he is given a great deal of tolerance. The minister has the call.

Dr NELSON—Thank you, Mr Speaker. Just returning to our children’s educational and career prospects, they should understand that remaining at school is very important and that universities are an important part of their life horizon. But we are also determined that they will know they have choices—that they can go to TAFE, do an apprenticeship or go into training; and that, for some young people, just getting to school is an enormous achievement and getting from school to the workplace is an even greater one.

One of the things that I struggle to understand is the Labor Party’s obsession with targets. For example, a target in ‘noodle nation’ or Knowledge Nation was that 90 per cent of our children would complete year 12. In Queensland, 88 per cent are supposed to complete year 12; in Western Australia and Victoria, it is 90 per cent. What does that say to those who think they might be in the other 10 per cent? Are the young people who at the end of year 11 choose to go to be an apprentice in some way of less value than those who go on to university? One of the problems is that, under 13 years of a Labor government, young Australians were told in all kinds of ways that, if they did not go to university, they were not as important as someone else who did.

Mr Crean interjecting—

Dr NELSON—The Leader of the Opposition laughs with derision and mirth. Just to put a few facts on the table, in one year I have had many questions about universities—

Mr Albanese interjecting—

The SPEAKER—The member for Grayndler is warned!

Dr NELSON—including concerns for women doing veterinary science or dentistry who might have to delay buying a house because of their HECS debt, but not one question has been considered important enough by the Australian Labor Party to ask of the government about the 362,000 people, mainly young people, who are doing apprenticeships in this country. The member for Brand had to get up and say, ‘Oh, I wrote you a letter; I asked you a question about training,’ and in fact I can tell you, Mr Speaker, there were three others. I do not often agree with Labor Party frontbenchers, but I must say that I did agree with the member for Melbourne when he came into this House on 15 October and said:

When I said in Adelaide last week that I thought we should see that every one of our children was valued as a human being and that young people who go into apprenticeships or get a job are just as important as those who have a university education, the member for Jagajaga went on Radio 5AN and said, ‘I just think this is so outrageous.’ Can you believe that, Mr Speaker? One of the things we must not do is put pressure on young people to be what they are not. As Ken Nicholl of the Building Industry Association group apprenticeship scheme said to Radio 5AN last week:

One of the things that we find is that people frown upon taking up apprenticeships, and we think that a change in attitude is necessary for people to see that as a career path people should
not feel the pressure to have to go and get a university degree; there are other options out there.
The target on this side is that 100 per cent of young Australians will find and achieve their potential, whether in a workshop or a retail store, whether they are kids who come out of the Salvation Army’s Youth Oasis program in Sydney who work in a shopfront or people who undertake a university education. If you are interested in your kids getting an apprenticeship, this is the side of politics you support.

The SPEAKER—The member for Lilley.
Mr Swan—I was going to ask you to put this deeply superficial fraud out of—

The SPEAKER—The member for Lilley will resume his seat or I will deal with him. I warn the member for Lilley!

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

Mr Rudd—There are 5,000 kids learning foreign languages.

The SPEAKER—The member for Griffith is warned!

QUESTIONS WITHOUT NOTICE:
ADDITIONAL ANSWERS

Defence: Contracts

Mr HOWARD (Bennelong—Prime Minister) (3.27 p.m.)—Mr Speaker, I seek the indulgence of the chair to add to an answer.

The SPEAKER—The Prime Minister may proceed.

Mr Howard—My comments concern the answer I gave in relation to the DIDS project. A number of questions were asked about that project and there could well be further information that should be provided to the House; if that is appropriate and as it is available, it will be provided either by myself or the minister. I thought the House might be interested to know that the DIDS project had its genesis in the Defence Efficiency Review of 1997. That review noted that the ADF’s warehousing and distribution activities lagged behind industry best practice and recommended that Defence, in consultation with industry, outsource those activities. As a result, tender documentation relating to the original DIDS tender process was issued in November of 1999, when John Moore, the former member for Ryan, was the defence minister.

The government decided in late June—this is a cabinet decision, not the decision of the former defence minister, the member for Flinders, alone—to discontinue that tender process on the basis that it did not provide sufficient opportunity to allow tenderers to offer innovative solutions in accordance with commercial best practice, nor did it sufficiently recognise the importance of maintaining jobs in rural and regional Australia—a very important consideration in all of the decisions taken by this government. I look around and it is no accident that I see this great sea of faces representing rural and regional Australia, because this government worries about employment in rural and regional Australia. We do not treat the people of rural and regional Australia as some kind of troublesome appendage to the metropolitan based elites of the nation—no, we do not.

Let me go on, Mr Speaker, because there is more to say. The former defence minister Mr Reith announced this government’s decision in his capacity as the then defence minister on 9 July 2001. Following this decision, Defence advised all tenderers that a new RFT would be issued and that new tender responses would be required against the RFT. The RFT was issued in December 2001 and tenders closed in April 2002. Of course, as the House will know, in December, Senator Hill became the defence minister. Tenix-Toll was selected from a field of six consortia by a tender evaluation committee chaired by a senior executive lawyer from the Australian Government Solicitor as offering the best technical solution at a competitive price. The government subsequently endorsed the selection of Tenix-Toll. Accordingly, the tender evaluation process leading to the selection of the Tenix-Toll consortium as the preferred tenderer commenced some months after the former member for Flinders and former defence minister, my friend Peter Reith, left public office.

Suggestions that the consortium was selected other than on the basis of merit is a slur on Tenix and Toll Holdings. Might I also say that it is a slur on the evaluation committee chaired by a government lawyer. The
smart alec interjections falsely claiming that that lawyer was in fact the husband of Senator Coonan are a measure of the snide, puerile, childish comments. I should be so lucky that there would be a mob opposite who would carry on in this puerile fashion.

I am sorry, Mr Speaker, that I did not have this bit of paper with me at the beginning of question time. Fortunately, the ever efficient staff of mine were able to obtain this. If there is any additional information that ought to be made available, it will be. I make that plain. But this explains the procedure, and the attempt to slur honest public servants is despicable. Once again we see the Labor Party revelling in character assassination.

Mr McMullan—I rise to ask the Prime Minister to table the document from which he was so extensively quoting.

Mr HOWARD—It is marked confidential.

The SPEAKER—Was the Prime Minister quoting from a document? I am required to ask the Prime Minister two questions. Was he quoting from a document?

Mr HOWARD—It was confidential.

The SPEAKER—The Prime Minister has indicated that the document is confidential.

PERSONAL EXPLANATIONS

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

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

Ms MACKLIN—I do, Mr Speaker, in question time, by the minister for education.

The SPEAKER—The member for Jagajaga may proceed.

Ms MACKLIN—Thank you, Mr Speaker. In question time the minister said that I had called some comments of his a disgrace. In fact, the comments he referred to were not what I said was a disgrace. What I said was a disgrace was the minister saying that some young people are not biologically up to it; that is a disgrace.

Dr Nelson—It’s true.

Mr Latham—It’s your job to fix it.

The SPEAKER—The member for Werriwa will excuse himself from the House under the provisions of standing order 304A.

PAPERS

Mr ABBOTT (Warringah—Leader of the House) (3.35 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 paper:

Commissioner of Taxation—Data-matching program—ATO’s interaction with the program—Report for 2001-02.

Debate (on motion by Mr Swan) adjourned.

Mr ABBOTT (Warringah—Leader of the House) (3.36 p.m.)—I ask leave of the House to move a motion to take note of a paper presented yesterday.

Leave granted.

Mr ABBOTT—I move:


Debate (on motion by Mr Swan) adjourned.

MATTERS OF PUBLIC IMPORTANCE

Health: Australian Families

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 rising cost of health care for Australian families.

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) (3.36 p.m.)—Under John Howard, Australians under financial pressure cannot afford to get sick. Under John Howard, Australian families under financial pressure cannot afford to
get sick. It is the case, regrettably, under John Howard, that Australians simply cannot afford to get sick. Wherever you look, the Howard government is there shifting the costs onto individuals—onto Australians and their families. Australians now have to pay more for the health care upon which they have come to rely, whether it is seeing a doctor, taking medicines, taking out private health insurance or going to a hospital. Across the range of health care services in Australia, under John Howard you have to pay more for those health care services. Australian families now simply cannot afford to get sick under John Howard.

Let us start with bulk-billing. Remember what the Liberal Party and John Howard actually believe in. They try to hide it these days but, back in the late 1980s when he was Leader of the Opposition, John Howard used to say, ‘Medicare has been an unmitigated disaster. We will get rid of bulk-billing; it is an absolute rort. We will be changing Medicare. We will pull it right apart.’ We all recall when he said on one occasion after a budget that what the government of the day should have done was to take a knife to Medicare and bulk-billing. So we know what their starting point is: the destruction of Medicare and the destruction of bulk-billing. John Howard worked out that he could not do that through the front door; that is why, in the run-up to the 1996 election, he changed his tune. Now he is doing it by stealth, through the back door. After six years of attrition, he is now starting to succeed with his public policy aspiration and ambition: to destroy bulk-billing and knock over Medicare.

Labor, on the other hand, are absolutely committed to Medicare and to bulk-billing. We regard the restoration of bulk-billing as the single most important health priority. Bulk-billing is absolutely essential to the universal health care system which Medicare provides, and it is an absolutely essential part of ensuring that all Australians, irrespective of their wealth or income, have access to quality health care.

The facts speak for themselves. So far as general practitioners are concerned, bulk-billing peaked shortly after the Howard government came to office, in the 1996-97 financial year. Shortly after John Howard came to office, we saw bulk-billing by general practitioners peak at 80.6 per cent. Where do we see it now? The September figures which were recently published show bulk-billing at 71.2 per cent—a decline of almost 10 per cent, as reflected in this graph. This graph shows how bulk-billing has declined under John Howard; there has been a 10 per cent decline since the Howard government came to office. They have effected this decline by stealth; it has been their public policy objective.

We regard the decline in bulk-billing as a catastrophe. In the last year, we have seen a 4.9 per cent decline. Every year under John Howard bulk-billing by general practitioners has declined. Every year under Labor, bulk-billing went up. The day before yesterday in question time, the Minister for Ageing said, ‘The average under us is better than the average under Labor. In 1984, for example, it was very low.’ In 1984, the bulk-billing rate was zero. When we introduced Medicare in 1984, of course bulk-billing was zero. But what this graph shows is bulk-billing declining in every year under John Howard and increasing every year under Labor. So every year under Labor bulk-billing rates increase; every year under John Howard, they decline.

What do we also know about bulk-billing rates? Across the country—and this is consistently shown in the figures recently released for the September quarter—bulk-billing in rural and regional Australia is at its lowest base and declining; in outer metropolitan areas there is a higher base but it is in sharp decline, and in inner city areas across the country bulk-billing rates are more respectable but some areas are starting to show serious trends towards decline. Throughout the nation, bulk-billing is in serious decline; throughout the nation people, if they can even find a GP, are being asked to pay for that service.

In addition to a 10 per cent decline in the availability of bulk-billing, we also find a 50 per cent increase in the cost of visiting a doctor who does not bulk-bill. The average out-of-pocket expense for individual Australians and their families—the copayment contribution—has increased by over 50 per cent since
John Howard came to office. It has increased from $8.32 in 1996 to $12.57 on the most recently available statistics. The total additional out-of-pocket expense for Australians has increased by $330 million since 1996, when John Howard came to office—an extra $120 million last financial year. Wherever you go, bulk-billing is in decline and copayment is going up. In the last year there have been 3.2 million fewer bulk-billed services and, since John Howard came to office last year, there have been eight million fewer GP bulk-billed services than in 1996.

The government says this is a disappointment; we say it is a catastrophe. Why is it a catastrophe? It is a catastrophe because those who are least able to pay are invariably at the greatest risk of a chronic illness or a serious disease. This goes right to the heart of Labor’s attitude to health care in this country: quality health care for all Australians, irrespective of their income and their wealth.

We also know that the dramatic and catastrophic decline in bulk-billing has put pressure on our public hospitals. We know that very many people turn up to the emergency department of a public hospital because they cannot find a doctor or because they cannot find a doctor who bulk-bills. From recently published New South Wales statistics, we know that, over the last two years, there has been a seven per cent increase in attendance in New South Wales emergency departments—90,000 extra cases over the last two years. So we have an extra burden on public hospitals. People who do not go and get primary and preventive care from their GP will, at some stage, end up in a public hospital and will require greater medical intervention at greater expense to themselves and to the taxpayer.

We on this side of the House regard the restoration of bulk-billing as our highest priority. Those on the other side, consistent with John Howard’s ideology, regard the decline in bulk-billing as simply a disappointment. I suspect their true disappointment is that they have not been able to destroy it sooner. They have not been able to do it through the front door; they have had to rely upon the back door. Given that this is our highest priority, there are a range of policy approaches that could be taken to restore bulk-billing: targeted increases of the rebate, giving general practitioners more assistance on their team through nurse practitioners and practice nurses, making sure that general practice is sustainable, and addressing urgently the serious shortage of doctors we have in this country. This shortage is not, as the minister says in bureaucratic terms, just a maladministration; it is a serious shortage.

Ms O’Byrne—A crisis.

Mr STEPHEN SMITH—It is a crisis in our universal health care system and a crisis in the quality of health care delivery, and it needs to be rectified. Regrettably, it will be rectified only by a Labor government.

That is the change of financial arrangements and the change of access insofar as visiting a doctor is concerned. The same applies for essential medicines. We have just seen legislation go through this House this morning, with the government making a further attempt to increase the cost of essential medicines by 30 per cent, which will increase out-of-pocket expenses for pensioners and concession cardholders from $3.60 to $4.60. For families under financial pressure the cost will increase from $22.40 to $28.60—a 30 per cent increase, three times the cost of the GST.

We all remember that in the run-up to the last election the Treasurer and the Prime Minister said that the GST would not apply to medicines but, after the election, they whacked pensioners and Australian families struggling under financial pressure with a 30 per cent increase. When you add the copayment legislation that went through the House this morning to the government’s 1996 copayment, there has been a 70 per cent increase in the cost of essential medicines for pensioners, concession card holders and Australians under financial pressure since the government came to office but not one cent of compensation.

From statistics we have obtained from the department of health and from the government’s own calculations, we know that, rather than the government simply saying, ‘It’s just $1,’ which is what the Treasurer said the day after the budget, a million pen-
sioners and concession card holders will pay $52 more each year and 300,000 Australians in families will pay $190 more each year. We also know that the deliberative effect of the government’s policy is that, over a four-year period, five million pensioners and concession card holder scripts will not be taken up and neither will half a million scripts of families under financial pressure. It might take four days, four weeks or four years, but those people who do not take their essential medicines will end up in our public hospitals and will require greater medical intervention at greater personal cost to them and to the taxpayer.

I noticed in the debate on the legislation that the member for Boothby got up and waxed lyrical, saying that pensioners could afford it. But we did not hear him say that bulk-billing in his electorate declined from 67.7 per cent in March 2000 to 54.9 per cent in the September quarter. The member for Canning said that pensioners could afford to pay for the essential medicines, but we did not hear the member for Canning say that bulk-billing rates in his electorate are 51.2 per cent. The member for Herbert said that his mum was a pensioner, that she could afford it and that all pensioners could afford it. The bulk-billing rates in his electorate are 51.2 per cent. The member for Cowper also waxed lyrical about how pensioners could afford it. He did not tell us and will not acknowledge that bulk-billing rates in his electorate are 51.2 per cent. The member for Herbert said that his mum was a pensioner, that she could afford it and that all pensioners could afford it. The bulk-billing rates in his electorate fell from 71.4 per cent in March 2000 to 58.6 per cent in the September quarter. The member for Cowper also waxed lyrical about how pensioners could afford it. He did not tell us and will not acknowledge that bulk-billing rates in his electorate fell from 71.4 per cent in March 2000 to 58.6 per cent in the September quarter. The member for Cowper also waxed lyrical about how pensioners could afford it. He did not tell us and will not acknowledge that bulk-billing rates in his electorate fell from 71.4 per cent in March 2000 to 58.6 per cent in the September quarter. The member for Cowper also waxed lyrical about how pensioners could afford it. He did not tell us and will not acknowledge that bulk-billing rates in his electorate fell from 71.4 per cent in March 2000 to 58.6 per cent in the September quarter. The member for Cowper also waxed lyrical about how pensioners could afford it. He did not tell us and will not acknowledge that bulk-billing rates in his electorate fell from 71.4 per cent in March 2000 to 58.6 per cent in the September quarter.

Across the country, Liberal and National Party members of parliament have said that pensioners can afford to pay the extra cost but have had nothing at all to say about the declining rates of bulk-billing in their electorates or the more than 50 per cent increase in the cost of essential medicines. The same is true of private health insurance and hospital cover. During the last election, we all re-

member that the government said, ‘The effect of our health insurance policy will see downward pressure on premiums. Private health insurance will become more affordable, and premiums will actually go down.’ In March this year, there was an approved seven per cent increase in the cost of private health insurance premiums, a nine per cent increase for Medibank Private, a 16 per cent increase in the cost of Medibank Private’s most popular product, and a 66 per cent to 100 per cent increase in the cost of Medibank Private’s extras. Later this year, the government agreed to knocking off Medibank Private’s discount for up-front payments—the four per cent to six per cent discount arrangement went this week. The increased premiums for private health insurance means an increased cost for average families of between $150 to $250 a year. Knocking off the Medibank Private discounts this week will cost families in the order of $100 to $150 per year.

This year the government tore up the Prime Minister’s ‘absolute and honest guarantee’. It was dripping with irony because his government made the actual decisions about increases in private health insurance premiums. The Prime Minister tore up his guarantee and said that there would be automatic annual CPI increases in private health insurance. A 3.2 per cent increase in the CPI will mean an automatic annual increase in private health insurance premiums of $50 to $100 and, for families, it will mean a $300 to $500 increase in private health insurance premiums, which flies in the face of the Prime Minister and the government saying that private health insurance would become more affordable—that there would be downward pressure on premiums.

If you utilise your private health insurance and go to a hospital, you will find that one in five medical services delivered in hospitals in Australia still have a 20 per cent gap payment. The average gap payment has increased. In the March quarter it was $67.31, in the June quarter it was $74.28 and in the September quarter it was $78.70. One in five medical services in hospitals in Australia continue to have a gap payment, and that gap payment is going up. On top of that, there is
a threat by the private hospitals to introduce a $150 fee to cover the cost of medical indemnity insurance. There are also additional costs to individual Australian consumers as a result of on-costs for medical indemnity insurance. The opposition has called on the government to ensure the ACCC is out in the marketplace actively militating against that, but the government has turned a blind eye to that.

Wherever you turn to with health care in Australia, it is harder to see a doctor and it is more expensive when you find a doctor who does not bulk-bill. The government wants to slug pensioners and families under financial pressure with a 30 per cent increase in the cost of their essential medicines. The government said before the election that, if you take out private health insurance, private health insurance premiums would go down and be more affordable. After the election, there is only one way we see the movement, and that is up.

I am sure the minister will say that Labor would take away the rebate. Don’t misrepresent Labor’s position. We are happy to review the rebate. We do not believe funds should be wasted on CDs, golf clubs and tents, which is what the minister endorses. Scarce taxpayers’ money should not be wasted on things like that. We need a government that is committed to the restoration of bulk-billing and committed to Medicare. You will only find that in a Labor government. The current Howard government is doing what John Howard said it wanted to do, which is to destroy bulk-billing and to destroy Medicare. (Time expired)

Mr ANDREWS (Menzies—Minister for Ageing) (3.51 p.m.)—The Howard government remains committed to the health of all Australians. This matter of public importance brought on by the member for Perth and the opposition exposes a dualism insofar as the ALP are concerned. If you examine what they say when they are in opposition compared to what they do in government, you see that they try to walk both sides of the street. Let me take some examples that the honourable member for Perth referred to. He referred to the changes that this government has sought to make in the Pharmaceutical Benefits Scheme.

Let us go back to what the Labor Party did when they were in government, when they were actually responsible for a sustainable and affordable system into the future. In 1990, the then Labor Party Treasurer—subsequently the Prime Minister of the country under the ALP government—Paul Keating, said that in order to ensure that we have a sustainable and affordable Pharmaceutical Benefits Scheme into the future there needs to be a copayment. The copayment for the PBS was introduced by the Australian Labor Party, by the man who was then the Treasurer and subsequently became the Prime Minister of Australia, Paul Keating. And there were subsequent increases in the copayment.

Why was Mr Keating concerned at that time? He was concerned because the cost of the Pharmaceutical Benefits Scheme at that stage was $1.1 billion. He said that, if it continued to escalate in cost, this scheme—which provided medicines and pharmaceuticals across a whole range of products to ordinary Australians regardless of their background or their situation—would be unsustainable and unaffordable into the future and that it was therefore important that copayments be introduced. We now have a situation in this country where the Pharmaceutical Benefits Scheme is not costing $1.1 billion, but $4.8 billion. So we have had a fourfold increase—not $1.1 billion but in fact $4.8 billion—in the Pharmaceutical Benefits Scheme in just 10 years.

Mr Stephen Smith—Like the one that Michael Wooldridge said was sustainable at $4.2 billion?

The DEPUTY SPEAKER (Mr Jenkins)—Order! The honourable member for Perth will desist.

Mr ANDREWS—So, when this government takes the same, reasonable proposition as that taken by the former Prime Minister, Paul Keating—who led an ALP government in this country—and says that it wants a sustainable and affordable pharmaceutical system into the future, what is the reaction from the Labor Party? The reaction from the La-
bor Party is the opportunistic reaction we hear today from the member for Perth and other members opposite: ‘We’re going to vote against it.’ In fact, in this very chamber this morning we had the opposition vote against the proposition that we should continue to make the Pharmaceutical Benefits Scheme sustainable into the future.

What did Mr Keating say about this? I have to say that there were not a lot of things I agreed with Mr Keating on. What was Mr Keating’s argument when he said that this was important to do at that time? He said, ‘If we do not make these changes at this time, we will not have a sustainable Pharmaceutical Benefits Scheme and medicines and pharmacy products in the future will be available only to the very wealthy in this country.’ So what do we have? We have an ALP that have lost touch with their roots—that is quite evident—and lost touch with the aspirations of ordinary Australians. We have an ALP that says, ‘We’re going to opportunistically reject policies’—which is what they did once again this morning in relation to this—rather than asking themselves whether they are actually concerned about the future of this country and the future of an ageing population in particular. If we are talking about the Pharmaceutical Benefits Scheme, we are talking about—the same one Wooldridge said was sustainable at $4.2 billion—that one?

Mr Andrews—Mr Deputy Speaker, the member for Perth is just yapping over the chamber.

The DEPUTY SPEAKER—Order! The honourable member for Perth will desist.

Mr Andrews—Thank you, Mr Deputy Speaker. The reality is that, if one looks at the future projected expenditure for the Pharmaceutical Benefits Scheme, one sees that we will be talking not about $4.8 billion—$4,800,000,000—of expenditure each year but about tens of billions of dollars into the future. The opposition says, ‘We’ll just ignore that.’ What will happen in the future is that there will be an increasing demand for pharmaceuticals as new products come on line. As we get the revolution with the way in which pharmaceuticals are being developed, there will be a demand for more and more products. We have demand for products to overcome particular illnesses, to deal with cancers and to deal with a range of illnesses—products which can cost tens of thousands of dollars per prescription in some cases—which we as a government want to be able to provide to all Australians, whether or not they are rich or poor, simply on the basis of their health circumstances. In the vote that the opposition took in this House this morning and in the remarks that have been made by the member for Perth today, the opposition are saying they are not interested in that in the future.

Let us look at the increase in expenditure on health under this government. Take, for example, public hospitals. Over the five years of the current Australian health care agreement with the states total funding to public hospitals is some $32 billion, which is a real increase of some 28 per cent, or a massive $7 billion over the previous Australian health care agreement with the states. So here we have an example of the ALP doing one thing when it is in government, when it has to be responsible and has to look to the future of Australians, and simply saying another thing when it is in opposition, being opportunistic and not concerned about being responsible for the future.

Let me take the second issue that the honourable member for Perth raised this afternoon; namely, bulk-billing. Insofar as politics is concerned, it pays to have a good memory—or as I think Fred Daly once said—a good filing system. I take the honourable member for Perth back to remarks that were made in this House by the then minister for health—indeed, the then Deputy Prime Minister of Australia—Mr Brian Howe. When questioned about bulk-billing on 22 August 1991, he said:

I must stress that the Government does not control or determine doctors’ charges or whether they bulk bill or raise an account to the patient. These things are determined by the competitive forces of the marketplace.

He went on to say:

So while bulkbilling decisions are for individual doctors, I am confident that Medicare will con-
continue to operate to ensure very high rates of bulk-billing.

When I look at the ‘very high rates’ of bulk-billing which Mr Howe, the then Labor minister for health in Australia, referred to in 1990-91, I see that unreferred attendances for GP services for bulk-billing in Australia were 70.3. I compare that to today—currently we are at 71.2.

Mr Stephen Smith—And going where? Going down?

Mr ANDREWS—They were not just high rates, member for Perth. The very high rates the then minister for health in the Labor government referred to 10 years ago were in fact lower than they are today. In addition, Mr Howe referred to the National Health Strategy Background Paper No. 5, which he said:

... clearly demonstrates that the major reason why doctors bulk bill is the competitive pressure on them to do so.

There are two remarks I make about that. The National Health Strategy Background Paper No. 5—which Mr Howe referred to in that answer in parliament on 22 August 1991, when he said we had very high rates of bulk-billing—was authored by none other than the now member for Jagajaga. Perhaps the member for Jagajaga ought to speak to the member for Perth about these things. Obviously, when the Labor Party was in government, when it was acting and had to act in a responsible manner for the future of the health care system in Australia, it had an entirely different view from that being taken by the member for Perth and the opposition at the present time. Again, this illustrates my contention to the House that, when in government, the Labor Party will do one thing— it will act in one way—but, when it is in opposition, it will do and say other things. The third example raised today is in relation to private health insurance. We had commitments prior to the election that the 30 per cent private health insurance rebate would be retained, but we have the member for Perth describing it as a public policy crime. Now we have an indication from the—

Mr Stephen Smith—Mr Deputy Speaker, I rise on a point of order. On three occasions, I have stood at this dispatch box and indicated I have been misrepresented when either the Minister for Ageing or the Treasurer has said—

The DEPUTY SPEAKER—Order! There is no point of order.

Mr Stephen Smith—You have not heard my point of order.

The DEPUTY SPEAKER—There are other forms of the House, but I will listen—

Mr Stephen Smith—My point of order, if you would hear it, is that on a previous occasion the Speaker has ruled that, once a member has taken a misrepresentation, the same misrepresentation cannot be repeated.

The DEPUTY SPEAKER—The honourable member will resume his seat.

Mr Stephen Smith—I would like a ruling on the point of order.

The DEPUTY SPEAKER—There is no point of order, and the honourable member will desist from interjecting.

Mr ANDREWS—I know it embarrasses the honourable member for Perth to be reminded of what he said in answer to a question from Jon Faine on ABC radio in Melbourne, Victoria—

Mr Stephen Smith—I’m not embarrassed if you say what I actually said. Read out what I said before.

Mr ANDREWS—but the reality is that—

Mr Stephen Smith—A public policy crime by not requiring strings to be attached to it.

Mr ANDREWS—what the honourable member for Perth is saying has been reinforced by the Leader of the Opposition just in the last week in relation to their decision to indicate to the people of Australia that, if they were in government, they would remove the 30 per cent private health insurance rebate—

Mr Stephen Smith—He hasn’t said that at all.

Mr ANDREWS—which would mean a tax slug on ordinary Australians who pay for private health insurance of somewhere between $600 and $1,200.

Mr Stephen Smith—Show me where he said that.
Mr ANDREWS—So, for tens of thousands—

Mrs Draper—Mr Acting Deputy Speaker, I rise on a point of order. I would like to point out that the minister does have the right to be heard in silence. I am having great difficulty hearing him with the constant interjections.

The DEPUTY SPEAKER—The minister does have a right to be heard in silence.

Mr ANDREWS—For tens of thousands of ordinary Australian families in every electorate across this country who have taken out private health insurance—who have responded enthusiastically to the government’s health policy in this regard and, in doing so, have given themselves more choice insofar as health is concerned in this country—there is an indication from the opposition that they will effectively remove either all or part of that private health insurance rebate. That will amount to a tax slug of up to $1,200 per year for families in Australia. If that is what the honourable member for Perth and his colleagues are saying, then perhaps he would like to say that to the 35,000 or so constituents in his electorate of Perth who have taken out private health insurance. Perhaps he would like to say that to the tens of thousands of other Australians, including ordinary Australian families and elderly Australians, who have private health insurance. Perhaps he could say that to the people on an income of less than $20,000 a year who still regard it as important to have a choice as far as private health insurance is concerned. This is what the opposition is proposing in relation to this matter.

My central contention in this discussion is this: whether you look at the question of the Pharmaceutical Benefits Scheme, the question of bulk-billing or the question of private health insurance, you get an opposition that wants to walk both sides of the road. What it wants to do in government is one thing—when it is bound by a determination, if you like, to remain responsible and to act in a way that ensures we have a sustainable and affordable health system in Australia—yet, when it is in opposition, as it is at the present time, it can act in an entirely opportunistic way, without any regard to the future as far as these services are concerned.

As I said at the outset, this government remains committed to the health and welfare of all Australians, regardless of their age or circumstances. It will continue to put in place programs to do that, such as the $560 million program for rural health services, which is delivering to people in country Australia; the program for $80 million over four years announced this year to enable an extra 150 doctors to practise in metropolitan areas; and the program that has seen an increase from some 5,700 to 6,300 doctors in rural and regional areas of Australia. These are real programs that are delivering real health services to ordinary Australians, regardless of their circumstances. This government is committed to the health system and will continue to work for the health of all Australians.

Mr BYRNE (Holt) (4.06 p.m.)—I want to address some of the concerns that have been raised by the Minister for Ageing. I understand that it is the opposition’s job to raise areas of concern. Quite clearly, in the electorate that I represent, the diminution of the bulk-billing rate, private health insurance and access to health services are key issues. I draw the minister’s attention to the state election and in particular to the two seats of Narre Warren North and Narre Warren South. Those seats, under the redistribution, were categorised as marginal Liberal seats. When a survey was conducted of those two seats—and I think the survey results were derived from about 7,000 people’s responses in both those electorates—the leading area of concern was the provision of health care and health services. At the election, swings to the Labor Party of 15.8 per cent in Narre Warren North and 13.2 per cent in Narre Warren South were recorded. Consequently, it can be said that people believe health is an issue.

The Bracks government is addressing the state based health issues. But people are telling me that some of the federal health based issues are not being addressed, in particular the rising cost of health care, which particularly affects a number of young families in my electorate—and there are many young families in my electorate. These families are
particularly vulnerable to the cost of health services because those services are becoming increasingly expensive. One of the reasons people are very susceptible to this is the level of debt that many are carrying. One of the supposedly great achievements of the government is that a lot of people are buying houses. But what is happening in my electorate is that a lot of these people are existing on their credit cards. They are paying their food bills and their child care by credit card. As a consequence of the first home buyers grant, they have shifted into the electorate and they have overborrowed, so they are hanging on by their fingernails. They are particularly vulnerable. And they are users of the health system and bulk-billing.

The raw statistics for bulk-billing in Holt are interesting, as the minister mentioned before. In my electorate, 77 per cent of all services in the last September quarter were bulk-billed. This is outrageous considering that the rate of bulk-billing by GPs in Holt has dropped to this level from 91.7 per cent in the June quarter of 2000—a 14 per cent drop. It plateaued at 91.7 per cent and then started falling at an extraordinary rate. Under the Howard government, for the first time since Medicare's inception in 1984, bulk-billing consultations are falling.

Mr Sciacca—Disgraceful.

Mr Byrne—For us this is a disgrace. Thank you, member for Bowman. It is fine for the residents of Toorak to pay the copayments of, on average, $12.57; but for many people in Holt this is far too much. Last year, individual Australians and their families paid $123 million more in GP copayments than they did in 1996. The total bill from copayment increases, which has been picked up by Australians and their families, is $331 million. So it is becoming very much a user-pays health system.

Additionally—and this is a particular issue in my area—it takes about three weeks to get the 85 per cent rebate. When people go to their doctors, they do not bulk-bill, and people have to send their forms unless they go to a Medicare office. In many cases—because there are a number of young families in my electorate—they need to go to the doctor three times a week or sometimes five times a fortnight. A lot of these people do not have a lot of money. They are having to pay up front and send their forms because they cannot go to a Medicare office. The reason they cannot go to a Medicare office in the City of Casey, which has a population of 198,000 and will have a population of 300,000 in the next 10 years, is that the government deems that it is not appropriate to put a Medicare office there.

There are 200,000 movements each week through the local Fountain Gate Shopping Centre. This is the shopping centre in which the member for La Trobe, Bob Charles, specifically asked—11 years ago, as I understand it, in a petition—that the government install a Medicare office. Not only do they ignore families in that particular region but they also ignore the federal member for La Trobe. Within the past five months, we submitted to the government a petition with 19,073 signatures requesting the provision of a Medicare office. It was completely ignored. Whilst the Howard government talk about supporting young families, they are actually ignoring young families. Some 19,073 people in the region around the Fountain Gate Shopping Centre petitioned for a Medicare office. A large number of doctors are not bulk-billing and so, if people cannot go to the nearest Medicare office, which is in Knox or in Dandenong, they have to wait three weeks to get the rebate. Many of them just do not have the money to wait.

I was speaking today to Anne Peak, who is the chief executive officer of the Dandenong Division of General Practice, about bulk-billing. She said:

The financial capacity of doctors to service the disadvantaged is diminishing because of the decline in bulk billing rates.

She then went on to envisage a situation in which not one doctor would be bulk-billing in our region within the next five years. More than 260 doctors are represented by the Dandenong District Division of General Practice. This covers the growth corridor areas of Cranbourne, Berwick, Narre Warren, Endeavour Hills and the City of Casey, which as I said has a population of 198,000. It also covers the area of Dandenong, which has a very high population of people from
non-English speaking backgrounds. I do not know how this community would fare if we did not have some doctors who continued to bulk-bill.

One of the other consequences of the diminishing bulk-billing rate is the difficulty in getting doctors into the region. There is a chronic shortage of doctors. Doctors are not coming out to the regions because it is not lucrative for them. What happens at night is that, when you ring to try to get a doctor, you cannot get one. So you go to the nearest regional hospital. Dandenong Hospital services that particular area. Interestingly, the most recent statistics show that there has been an 11.3 per cent increase in the number of people who are accessing the emergency department of the Dandenong Hospital since March 2001. Why are they turning up? Anecdotally, people are saying that they are turning up at the Dandenong Hospital because they cannot afford to access their GP or they cannot get to a GP, particularly at night, because there are none.

I also want to give you a specific example of someone who has been severely affected by the doctor shortage. Dr Zorica Bogetic is a fine doctor who works at the Casey Medical Clinic. She services many young families and refugees, because around the City of Greater Dandenong there are many people who have come from war-torn countries. In fact, it has the highest uptake of refugees in Victoria. She speaks Yugoslavian languages fluently and thus provides a priceless service to many in the electorate. However, Zorica came into my office two weeks ago because she is having trouble coping with her workload. Last year, because she is the only Serbian doctor based in the region, she serviced 11,132 patients—one doctor. She cannot get another doctor due to the gross shortage of doctors in the outer suburbs. This reflects the utter failure of the so-called outer metropolitan doctors initiative.

This was Minister Patterson’s bandaid solution to the shortage of doctors, but it actually wound up punishing Dr Bogetic and costing taxpayers $80 million. It is a disastrous policy initiative; it just does not work. There are two clinics in the Dandenong area that I could positively identify that definitely bulk-bill. One of those clinics is Dr Bogetic’s—and bear in mind that she is the sole doctor at that clinic and cannot get another doctor to work in the clinic. One of the initiatives in the scheme initially canvassed by Minister Patterson that was not acted on was to attract overseas doctors to the outer suburban areas. Dr Bogetic sought to get another Serbian trained doctor, Dr Milan Katic, to work in her surgery. Dr Katic specialises in psychiatric care and is currently working in a country hospital but is restricted by the 10-year moratorium on doctors. When Dr Bogetic approached Minister Patterson’s office for help, she was turned away. That is how much the government actually cares about the provision of services to people in the region, particularly to people from non-English speaking backgrounds.

Quite clearly many young families and pensioners in Holt are severely affected by the 30 per cent increase in the Pharmaceutical Benefits Scheme. Many people on fixed incomes in Holt are not receiving medical care because they cannot afford to pay for it. What happened to John Howard’s promise to govern for all people? Who are these mythical battlers that John Howard is actually talking about? Are they actually in Toorak? I am not quite sure.

Mr Martin Ferguson—they are in Paradise Parade.

Mr Byrne—they are in Paradise Parade. I could go on but I have a short time remaining. I think I have given enough evidence that this government talks the talk but cannot walk the walk. You cannot get a Serbian trained doctor in Dandenong and you cannot get a doctor late at night. People cannot access services because the diminishing rates of bulk-billing mean that people are clogging the emergency sections of the hospitals. The state government is getting blamed for it. Eventually you have to do something. You have to take responsibility. Our job is to highlight the fact that you are not doing your job, so let us see what you do in the next couple of years to give young families in Holt access to the services that they actually pay for through their taxpayer funded dollars and deserve. (Time expired)
Miss JACKIE KELLY (Lindsay—Parliamentary Secretary to the Prime Minister) (4.16 p.m.)—Australia is a very healthy nation. When you look at the publication by the United Nations Population Fund on the state of the 2002 population you find that Australia has the fourth longest life expectancy rate. Only Hong Kong, Japan and Sweden have a female and male life expectancy rate greater than Australia’s. Israel has a higher male life expectancy rate. It is worth examining that females in Spain, France and Switzerland have a higher life expectancy rate than us. I am not sure what is going on in Spain, France and Switzerland but for some reason their females are living longer than our females yet their males are not living as long as our males. A recent report of the World Health Organisation put Australia fourth for healthy life expectancy.

Australia is a very healthy nation. A lot of this can be put down to a continuing robust health system. We can look at the number of improvements that the coalition has made to our health system. One that is critically important to me is immunisation rates. In Australia in 1995 only 53 per cent of children were fully immunised. As at September 2002, 91 per cent of all 12- to 15-month-olds were immunised. In 1996 we had a massive measles epidemic across Western Sydney. The impact of that on our hospitals and GPs was enormous. Through this government’s policy we are seeing that type of epidemic and crisis being eliminated. A vaccine for a certain strain of the meningococcal disease has been added to the immunisation schedule. We are seeing real efforts towards preventing sickness. We are seeing an emphasis on preventing illnesses such as those caused by smoking through the use of the anti-tobacco campaigns this government has run. We are seeing a significant decrease in the number of smokers. Over time that will have a very significant impact on the usage of health services. It is the policies of this government that have managed to achieve this.

Graham Richardson, the former opposition guru, said that, for Medicare to survive, the number of Australians with private health cover had to be above 40 per cent. When the 30 per cent rebate was mooted I looked at my electorate and thought: not many people in my electorate have private health insurance and nobody is really going to be interested in it, so why would I bother promoting it, because it does not seem to be a high priority? Basically 70 per cent of the people in Lindsay had said, ‘I cannot afford to look after my own health.’ The latest statistics for my electorate show that something like 50 per cent of my electorate has private health insurance. Some 50 per cent of people in my electorate can afford to look after their own health. The reliance on public hospitals is reduced. People who can afford to look after their own health are doing so. That has been as a direct result of this government’s 30 per cent rebate, the lifetime health cover and its no gaps policy.

Under the previous government people with private health insurance would get sick, would go to use their private health insurance and would probably get put up in a public hospital. They would pay all the outrageous gaps. They would look at the person in the bed next to them who had exactly the same treatment and say, ‘What on earth am I paying for?’ Today, 30 per cent of all hospital procedures are being carried out in private hospitals. Public hospital admissions have fallen nationally by one per cent. Some 4,591 fewer procedures are being carried out in public hospitals and 245,129 more procedures are being carried out in private hospitals.

That has allowed a significant pressure valve release for public hospitals. Remember that Bob Carr stormed to power saying that he was going to halve waiting lists; in fact, he has taken over 200 beds out of Nepean Hospital. I did not say that public hospital procedures have fallen that much! He has certainly eliminated beds out of Western Sydney like crazy. Given the swing to the use of private health insurance under the Commonwealth-state agreements, there was $3 billion there that the Commonwealth was entitled to claw back, which it did not. It left that $3 billion with the states to help them with their public hospital crises.

There is no doubt about it: in New South Wales, the Carr government has a lot to answer for in terms of the state of our public
hospitals. Recently, a number of my constituents who have been to the Nepean Hospital tell me that their hearts go out to the staff. The staff are working under incredible stress and absolute pressure. The cleaning contracts are obviously not being monitored or maintained and there is a high turnover of staff. The patients are feeling almost apologetic that they have to ask the staff for assistance because the staff are just so overworked. In fact, one of my constituents, who has a chronic illness, said to me that he did not want me to use his name in any way in case he had to go back. He was worried that staff might not serve him because he had made a complaint. That is the state of just one hospital in Western Sydney, and I know of other areas in our public health system that are equally in crisis because the funds from our states have not been directed there.

The states have had a 28 per cent increase in federal government funding. I am not talking about our immunisation campaigns, I am not talking about our anti-smoking policies, I am not talking about our efforts to deliver GPs to rural areas, and I am not talking about our redistribution of health services; I am simply talking about a 28 per cent increase in cold, hard cash to the states over five years for public hospitals—to get it right in public hospitals. There have never been enough doctors in public hospitals at midnight. If your child gets sick at midnight, you have to go to the emergency ward—believe me, I was there only recently with my four-month-old child, who was suffering from RSV, a respiratory tract infection. I was terribly stressed about it. The emergency ward is where you go. It is up to the state governments to fix that. They really need to get on top of how and where they are spending money. It is not acceptable for them to simply turn around, blame the federal government and say, ‘It is the federal government’s fault.’ Public hospitals are clearly a state charter. We have given the states a 28 per cent increase in funding to deal with that and they are not doing so.

We have added the meningococcal vaccine to our immunisation lists, which we are pushing. The consequences of that, when they flow through, should also relieve our emergency wards. I know that when all the media was running about the meningococcal scare in Western Sydney we saw the presentation of suspected meningococcal cases at hospitals go from eight per week to 80 per week as worried parents sought second opinions—nearly always late at night when their GPs were not available. That is a chronic case that I think Bob Carr really needs to address. The range of things that the federal government has done and continues to do to provide a fair system of health in Australia, an affordable system of health in Australia, is justified. The opposition seeks to cut the 30 per cent rebate, which would see private health insurance rates plummet, obviously, back below the 30 per cent level that they were at in my electorate and certainly below the 40 per cent level, which Graham Richardson said was absolutely essential to maintain Medicare as a viable health delivery system. *(Time expired)*

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

COMMONWEALTH VOLUNTEERS PROTECTION 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

Miss Jackie Kelly (Lindsay—Parliamentary Secretary to the Prime Minister) *(4.28 p.m.)*—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

BUSINESS

Rearrangement

Miss Jackie Kelly (Lindsay—Parliamentary Secretary to the Prime Minister) *(4.28 p.m.)*—by leave—I move:

That business intervening before order of the day No. 1, government business, be postponed until a later hour this day.
Question agreed to.

AVIATION LEGISLATION AMENDMENT BILL 2002

Second Reading

Debate resumed from 14 March, on motion by Mr Tuckey:

That this bill be now read a second time.

Mr MARTIN FERGUSON (Batman) (4.29 p.m.)—I rise this afternoon to support the Aviation Legislation Amendment Bill 2002 but in doing so I indicate that I will be moving a second reading amendment concerning matters contained in the bill. That amendment will draw attention to the government’s tardiness, both before and after September 11, on the very important issue of transport security. It also appropriately calls on the Howard government to release a comprehensive statement of policy and action on transport security. I contend that the Australian public deserves such a statement and I cannot see how government members could oppose such a suggestion.

It is fair to say that at the moment in the Australian community there is a view that the public must be kept informed on security issues; there is also a view that that has not been occurring. As we all appreciate, the Australian public elects governments to exercise national responsibility for matters like basic security and safety. In the context of aviation security, I suggest to the House today that the Australian public is being let down and that there is a lack of leadership at a national level on the all-important question of aviation security. Unfortunately, it is worse than this, as the lack of attention to detail and policy thought extends across all modes of transport. Maritime and aviation security are directly on the watch of the Minister for Transport and Regional Services.

The aviation industry is critical to Australia. It always will be because of our physical geography: the distance between our communities and our position on the globe. The tourism industry is another critical industry for Australia, both in terms of its contribution to our national economy and its importance to jobs, especially in regional communities. The aviation industry and access generally are the key drivers of a successful tourism industry. On September 11, the world was stunned to see an aircraft used as a weapon of terrorism. In the past two weeks, we have witnessed increased alarm over the potential for aircraft to be missile targets. These events have brought aviation security into sharp focus.

The paramount consideration must always be the personal security and safety of travelers: fare-paying passengers, workers and the general public. Recent events demand more diligence and vigilance on this front to ensure that we as a community respond to increased concern from aviation passengers, workers and the community at large. But recent events do not only threaten personal security and safety; they also threaten economic security in the aviation and tourism industries. I also argue that these events threaten our cultural norms and attitudes to travel, and undermine past efforts to counter the tyranny of distance.

As we all appreciate, we live in challenging times. This is an age when aircraft and information technologies are radically improving the speed of travel and communications. This improved access has been instrumental in bringing our global communities together—increasing access to different ideas and experiences and broadening our outlook on life. Terrorism is a direct threat to international and regional travel and is therefore a threat to that positive community growth and development through shared cultures and experiences.

Over many years, airports have been more secure for Australians than any other public building or service they access in their day-to-day life, with more security than the local bank, the local doctor and certainly the train or ferry they regularly travel on. Unfortunately, September 11 has changed that. All levels of government in Australia and our major corporations have to reassess the security risks. The minister for transport is charged with assessing whether aviation security regulations are commensurate with the level of risk. The Australian public, particularly the travelling public, has an expectation—and rightfully so—that on aviation security the minister has his eye on the ball. The opposition believes that the minister has
let the Australian public down when it comes to proper attention to detail and regulation with respect to aviation security.

I refer to the fact that in 1998 the Australian National Audit Office released findings into their assessment of aviation security in Australia. This was not last year or the year before; it was way back in 1998, a considerable number of years ago. While that report found that Australia complied with basic international requirements, it contained a range of recommendations on how our aviation security could be improved. That is correctly the role of the independent Audit Office—to throw up suggestions to government about where there is room for improvement—and I commend the Audit Office with respect to those recommendations. As I said, that was way back in 1998. It was not until March 2001 that this parliament saw a potential legislative response to that Audit Office report of 1998. Moreover, I also suggest to the House this afternoon that that was a feeble legislative response that stalled before it started. It is therefore worth covering the history of this bill to illustrate the incompetence of the Howard government, especially the Minister for Transport and Regional Services and Deputy Prime Minister—a rather senior position in the current government—with respect to this bill and the fundamental issue of aviation security.

The bill was originally called the Aviation Legislation Amendment Bill 2001 and was in the same form as the bill before us today, minus the government’s amendments. It proposed to remove a whole raft of aviation security provisions from the Air Navigation Act. The explanatory memorandum told us that the provisions would be replaced by regulations but told us little else. There was no detail or concrete suggestion about what the government really intended. That bill contained no regulatory impact statement on the aviation security amendments and no financial impact statement.

In essence, the government suggested to the House, a body that takes its work very seriously with respect to legislation, that it should fly blind. The draft regulations which were central to the Aviation Legislation Amendment Bill (No. 1) 2001 were not available. Despite that, as the legislative body with the responsibility for aviation security in Australia, we were asked to support the removal of important aviation security provisions without seeing any alternative form to replace those provisions.

On that basis, as the opposition spokesperson, I entered into discussions with the department and the minister’s office. As a result of those discussions, I reached an agreement with the minister’s office that the bill would not receive a second reading until those regulations were available to be properly assessed and considered in the light of existing regulations and whether there was a requirement, especially in the context of the Audit Office report of 1998, for further improvements.

When the parliament was prorogued last year, the regulations were still not available despite the fact that the bill had been introduced in March last year. We then move on—an election comes and goes. In March this year, the bill was reintroduced in the same form and the regulations surprisingly were still not available. There was still no information in the explanatory memorandum and no assessment of the impact of September 11.

Again, this House unfortunately was asked by the Minister for Transport and Regional Services to fly blind. As shadow minister for transport, I again correctly gained agreement with the government that the regulations would be provided before the second reading. That was in March of this year—12 months after the identical bill had been introduced in March of last year. Unfortunately, despite the events of September 11 and having over 18 months to develop these regulations, they are still not available 22 months after the bill was introduced and 12 months after September 11. So much for this government’s commitment to treating September 11 with due respect in the context of guaranteeing the Australian public, the Australian community and workers who work in the aviation industry that we are consumed as a nation with having in place the best aviation security regime in the world. That is what we ought to be about as a nation, because in a geographical sense, in the context
of distance in Australia and decency with respect to the issue of aviation security, surely there should have been some urgency and haste about those fundamental issues of regulations going to aviation security.

Having not done the work yet again to enable this bill to pass, the government then comes up with a way out of its mess, a way to walk away from its immediate responsibilities. The government therefore proposes today, through amendments, to remove the original security provisions that would delete provisions from the Air Navigation Act. On that basis, we can support the bill because we cannot support any change to airline and aviation security in Australia until we see the colour of the amendments, from the opposition’s perspective. The opposition has also been advised by the government that the government will revisit the whole issue of aviation security, not this year, but next year. Who knows when? We are on the never-never yet again when it comes to transport policy and, unfortunately, aviation security in this country.

I suggest to the House, and more importantly to the Australian community, that this is an absolute disgrace. It is a fundamental neglect of responsibilities by the Minister for Transport and Regional Services. It is in essence a statement by the Prime Minister and the Deputy Prime Minister on behalf of the Howard government that, when it comes to the events of September 11 and the all important issue of aviation security, not this year, but next year. Who knows when? We are on the never-never yet again when it comes to transport policy and, unfortunately, aviation security in this country.

I also report to the House that the government has been participating in ICAO forums to update security on international routes. But having said that, in the national interest it is time for a comprehensive legislative response to provide an improved framework for industry to comply with. The importance of this has been reinforced in a recent speech by Carol Hallett, ATA president and CEO, to the Aero Club of Washington. She made the following points, which I think should be placed on the record as a reminder to the Howard government and to the minister for transport that there is some seriousness and urgency about these matters. This is what she had to say in her speech of 26 November this year:

"The public has every right to know the general parameters of the security system. But the public also has every right to expect that we will not provide a road map for those intending to do us harm. Remember, loose lips sink ships. It is about a balance: about making sure that you take the public into your confidence and prove, in a decisive sense, that you actually play politics on this fundamental issue. We have not been out there raising concerns in a scaremongering sense on aviation security. So far as we are concerned, the industry is too critical to the operation of our community to do so. It is above politics. But enough is enough. We must see a comprehensive statement and a regulatory response by the minister to the Audit Office reports or the events of September 11, sooner rather than later."

There has clearly been a total lack of action by the minister and a total lack of response by the Howard government in general on the issue of aviation security. I also believe that there has been inadequate dialogue with the industry and the community. In response to Labor calls the government, correctly, increased the number of regional airports screening passengers. The opposition called for that last year. The government has also randomly deployed air marshals on domestic aircraft and is now considering international flights. The opposition today asked the government to carefully monitor the cost of this measure to ensure that it is commensurate with the risk mitigation gained.

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care about aviation security whilst also making sure that there is a certain degree of confidentiality with respect to the application of some of the measures you take for the purpose of properly trying to protect the Australian public. She went on to say:

We need to be as unflinchingly serious and circumspect about aviation security as we are about national security.

In addition to that, she outlined in her speech the following suggestion:

A well-intentioned, expensive security regime responding to what happened in the past, as opposed to what might happen in the future, must be questioned.

That raises not only the Audit Office report of 1998 but also September 11, international discussions under the umbrella of ICAO and proper assessments within the industry in Australia of not just what happened in the past but what action has to be taken for the future. As to a potential plan of action for aviation security, Carol Hallett suggested as follows:

- Let the true security experts design the program and build the process.
- Don’t let the pseudo-experts—the self-proclaimed authorities—set aviation security policy.
- Loose lips sink ships—don’t give a roadmap to the terrorists,
- The U.S. government must allocate appropriate resources to protect America’s aviation system from terrorist attacks.
- This appropriate action by the U.S. government is crucial if we are to avoid nationalization.

She raises the question of nationalisation because of the serious state of the aviation industry in the US and internationally at the moment. I also want to deal with the cost of aviation security, and it is interesting to have regard to the following statement in the speech of Carol Hallett:

The idea that travelers and shippers should pay “user fees” to have themselves protected from terrorism is outrageous!

We don’t charge a security fee to protect our citizens from terrorists when they ride a subway. And we’re not charged a security fee when we visit a museum. People visiting government facilities don’t pay a security fee for protection from terrorists.

That speech—and I urge those interested to read it in full—reinforces the view of the opposition that it is time for action now. We need a proper, comprehensive legislative response by the minister for transport to make sure that we walk away from this parliamentary session with the knowledge that this government is serious about aviation security. This industry has an acute vested interest in rigorous security, because its business relies on community confidence in air travel, but it is the responsibility of government to provide the regulatory parameters and the leadership for change.

It is also the responsibility of government to talk about who pays. I remind the House this afternoon that the travelling public, and especially the aviation industry, is already being stung by additional taxes. Take, for example, opposition inquiries in 2001 which revealed that the government pockets about $80 million per year profit from the passenger movement charge. It is also clear that an increase in the passenger movement charge from $38 to $50 is under active consideration by the Howard government at this very moment—and everyone in the tourism industry and the aviation industry knows it. The government should come clean about how much is collected from aviation taxes, how it is spent and what justification it has to consider a further impost and an increase in the passenger movement charge over and above such special charges as noise amelioration levies and Ansett taxes, to name a few, that already exist in this industry.

The opposition has clearly shown that the government, as is accepted in the community now, will also gain a windfall from the Ansett ticket tax. I no longer have to argue that, because it is accepted. The government knows this, but they will not come clean, because they are interested in accepting revenue for the sake of revenue, further undermining the aviation industry, further undermining the tourist industry and, more importantly, further undermining key jobs in the tourist industry in regional Australia which is suffering as a result of the drought at the moment. So much for this government’s commitment to and understanding of regional Australia. Lift the Ansett tax and do something about
tourism jobs in regional Australia, including on the Central Coast of NSW, where we need some decent parliamentary representation in the future.

The government intend to further burden the travelling public with the cost of extra aviation security. It is time they came clean with the proposal rather than misleading the Australian public, as has become part and parcel of the Howard government. Will aviation security be next? It is a nice neat revenue raiser for the Howard government—just like the sugar tax. They have so much concern for the sugar industry and ordinary people doing it tough in the sugar seats that they slug Australian workers and slug the manufacturing industry whilst running around wasting money on their pet projects, including looking after the Prime Minister in his luxury accommodation at Kirribilli House.

The government have amendments to remove most of the aviation security provisions in this bill. They have to do that because they have botched the process and not done the work yet again. It is a shameful mess. The events of September 11 and the increased terrorist risk also critically impact on maritime security. There are processes in place to attend to these, such as the International Maritime Organisation. I hope that at least the Howard government start to get serious about international maritime security too.

What about the rest of the bill? I simply say that it is non-controversial. The remaining parts of schedule 2 are supported by the opposition and relate to the provision and protection of aviation security information. The other two schedules of this bill address access to international air routes and repeal of the Federal Airports Corporation. With respect to international air routes, this bill modifies the objective and processes of the International Air Services Commission. One of the positive new terms is the new emphasis on growth of tourism. The bill also streamlines the process and allows further delegation of commission functions in certain circumstances. The opposition do not oppose these changes. In saying that, we do not believe that they will make a material difference in the current aviation environment. So in many ways the changes are innocuous.

I conclude on this point: the international aviation industry is in meltdown. Australia is quite unique in this regard, but we must avoid complacency and assumptions that it is unbeatable in the fierce international market. The proposed alliance with Air New Zealand requires a fair and unbiased assessment by both the New Zealand and Australian competition authorities. I was heartened to read the comments by the New Zealand regulator that he will have an open mind on the issue. Our own Professor Fels, alternatively, decided yet again to shoot his big mouth off with a negative comment from the hip about the facts before there was an application to even consider the matter on merit. Surely the aviation industry is entitled to people keeping their mouths shut and considering applications on merit, because of the importance of jobs. I compare the response of the New Zealand competition commissioner to that of our own competition commissioner, Professor Fels.

I have circulated a second reading amendment in my name. I ask the House to support that second reading amendment. It condemns this government for their tardiness—and I have dealt with that in detail this afternoon—on transport security, therefore putting the travelling public at risk. The motion also very reasonably calls for a proper comprehensive policy—and I know the member for Robertson thinks aviation security is a joke—on transport security in order to ensure the travelling public that their safety and security is being attended to by the national government. Every member of this House is entitled to demand such a comprehensive statement from the Howard government. Aviation security—and I compare my approach to that of the member for Robertson—is an issue of national concern. It is an issue of national security and requires leadership at government level. We do not need a dog in the manger approach to this serious issue of national importance, as has been displayed by the Minister for Transport and Regional Services in more recent times. With those comments, I move the second reading amendment standing in my name:
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 Howard Government for their tardiness on transport security policy thereby putting the travelling public at higher risk; and

(2) calls on the Government to release a comprehensive statement of policy to assure the travelling public that their safety and security is being appropriately attended to by our national government”.

The DEPUTY SPEAKER (Mr Wilkie)—Is the amendment seconded?

Mr Cox—I second the motion and reserve my right to speak.

Debate (on motion by Mrs Vale) adjourned.

BILLS REFERRED TO MAIN COMMITTEE

Mr Lloyd (Robertson) (4.59 p.m.)—by leave—I move:

That the following bill be referred to the Main Committee for consideration:

Aviation Legislation Amendment Bill 2002.

Question agreed to.

TRADE PRACTICES AMENDMENT BILL (No. 1) 2002

Second Reading

Debate resumed from 26 September, on motion by Mr Slipper:

That this bill be now read a second time.

Mr Cox (Kingston) (5.00 p.m.)—I rise to speak on the Trade Practices Amendment Bill (No. 1) 2002. This bill amends the Trade Practices Act to clarify the TPA’s prohibition of pyramid selling, to amend the law relating to defences for prosecutions and to correct a legislative oversight from a previous legislative amendment to reinsert a penalty which was inadvertently omitted. History does not relate whether anybody committed that offence and was convicted and did not receive a penalty because there was not one to provide.

The Trade Practices Act makes it illegal for corporations to promote or take part in pyramid selling schemes. In an article in the July 2002 ACCC update, the Chairman of the ACCC said that pyramid schemes are usually illegal because they do not sell products, only false promises. In elaborating on the definition, the chairman distinguishes between a multilevel distribution marketing scheme and a pyramid scheme. A multilevel distribution marketing scheme will reward participants for the sale of genuine products by them or by the people they have brought into the scheme. Rewards are based on product sales, not for enlisting others. By contrast, pyramid selling may involve the pretence of selling goods but often the products are overpriced or of poor quality. Further, participants are rewarded not for sales but for recruiting new participants and collecting joining fees. Due to the structure of a pyramid selling scheme, it is often only the scheme’s organisers who benefit and make any money.

However, as the explanatory memorandum to this bill states, the current prohibition is difficult to understand. As the member for Fisher suggested in his speech in the second reading debate of the bill, this difficulty is permitting businesses and consumers to claim that they failed to understand the law in this area because it was too complex. This is particularly important given the increasing use of the Internet to promote participation in pyramid selling schemes. The ACCC has noted publicly that the promotion of pyramid type schemes on the Internet is of growing concern to the ACCC and to other consumer protection agencies around the world.

Consumers and business will be better served if they are able to understand the law prohibiting the undesirable practice of pyramid selling and are conscious of what the laws require of them and of others. The decision to redraft the prohibition and its mirror offence provision stems from a decision by the Ministerial Council on Consumer Affairs in October 1999 recommending the preparation of a uniform plain English rewrite for adoption by the Commonwealth and state and territory jurisdictions. The redrafted provision clarifies the intent of the provision and makes it easier to understand, while not making substantial changes to the coverage of the existing provision. Labor supports this rewrite.
The bill also amends section 85 of the Trade Practices Act, which deals with defences to prosecutions under this act. This amendment is necessary following a decision in the Supreme Court of South Australia which extended the scope of the defence of a reasonable mistake. This bill clarifies the original intent of the defence in section 85.

Finally, the third substantive amendment corrects a legislative oversight from a previous legislative amendment to reinsert a penalty which was inadvertently omitted. The bill serves to enhance the effectiveness of the Trade Practices Act and to assist the ACCC in enforcing its provision. It is supported by Labor.

(Quorum formed)

Mr CAMERON THOMPSON (Blair) (5.07 p.m.)—I rise to speak in response to the Trade Practices Amendment Bill (No. 1) 2002. This bill is designed to address concerns about pyramid schemes. It is an effort by the government to put the legislation in plain English so that pyramid schemes are more readily understood—what they involve, the kind of threat they pose and the kinds of steps the public can take in response to them. The Office of Consumer and Business Affairs in South Australia has listed 61 examples of pyramid schemes. It is instructive to look at the kinds of schemes and scams being proposed in an effort to con consumers in Australia. There are all kinds of options among the schemes.

There is the Cash Club in Victoria, in which people are asked to stake as much as $5,000 in order to be involved in a pyramid scheme. There is Club Equitynet, an interesting example in which people are told that they can qualify for a home loan but in fact they are enlisting in a pyramid scheme. There are other projects, such as Goldquest International, a Hong Kong based scheme. There is Joker 88, which is based in Germany. There is Lotto Master, which parades itself as some kind of lottery advisory game, and the OzPower scheme in Queensland, which is based on the Powerball game. Another one—which I think probably takes the cake in terms of pyramid schemes—is Pentagono, based in Italy, in which people not only pay $150 to join the scheme but also are asked to send their bank details. There is Pray for World Peace; you can get involved in a pyramid scheme and pray for world peace at the same time. There is the World Aid Sponsorship Program International.

Obviously, people are shameless in proposing this kind of nonsense. The economics and financial aspects of these schemes, although they can appear superficially attractive to people who may like to have a bit of a flutter now and then, just do not add up. For example, in one pyramid scheme you might be asked to send off 10 letters to 10 people, and they might be asked to send 10 letters to 10 other people. By the time you are down to only the eighth level, you supposedly have 10 million people involved in the scheme.

By contrast, there is multilevel marketing. A good example of that is Amway. It is a reputable business that involves a lot of people in selling cleaning products, clothing, cosmetics and perfume. These sorts of things are marketed through multilevel schemes. The difference is that those schemes present genuine business and income earning opportunities through repeat sales to customers. It is entirely the opposite with pyramid schemes: they often involve no product at all and do not generate regular income through
repeat sales. The problem with pyramid selling is that there is really no substance to it. At the end of it all, people who invest are likely to be ripped off.

The ACCC are also directly concerned with issues to do with pyramid selling. They provide the following advice for people who think they have found a pyramid selling scheme:

- Ask for proof of claims.
- Check with your local enforcement agency to see if any action has been taken against the scheme.
- Get legal advice.
- Never give out your credit card details or financial or personal information.
- If you are concerned about the site—tell us about it.
- Do not purchase large amounts of inventory up front.
- Do not agree to anything at high pressure meetings or seminars.

That last one is not just involved in pyramid selling; we have seen some other shonky business activities that have involved high pressure meetings and seminars in the past, and as a result people have been stung. Heavy penalties can be imposed by the Federal Court, including fines of up to $40,000 for individuals and $200,000 for companies involved in those schemes. Orders for restitution of moneys received by people participating in the schemes can be made.

I turn to the impact of this bill. It is proposed to put the legislation concerning pyramid selling into plain English. As I have noted, even the opposition have welcomed that. I think it is welcome news to all Australians that we are breaking down some of the excess legislative wordage that has been involved in the past. There is a serious undertaking beneath all that. It concerns the way a person can defend themselves against a charge in relation to pyramid selling on the grounds that they have been mistakenly advised as to a fact. That is called a mistake of fact defence. When the Standing Committee of Officials of Consumer Affairs met in December 1999, they discussed concerns over recent cases in which legal advice had been taken and in which people had been advised incorrectly. The defence in relation to a mistake of fact is that a person has been incorrectly advised in relation to what is or is not a pyramid selling scheme. The mistake of fact argument is that you were advised incorrectly and you were acting otherwise in good faith. That is the argument in your defence. Personally, I had not thought that ignorance of the law was ever an excuse, but there is an example: the mistake of fact aspects in relation to this law. The problem is that there have been a couple of cases in which not only has there been a mistake of fact but there have also been instances in which it has been interpreted legally that people have received legal advice. So it has not just been a mistake of fact but a mistake of law. This measure undertakes to clarify that and to make it clear that if you have experienced a mistake of fact then you have a defence, but not if it is a mistake of law.

However, despite the best efforts of the government to come to grips with that, some difficulties remain. There have been cases concerning mistake of fact versus mistake of law where the waters have been muddied still further. I am indebted to the Bills Digest, in which the case of Palmer v. Ostrowski is highlighted. This case concerns a commercial fisherman who was given a package of information from the Department of Fisheries in Western Australia in relation to lobster fishing. While the majority of judges in the High Court looking at the case found that that was a mistake of fact, one of the judges, Styetler J., held that the mistake that the appellant made was a mistake of law. So it is not a clear point as to what is a mistake of fact and what is a mistake of law. Given that this is a defence that is used in relation to cases of pyramid selling and this whole question that we are addressing concerns how clear the law is and how easy the law is to understand, obviously the question about the way in which you are advised is a core issue to be addressed. Some difficulties remain in relation to these questions and it is something that people need to be informed about.

Courtesy of the government of South Australia, I went through some of the typical schemes and scams that can be put forward as pyramid selling. There have been some exotic examples and, once again, I am in-
debted to the Bills Digest because it highlights the case of Giraffe World Australia. Mr Deputy Speaker, you would not believe this but it is actually a pyramid selling scheme. Giraffe World were selling a mattress which, when connected to a source of electricity, emitted negative ions which would allegedly benefit the health of the person who slept on it—that was the hook. Who would line up for a mattress like that? I do not know, but apparently they did. On top of that, they had the Giraffe Club and the Grow Rich System under which members who wanted to join the Grow Rich System of Giraffe World would pay the Giraffe Club an amount of money. Once again, that was a pyramid selling scheme.

These kinds of scams are causing a lot of trouble because they are wrapped up in such a way that the essential nature of the scam is hidden by something as stupid as a mattress that you plug into the wall—and heavens knows what value you would find in that. But when it is hidden in that form people are sometimes not sure about whether they are getting involved in a pyramid selling scheme or not. So clarifying this legislation is absolutely essential. Under the changes that are being made, the legislation does not actually prohibit the schemes but they are clearly prohibited by state legislation, and by the way in which it is locked together. Although it does not actually prohibit the schemes, it means that a corporation is not permitted to promote a scheme. It also means that a corporation faces a criminal offence punishable by a fine not exceeding $1.1 million and, of course, people who have suffered loss as a result of the operation of the scheme may claim damages under section 82 of the Trade Practices Act. There have been enforcement problems created by the difficulties within the wording of the act as it stands, and I hope that the changes will address those difficulties.

I said before that the various state regimes all oppose pyramid selling ventures. The cooperation between those governments is highlighted by the involvement of the officers in the meeting in December 1999 that laid out the proposal for these changes. The federal government has acted to respond to that. The problem of mistake of fact versus mistake of law will probably have to be addressed over time in greater detail because it is something in which those flaws that I pointed out will remain. If it is presented that there is a mistake of law and people claim they have had some kind of legal advice, then the question remains: is that a mistake of fact or a mistake of law? Quite clearly, we have to get the point across that in no sense can any advice be given that would justify involvement in a scheme that, on the face of
it, is not a multilevel marketing scheme. In other words, it does not have genuine products to sell and there is no real value in what it offers. Basically, all it does is charge an admission fee and claim commission back through that system to allegedly provide a benefit. With all the different options that are out there, it is important that over time we continue to monitor this. The propensity of people to post scams and schemes on the Internet is well known, so we will continue to face that difficulty.

I commend the government for tackling this issue head-on. It is important that people know about the dangers of pyramid selling and just how impossible it is to expect a realistic return from something as shonky as one of these schemes. I certainly support the efforts that the government has gone to in this regard and I commend the bill to the House.

Mr HATTON (Blaxland) (5.26 p.m.)—The Trade Practices Amendment Bill (No. 1) 2002 is an interesting piece of legislation. Anything to do with pyramid selling is interesting. In the 1970s a wide, sweeping phenomenon of pyramid selling occurred in Australia. This set of practices was only stamped out after action by all jurisdictions—primarily the state governments, through changes to their fair trading and consumer laws, but the Commonwealth was drawn in as well.

It is not unusual to find that pyramid selling runs in cycles. It is almost as though there are periods of time when it is the flavour of the month or of the year. Pyramid selling arises in a number of different disguises. It presents itself as a reasonable way of going about business. It attempts to justify what is being done. It also attempts to get away from the fact that, at its base, it is a con job. But at its base it is also an enticement to the cupidity of those who are its victims—an enticement with the promise that, if they follow the rules, they might be the ones ultimately to make the big money and succeed. In a way, it is a bit like the Menzies Australia in the 1950s. Individuals in Australian society had a promise held out to them by the Menzies government that one day they might win the great big lottery; that one day they might rise out of the mass of the Australian people and somehow, by good fortune or by following the precepts put forward by that government, their luck might turn and suddenly they might become extremely rich. Some people took it very literally and decided that they could actually achieve that through the mechanism of pyramid selling.

This bill does not attack the key problem of whether we are here dealing with a question of fact or law but attempts to rewrite the legislation so that people can understand the issue. At the ministerial council that looked into this, it was suggested that this rewrite was extremely important—and I can understand why. Because of the very nature of pyramid selling and the way the proponents of such schemes have pushed them forward in trying to con the public at large and those they draw into such schemes while also trying to put themselves forward in such a way as to skirt the law of the day, it is always a question of sharp practice being at the bottom of it. So it is problematic for any government, state or federal, to wipe out these practices totally and with certainty.

This is a case where you had better be certain that the rewriting of the act into more accessible English does not have you end up in a situation where the law does not work as effectively as it has in the past. There are difficulties associated with the notion of what pyramid selling is, defining it effectively and trying to explain it, interpret it and work out the effects in one particular guise in the practical world that we see around us. Is a scheme designed to flog off products that have some value or is it a sort of roulette money type scheme with the exchange of that? As has been pointed out, increasingly, the world of the Internet is used very effectively as a great means of communication to spread these things much more quickly. As the background section of the Bills Digest and the explanatory memorandum point out, if you want to have a look at what is in view, you can have a range of things—chain letters, mailing lists, moneymaking clubs and multilevel compensation plans for low-value publications. They are all examples of that.

People argue that these schemes have as their core the fact that they are inducing people to join and make payments, financial or...
non-financial, to other scheme participants with the promise that they will receive pay-
ments when new participants are recruited into the scheme. I have not had all that much to do with pyramid selling schemes; cer-
tainly I have never participated in one. But I have stood in my mother’s driveway, opened the door to her garage, lifted that garage door and seen $10,600 worth of Golden products stored in the garage because one of my uncles—who is now dead—was taken with the whole notion of making a lot of money. My Uncle Lennie was a fabulous and wonderful person, one of the funniest people on the planet. He died at a very young age—47 years of age. He did so after he had suffered for nine very painful years from cancer—a very slow growing cancer of the brain.

Lennie’s young life was in Bankstown, Armidale, Sydney generally and Surfers Paradise. Lennie was known and loved all over the place. Lennie was a character of the first order. He was also probably one of the greatest salesmen that Australia has ever had. The best example of that is not the milk run that he used to have in Armidale, though that was popular because of his character and nature. Probably the best example relates to the fact that Armidale Home Furnishers was owned by my uncle Eris Dooner, Lennie’s older brother. He was here on the day that I was sworn into this parliament. He has looked at what I have done, but also looked at what else the family has done. When Eris moved from Bankstown to Armidale and set up his own business, he did so with the skills that he had as a salesperson. He would be the first person in the world to say that yes, he could run his business well—and he did so, and has done for decades—but that the outstanding salesperson who worked for him was Lennie Dooner. Lennie could sell anything to anyone.

In that furniture shop they sold bedding. There was one case when, in one morning of selling, Lennie sold out the entire lot of mattress products that were in the shop. They went from floor to ceiling, from one end of the shop to the other—and it was extremely long: much longer than this chamber. There were hundreds of things. It was just a fantastic sale. Eris could never do it; Lennie could. But when you have such fantastic selling skills there is a danger that, in order to really do things well, you have to convince yourself of the value of the product. Lennie never thought in small figures; in fact, his nickname was Hundreds and Thousands, because that is all he thought in. His schemes and what he got tied up in were schemes that should have made it, and certainly with his skills you would think they would have. In fact, while he was on the Gold Coast—he lived there for a decade or so—he was involved—

Mr Ciobo—A great place, the Gold Coast.

Mr HATTON—A great place to be, as the member for Moncrieff well knows, representing it. He was part of the life of the Gold Coast. He did a whole range of things. He sold a lot of real estate. He believed in a lot of the things I did not believe in terms of how you go about economic activity. He was always there for a scheme to be able to push forward and make a lot of money quickly—hence the Hundreds and Thousands name. He was the perfect person to grab to take into a pyramid selling scheme. What was offered to him was the prospect that he could use his skills as a salesman to draw people in—from all over Bankstown at that stage, because he was living in Sydney—and build a giant organisation. If he drew people in, he would do better.

The people who ran the Golden products group knew what they were doing. They argued that they were not pyramid sellers. This was in the early 1970s when there was a vast rash of them. In part, they argued that they were not pyramid sellers because they actually gave you product. Golden products had a wonderful golden label.

Mr Ciobo interjecting—

Mr HATTON—They were, but they actually sold product. They had engine oil. They had a whole range of detergents for engines and whatever else. I can remember the day that I opened my mum’s garage, threw up the door and just saw an entire garage full of these Golden products. Lennie did not pay for them; my mother actually paid for them to help Lennie out, to get him
started in business—a new start in life. She knew what a good salesman he was. From what he had told her, she thought that he was going into a genuine business and that she was assisting him to start in that business, to buy his way in, so that he could sell this product to people and build a substantial business.

Even though there was actual product, the value paid out for that product in terms of the amount of money was a lot of money in the 1970s. My mother was in a position where effectively her whole life savings were given to Lennie as a loan. She never got anything back because it all went down the chute. He did not build a business on the back of it. A lot of money went out, but the product that came in bore no relationship to the amount of money that went out. The key to this activity was to buy your way in at whatever level—and you could buy your way in at much lower levels—and then to use that to draw other people in to make their investments, to become part of a large, spreading organisation that you were at the apex of.

Golden products pointed to people who had done extraordinarily well in the United States—people like former movie stars. These people were at the pinnacle of this because they had got in early. We have seen similar schemes, similar structures and similar ways of doing things—which are, in fact, quite legal. These are schemes which are not pyramid selling organisations but where product is sold door-to-door and within groups. The key thing is that the product bears a direct relationship, as we understand in the normal market, to what you would pay for the product with a margin for someone’s profit to build a business on that basis. The core of it is not about dudding people by promising them enormous riches at virtually no cost.

Lennie tried to build that business but, even with all of his remarkable skills, he was not able to pull it off. My mother was left with a hell of a lot of engine oil, detergents, degreasers and so on, but basically it was all pretty worthless. What she did get out of it was that she tried to help her brother, who was going through difficult times at that time. But the grief at the end of this is the grief that is there for almost all of the participants in any pyramid selling scheme, and that is that, in the end, it comes to nothing. In the end it is a con.

The major thing that should be achieved by this bill—the person who wrote the Bills Digest thinks that it has not been achieved—is basically the argument of the previous speaker, the member for Blair, about what is fact and what is law and the attempt in this bill to actually rewrite it, given the last case he mentioned of Gilmore v. Poole Blunden. It is important what happened in this case. Transparently, the court held that, in the normal course of events and in the normal course of actually viewing what they could see, this was a pyramid selling operation. I suppose if you seek justice in a court full of solicitors and lawyers you might come up against the fact that there might be a tendency towards bias in the way that they operate. I will quote from page 4 of the Bills Digest, which is talking about after the case had gone on appeal from the Magistrate’s Court to the full court of the South Australian Supreme Court. The question being dealt with was whether there was a reasonable reliance on information supplied by another person. The defence was put forward by these people that they had done all their research and it seemed to them, from the legal advice they had got, that this was not a pyramid scheme. The Bills Digest reads:

The Court held that the legal opinions that were provided to the respondents amounted to “information supplied” for the purposes of the defence and that the contraventions were due to reliance on that information. Accordingly the Court held that the respondents had not breached the pyramid selling provisions of the Act.

Shades of Sir Garfield Barwick. We have been here, we have seen that, we have seen it across a range of trade practices matters and other matters brought before the courts; indeed, we have seen it in the High Court of Australia. This is a whopper. However, it is a whopper that has got good legal precedent behind it—bad legal practice but good legal precedent, you could argue. This is a case of the insiders, who are effectively people in the legal institutions saying, ‘What is the quality and validity of legal information or legal advice to people?’ Is it good enough to
say, ‘If my solicitor or my barrister thought that it was not a pyramid selling scheme—even though it has been demonstrably proven that it is, in all of its particulars, a pyramid selling scheme—it is not, and you get off scot-free. That is a joke, but it is a joke that allows pyramid schemes to flourish in Australia. Hence, this bill attempts to rejig that.

If you look at section 5 of the explanatory memorandum, the bill attempts to not just rewrite it so that it is clear and apparent but also ensure that you get the right result. This is what the memorandum says:

5 Paragraphs 85(1)(a) and (b)
Repeal the paragraphs, substitute:

(a) that the contravention in respect of which the proceedings were instituted was caused by a reasonable mistake of fact, including a mistake of fact caused by reasonable reliance on information supplied by another person; or

Simple enough, you would think—written simply enough and straightforward enough. I reckon a judge on appeal might come to the same conclusion that the judge in South Australia did: if it was legal advice, maybe this bill did not fully intend to encompass that here. Maybe we should be looking at something else—a different quality that is attached to different kinds of advice from a person. That may be why the person writing the Bills Digest quite rightly says:

A defence to prosecution may now be available where the defendant can demonstrate that she/he relied upon legal advice provided by another person which is later shown to be incorrect.

That is a correct encapsulation of the situation. There has been an attempt to redress that. What is the conclusion of the writer of the advice here? The conclusion appears on page 7 of the Bills Digest. It states:

It would appear from the Explanatory Memorandum accompanying the Bill that the Bill proposes to make it clear—

and, in a rewriting into plain English you would hope it would be the case—

that acting in reliance on legal advice or opinion is not a defence under section 85 of the Act.

Importantly, it continues:

Arguably, the Bill does not achieve this result and further consideration may need to be given to the effect of item 5 of the Bill.

That is all he has to say, but I think it is telling. This is of fundamental importance. The Parliamentary Secretary to the Minister for Finance and Administration, in replying to this, can give us a guarantee—written in blood or simply in black ink—to say that section 5 does achieve this and that it will overcome the problems in Gilmore v. Poole Blunden. One hopes that that will be the case, but one also hopes that it will actually achieve that, because it is important that it does.

There are thousands of people in Australia who are prey to these schemes. Whether they are engendered through interpersonal communication directly, through people they know, or whether they come across them on the Net or by phone, the core issue is the response of people to what is placed before them. People can see possibilities. I have seen case after case of people who haven’t made a lot of money wanting to make it and make it very quickly. It is almost a natural reaction for a lot of people. If they see no hope, they see this as a chance—this is the one thing they can do. The law needs to protect people against those natural instincts. It needs to put on a brake and to tell people they need to be careful. It is great that the explanatory memorandum that accompanies this bill gives practical examples of the problems. (Time expired)

Mr CIOBO (Moncrieff) (5.46 p.m.)—I am delighted to speak today on the Trade Practices Amendment Bill (No. 1) 2002, which amends the Trade Practices Act and in particular those provisions that pertain to pyramid selling. As a number of speakers prior to me have noted this afternoon, the purpose of the legislation is to amend the pyramid selling provisions to rewrite the provisions to clarify issues of what is an offence, what defences can be taken into account and make sure the new provisions are written in plain English. These provisions are part of the tapestry of important consumer protection legislation that is a vital part of the Trade Practices Act. Formerly, as an employee of PricewaterhouseCoopers, I enjoyed
specialising in the area of trade practices. Prior to this bill, which hopefully will be passed by the House and the Senate, the pyramid selling provisions of the Trade Practices Act left a number of law students and law lecturers scratching their heads and wondering exactly what the provisions meant. The amendments to the bill will clarify the provisions which were of chagrin to legal professionals; however, I am certain that it will be a most pleasant surprise to the budding law students who are coming through.

I am a strong supporter of the Australian Competition and Consumer Commission. The ACCC, currently under Professor Allan Fels and, once Professor Fels steps down, hopefully under Graham Samuels, pursues the rights of consumers. Those who happen to read the Hansard transcript of today’s debate, or those who may be listening to a broadcast of it, should note that the ACCC remains a very strong advocate for consumers. The ACCC can also be used to greater effect than has traditionally been the case as a weapon for small business against large businesses in a competitive marketplace.

A fundamental tenet of this bill is to protect consumers from pyramid selling. The legislation provides protection for the vulnerable—for those who may receive a letter or an email via the Internet or who may listen to advertisements on commercial radio and television—who believe that some of the grandiose promises made could be realised. Most of us know that a lot of these promises that are held out never amount to anything more than simply promises. I listened to a large part of what the member for Blaxland said. Whilst I do not agree with his example of the ‘Menzian’ dream, I certainly support his notion that this bill will go a long way to providing protection to the vulnerable against those who exploit them in pursuit of the dollar.

It is important to define pyramid selling for those who read the debate. Pyramid selling schemes encompass a variety of different mechanisms: chain letters, mailing lists, money-making clubs and multilevel compensation plans advertised in low-cost publications. They induce people to join up by saying that, if you do join, you will receive payments—whether they be financial or non-financial—from other scheme participants. More often than not, the only ones who truly benefit from such pyramid selling schemes are those who are the very first ones to join. In many cases, the lure put before members of the public is a promise of making a lot of money or, in some way, being in a better position as a result of joining the scheme.

I could not help but wonder whether the ALP is one big pyramid scheme. The argument could be mounted that, as you get more and more people involved in the ALP and you sign up more and more people to the ALP, the inducement is that you go onwards and upwards through the organisation and one day reach a position where you may sit on the front bench. It certainly would not apply in the Liberal Party.

I digress. There continues to be an incursion of more robust pyramid selling schemes on the Internet and other media. They have grown both in complexity and in the promises that are made. I watched with interest recent media reports of a large-scale example of pyramid selling. In Canada, thousands upon thousands of letters were written to unsuspecting Australians that indicated that, if they signed up to the particular investment proposal, they would become overnight millionaires as more and more people signed up to the scheme. It is important to recognise that, in addition to the Australian Competition and Consumer Commission, the Australian Securities and Investments Commission plays a major role in preventing these types of assaults on the Australian public.

One particular problem is Nigeria. At least four times a day I receive emails that come from, ostensibly, Nigeria or other African nations that claim that, should I be involved in some kind of pyramid selling scheme, I would, as a result of money being deposited into my account, become a multimillionaire. It is important that we continue to make it clear to people that as a government we will not tolerate this kind of behaviour and that it is fundamentally wrong to seek to exploit the vulnerabilities of people so that other people—that is, those who head up these schemes—can make a dollar. Some schemes
say that new participants may receive goods or services in exchange for their monetary contribution. It is important to recognise that this too is part of a pyramid selling scheme—it is not just financial dollars.

To a large extent, a good example of a pyramid selling scheme is where—and this is essentially the crux of it—a substantial part of the inducement to join the scheme is the prospect of receiving payments or other benefits when new parties are recruited into the scheme. The structure and the nature of the scheme varies. It may be a Nigerian scam or it may be something that comes through your letterbox that some earnest person puts in there as they are walking down the street to try to solicit support throughout the suburb. But, irrespective of how you receive the offer, they are all pyramid selling schemes. The provisions that are incorporated in this amendment bill will go a long way towards stamping out any vagaries that may exist at law and hopefully preventing these types of schemes from carrying on. Russell Miller, a noted trade practices lawyer, essentially defines a pyramid scheme as:

The pyramid nature of these schemes comes about because each person who introduces others receives a commission for each person introduced by those persons, as well as a commission for introducing those persons.

That is an important definition of what characterises a pyramid selling scheme. The reality, though—and this has been outlined by the Australian Competition and Consumer Commission—is that only those who are at the very start and at the very top of a pyramid selling scheme ever truly make any money from it. The great majority who join the scheme unfortunately join on the tail end of the scheme and find themselves in a situation where they are not receiving any financial benefit even though they are lured by it.

In terms of the actual mechanics of the bill, sections 61 and 75AZO of the Trade Practices Act set out the legal position with respect to pyramid selling schemes. The legislation does not actually prohibit the schemes; it prohibits the conduct carried out by corporations in respect of these schemes. It is important to recognise that the Trade Practices Act, under the Commonwealth head of power, applies only to corporations. However, the same provisions with respect to pyramid selling schemes for individuals also apply at a state level. Under the relevant sections, a corporation is not permitted to promote a scheme that is identified as being a pyramid selling scheme.

Section 75AZO sets out the type of conduct that is prohibited in relation to pyramid selling schemes. Historically, it has been the case that these provisions will apply so that, if a corporation has breached section 75AOZ, they are subject to a fine of up to $1.1 million. This gives some indication of the seriousness with which the government has addressed the offence. Naturally enough, this same fine will continue to apply should this legislation be passed. In addition to the operations of sections 61 and 75AZO, there are also civil consequences with respect to pyramid selling schemes. Where a person has suffered loss as a result of the operation of a pyramid selling scheme, they can claim damages in accordance with section 82 of the Trade Practices Act from the corporation that was involved with the scheme.

I will now turn to the historical context that gave rise to the legislation before the House today. In 1997 the federal government released a report following an inquiry into the operation of division 1 of part V of the Trade Practices Act. It also looked at the equivalent state and territory legislative provisions that pertained to the part V equivalents contained in their fair trading acts. As a result of this inquiry the Ministerial Council on Consumer Affairs recommended that the pyramid selling provisions in the Trade Practices Act and in the equivalent state based legislation be rewritten in plain English. As a result of this inquiry the Ministerial Council on Consumer Affairs recommended that the pyramid selling provisions in the Trade Practices Act and in the equivalent state based legislation be rewritten in plain English. For too long, legalese has been the language of legislation. The amendments in this bill remove that legalese and put in place plain English. This is certainly a step in the right direction and a step that I strongly support. The fact this rewrite was necessary gives truth to the advocacy that the current provisions were overly complex and unclear with respect to legal positions.

A number of previous speakers in the debate on this bill have spoken about the decision made by the court in Gilmore v. Poole-
Blunden. In this case it was held that a mistake-of-fact defence can apply but that mistake-of-fact defence can also incorporate a mistake of law. With respect to this particular case, it was decided that, because there was a situation that arose where people involved in a pyramid selling scheme had relied upon advice they had received from their solicitor, for all intents and purposes this constituted a mistake of fact. As such, that mistake-of-fact defence, as it is outlined in section 85 of the Trade Practices Act, was held to apply. As a general rule, an honest and reasonable belief in a state of facts which, if they existed, would make a defendant’s act innocent, affords an excuse for what would otherwise be an offence. That is essentially what the court held in this particular case.

In response to that, this bill clarifies the operation of the mistake-of-fact defence so that it applies purely and simply to circumstances in which there is an actual mistake of fact rather than a mistake of law. It is very clear that we do not want a situation to arise where proponents and advocates of pyramid selling schemes can get off scot-free and operate under the auspices of a complete defence on the basis of saying, ‘I’m okay, because my lawyer told me that this type of conduct was okay.’ Whilst I would like to believe that all lawyers, like all politicians, are bona fide people, the reality is that they are not—certainly not when it comes to lawyers. So, in that respect, it is important that these amendments are made to ensure that this type of falsehood does not arise where you have lawyers excusing their clients on the basis of saying that this type of conduct is okay when in reality they know it is not.

In summing up, I simply wish to clarify a number of things. To the extent that the pyramid selling schemes existed previously, it was very clear that there was a lot of confusion and much discontent about the position of law with respect to pyramid selling schemes. The decision in the Poole-Blunden case indicated that the courts also held that a mistake of law could, for the purposes of section 85, constitute a mistake of fact. This gave rise to the position I just outlined—a position that cannot be tolerated by any government seeking to truly and effectively stamp out pyramid selling. I reinforce the need for all consumers to be aware of their rights under the Trade Practices Act—in particular, under part V of the Trade Practices Act which incorporates the pyramid selling provisions—and to use them.

Finally, this bill is a clear demonstration of this government’s ongoing commitment to removing legalese from legislation and introducing plain English. It also demonstrates the government’s commitment to providing a constant protection for consumers as far as we can against these types of insidious pyramid selling schemes so that, going forward, people know that this conduct will not be tolerated and that it can more easily be stamped out. I urge the House to support the bill.

Mr RIPOLL (Oxley) (6.01 p.m.)—I rise to speak on the Trade Practices Amendment Bill (No. 1) 2002. The purpose of this bill is to amend the Trade Practices Act 1974 to include a plain English rewrite of the pyramid selling provision in the act, to clarify the operation of the defence provision in section 85 of the act and to amend a minor drafting error. Most people in the community would know what a pyramid selling scheme is. They might not be able to define it exactly—

Mr Hockey—Tell us!

Mr RIPOLL— but if you proposed one to a few people I am sure they would figure it out pretty quickly. The Minister for Small Business and Tourism, who is at the table, wants to know what a pyramid selling scheme is. I am sure he has heard of the aircraft type schemes and all the other types that are around. ‘Chain letters, mailing lists, money making clubs and multilevel compensation plans for low value publications are all examples of pyramid selling schemes’, according to the Bills Digest from the Parliamentary Library.

To many people they are often a bit of a laugh. You hear about this scheme either through an email or a letter, or somebody tells you about it. It is funny at first. People say, ‘Look, you can make a fortune here. It is only going to cost you $20’—or $40, $60 or whatever it is—and that you stand to make usually tenfold or hundredfold that amount...
of money. You realise it is just not possible. However, the reality is that many people do take on board these get-rich-quick schemes and lose their money.

There are a variety of reasons why that is the case. There has been quite a large increase in the number of scams around which I think you could track with the rise in the number of poker machines, poker machine revenue and gambling generally. They are almost identical tracks if you chart them. That broadly indicates that there is some desperation out in the community in terms of trying to keep up with the Joneses, as it were—and that reflects on the government. One thing the government cannot walk away from is that it has made life tougher for people. This bill tries to draw attention to and fix up an area of law that is not working as well as it should. I welcome the idea of a plain English rewrite—getting rid of legalese is welcomed by everybody—and also, the removal of the wrong principles of the defence provisions that are contained in the bill.

As I said, there are quite a number of different schemes around. One particular trade practices lawyer, Russell Miller, has noted:

The pyramid nature of these schemes comes about because each person who introduces others receives a commission for each person introduced by those persons, as well as a commission for introducing those persons.

Maybe he could have done with a plain English rewrite himself! He is trying to say that the only way you can make money from participating in one of these schemes is to put up your money to get into the scheme, club, plane or whatever it might be and then convince others to get on board. So, if you have been sucked in, you have to suck in all your friends as well. That in itself presents grave problems.

There are a number of these schemes in Australia. While doing some research, I found one that captured the media's imagination. SkyBiz. It is not only here in Australia but also in the US. SkyBiz.com Inc. is a clever little organisation operating on the Internet. It sells web site packages for US$100, but you do not really get a lot for that money. The idea is that they promote the packages but you need to go and tell your mates about SkyBiz and that they should buy a US$100 web site package. You get a type of commission for every referral or sale. The way to work this thing is to get all your mates involved. Most people buy these packages with no intention of actually using them, but as a way in. The company encourages you to buy two, three or four and then to onsell them to others. It is clearly a pyramid selling scam and something that the ACCC has breached under section 52. The said company, SkyBiz.com Inc., consented that it had breached the act and undertook to stop promoting the scheme and inducing others to take part. The ACCC is doing its job in trying to remove some of these schemes from society.

Another scheme is Nigerian emails, of which people in this parliament would receive quite a few. I have one here from a Fred Ubaka. I will not have any trouble mentioning his name because I am sure he does not exist. Mr Fred Ubaka from Nigeria claims that he 'respectfully insists me to read on very carefully' in his optimism that we can do some business together. He pleads for my assistance and says that he knows that I have a flair for profitable business. He tells me a little about himself. He says, 'I am Mr Fred Ubaka, Manager, Union Bank of Nigeria Plc.'

Mr Slipper—Did you invest?

Mr RIPOLL—I would not call it an investment; I would call it a scam. No, I did not invest. I did not treat it any more seriously than it should have been treated. This guy claims that every five years Nigerian banks transfer to its treasury millions of dollars of unclaimed funds. There are millions of unclaimed dollars in Nigeria. It is completely amazing. They have this vast amount—US$9.5 million—sitting around idly. If only somebody would come to his rescue as a bank manager and give him their bank details, he will deposit all of that money into their bank account. For the generous offer of giving them their bank details, he will negotiate with them a large and substantial percentage. Of course, he wants his cut as well.

Mr Hockey—You can give him mine. There is nothing in it.
Mr RIPOLL—The Minister for Small Business and Tourism claims that I can give Mr Fred Ubaka his account details. If you would like to provide them to me, I will pass them on. In all seriousness, as funny as these are and as many as we receive, I get anywhere between six and a dozen a day through my email system, usually in the morning. I delete them instantly. If there is a particularly funny one, I read it. The reality is that this is a scam and people get conned into handing over their details. To give you some idea of how serious this problem is, last year it was estimated that in Australia $176 million was scammed out of people through schemes like these. It is true. On a serious note, many Australians have been conned not only by these Nigerian schemes offering tens of millions of US dollars but through other pyramid schemes and scams.

I find it completely objectionable. I would say to people there are a number of rules you should abide by with these types of scams. They are: if it is too good to be true, obviously it is too good to be true; if they are offering you amounts of around $US10 million, have a second think. No-one is going to email you and give you $US10 million when they have never met you. Often, it is the people who can least afford it that want to have a bit of a shot. It is a bit like jackpot or a lottery. They are thinking, ‘I haven’t got much to lose because I don’t have much in my bank.’ Unfortunately, the little you have in your bank account will be gone.

Also, if it is advertised to you that it requires no work or a little bit of work in your spare time at home, have a second think. No-one is going to pay you to twiddle away your spare time staring at a computer screen. If the only way you can get paid through some scheme is if you get others to contribute or to buy in, obviously there is something wrong with that as well. With any ‘get rich quick’ scheme where you are offered a lot more than you think is physically possible in any other employ, you need to have a second think about it. There is a range of these schemes around, not just those contained under the parameters of this particular bill, programs such as guaranteed horse racing winning programs which you can buy—I have seen some of these—for around $6,000. They guarantee to provide you a sure-fire, no-lose horse racing program. If the guy who is selling you this program had a sure-fire racing program, why would he sell it to anyone? Whoever had this program would stand to make a handsome profit. The way they make money is to sell the program, not by using the program. There are others such as the work from home type schemes.

Another one which is becoming more common is the ‘email a friend’ type. You get an email which says, ‘It is bad luck if you do not pass this on. Email 25 friends.’ They are gathering legitimate email addresses. People sell email address lists. They cost about $20 on the Internet and you get one million free legitimate email addresses. To get those email addresses, they have to generate them in the first place, so they scam people into using their friends. People have to take a close look at their own personal behaviour in terms of ‘get rich quick’ programs. Talk to any financial adviser and they will usually tell you that, if the advice is free, it is worth exactly that—nothing. You get only what you pay for. On the Internet, that is more than true. This is good legislation in the sense that it tries to bring about legislation that will—

Mr Slipper—In every sense.

Mr RIPOLL—Almost in every sense. It almost is in every sense. As always, I find it quite easy to find problems in terms of where the government is coming from when putting this legislation forward. The reasons we have problems today is that society is being pushed by trying to keep up with the Joneses, which is tougher on those on lower incomes. If you look seriously at revenue from poker machines and who pours their money into those machines, it is the poorest in our community. Poker machines are often located in some of the poorest areas. These are the people who are flushed of their cash, in the hope that they can join in the celebration of what the government crows about every day—the growing wealth, the stock owners. There are so many businesses doing so well and so many people sharing in all this wealth that the government talks about every day. It is not the reality. While those in the upper sal-
ary brackets may be experiencing growing wealth, people in the lower salary brackets are doing it tough.

There was a survey done recently, reported in the *Sydney Morning Herald* on Saturday 30 November with the interesting headline ‘Rich cry poor, then put another prawn on the outdoor kitchen’. I thought it is apt that I should raise this article here because it is directly related to the issues contained in this bill—doing something about people getting conned out of their dough.

People do earn more these days. We generally have a better standard of living than, say, in the 1950s—we have larger homes and people earn more income—but the reality also is that the poor are more marginalised. Those doing it tough are actually doing it tougher because they see the middle and upper class doing it better than they are. There is an unfair distribution. That, in itself, is why we have seen the growing use of lotteries and more gambling as people try to catch up economically. At the same time, we see the government trying to push down the rights of workers, push down the ability of workers to get a fair day’s pay for a fair day’s work.

This survey was quite interesting. People on incomes of $20,000 to $29,000 and those on incomes of less than $20,000 said that they were finding it difficult to manage—to just buy the essentials of life. The cost of living has spiralled under this government not only through the introduction of the GST but through inflation and a range of mechanisms. Where that did not affect it, it was the effect of the GST on GST on GST that has built up. It was promised that goods would increase by only 10 per cent when, in reality, the figures show an increase of around 30 per cent. I do an ‘Oxley price watch’ with some volunteers. A great bunch of people have volunteered to do this as a community service. In the three years since we have been doing the survey, we have found that real prices have increased—this is on goods too that do not attract GST, so this is an interesting case—not by 10 per cent, if there was a GST on the goods, but by over 30 per cent. So not only is there no GST on these goods but they have actually increased by 30 per cent.

The group that complained most bitterly about their ability to exist in today’s society is the group that earns $70,000 or more. I found this interesting: with the ratcheting-up, they just cannot keep up with the Joneses next door who are earning $100,000. This is little comfort to those who are really struggling and doing it tough on less than $20,000. Families are living on that kind of income. The reason I have raised this group is that they are often the ones who get caught up in the schemes that this legislation is addressing. They get caught up because it is really hard in this day and age to see people around you supposedly doing better—or putting on the pretence of doing better. Some families just cannot attain that level and they get squeezed trying.

So there are some very serious issues related to this legislation. As I said, the legislation will amend section 85, which deals with defence provisions. The legislation basically says that, if you could find an excuse—because that was all it was—that you had legal opinion or advice that meant you believed in good faith that it was in accordance with the law, then you could use that as a defence. The decision in the case of Gilmore v. Poole-Blunden, which went on to appeal, states:

A defence to prosecution may now be available where the defendant can demonstrate that she/he relied upon legal advice provided by another person which is later shown to be incorrect.

As the last government speaker, the member for Moncrieff, has pointed out—they are a government of lawyers, accountants and politicians—you could easily find a lawyer to give you an opinion on the other side. Although, if you listened to them in question time, particularly to the Minister for Education, Science and Training, you might be led to believe that 95 or 96 per cent of those on the front bench—its cabinet, its elite—went to category I schools: Kings et cetera.

Mr Hockey—Not the Prime Minister.

The DEPUTY SPEAKER (Mr Barresi)—The member for Oxley will come back to the question.
Mr RIPOLL—In relation to the legal advice and where you might get an opinion—and the previous speaker referred to this—if you had listened to the minister for education, you would think that everybody on the government side was actually a labourer or a cleaner. That is what he tries to put across to everybody—that somehow this is a great thing; that this is the gene pool that they were born into and that they just happen to have landed here by accident! That is obviously not the case. The reality is that they are all lawyers, politicians and accountants.

The DEPUTY SPEAKER—The member for Oxley should return to the bill that we are debating.

Mr RIPOLL—Thank you very much, Mr Deputy Speaker. I appreciate your assistance in this matter. In response to this problem of being given incorrect advice—which I am sure no lawyer would do on purpose—the Standing Committee of Officials of Consumer Affairs met in December 1999 and agreed to a uniform amendment to the act which would include state and territory fair trading laws to make it clear that the defence in paragraph 85(1)(a) and equivalent state legislation would be restricted and changed to be a case of a mistake of fact rather than a mistake of law. That is an important change, because it does not provide the loophole to get out of being prosecuted if you set up a pyramid scam. This is good legislation in terms of the plain English provisions, and the government should look at doing that in other areas. People should be extremely cautious when dealing with any scheme. Just remember: nothing in life is free and that, if somebody is offering something that you believe is just too good, then that is what it is—just too good to be true.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (6.21 p.m.)—There is a high level of unanimity with respect to the aims of the Trade Practices Amendment Bill (No. 1) 2002. The previous speaker, the member for Oxley, did wander quite seriously and you were quite right, Mr Deputy Speaker, to draw his attention to the fact that he appeared to be somewhat lost. It was interesting, though, that, as he roamed up and down the byways of discussion, he sought to go back to the class warfare of the 1890s. He tried to suggest that the GST somehow is now 30 per cent and he had the audacity to criticise this government with respect to inflation. We all know during those 13 years of Labor that inflation grew to quite enormous levels. One of things that this government has done is to have sound economic management and now of course inflation is very much lower than it was—much lower—to the extent that people do not find that the value of their savings is being eroded as they were during the time of the Hawke and Keating governments.

He also suggested that the government is somehow elitist. We seem to be full of, I think he said, lawyers, accountants and politicians. Certainly this government does not apologise for the fact that we have politicians as our membership. But at the end of the day this government represents broadly the Australian people. When you look through the Parliamentary Handbook at the wide range of occupations previously held by members of the government, they are like a cross-section of Australian society, whereas, as we all know, those opposite have a very high level of trade union membership and a very high level of people who have never had a real job—they have been apparatchiks.

The DEPUTY SPEAKER (Mr Barresi)—Order! I have to remind the parliamentary secretary of the debate as well.

Mr Hockey—It’s relevant!

Mr SLIPPER—It is relevant insofar as I was commenting on the remarks made by my friend opposite.

The DEPUTY SPEAKER—I did pull up the member for Oxley on that very point.

Mr SLIPPER—You did, quite appropriately. But it was important to correct for the record some of the matters that he raised. The Trade Practices Amendment Bill (No. 1) 2002 is a short but very important bill that makes three amendments to the Trade Practices Act. Honourable members would be aware that the bill is not important because it makes substantial changes to the rights enjoyed by Australia’s consumers. However, it is of very great significance to consumers as the existing complex prohibition of pyramid
selling is rewritten in plain English and will be easily understood by business and consumers alike. Most people would accept that that is a laudable aim, because often bills as traditionally produced by the parliament have been quite incomprehensible to those who have not been fortunate enough to have legal training.

The bill, together with the readers guide in its explanatory memorandum, makes the law on pyramid selling accessible to laypeople. The law affects the lives of all of us, and should not be the preserve only of members of the legal profession. Most people would obviously accept that that is an appropriate way for the government to move with respect to the amendment of the Trade Practices Amendment Bill (No. 1) 2002. This government is committed to protecting consumers from illegal pyramid selling practices while at the same time ensuring that legitimate multilevel marketing schemes can continue to flourish and bring benefits to those involved. The contributions made by a number of honourable members referred to pyramid selling. The member for Moncrieff, for instance, spoke of the role of ASIC as well as that of the ACCC in dealing with scams like pyramid selling. He referred also to the Nigerian scam, as did the honourable member for Oxley. He supports the removal of what I think he referred to as legalese, and sees it as an important step.

The member for Blaxland, who is not a lawyer, discussed the confusion between the principles of mistake of fact and mistake of law, and suggested that further work in this area might be required. The amendment to section 85 of the Trade Practices Act clarifies the statutory defences under this particular act. Defences to strict liability offences are normally covered by the Criminal Code, which has made substantial beneficial reforms to Commonwealth industrial law. The member for Blair also discussed a number of schemes which have been promoted. He indicated that by the eighth level half of the population of Australia would need to be involved, and this is why the schemes collapsed. As the government has done, he distinguished multilevel marketing schemes like Amway. He spoke of the importance of people being informed, and the need for them to be informed, as to the law.

The member for Blaxland, who seems to be paid by the word—I do not know whether he is trying to convince his preselectors, but certainly we have seen a rush of involvement in parliamentary debates on the part of the honourable member for Blaxland in recent times—quoted from the Bills Digest, which suggests that the bill’s amendment to section 85 may not achieve its intended effect. That is what the member for Blaxland was suggesting. The response to the South Australian decision in the Poole-Blunden case was considered in detail by the Parliamentary Counsels Committee, which comprises the heads of the parliamentary counsel offices from all Australian jurisdictions. Their combined wisdom suggests that the bill will achieve its desired effect of limiting defences based on legal advice. That is my understanding of the situation as well. The member for Kingston also referred to the importance of understanding the law, particularly when pyramid schemes are being sold on the Internet.

The bill also amends the defences which apply to prosecutions for offences against the act. Because the offences under the act impose strict liability on contraveners, the harsh consequences that could apply in some circumstances have been ameliorated by providing specific defences. The manner in which these defences have been interpreted by the courts, however, have made it necessary for the government to make it clear that ignorance of the law is no defence.

The bill also corrects a mistake made in a previous amendment to the Trade Practices Act, which inadvertently omitted to carry over a sanction for breaches of section 155 of the act from the previous unamended version of the act. In this case, it is important that the court continue to be empowered to imprison, in appropriate cases, offenders who breach section 155 of the act. The availability of this sanction, even if never availed of by the court, is an important deterrent to absolute disregard of ACCC statutory demands for information or advice. The government is committed to protecting consumers from illegal pyramid selling practices while at the same time ensuring that legiti-
mate multilevel marketing schemes can continue to flourish and bring benefits to those involved. Clarifying the law—as the Trade Practices Amendment Bill (No. 1) 2002 does—is a very important step in this direction. I do thank all honourable members and the opposition for their support of this bill, which I now commend to the House.

Question agreed to.

Bill read a second time.

Third Reading

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (6.29 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 (VENTURE CAPITAL) BILL 2002

Cognate bill:

VENTURE CAPITAL BILL 2002

Second Reading

Debate resumed from 14 November, on motion by Mr Slipper:

Mr COX (Kingston) (6.30 p.m.)—The purpose of these two bills, the Venture Capital Bill 2002 and the Taxation Laws Amendment (Venture Capital) Bill 2002, is to facilitate foreign investment in the Australian venture capital industry by providing certain tax concessions. Currently, there is $9.3 billion invested in the Australian venture capital sector, according to the Australian Venture Capital Journal. Of this, $7.01 billion is invested with fund managers and listed companies and $2.34 billion is invested with firms that are private, government or local offices of offshore groups. A survey by the Australian Venture Capital Journal shows that the sector has grown 126 per cent in the 10 years since 1992-93, when investments amounted to $4.1 billion.

The Ralph review accepted the principle that Australia needed to develop its venture capital industry. The review found that funding from international investors was of paramount importance in developing a domestic venture capital industry. To facilitate this, Ralph recommended changes to Australia’s CGT regime. In spite of advice from industry groups, the government introduced a limited CGT exemption. This exemption is embodied in subdivision 118G of the Income Tax Assessment Act 1997. The exemption failed to achieve its policy objective of stimulating foreign investment in the Australian venture capital industry and was widely regarded as a total failure. Since the introduction of the exemption in 1999, there has been only one reported $10 million investment.

The key problem with the exemption was that it only applied where pension funds invested directly in companies. In practice, US pension funds did not invest directly and instead invested through fund managers and through funds of funds. The bill intends to overcome this problem by extending this exemption to certain tax exempt non-residents, non-resident venture capital funds of funds and certain taxable non-residents.

The current CGT exemption to certain overseas pension funds on the profit or gain from the sale of investments in eligible venture capital investments will be extended to partners in the VCLP or AFOF which are tax exempt entities, including pension funds, endowment funds and foundations, from Canada, France, Germany, Japan, the UK, the USA or any other country prescribed in the regulations. These investors may hold up to 100 per cent of the committed capital of the VCLP or AFOF; foreign venture capital funds of funds, established in Canada, France, Germany, Japan, the UK or the USA. These funds of funds may hold up to 30 per cent of the committed capital of the VCLP or AFOF; foreign venture capital funds of funds, established in Canada, France, Germany, Japan, the UK or the USA. These funds of funds may hold up to 100 per cent of the committed capital of the VCLP or AFOF.

Also included are taxable entities from Canada, France, Germany, Japan, the UK or the USA holding less than 10 per cent of the committed capital of the VCLP or the AFOF; or an entity—taxable or otherwise—from Finland, Italy, the Netherlands, New Zealand, Norway, Sweden or Taiwan which holds less than 10 per cent of the committed capital of the VCLP or the AFOF.

The investment must have been held by the VCLP or AFOF for at least 12 months to qualify for the tax exemption. To qualify for
the tax exemption the investment in either shares or options must be an eligible venture capital investment and the investment must be at risk—that is, investors must bear the risk of owning the shares or options themselves.

Mr Hockey—This is Mogodoning the electorate.

Mr Cox—Absolutely. The Taxation Laws Amendment (Venture Capital) Bill 2002 sets out the requirements for an eligible venture capital investment and these cover listing, size, auditor, primary activity and residency requirements. Broadly, the company seeking the capital must be an unlisted Australian company or a listed Australian company that will be delisted within 12 months of the date of the investment, have assets not exceeding $250 million at the time of the investment and have a registered company auditor. It must not have any of the following as its primary activity: property development; finance, to the extent that it is banking, providing capital to others, leasing, factoring or securitisation; insurance; construction or the acquisition of infrastructure activities; or investments that generate interest, rents, dividend, royalties or lease payments. Additionally, if the investment is first made in the investee company, for 12 months following the investment that company must have more than 50 per cent of its employees in Australia and retain more than 50 per cent of its assets in Australia.

The other significant changes introduced by these bills relate to flow-through taxation treatment and the establishment of a registration process for VCLPs, AFOFs and EVCIs. In relation to flow-through taxation, the bills allow certain entities—that is, venture capital limited partnerships, Australian venture capital funds of funds and venture capital management partnerships—to have flow-through taxation treatment. The effect is that the income, profits, gains and losses of the partnership flow-through to the partners, who are then taxed on their share according to their respective tax status. These entities will be treated as though they are ordinary partnerships for Australian tax purposes even though they are in fact limited partnerships.

The other significant change relates to the venture capital manager. The changes will allow the venture capital manager’s share of gains on the sale of the investments and carried interest to be taxed as a capital gain. It has been reported that Treasury had originally taken a tough line on this issue and wanted to see the manager’s profits treated as income. However, the new provisions in respect of the carried interest paid to investment managers will be treated as a capital gain rather than as income. This is intended to make it easier to attract US or UK expertise in managing funds in Australia.

This is a major change in terms of taxation treatment and is likely to be a significant component of the revenue costs. Despite our request for a breakdown of the revenue implications, the government was not forthcoming. By the time the parliamentary secretary comes back, he might have extracted a few figures for us. The revenue impact of this bill is considerable. Treasury puts the revenue cost at $76 million over three years. Originally, the cost was put at $60 million over three years. It is interesting to note that the Australian Venture Capital Association Ltd disputes these figures, suggesting that the revenue implications are significantly less than estimated.

Both Labor and Liberal governments have long sought to increase the amount of venture capital available in Australia to stimulate investment and speed economic growth. Venture capital provides an important function in commercialising new technologies and research and development that may be too risky for traditional investors. Several successful Australian companies, like Cochlear Ltd, were backed by venture capital investment in their early stages. By extending the current CGT exemption, an increase in funds should flow to the venture capital sector in Australia from foreign tax exempt entities, including overseas superannuation funds, and from taxpaying entities. The Australian Venture Capital Association expects these changes to attract an additional $1 billion in foreign capital over the next five years. Labor will support the bill.

Mr Lindsay (Herbert) (6.39 p.m.)—The Taxation Laws Amendment (Venture
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Capital) Bill 2002—to be debated cognately with the Venture Capital Bill 2002—is another progressive bill on the government’s agenda to help commercialise effectively Australia’s marvellous innovation. I have no doubt, as I move about this country and see what our research institutions are doing in all sorts of fields, that the wonderful work they do leads the world. Australia is recognised for its huge pool of thinkers who are very good at coming up with new ideas that can ultimately be commercialised through research. Australia can reap some great benefits from those initial ideas.

I was at the University of New South Wales very recently and I was talking to the CEO of the Photonics CRC, which is developing many new innovations in moving information by light. I asked the CEO about the current fibre-optic cables. As you know, they are glass fibres. He indicated to me that we have now invented a plastic fibre that is much cheaper than the glass fibre. That technology has to be commercialised because it is going to lead the world—revolutionise the world. That will likely need venture capital. Venture capital can be made much easier to source through the passage of these bills in the parliament this evening.

The Taxation Laws Amendment (Venture Capital) Bill 2002 and the Venture Capital Bill 2002 aim simply to encourage additional investment into the Australian venture capital market to facilitate the development of the venture capital industry. There is no doubt that venture capital drives research and development. That fact has been shown by the OECD and by research in the United States. Research I have seen shows that venture capital backed companies spend almost three times as much on research and development as all the public companies in the United States between 1980 and 2000. If we can enhance the flow of capital into venture capital and ultimate investment in the commercialisation of Australia’s ideas, more capital will be available for the creation of early stage and expansion companies in Australia, which will then drive private sector research and development. That is a great outcome. I understand that the member for Kingston indicated to the parliament that these bills have the support of the opposition. I welcome that and thank the Australian Labor Party for it.

These bills will address some anomalies. What we will be trying to do in these bills and what we will achieve in these bills is internationally consistent tax treatment so that investors overseas who want to put money into venture capital will not be treated any differently from the way they are treated in other countries.

Some people think that venture capitalists want half the farm when they invest—to put it in an unkind way, that they are pretty greedy. I raised that with the venture capital industry and asked them for their response. They say that, first of all, raising funds is incredibly difficult. In the current environment it can take two years to raise funds. It is little understood by entrepreneurs that the people running these firms go through exactly the same excruciatingly painful process that entrepreneurs go through in raising funds. They also make the point with regard to whether venture capitalists are avaricious or greedy that these venture capital limited partnerships reforms will hopefully enable us to open this industry to more competition from abroad and to have a freer marketplace. Of course, that will then drive returns down.

I have also seen some research in relation to the importance of venture capital which says that venture capital backed companies have typically higher levels of research and development than non-venture capital backed companies. This has positive economic implications for the economy and, of course, society in general. Innovation through research and development is a fundamental driver of economic growth in the business community. Improvements in business practices and technology drive increased efficiency and productivity. New products open new markets, while improvement in technological processes affect competitive advantage by changing a company’s cost position or corporate differentiation. Technological change is therefore a critical component for the corporates out there and for Australia to remain internationally competitive, let alone nationally competitive.
Another interesting piece of information I have seen in relation to the importance of venture capital is that companies backed by venture capital achieved 22 per cent annual staff growth rates between 1992 and 1996, compared with only a two per cent staff growth rate for the ASX top 100 over the same period. In addition, a recent study of US venture capital backed companies found that they have had an employment multiplier of 2.2; that is, for every person directly employed in a venture capital backed firm, an additional 1.2 jobs are generated in supporting businesses. What a great result for Australia if we can increase the number of firms that are backed by venture capital. This is one of the outcomes of these particular pieces of legislation before the parliament this evening.

In regard to financial performance there is also some interesting information: venture capital backed company sales increased at an average annual rate of 12.1 per cent, profits increased by 34.9 per cent and exports by 15.2 per cent. All of these figures exceeded national averages. I think a compelling case can be made for doing everything that Australia can to make sure that people who want to invest in venture capital companies have the most competitive way of doing so.

I began by saying that Australia has the ideas and I would add that it is very important for those who are involved in commercialising Australia’s research and development that they do it to the world rather than just through the limited domestic market. There is also a role for venture capital backed companies in this regard so that the scale can be right and the dollars involved in doing that can be appropriate. I certainly am very pleased to support these measures tonight to encourage additional investment into the Australia venture capital market and, of course, to facilitate the development of the venture capital industry. It can only be good for Australia.

Mr HATTON (Blaxland) (6.48 p.m.)—I plead guilty to actually having attempted this day to speak on five bills in this parliament. The Trade Practices Amendment (Small Business Protection) Bill 2002 [No. 2] was withdrawn, and I could not speak on it. I did not make it into the House to speak on the National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002 [No. 2]. So on this day, I missed that debate. I am here for the Taxation Laws Amendment (Venture Capital) Bill 2002 and the cognate bill. I have just previously spoken on the Trade Practices Amendment Bill (No. 1) 2002.

At the end of this period, when the parliamentary secretary comes back, I do not want boofheaded comments like we had at the end of the last period. I had seen the parliamentary secretary this morning when I was speaking in the Main Committee on the Commonwealth Volunteers Protection Bill 2002. Through the goodness and kindness in my heart, I actually agreed to do a favour for him and I agreed to keep speaking until he returned to that chamber. The consequence of that was that I was not able to be in this House to speak on the National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002 [No. 2]. What did I get in response from the parliamentary secretary? He said that I had been filibustering. Well, thank you very much!

In attempting to assist another member of this House from the opposite side—a person in a position of authority, the Parliamentary Secretary to the Prime Minister—I agreed to continue speaking in the Main Committee, which allowed him to go to a meeting. In doing that, it cost me the opportunity to speak on the pharmaceutical benefits bill. I desperately wanted to speak on that bill because of its implications for the people of Blaxland. The extension of the charges to pensioners and the cost to families in my electorate will be profound. I spoke on the bill the first time that the government dealt with it. I would have spoken on it today except for the fact that in doing a favour for a member of the executive of the government I missed the opportunity. What did I get for that? The assertion that I was just filibustering. That can pass. I can take that.

At the end of dealing with the last bill, the substantial comment from the parliamentary secretary was, ‘The member for Blaxland is making a lot of speeches, therefore the purpose of this must be that he might be think—
ing about his preselection.’ Come on! We were elected to this place to speak in this House. I wanted to speak on the other bill but the parliamentary secretary was not sensible enough or gracious enough to take into account the fact that I was doing him a favour. I might not extend that favour in the future. I would like an apology from the parliamentary secretary and a withdrawal of the inane comments that he made.

Mr Deputy Speaker, you were not in the chair at the time, but the person who was attempted to bring him to order. Time after time, when this parliamentary secretary sums up bills and takes up points that opposition members have made, we get these inane sorts of tangential comments that are totally irrelevant to the matters at hand. It is incumbent upon a parliamentary secretary, just as it is upon a minister, to actually deal with the matters at hand and to do so in an utterly professional manner.

Having got that off my chest with regard to that situation, let us deal with venture capital and its importance to Australia both now and into the future. These bills are significant and they are important. Why? Because there has been a failure within the market. Why has there been a failure within the market? Essentially, the market has not done as well as it might have done because of the dotcom crash, with overextension into investment in the Internet economy. There was a burning of those people who had investment funds to put into these areas and there was a lot of wasted investment.

The member for Eden-Monaro is in the chamber and may or may not be speaking on this bill. In the committee that he chairs, the science and innovation committee, of which I am a member, we have taken some interest in the question of venture capital and its importance for Australia in pushing forward our nascent companies and allowing them to grow. In that committee’s current investigation into research and development in Australia and the effective impediments to that, this is one of the areas we are looking at. In fact, we have noted the importance of venture capital over the last decade or so in terms of allowing Australian companies to innovate successfully. That was one of the key ingredients they did not have before that time. We have looked at Germany, we have looked at England, but primarily we have looked at the United States—the great example of venture capital creating an efflorescence of new business.

Trying to reproduce Silicon Valley is a task not just for North Ryde in Sydney; it is a task not just for different parts of Australia. We have seen that the success of Silicon Valley has been built on venture capital and on risk; it has been built on the notion that if, after perhaps putting your money into 30 different entities, you get three giving substantial returns, you will probably make a reasonable run of it. In Malaysia, under Dr Mahathir, for all his sins—and they have been many—we have seen attempts to build a strong, open and forward-looking information technology area, one that has tried to mirror the strength of what has been achieved in Silicon Valley. It has been argued by many that you cannot actually reproduce the achievements of Silicon Valley because of the United States culture, and particularly that in Silicon Valley and its extensions elsewhere. One could argue that what has been done in Seattle by Microsoft and the associated companies that have since set up there is another example of what investment capital, venture capital and reinvestment in the information technology allow to burgeon.

I visited San Jose last year while on study leave to speak to the people at Adobe. I spoke with them about the way in which they were developing innovative products built upon the software specifications that Microsoft had built into the Tablet computers, which were launched on 7 November this year. Adobe, an enormously innovative company, and other companies from that area of the United States, and indeed Microsoft, have achieved so much in that they have extended their economic reach through utilising new software tools and hardware to their fullest, but all of that at the start was very chancy.

When Steve Jobs and Steve Wozniak belted out the first Apple—in fact, it was almost the precursor to the Apple 1—that was a period of time when there was virtually nothing out in the private market for
people to deal with. Both Jobs and Wozniak had had experience with the Altair computer. If you bought an Altair computer, essentially you paid your dough and got it sent to you in the mail with its construction kit. I failed basic Meccano and did not take that sort of thing up during my later life; I would have had considerable trouble with the mechanics of that. However, Steve Wozniak, in particular, very early bought a copy of the Altair computer—no disk drive, no keyboard and no display, but the first veritable and verifiable home computer. Wozniak worked in his garage on the basis of his understanding of that. Bill Gates, in conjunction with a man who was in some ways a mentor but also a sidelined partner, took the CPM operating system and modified it so that it could run on a personal computer and, in the end, he licensed that to IBM. Those people started from nothing. They had to gain venture capital. They had to get support. They did so and were able to build their businesses, and these businesses are profoundly important. We have seen example after example of where the depth of investment in the United States—in Silicon Valley and across the United States—is simply enormous.

Where have we been in Australia? Up until the eighties and into the nineties—and increasingly we are getting a greater benefit from this—our superannuation funds were relatively small. The genius of the Hawke-Keating government lies in this simple step: the realisation that superannuation which was only provided to government employees or those who were privileged to get it in the private sector could not build Australia in the future. Given that it is 4 December, tonight we celebrate that it is 30 years since the Whitlam government was inaugurated—and we remember that Rex Connor wanted to buy back the farm. The key to the Hawke-Keating years, the then Treasurer’s greatest reform, the government’s iconic symbol of strength for the future of Australia, was building a superannuation system that could provide the depth, the width and the strength of investment in Australia that we had so sorely lacked. It has done so, even at a constrained nine per cent. We should have gone to 12; we should have gone to 15. This government lopped its head off.

We remember this Treasurer a few years ago—although he has not done it for a while—day after day, over and over again mentioning l-a-w law—can you spell it?—sideways, backwards and upside down. Let me remind the House of this fact: the first tranche of the Keating tax cuts were delivered 12 months early. They were not abandoned; they were delivered 12 months early. The second part was not delivered as tax cuts; it was commuted to superannuation benefits.

This government, because it chooses to say so, determined not to continue with that transformation—with reinvestment into more super. That means that the venture capital bills we have before us today are even more important. The core and the essence of these bills is a call to the United Kingdom and the United States pension funds—which are of much greater depth, much greater complexity and much greater strength than we could ever put together. It is a call saying that those pension funds should put their money into Australia.

In the past two years, there have been other bills put before this House which have sought to do that job. Labor totally supported that, because we understand, first, that historically we have always needed foreign investment and, second, that, despite the general sense of people being aghast at the fact that we have had foreign investment, we need it and we will continue to need it. In particular, there is one class of that investment that we particularly want, and that is investment from US pension funds, which are totally awash with money, which have enormous muscle and power and can provide a small percentage out of their incredible resources to invest in Australia. This would provide great ballast, particularly in the area of venture capital. What we have found since we have made those changes is that the economic climate worldwide has so utterly changed that the US pension funds have not come knocking at the door. They are not belting the door down. They are not charging into Australia.

The two bills that we are dealing with today are a further step to entice them, to tell them that Australia is aware of itself as a
developing economic entity and that we have a relatively smart economy. We certainly have smart people operating in it. We are certainly trying to be as innovative as possible. We are certainly trying to highlight the scientific strength of Australia. We have realised not just the depth of our academic capacity but also the fact that commercialisation is possible for Australian entities. As the Chair of the Standing Committee on Science and Innovation well knows, we have realised not just through the committees we are involved with. We have had a number of problems. In fact, another committee I am on, the Standing Committee on Industry and Resources, is also looking at research and development and the impediments to that. That is in a different framework, primarily in the petroleum and energy area.

All of this stuff does not just come back to tax. It comes back to the question of how you pull in foreign investment which is soundly based and how you change the cultures in Australia—the academic culture, the corporate culture or the general investor culture—to see a broader picture and to pass on to small Australian companies the lessons that have been gathered and garnered from past experience and those that can be readily communicated so that they can make the transition.

We have discovered that there are particular points—nodal points, if you like—where it is important to intervene effectively. That is essentially the case with R&D Start programs. In evidence recently before the science and innovation committee, it has again been said that there is a fundamental problem, that it was a stop-start program rather than just a start program; that the restarting of that program is utterly necessary and important; and that we need continuity of supply of funds for innovation within Australia. I am sure that those people who have given the evidence could argue quite readily that the steps taken in these two bills, conjoined with the R&D Start program and the other programs we have running, lead to one end—not allowing Australian companies to pick their way hopelessly through the economic morass that they face but actually assisting and helping them to grow from the garage style status of Steve Wozniak and Steve Jobs to the extended companies that are possible, where you grow to the tens, the hundreds and even the thousands. But you cannot do it without assistance and you cannot do it without intervention. The intervention can come from the market itself, but we found also that it comes from assistance directed by the government to that end.

We do not have a mature venture capital market within this country. We certainly have a stronger one than we had 20 or 30 years ago, when it virtually did not exist. We certainly have companies that are now viable which were not viable in the past and could not even be envisaged. What we have seen demonstrated time and time again before our parliamentary committees is that commitment, intelligence, sense, innovative quality, genius and inventiveness are not enough. You need money to go the extra steps, to work your way through the stages of development. Example after example of Australian companies that have failed at different hurdles because they lacked access to capital have indicated that this is something that we must address.

This is a call to the British and the United States investors—wherever they come from—that Australia is open for business in the venture capital area and that Australia understands, comprehends, feels and appreciates the fact that their foreign investment is welcome and is necessary to build the strength, depth, complexity and maturity—not just innovative quality—of the Australian economy.

In that sense, we need to recognise that there is a much broader context here, covering not just this coalition government but also the previous Hawke-Keating government. It is the commitment to future savings as a platform to build Australian companies, to build Australian capacity and to develop the chance of future Australian jobs—not just part-time jobs but full-time jobs—across a range of industries. It is important that we endorse these bills. It is important that the Australian electorate at large understands what we are about, that venture capital is risky capital, that it cannot guarantee returns.
It is also important that Australian superannuation companies realise that the government and the opposition would like them to invest some money into venture capital and not just leave it to the UK and the US. If you have 100 companies, five or 10 of those might come to fruition and do what Cochlear have done. If you do a comparative analysis and look at Cochlear Australia, it is the dominant force in bionic ears. The Americans have almost gone out backwards. There were particular problems in terms of meningococcus which Cochlear’s American competitors faced, and they tried to roll that off onto Cochlear. But have a look at the money that Cochlear is worth: from nothing to $35 a share? Excuse me? Have a look at the major banks and the prices that they bring. Have a look at what BHP Billiton is bringing today. Cochlear was a company that needed venture capital, needed support and needed help to work its way through its development stages, but it is also a signal of what Australia can be: diverse, strong, developed, smart and innovative.

Mr NAIRN (Eden-Monaro) (7.08 p.m.)—I rise to speak in this debate on the Taxation Laws Amendment (Venture Capital) Bill 2002. Prior to the last federal election, the federal government made commitments in a number of areas, and one of them was that we would review arrangements with respect to venture capital investment. In one of our commitment documents we stated:

If re-elected, the Coalition Government will, as a matter of priority, examine whether features of current taxation arrangements adversely affect the capacity of businesses to remain in Australia. This will be done in consultation with key stakeholders and industry representatives.

... ... ...

The Government intends to extend the previously announced exemption for capital gains on venture capital investments by providing venture capital limited partnerships with flow through taxation treatment.

These changes, which will apply from 1 July 2002, stem from the Government’s commitment in Backing Australia’s Ability to ensure that venture capital investment is encouraged.

The bill before the House acts on that commitment and will effectively improve incentives for foreign investment in the venture capital sector. The bill amends the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997 to extend the scope of the existing tax exemption for venture capital investment to registered venture capital limited partnerships and Australian venture capital funds.

The member for Blaxland, who has just spoken on this bill, mentioned the current inquiry being conducted by the House of Representatives Standing Committee on Science and Innovation with respect to research and development. One of the matters that keeps coming up in that inquiry, which I chair, is the aspect of venture capital and access to capital generally. We have had some fairly strong evidence about the way in which some of the banks operate—or do not operate, which is probably more to the point—in assisting many companies that are trying to progress research and development to the commercialisation stage. Clearly, the role of venture capital companies is incredibly important. It is unfortunate that the member for Blaxland was not at the public hearings that were held in Sydney, where we took evidence from the association that looks after venture capital companies. That was very instructive and certainly backs up the reasons why we have got this particular bill in place.

It is also interesting to look at a bit of history of what has happened with venture capital. The member for Blaxland talked about a failure in the market. I do not think I would use those terms. Sure, there has been a drop-off of venture capital raised in the last couple of years, which really was a result of the tech wreck, but, if you look at what has occurred since about 1996 in the venture capital area, we have an industry so much stronger than what we had back then. The change is quite dramatic. That is why I would not have used the word ‘failure’.

The member for Blaxland talked about some of the things that were supposedly done during the Hawke-Keating years, but clearly, if you look at the figures for the venture capital industry through that time, they were not effective at all. If you look first of all at the size of the industry, back in 1992-
the total capital for the venture capital industry was a whisker over $4 billion. That stayed virtually constant for the next three years. In fact, it dropped; in 1995-96 it was below $4 billion. From then on, we have seen quite sharp increases, to the point where it is now, over $9 billion in 2001-02. It has more than doubled in the last six years, and that is terrific. It is great that those changes have happened, because they certainly needed to. The venture capital industry was going nowhere, and it really was not helping to develop the great science inventions and other inventions that are coming out of Australia.

Throughout the committee hearings, we have been constantly told—I have lost count of the number of times it has been mentioned—that in the United States, where venture capital has been strong for a long time, you almost have not earned your stripes unless you have gone broke a few times along the way. The venture capital firms of America have supported those circumstances and have ultimately got the wins. But in Australia, it has always been a lot more cautious funding-wise, and we know how the banks are not really all that prepared to lend anything unless you have got some bricks and mortar to put up—and you can only put up so much bricks and mortar. A lot of companies starting up do not have that capacity. They have got everything mortgaged to the hilt just to get the doors open. The growth and size of the venture capital industry has been quite remarkable over the last six years.

The actual dollar amount that has been raised in more recent years is quite substantially more than it was through the 1990s even though there has been a drop-off in the last couple of years, which all the experts in the field will tell you has occurred purely and simply because of the experiences that we had in the IT area, or the ‘tech wreck’, as it is called. The amount of venture capital raised by Australian venture capital firms in 1992-93 was a whisker over $200 million. It dropped to below $200 million in 1994-95. In 1995-96, it got back over $200 million. In 1996-97, it was over $600 million—it tripled from one year to the next. The peak was in 1999-2000, when almost $1.8 billion was raised. Now it has dropped to a bit over $800 million in 2001-02. Certainly in the last six or seven years we have had substantially more raised by those Australian venture capital firms.

But we need more, and that is what these particular bills are all about. They will give some incentive to foreign investors in venture capital to come into Australia, particularly—and the member for Blaxland mentioned this—the superannuation funds in the US and UK. We hope to provide more input into the Australian market with these changes, and I think all evidence shows that we will. That will provide some competition, and that is not a bad thing. It might get some of the Australian firms moving a bit further as well if there is that extra competition coming from those overseas companies.

By extending the capital gains tax exemption, I believe we will see overseas superannuation funds and other tax paying entities flowing into the venture capital market. One possible drawback, which I know the government is looking at—if my memory serves me right, it was raised in the hearings of our committee inquiry on science innovation—is that the restricted list of countries may be slightly restrictive. However, I understand that the government has indicated that it will consider adding other appropriate countries as required. We have to have that sort of flexibility. Where there are possibilities of getting further investment, we should be seeking them.

I do not want to say much more than that on this bill. It is fairly straightforward. It fits very much within the commitment that we gave before the last election. It backs up so many of the other policies that we have put in place over the last couple of years to do with industry development and encouraging further commercialisation of research and development. We have seen the results already, with a substantial increase in the amount of venture capital raised by Australian firms. We have seen the whole venture capital industry at a much greater level than it has ever been at before. Now we can build on that through measures like those in this particular bill and the adjustments to the in-
come tax assessment acts that will happen as a result of this bill passing.

I am very pleased to hear that the opposition is supporting the bill and to hear the supportive comments made by the member for Blaxland, who is a member of my committee, and other members. I commend the bill to the House, and I look forward to seeing the benefits that will flow from this particular legislation in the not too distant future.

Ms LEY (Farrer) (7.19 p.m.)—I am pleased to support the Taxation Laws Amendment Bill (No. 1) 2002 and Taxation Laws Amendment (Venture Capital) Bill 2002. The legislation is in two parts and will create an opening for the establishment of venture capital limited partnerships and Australian venture capital funds of funds. This will enable dollars to flow to relatively high-risk start-up and expanding businesses that would otherwise have difficulty attracting investment. The Taxation Laws Amendment (Venture Capital) Bill 2002 extends an existing tax exemption which is provided to certain foreign pension funds to all tax exempt nonresidents from Canada, France, Germany, Japan, UK and USA; nonresident funds of funds established and managed in any of these countries; and taxable nonresidents resident in a range of countries, including Taiwan, as long as they hold less than 10 per cent of the equity in a venture capital limited partnership.

By providing venture capital limited partnerships and funds with this flow-through taxation treatment, Australia is provided with the world’s best practice investment vehicles for venture capital. This government will deliver its election commitment to provide Australia with this world’s best practice investment vehicle. The measures are a crucial part of our government’s program to encourage new foreign investment into the Australian venture capital market and to further develop the venture capital industry. They will also increase Australia’s access to overseas expertise in venture capital.

The venture capital concessions to be implemented by government are intended to increase foreign investment into the Australian venture capital market by establishing an internationally competitive framework for these investments. Two key aspects of the legislation are the Australian nexus test and the $250 million limit on the book value of the gross assets of the investee company. The investee company is the unlisted company that the venture capital limited partnership intends to invest in.

The nexus test requires that the investee company be resident in Australia, that half of the people working in it must live in Australia and half of its assets must be situated in Australia. The $250 million test effectively means that a venture capital limited partnership cannot invest in a company that has a book value for its assets in excess of the $250 million limit. These are the types of structures with which overseas investors are familiar. The structures are designed to remove the tax burden on foreign investors if they meet the qualifying criteria. Australia will have a world’s best practice system which will help retain Australia’s intellectual property.

Venture capital is capital provided for a new product or enterprise with no track record but which expects to generate a high return. It includes both seed capital and start-up capital. Typically, the majority of financial returns are realised when the investment is sold. Under this new law there is an exemption from income tax from gains made when eligible venture capital investments are disposed of. Conversely, deductions for losses are not available.

The rather disappointing performance of the pooled development fund program, which commenced in June 1992, gives us an indication of some of the ways that the present market for venture capital in Australia is failing. The PDF program introduced taxation incentives for the establishment of privately funded investment vehicles to provide equity capital for the initiation and expansion of small to medium sized enterprises. But so far only about six of the 26 registered PDFs have actually raised any capital and less than $60 million was raised over a three-year period. Investors have proved reluctant to finance higher risk business ventures, particularly when there is no demonstrated management track record. In addition, there is
generally seen to be a shortage of quality investment opportunities with the right risk-return and liquidity-liability profile and accountability for institutional investors. But, as we shall see later, things are really looking up.

There is no doubt that Australia and the rest of the world need world-class innovative firms as well as policies that allow expertise and technology to circulate. This leads to commercial success and prevents what otherwise might be a reduction in our economic standard of living. It is well understood that technology creates market product advantage. While Australian science has had a strong bias towards agricultural R&D, nations can no longer afford to just trade in resources—as we have done so successfully in the past. We have had some successful innovations—in computer system, scientific instruments, process manufacturing and transport monitoring—but there really is not any significant overseas recognised Australian brand name or product, and I think that is significant.

We do in Australia have a strong and growing innovation culture, due in part to the exposure of local industry to overseas competition. It is important to be aware that, with the rise of globalisation, Australian companies face the prospect of competition with highly technically advanced competitors overseas. Our manufacturing industries have to survive in the widest of all possible worlds. The science, engineering, technology and innovation sector does have the potential to make the difference. This is where we can achieve a competitive advantage with our bright, problem-solving, thinking outside the square, Australian minds.

Most of the money that we hope to attract is likely to come from the US and the UK because there is a limited list of jurisdictions; however, there is also room for Asian countries to invest. Australia can ensure, by encouraging venture capital, that the creative talent that exists within this country is fostered and that there are adequate avenues to ensure that talent can progress ideas in Australia for the benefit of all Australians. This legislation will ensure that venture capital propositions containing risk are not just used for tax benefits but have a real purpose of creating value and adding wealth for the nation. Elements of success in the current climate include having a critical mass of funds to invest, breaking the two per cent management fee mindset, having a catchment of quality opportunities, having a quality and affordable management team, having a quality board and quality sponsors and partners and having a reputation for success.

The Australian Bureau of Statistics has said that there has been considerable growth in venture capital markets in recent years. Just as an example, as at 30 June 2001, investors had $5.7 billion committed to venture capital investment vehicles which were either specialised venture capital funds or corporations that directly invest their venture capital. This was a 14 per cent increase on the $5 billion at 30 June 2000. New South Wales and Victorian based companies split the investments almost evenly and have the majority amongst themselves, with 38.4 per cent and 36.5 per cent respectively.

One should also look at the possible link to Japanese venture capital. A quick look at the Japanese venture capital industry shows that it is not yet large per GDP and, in comparison with other major markets, such as the United States, it is not very mature—lacking some human resources skill and expertise. But, with strong Japanese government incentives, the industry has been growing rapidly over the last six years. The surrounding tax and other laws have been revised positively by the government, and venture assistance has become a key national subject supported by the majority of citizens. Some pitfalls include the lack of Japanese workers with skill, know-how and experience in venture capital, a lack of understanding by investees of the nature of venture capital investment and a lack of links between university research institutes and the venture capital industry. In addition, the Asian crisis and the recent IT industry crash have hurt the immature industry.

Australia is in a unique position and has a lot to offer as an investment destination for Japanese venture capital. For the foreign investor, the Australian venture capital industry presents a healthy market for investors who
want to diversify their concentrated holdings in American and European markets. The Australian market is on the improve. The Australian government introduced the Innovation Investment Fund program in 1997 in order to spur early stage investments in the high-tech sector, and that has been very successful. The venture capital industry has matured in that now there is a core group of managers who can manage more than one fund and who arguably know what they are doing. While this is a good start, there is room for more. Specialist fund managers are used in venture capital investments. The actual process of providing venture capital includes searching for opportunities, screening, evaluation, investment decisions, deal structuring, post-investment project development and exiting, and you do need to have a specialist fund manager to work through all these very difficult steps.

Under the new rules that these bills will bring in, overseas investment funds from designated countries will receive the same tax benefits in Australia that they would if they were invested in many other countries. The new rules will make it easier for start-up Australian companies to attract funds from overseas, particularly at the critical early stage when research turns into business. It is difficult for a researcher or scientist to decide whether a discovery is suitable for commercial development. Support is needed at this stage so the next step can be taken with confidence. There has been a disincentive at the tax level for overseas investors to invest in these early stage ventures. I am pleased to see that we are removing that disincentive. Raising money has never been easy for early stage companies—and, of course, investors are nervous, particularly overseas, about the global economy. This government does not want schemes that pick winners; we want proposals to come from the full spectrum of technologies and to get them operating commercially and into the market.

In conclusion, I would like to quote from an article in February’s Business Review Weekly headed ‘Brighter days for venture capital’, in which the Executive Director of the Australian Venture Capital Association, Andrew Green, is very positive about this legislation and very hopeful for the future. The article notes that the venture capital industry is starting to enjoy new growth through the biotechnology sector. In the article, Andrew Green points to a ‘fragile recovery here and in America,’ but says:

The figures from the US are important because they indicate activity increasing all over the world.

Mr Green also points to the changes in tax legislation, saying that they will be beneficial for the local sector. I commend this bill to the House.

Debate interrupted.

ADJOURNMENT

The SPEAKER—Order! It being 7.30 p.m., I propose the question:

That the House do now adjourn.

Bass Electorate: Bulk-billing

Ms O’BYRNE (Bass) (7.30 p.m.)—In the September quarter, bulk-billing figures for general practitioner visits in my electorate of Bass dipped below the 50 per cent mark. This is a landmark figure—a very sad landmark figure—and for many in the community and for me it is time to draw a line in the sand. It is unacceptable that just 49.8 per cent of regular GP visits are now bulk-billed. It seems that the government has just dropped the ball on the provision of services to ordinary, regional Australians. The government does not blink an eye at Telstra spending a heap of dollars to make sure that phone services to mansions in Toorak are okay and appears more than happy to let bulk-billing rates plummet in regional Australia. Perhaps the Prime Minister does not see this as an issue—and fair enough, because after all his constituents in Bennelong still enjoy bulk-billing rates of over 80 per cent. It is a far cry from our experience.

I have talked to the medical practitioners in my electorate, and they tell me that it is just not viable for them to bulk-bill. Their practices are not the same as the big medical centres in the larger cities. Many would be happy to bulk-bill if they could afford it—in fact, many of them did bulk-bill when they could afford it—but the current terms under which the government expects GPs in regional areas to operate makes this impossi-
ble. Access to a basic level of medical care is a right that every Australian, rich or poor, must be able to enjoy. It is not acceptable to me, and it ought not to be acceptable to any member of this House, for parents to be forced to deny their children a visit to the doctor when they need it. We have seen bulk-billing rates fall by 10 per cent in the years since this government came to office. At the same time, the cost of seeing a doctor who does not bulk-bill has risen by 50 per cent.

The problem is further exacerbated by a shortage of doctors in regional Australia. Launceston is not a tiny country town; it is a strong regional community with a city and a hinterland population of nearly 100,000. It is not an unattractive place to live and work; in fact, it is a magnificent place to be. It is a great place to bring up a family, to study or to retire to. But even with those advantages we are unable to attract enough doctors. Some of those practising in Northern Tasmania are older doctors who would prefer to retire but feel obligated to remain to ensure sufficient coverage. Others are only able to practice part time. There is a significant shortage of full-time doctors with long-term prospects both in the community and the profession. It appears that some action is being taken in this regard and that Northern Tasmania may be subject to some exemptions to allow overseas doctors to be appointed on a temporary basis. That is welcome, but frankly we called for that 18 months ago so that we would not get to a crisis point. It is also fairly clear that this will not be enough. More permanent solutions need to be put in place.

We are talking about the most basic of medical care. What happens if Australians do not ensure that they, their children or their ageing parents get everyday primary and preventive care? The answer is, of course, that they get sicker and their problems become harder to treat, prevent or cure. The cost to all Australians then rises, and the system becomes unworkable. Under this government, we seem to be developing a habit of closing our eyes to everyday problems and hoping they will all go away. That might occasionally work with storm clouds approaching the MCG for the Boxing Day test, but it will not ensure the long-term health status of all Australians. The reality is that for a whole variety of reasons we and our children get sick and hurt. Very occasionally it is minor and doing nothing might be okay. But for the most part an untreated illness or injury will eventually become more serious than it was initially and will lead to the need for a visit to a doctor, time off school or work, loss of income, reduced productivity—the list goes on.

The government is constantly pointing out that the cost of the Pharmaceutical Benefits Scheme is getting out of hand. But the volume of medications needed will grow even more if Australians enjoy poorer and poorer health, which is sure to follow if they are denied the opportunity for basic primary health care when they first need it. Earlier this year, we had families contacting my electorate office to say that they were unable to find a doctor who would bulk-bill. Fancy having to go to your federal MP just to find a doctor who bulk-bills! I am happy to provide that service, but that is not what we are here to do. That service should be provided. This created stress and anger for those families, because they then found that they could not afford the more expensive consultations.

Just a few months later, we now have constituents telling us that they are unable to see a doctor at all. It is becoming a regular story to hear of families being told, ‘I’m sorry, the doctor cannot see you. The practice’s books are closed. We can’t take any more patients.’ Lack of access to a bulk-billing doctor has quickly become lack of access to a doctor. The consequences are chilling. It is not good enough that the health of regional Australia should be threatened by a government that simply wants the haves in the city and the have-nots in regional communities.

**Cowper Electorate: North West Shelf**

**Mr HARTSUYKER (Cowper)** (7.34 p.m.)—Last Sunday, the federal Minister for Trade and my neighbouring National Party member for Lyne, Mark Vaile, joined me in attending a celebration of a major engineering project in my electorate of Cowper. WE Smith Hudson has just completed the construction of four 200-tonne heating exchange units, which will be used in the Woodside
LNG projects on Australia’s North West Shelf. At the function, there were representatives from China, Japan and the United States who joined workers from the company and representatives from Woodside to recognise the tremendous work that WE Smith Hudson had done in fulfilling this $10 million contract.

While the building of a 200-tonne heat exchange unit is a big project, the thing that really sets WE Smith Hudson apart from its competitors is its design detail. This is a very large project, building heat exchange units that are twice the size of units that have been built in the past. The other amazing thing is that they are built to have such incredibly fine tolerances. There were some 6,100 holes in these units which all had to be drilled by machine within a tolerance of 0.2 millimetres. When you consider the scale of these units, some of them up to 18 metres long, it shows the skill that our local engineering people can muster to produce such a highly technical, highly sophisticated piece of equipment in a regional centre. This accuracy is needed for processing the gas in the North West Shelf project.

WE Smith Hudson’s achievement is all the more interesting when you look back on the fact that this company was in liquidation not that long ago. Two years ago, it came out of provisional liquidation and was taken over or formed an alliance with the United States based Hudson Corporation. It has now re-established itself as a leader in its field. A new management approach, attention to detail and providing goods of the highest quality under the stewardship of Derek Firman means that the company now employs over 100 people.

They have secured more than $65 million in contracts and next year forecast they will complete some 80,000 man-hours of work. Their recent success has been a result of the high level of skills of employees and the ability of management to meet client needs. Not only have they created jobs but they have added social capital to the Coffs Coast Region and developed a team of people who have the skills to make them one of the leaders in their field.

All the staff at WE Smith Hudson are to be congratulated for their commitment to completing this $10 million project on time and on budget. I know that the WE Smith Hudson general manager, Derek Firman, firmly believes the resurrection of this company is primarily due to its staff. Concentration on staff has to be a major part of the success of the company. I would like to personally recognise two engineers at the firm, Mr Don Want and Mr Hung Ho, whose innovation and expertise have led to WE Smith Hudson securing much of the work that they have—some $65 million over the last 18 months. I would also like to acknowledge a quaint Aussie touch in that the equipment produced by WE Smith Hudson carries a typically Australian logo—a wombat inside an emblem of the Southern Cross. All equipment leaving their factory carries that good old Aussie wombat.

WE Smith is making a significant contribution to our exports. It is great to see that a company in a regional centre is able to compete on the world stage. This government has been focused for many years on getting the settings right to allow companies in regional and rural areas to compete on an equitable basis with city companies. It is great to see a company such as WE Smith matching it on the world stage and producing a high quality product. They are hopeful that, if the fifth train of the North West Shelf project comes online, they will be able to secure that work. That will provide more jobs in regional and rural Australia and more jobs in the Coffs Harbour area. The Minister for Trade, Mark Vaile, has been very focused on increasing Australia’s trade performance. It is interesting to note that one in four jobs in regional Australia comes from exports. It is great to see a firm such as WE Smith Hudson in a regional centre like Coffs Harbour doing its bit to increase our export performance and produce high quality goods on a world market.

**Transport: Bass Strait Passenger Vehicle Equalisation Scheme**

Mr SIDEBOTTOM (Braddon) (7.39 p.m.)—On 10 June this year, I set out with others to get pushbikes and motorcycles with sidecars or trailers included in the Bass Strait...
Passenger Vehicle Equalisation Scheme—a scheme for which I congratulate the federal government very much. It is certainly aiding Tasmania. Predictably, I suppose, I was accused of political opportunism calling for this when it should be a state issue and the TT-Line should do something about it. That is fine. On 26 August, pushbikes were included in this excellent scheme, and there were my detractors having their picture taken with cyclists going onto the new ferries. That is excellent, and I congratulate the minister for applying equity in the scheme.

Unfortunately, the minister has knocked back attempts by members of the Ulysses Motorcycle Club in Tasmania, their colleagues throughout the nation and me to get motorcycles with sidecars and trailers included in this scheme. It is a question of equity, and I ask the minister again to reconsider this. I found the minister’s courteous reply interesting after I had seen similar replies from my local senators in the press using the same phrases well before the minister got in touch with me and paid me the courtesy of answering my letter first. The minister is saying, ‘We can’t apply it to trailers and sidecars with motorcycles because we’d have to do it for motor cars.’ It is a question of equity. They said, ‘Besides, this is a TT-Line Tasmanian government decision about how these fares are applied.’ In actual fact, that is not the case. The rebate in the scheme is decided by the Commonwealth government and the government have demonstrated that they are prepared to step in on equity issues, because they did it for bicycles—quite rightly, and I thank them very much. I was the very first to congratulate these local senators who called me an opportunist. I do not mind because again what we have is a question of inequity.

Mr Anderson, in response to my letter, says:

To include an additional rebate specifically for motorcycle sidecars and trailers would mean that in order to be equitable the BSPVES would also have to include a rebate for motor vehicle trailers. I do not think he understands the current inequity in this situation. Let me explain. Car drivers currently obtain a $150 rebate towards the cost of transporting their car across Bass Strait while motorcyclists receive only a $75 rebate. Both of these types of motorists pay the same TT-Line fares for the Bass Strait crossing, which then produces an inequity between motorcyclists and car drivers. By including a separate rebate for motorcycle sidecars and trailers, the Federal Government would then be providing a subsidy of $150 for car drivers and a subsidy of $97 for motorcyclists with sidecars or trailers. It is still well below the $150 subsidy, and also less space would be required on the great ships Spirit of Tasmania I and Spirit of Tasmania II. So there is an inequity. While car drivers would still be financially advantaged in comparison to motorcyclists, it would alleviate the inequity of the system. However, Mr Anderson argues that, if a rebate was provided to motorcyclists for their sidecars or trailers, the Federal Government would also have to include a rebate for car trailers.

The point is, I would say to the minister, motorcyclists do not have the luxury of a car interior or a boot to store their luggage in when they tour our beautiful state. They need a sidecar and they need a trailer. Mr Anderson set a precedent when he quite rightly included bicycles in the BSPVE scheme. I am now asking him again to look at the question of equity. It would only cost about $5,000 a year to include motorcycles with sidecars and trailers. There are 19,000 members of Ulysses and thousands of members of other clubs throughout Australia who want to tour and spend their money and come to Tasmania, the mecca for motorcyclists and their trailers. Minister Anderson, I am coming again to ask you to help me to be an opportunist and to bring some equity to this issue. I know you will.

Ryan Electorate: Small Business Visits Program

Mr JOHNSON (Ryan) (7.44 p.m.)—I wish to speak tonight about small and medium sized businesses and to enlighten the House and my colleagues about my Ryan small business visits program, which has been an enormous success in the electorate and wonderfully received by the business community of Ryan.

Let me first of all mention the important constituency of small business. Roughly 30
per cent of Australia’s gross domestic product is generated by the small business sector. I know that my colleagues on this side of the parliament are fully aware of the importance of small business. If those opposite also acknowledged the importance of the small business sector, perhaps they might get more votes—but that is unlikely to happen. Small businesses employ well over 3 million people, accounting for almost half of private sector, non-agricultural employment. This is very much the case in the electorate of Ryan, where small businesses are providing jobs to a tremendous number of people and contributing very strongly to the community. Some 60 per cent of small businesses have a computer and 53 per cent of small businesses are connected to the Internet. This is very important in today’s high-technology environment, enabling them to reach out to customers and potential clients and enhance their business profitability.

In this context, I want to talk about my recent visit to V’s Cafe on Station Road, Indooroopilly. This cafe is opposite my office in Station Road, and I had the great pleasure of stepping into the shoes of the business partners of that little cafe, Victoria and Damien. They have built a very successful little business providing food and beverage services to the local shops and businesses in the area. I had the great delight to be on their staff, as it were, for some three hours. I had the opportunity of meeting some of their regular customers and actually doing the work that they do, experiencing the challenges and the pleasure that they get from being small business operators.

Among the experiences I had, of course, was serving meals, making drinks and actually putting together some food for the customers. It was a wonderful experience, and I want to give my thanks to Victoria and Damien. Their hospitality was tremendous, and I will certainly be promoting their business in the community. Their business will be featuring in my next community newsletter, which comes out next week.

My small business visits program is a very important program in Ryan. It is increasing in popularity and receiving tremendous interest from those who had not heard about it but who would like me to visit on their businesses. I go to small businesses and take on their role, stepping into the shoes of the local operators. If it is a business like V’s Cafe on Station Road, I actually take on the role of the owners and go out and talk to the customers and clients and bring in people—I do pretty much what they do to encourage business. I would encourage my colleagues in the parliament, if they have not thought of this sort of program, to take it up, because they will get a wonderfully receptive response. I have been absolutely overwhelmed by the interest generated by this program. I have, in fact, had interest from small businesses in adjacent constituencies. Unfortunately, I am not going to be able to serve them, as I already have a busy schedule serving the small businesses of Ryan.

I want to pay tribute to V’s Cafe, because they certainly enlightened me about some of the issues facing small businesses and were very complimentary of the federal government’s support for small business. They reassured me that the coalition government has their support and will continue to have their support. They were very supportive of the initiatives of this government to help and promote small businesses. I am delighted to be able to say to Damien and Victoria that it was a wonderful experience. I thank them and will certainly be promoting their business in the community. I certainly encourage other small business operators to get in touch with my office if they would like me to come to their operation, step into their shoes and promote their business. (Time expired)

Melbourne Ports Electorate: Stonnington School of Dance

Mr DANBY (Melbourne Ports) (7.49 p.m.)—Last weekend I had the opportunity to attend not once but three times the concert of the Stonnington School of Dance. I normally do this once a year, not because I cannot understand a concert after one appearance but because my daughter appears in this wonderful concert, which some 600 younger people are involved in each time. There are 1,400 people who participate in the concert at the Alexander Theatre. I want to tell this House something about the Stonnington School of Dance.
First of all, I want to congratulate all of the students, young men and young women, who successfully achieved their Australian Theatre of Dance Competition certificates this year. I particularly want to congratulate an extraordinary performance by Miranda Lukey, who won the Victorian Senior Tap Scholarship. She also, culminating in that, won the Australian Teachers of Dance Competition, the first time ever that this has been won by a Victorian entrant. All of the participants of the Stonnington School of Dance are very proud of her.

They had three performances, as I said, over the weekend at Monash University’s Alexander Theatre. This has been something, as my daughter Laura Danby has participated in it, that I have watched regularly. The teachers, the volunteers and the staff participate so wonderfully in teaching all of the students through the year. I often go to the Chadstone community centre behind the Chadstone shopping centre and drop off Laura and see all of the young women and young men participating so earnestly and with such enjoyment in the wonderful school that is run by Kaye Emmett.

I want to also focus on some of the teachers, the very dedicated teachers who enable the school to reach a very high standard, not just in tap but also in ballet and jazz; in particular, Rhonda La Vale, Lindsay Sinclair, Nikki Dorner, Zoe Cooper, Saskia Koger and Robyn Wilson.

I particularly enjoyed last weekend’s performance. It is the seventh year that Amanda and I have seen Laura perform, and all of the participants excelled themselves. Every year it seems to become more and more professional in the arrangements, music, lighting and even the video presentation. There are a number of other people, too, who are involved in this: sound engineer Mark Williams, lighting designer Rohan Thornton, stage manager Rob Mahoney, follow spot operator Rod Bethune, and of course wardrobe designer Kaye Emmett. All of the tap and ballet sequences had their own incredibly elaborate uniforms prepared for them. There were a lot of volunteers: Judy Sammut, Sue Nevins, Sally Anderson, Robin Gardner, Jenny Verloop, Kate Miller, Michele Rattle, Rita La Vale and Pam Pollock. They all participate in making sure that this concert takes place in the most well-organised, professional way. A very large group of dancers come in and come out, undress and dress again backstage and have their make-up and hair done—it is all prepared in an incredibly efficient and professional way. Kaye Emmett and the Stonnington School of Dance deserve a great tribute for that.

I will conclude by briefly referring to another matter. I have had the opportunity to be with some of my young staff, Kimberley O’Brien and Daniel Casey, to meet participants of the Australian Indigenous Leadership Centre’s leadership program, who are here this afternoon in Parliament House. They were greeted by the Indigenous affairs minister, Philip Ruddock. It is a wonderful idea to bring young Indigenous leaders to Canberra to show them the great network that they can experience from all over the country and to meet people who are very supportive, such as those from the Aboriginal and Torres Strait Islander committee. They saw one of our public hearings and they also saw us in a social setting, along with a lot of other parliamentarians, including the Deputy Prime Minister and others, who turned up to show them that we believe young Aboriginal leaders need to speak out with a strong voice and make sure their voices are heard right across this country in the future.

Agriculture: Sugar Industry

Mr LINDSAY (Herbert) (7.54 p.m.)—Last week in Townsville, 2,000 sugar cane farmers, their families and their friends turned out to demonstrate to the community of North Queensland the difficulties that sugar cane farmers are facing at the moment. There is a very significant number of farmers and their families from the Burdekin region, which is south of Townsville, and from the Herbert River region, which is north of Townsville. I rise tonight to say that the sugar industry restructuring package, which is desperately needed by these farmers, is now in serious doubt. Today, the Australian Labor Party tabled a motion to disallow government regulations for a levy to fund this vital industry assistance. I do not know
whether the Australian Labor Party know the depth of feeling that is in North Queensland. I do not know that they recognise that 2,000 people is a lot of people to turn out. I do not know whether they understand the problems of the struggling sugar cane farmers. It seems that the Australian Labor Party want to bow to the interests of a few vocal Canberra lobbyists ahead of Australia’s leading sugar producers.

It is vital that this sugar industry package get through. Federal Labor has turned its back on a vital Australian rural industry. The industry is facing its toughest battle for survival. Farmers, harvesters, small business people in sugar towns and thousands of mill workers have their livelihoods under threat, put at risk by what is nothing more than a political stunt. If you compare federal Labor with the Queensland state government, you will find that the Queensland state government has publicly supported this levy package. It has publicly supported the Commonwealth-state sugar package. The sugar industry assistance package is designed to secure a long-term profitable future for the industry, which is now in doubt. This new move by the opposition today places that future in jeopardy.

I call on the local Labor state member for the Burdekin, Steve Rodgers, to stand up and to say to federal Labor, ‘You need to support the government’s position.’ I plead with the Australian Democrats to support farmers. There is no alternative funding available for the industry restructure. It has to come out of this industry restructuring levy. Federal taxpayers have already contributed more than $60 million to help the industry, and it is now entirely appropriate that sugar users provide some help to secure the future of the industry. It is only 3c a kilogram; it just will not be noticed. Just last week, I was talking to one of the major soft drink manufacturers in this country—the fifth biggest plant in the world. The manager of the plant said, ‘We won’t even notice a 3c per kilogram levy on our usage of sugar.’ And they use tonnes and tonnes of sugar a day.

There has been very significant Commonwealth assistance to the sugar industry in the $120 million package that was announced. Centrelink has certainly commenced payments for income support. The Commonwealth will provide 50 per cent interest rate subsidies on loans for replanting purposes. Farmers with loans under the Queensland government’s Sugar Cane Crop Scheme will also be eligible for assistance. There are exit grants to help people move out of the industry. It is vital that the Australian Labor Party withdraw this disallowance motion. It is vital that the struggling sugar cane farmers in North Queensland be supported by political parties in Canberra. It is vital that this levy gets through.

Just as a footnote, I would like to recognise my daughter, Kylie, because it was she who was able to provide me with my paradise tie, which has attracted quite some interest in the parliament today. I thank Kylie, down in Hobart, very much.

Question agreed to.

House adjourned at 8.00 p.m.

NOTICES

The following notices were given:

Mr Ruddock to present a bill for an act to amend the law relating to migration, and for related purposes.

Mrs Vale to present a bill for an act to amend the law with respect to veterans’ entitlements, and for related purposes.
Mr Kerr to move:

That this House conveys to the Ambassador of the United States of America its:

(1) concern at the ongoing detention, without charge or trial, of two Australian citizens in Guantanamo Bay; and

(2) request that the United States of America advises what processes will be put in place to allow the detained Australians to be put on trial or to be released.
The DEPUTY SPEAKER (Mr Jenkins) took the chair at 9.40 a.m.

STATEMENTS BY MEMBERS

Gallipoli: Kemal Ataturk

Mr SERCOMBE (Maribyrnong) (9.40 a.m.)—Australians who have the opportunity to visit Gallipoli, particularly on Anzac Day, invariably find it a very moving experience. I had the opportunity to be there several years ago and I found that one of the most moving aspects was reading the words of Kemal Ataturk, who was the commander of Turkish forces at Gallipoli and subsequently the founder of modern Turkey. His words are on display on the peninsula. They say:

Those heroes that shed their blood and lost their lives ... you are now lying in the soil of a friendly country. Therefore rest in peace. There is no difference between the Johnnies and the Mehmets to us where they lie side by side here in this country of ours ... You, the mothers, who sent their sons from far away countries, wipe away your tears; your sons are now lying in our bosom and are in peace. After having lost their lives on this land they have become our sons as well.

They are very moving words indeed. Those words have resonance in Australia now because, earlier this year, a fairly grisly matter came to the attention of the Victoria Police at Echuca, where a mummified skull was taken into possession. The Victorian coroner, in findings handed down on 15 November, established that it was the head of a Turkish soldier who met his death in 1915 during the course of combat between Turkish and Allied forces on the Gallipoli Peninsula. It is probably not useful to go into the circumstances of how this particular relic came to be in Australia; however, Australia now has an unusual and perhaps unique opportunity to reciprocate something of the spirit demonstrated by Kemal Ataturk by ensuring that this particular human remain is treated with the dignity that it deserves.

There is some suggestion that the Turkish authorities may want the mummified head returned to Turkey. There are significant people, particularly in the Turkish community in Australia, who believe very strongly, and are making representations to the relevant ministers, that this relic ought to be buried in Australia with the dignity, sacredness and sense of ceremony which it deserves. It could possibly be buried at Ataturk Park in Canberra, but nonetheless it ought to be dealt with here as a reciprocal gesture to those extremely moving words that the commander of Turkish forces at Gallipoli, and subsequent founder of modern Turkey, demonstrated in relation to the Australians who lost their lives at that place.

I join the representations being made by others to the government on this matter. I strongly urge the government to take the opportunity, perhaps in the context of next Anzac Day when a Gallipoli exhibition, sponsored by the Turkish authorities, will be touring Australia, to do something about this with dignity and ceremony. (Time expired)

Lindsay Electorate: Infrastructure

Miss JACKIE KELLY (Lindsay—Parliamentary Secretary to the Prime Minister) (9.43 a.m.)—Sydney is an example of how not to design a city: around a beautiful harbour, with only two crossings; around a wonderful foreshore, with congested roads to access them; surrounded by national parks, which limit expansion outwards. The city is going up, with medium-density housing even in the outer western regions to accommodate housing demand. However, the minimal provision of infrastructure on an ad hoc basis by poll-driven politicians has left Sydney a chaotic, rambling city. Past generations have not paid for the infrastructure to be built. Their taxes were used elsewhere on some other squeaky wheel, which has resulted in my constituents spending four hours a day commuting on a road they pay to use which, for
most of peak hour, resembles a car park. In other areas, a minor accident or even a breakdown on the Eastern Distributor or in the M5 tunnel can slow traffic down for hours.

The New South Wales state government’s housing policy continues its traditional short-sighted and ad hoc planning policy in which the lowest percentage possible of revenue raised from fuel levies, vehicle stamp duties, registration, insurance levies and the plethora of other revenue raising ideas from transport is spent on infrastructure for the current population, let alone for the projected population. Dr Refshauge is scrambling to find new land for homes and blaming his ineptitude on the federal government. However, these new homes are not the only problem; the real problem is a lack of infrastructure and planning.

The New South Wales government’s housing policy is consistent with its roads policy: simply shift the problem. Just like the Western Sydney Orbital, which will simply move the problem to Pennant Hills Road, Refshauge believes announcement after announcement of housing releases will rectify Sydney’s housing problems. Western Sydney is facing a massive increase in the number of houses in areas where the provision of infrastructure by the state government is already years behind. If Bob Carr is going to release more houses for Sydney’s west then there needs to be a coordinated approach from departments like health, education and transport. This has been sadly lacking.

Perhaps one of the greatest flaws of development in Western Sydney has been the failure to provide land for employment. With a mad dash for land to provide houses for Sydney’s growing population, land for employment comes a poor second. This was highlighted in a public discussion paper from the Property Council of Australia entitled ‘Initiatives for Sydney’. This is a dangerous situation which has the potential to isolate employment in the city and centres like Parramatta, with the rest of Sydney being a sea of houses without infrastructure. With really expensive houses near the centres of employment, middle-class Australia is left to commute long hours to work.

The Penrith City Council and the state government are planning to build around 1,000 houses on the former Army land site at North Penrith, situated strategically next to the railway line. This is a waste of a golden opportunity. The Property Council of Australia has argued that Sydney will experience a shortfall in employment land in years to come. That land is critical if Sydney is to find an additional 20,000 jobs every year just to match the projected population growth. Sydney’s west is the fastest growing region, with almost 42 per cent of the city’s population. The New South Wales government has ignored the question of where these people will work. Even WSROC, which is made up of virtually all Labor councils, agrees with the Property Council, saying that there is need to channel government funds to create new schools, new roads and better transport infrastructure and to provide assistance to business to relocate to where the growth is. (Time expired)

Lilley Electorate: Methadone Clinic

Mr SWAN (Lilley) (9.46 a.m.)—This morning I wish to highlight a problem in the national policy on methadone treatment. On page 7 under the heading ‘Acceptability’, it states: The operation of methadone services should be acceptable to major stakeholders including clients, service providers and the local community.

In my community, unfortunately, a methadone clinic has been located in a built-up suburban area, at a railway station, without any effective consultation with my local community. This is causing a lot of concern in the local community surrounding Eagle Junction. We all know that methadone is one treatment for opioid dependency. Since 1969 it has been available in every state and territory except the Northern Territory. This treatment is provided in a diversity of settings by both the public and the private sectors. No-one in my local community wants to
deny access to methadone to someone trying to overcome an addiction. But what concerns the people in my electorate of Lilley, particularly in the Eagle Junction area, is the ease with which a methadone dispensary was set up on their doorstep with no discussion and no community consultation. That is why I believe the national guidelines must be much more specific about the location of these dispensaries.

The location of this dispensary is at the Eagle Junction shops. This group of shops is situated next to the Eagle Junction railway station, one of the busiest stations on the north side of Brisbane. This station not only services three local schools but also serves as an interchange station for students travelling to schools outside the electorate. The main entrance to the Eagle Junction railway station passes by the front door of the dispensary. Parents and teachers alike are concerned about children who access the station on a daily basis seeing this dispensary and the events that surround it. They have been trying to resolve this issue since the dispensary commenced operation in August this year. Sadly, there has been no resolution.

I recently met with members of the Clayfield Action Group who share these concerns and have been lobbying intensively to have the dispensary relocated to a more appropriate site—one that is not situated in a residential area, not in the middle of a local shopping centre and not where large numbers of children pass by twice daily on their way to and from school. The fact is that in other areas of the country dispensaries like this have been located in busy areas and have operated as magnets for people to come from right across the metropolitan area to these locations. The residents of my area fear that this will occur in the northern suburbs of Brisbane. That is not in the interests of those who are seeking the medical treatment nor is it in the interests of the local community. The chemist who established this dispensary could have easily located it in an area away from this busy railway station, away from the local schools and away from the local nursing homes. It would be in the interests of the local community for these national guidelines to specify that there has to be effective community consultation before these facilities are located in the middle of a busy, built-up metropolitan area.

Mr KING (Wentworth) (9.49 a.m.)—Looking back over the last 12 months, which have been the first 12 months since my election, I wish to pay due regard to the diversity, strength and compassion of those I represent in this parliament and to mention some of the exciting challenges as we look forward. So far as diversity is concerned, the people in my electorate, especially the ethnic communities—the Russian, Jewish, Greek and Chinese communities—are a very diverse and strong set of communities. The places themselves are extraordinary, from the wonderful beachside suburbs of Bondi Beach, Clovelly and Bronte through to the harbourside beaches and foreshores from Watsons Bay to Darling Point. It has been my privilege to participate in some of the activities of those involved with these diverse places. During the winter, I swam each Sunday at Bondi Beach with the Bondi Icebergs and indeed enjoyed that very much.

The strength of the community is also very important. I want to pay due respect to the fitness of those that I represent, especially those who run each year in the City to Surf and those who swim in various swimming races, such as the Cole Classic from Bondi Beach, races at Coogee and the Bondi to Bronte Ocean Swim. I also want to pay respect to those who participate in the sporting communities in the area. This year, the Sydney Roosters won the rugby league competition in this country. It was very exciting for the whole electorate. Not only in sport but also in small business is there particular strength in the community at the moment. This year, a national small business award was won by a business called Bow Wow Meow from Bondi Junction, headed by Amy Lyden. Restaurant and Catering Australia awards were won by a number of businesses from the area: the Best European Restaurant in Australia was...
won by Restaurant Balzac at Randwick; the Best Seafood Restaurant in Australia was won by Pier at Rose Bay; and the Caterer of the Year was won by Zest Catering at Point Piper.

The compassion that I mentioned is also important not just to disability support services and youth services but also to the sense of community that was exhibited by those who attended the many funerals and similar services for the Bali victims in my electorate. The challenges of domestic security and the economy facing us next year are also very important. Let me conclude by thanking my colleagues for the welcome they have given me as the representative of my community in the last 12 months. I wish all my colleagues a happy vacation and a safe return. (Time expired)

Environment: Kyoto Protocol

Ms BURKE (Chisholm) (9.53 a.m.)—I rise today on an important issue for Australia’s future: the controlling and reduction of greenhouse gas emissions and the international agreement to limit and reduce their production, the Kyoto protocol. The security and long-term protection of our precious natural environment depends to a large extent on our willingness to embrace the need to act and to act immediately. I would like to commend the Bracks government not only on a stunning victory over the weekend but also for its adoption of water conservation measures within our state. I would also like to commend the people within my own electorate of Chisholm who have embraced the need to reduce water consumption. It has been a stunning effort on behalf of all our local community to ensure that water consumption is reduced within our community. Along the two waterways within my electorate, Gardiners Creek and Scotchmans Creek, we have seen much activity to ensure that those waterways are protected, enhanced, beautified and maintained and that the water flow continues down them. You may think that that is not important in metropolitan Melbourne, but all water is important. It has been really delightful to see so many people embracing the need to reduce water consumption within the community, even within metropolitan Melbourne.

Globally we need to take steps now to reduce greenhouse gas emissions. Australia has to make a significant contribution to this reduction. Australia is one of the largest producers of greenhouse gases in the world. Our per capita greenhouse gas production is 27.9 tonnes of CO₂. This is higher than any other nation in the industrialised world and, given that we have one of the smallest populations compared with other countries, this is just staggering. As our contribution to the problem is so large, we have a responsibility to other nations, as well as to ourselves, to be part of the solution. The government’s failure to ratify the Kyoto protocol will be seen in the future as environmental vandalism of the worst kind. We are sitting still while emissions rise and the polar icecaps melt. We are sitting still while sea levels rise and Pacific nations are threatened. The government has a responsibility to the future. I again urge the minister to take steps in our collective interest and sign the Kyoto protocol now.

Just because we are going into the silly season, I would also like to thank the wonderful voters of Chisholm for another fantastic year that I have enjoyed in their company. Also I wish my family, friends and colleagues a happy and safe Christmas. And because I have not managed yet to put my son’s name on the record, unlike my delightful daughter, I want to mention the wonderful experience I have had this year with the birth of my second child, John, and the absolute delight he is to me and to my husband.

Parramatta Electorate: Christmas Hamper Initiative

Mr ROSS CAMERON (Parramatta—Parliamentary Secretary to the Minister for Family and Community Services) (9.56 a.m.)—It remains my contention that the great untapped resource of the Australian nation is not to be found in a better deployment of the resources of government but in a better harnessing of the goodwill, the expertise, the generosity and the
compassion of the Australian people. A testimony to that proposition is my electoral office—at the moment you literally cannot walk or move because the place is filled with 200 Christmas hampers, chock-full of gifts for the frail aged and needy in my electorate. I want to acknowledge those responsible and those behind the generosity. It is part of the Pay It Forward Parramatta initiative, which takes the example of a young boy who sought to change the world by doing a favour for three people and asking them, instead of paying it back, to pay it forward to three others. We launched Pay It Forward in Parramatta a year ago, specifically to help the frail aged—many of them war widows and veterans—and also to help people with significant disabilities.

In this Christmas hamper initiative, we invited 200 community leaders to our Christmas party. We suggested that they should contribute something, and I want to acknowledge some of those who went out of their way to do so. Brian Carrad and John Hart, the President and the CEO of Restaurant and Catering Australia, went to some of their suppliers, particularly Nestle and Goodman Fielder Food Services, and provided me with 80 boxes of food. My father-in-law, a saltmaker, went to 21 of his suppliers: Lebanese Loaf, Nimco Foods, Pinos Fresh Pasta, Sandhurst Fine Foods, Max Spices, Enrichos Kitchen, Picuba Foods, Lakemba Nut Roaster, Food on the Move, A.W. Hollier, Chippy’s Foods, Conga International, The Cookie Man, Crispy Foods, Ettasons, Gourmet Foods, Daily Fresh, Epic Wright Heaton, Hong Australia, Oriental Continental Foods and Majestic Foods. In boxes supplied free by Kennards Hire, they packed full 150 Christmas hampers. Add to them the generosity of the community. Kevin Chen from the Australia-Fujian Chamber of Commerce gave us $1,000. James Millar from Ernst and Young sent in $500. Some of my constituents—Phillip Gibson, L.G. Scott and John and Bobbie De Boos—sent in cash with their Christmas good wishes. Mal and Wendy Tunks and Councillor Yvette Whitfield from the Toongabbie third settlement committee provided us with gifts for boys and girls, beautifully wrapped and marked with age and gender. This sort of response fills me with encouragement about Australia and about our country’s future. The great strength of the place is not to be found so much within buildings like this or in the great bureaucracies but in the goodwill, the generosity and the giving Christmas spirit of the Australian people.

The DEPUTY SPEAKER (Mr Jenkins)—Order! In accordance with standing order 275A, the time for members’ statements has concluded. Before calling the Clerk—and I am sorry that the honourable member for Wentworth is not still in the Main Committee—I use this opportunity to caution honourable members about bringing mobile phones into the Main Committee. I did not take action at the time because members’ statements is a time-constrained debate but, through the National Party whip, who is in the Main Committee, I ask it to be conveyed to the honourable member for Wentworth that on a future occasion I will have no compunction in denying him the call if such an incident were to occur. I find the bringing in and the ringing of mobile phones grossly disorderly.

COMMONWEALTH VOLUNTEERS PROTECTION BILL 2002
Second Reading

Debate resumed from 23 October, on motion by Mr Slipper:

That this bill be now read a second time.

Mr COX (Kingston) (10.00 a.m.)—Labor will support the Commonwealth Volunteers Protection Bill 2002. The purpose of this bill is to protect people who perform voluntary work for the Commonwealth or a Commonwealth authority from civil liability for acts or omissions of the volunteer done in good faith when performing that work. Labor appreciates the work done by volunteers in our community. An example of this in the Commonwealth sphere is the
nearly 300 volunteers that the Australian War Memorial relies upon. The Bureau of Meteorology and the National Gallery of Australia also rely on volunteers. These are significant national institutions that provide important services to the Australian community. Much of their work would be compromised if there were no volunteers to assist them. Given the significance of that voluntary work and the need to sustain it, it is appropriate that volunteers are not discouraged from offering their services because of any concern that they may be exposed to some civil liability while performing that work. It has been suggested that the risk of litigation and the cost of insuring against that risk were beginning to deter people from volunteering. That is not a desirable outcome.

The Commonwealth has the capacity and some obligation to protect volunteers in relation to voluntary work performed for the Commonwealth or for Commonwealth authorities. In May this year, Labor called for legislation to exempt volunteers from potential liability for an act or omission done or made in good faith and without malice or recklessness in the course of carrying out community work. We are glad that the government has adopted Labor’s proposal. This bill also follows a ministerial meeting on public liability held on 30 May this year. At that meeting the Commonwealth, state and territory ministers agreed that a number of jurisdictions, including the Commonwealth, would introduce legislation to protect volunteers from being sued for negligence. Victoria, Western Australia and South Australia have already introduced legislation to protect volunteers who are doing work for community organisations, and I congratulate those states.

This bill contains sensible restrictions on when volunteers are protected from civil liabilities. These restrictions will ensure that volunteers act in good faith when they are doing voluntary work. The areas in which volunteers are not exempted from liability include when they defame someone, when they are acting under the influence of recreational drugs, if they are acting outside the scope of the activities authorised by the Commonwealth or the Commonwealth authority for which they are volunteering and if they are acting contrary to the instructions given by the Commonwealth or the Commonwealth authority. These restrictions balance the rights of volunteers with the rights of people who may be injured.

This bill also protects those people who may be injured due to an act or omission by a volunteer. Under this bill, the Commonwealth or a Commonwealth authority will not incur any civil liability that an individual would, except for this bill, incur in respect of a thing done by the individual while doing work for the Commonwealth or a Commonwealth authority. A Commonwealth authority, however, will not incur that liability if a provision in an act gives protection to the Commonwealth authority from civil liability. These measures will ensure that the Commonwealth parliament is able to make proper provision for protecting those people who may be injured due to an act or omission by a volunteer. Labor supports the bill, which recognises and acknowledges the significant work done by volunteers and supports those volunteers in that work. This bill also appropriately protects those who may be injured due to an act or omission by a volunteer. Labor welcomes the passage of this bill.

Mr WAKELIN (Grey) (10.04 a.m.)—I rise to speak on the Commonwealth Volunteers Protection Bill 2002. In my brief presentation this morning endorsing this bill and welcoming it, I regret the need that has caused it to arise, but I basically agree with all the comments that the member for Kingston has just made. I remind the Main Committee that the Commonwealth Volunteers Protection Bill 2002 is about protecting people who are doing work for the Commonwealth or Commonwealth statutory bodies from civil liability for acts or omissions of the volunteer done in good faith when performing that work.

Some of those organisations are the Australian War Memorial and the CSIRO. I believe—and I am not sure of the jurisdiction here—that volunteers are certainly involved with the Old
Parliament House and the great service that that offers to the community of the ACT, linking in with the new Parliament House and the traditions of this place. This legislation flows from the ministerial meeting on public liability held on 30 May 2002. As has been said, many of the states are already acting where it is within their jurisdiction, and that is, of course, to be welcomed.

In conclusion, I will make three or four general points. It really does remind us all that, in the spirit of the volunteer, one-third of adult Australians perform some voluntary work in any given 12-month period. It shows how strong this ethic is within Australia. It reminds us of the principle that it is very often greater to give than to receive and that the principles of mutual obligation are very much part of the volunteer ethic. It is the foundation of our community. In many ways, many things would not occur, we would not be as strong as we are and we would not have the protection of many agencies without the CFS, the SES and so many other volunteer organisations that are so obvious to us all that we almost forget they are there and, God forbid, might take them for granted. It is also challenging to the sense of entitlement and to attitudes of perpetual dependency that are both very important and within the spirit of the volunteer. It would be my hope that every Australian would consider volunteering for something they would be interested in as part of their overall daily lives. I would really recommend it to all Australians because it is just so important. I commend the bill to the House.

Ms JANN McFARLANE (Stirling) (10.07 a.m.)—In rising to speak on this debate, I would like to concentrate on the public liability insurance crisis, an issue I have been working on for over 12 months. The Commonwealth Volunteers Protection Bill 2002 is the second bill put up by this government in response to this crisis. The first dealt with the taxation arrangements of structured settlements. Why is this bill needed? Volunteers are the thread that holds together the fabric of our society. It is estimated that Australians give over 700 million hours of their own time to assist others. My electorate of Stirling has numerous community groups run by volunteers who all put countless hours of effort into helping people less fortunate than themselves.

Recently, organisations have been forced to curtail their activities or have even faced closure due to spiralling public liability insurance costs. They still face this problem, and this government is still doing little to address the plight of non-government organisations. This bill goes a little way towards dealing with a small part of the issue. What it effectively does is to protect people who perform voluntary work for the Commonwealth or for a Commonwealth authority from civil liability for acts or omissions of a volunteer done or made in good faith when performing that work. This is to be commended.

Labor has been calling for legislation to exempt volunteers from potential liability—those who carry out community work for a community organisation—since 29 May 2002. The Gallop government in Western Australia has already introduced legislation to protect volunteers from being sued for negligence. The Gallop Labor government should be congratulated for moving so quickly on this issue and attempting to stem the flood of volunteers who are no longer taking part in their organisation due to fear of litigation.

I would like to congratulate my state colleagues. John Quigley MLA has been doing great work on this issue with the surf lifesaving movement in our state. John and I recently attended the launch of the surf lifesaving season at the Scarborough Surf Lifesaving Club, where this issue was discussed by those administrators of the sport who were present. Bob Kucera MLA has been tackling this issue from a health viewpoint in his role as state minister for health, and also in his local community. Margaret Quirk MLA has also been working with community groups to lessen the effect of this insurance crisis on their operation. I am pleased to publicly acknowledge their hard work for our local community.
This bill and the state legislation stem from the agreement at a ministerial meeting held on 30 May this year. In April this year I held a public liability insurance forum in my electorate for community and supporting organisations. I have spoken in a previous speech on the findings of this meeting and my subsequent survey, but the overwhelming theme was that people were scared to volunteer and that sporting and community groups were closing because they could not afford the protection of public liability insurance. There was an example of this in November at the Balga community fair in my electorate of Stirling. Many of the people who attended the fair expressed support and appreciation for the efforts of the Balga Action Group in bringing the fair together but expressed great disappointment that a lot of the activities that had been there in the previous two years were no longer happening. These were activities such as pony rides, the abseiling wall and the community kids fun bus. All of these did not get booked for the fair because of the supposed public liability risk from these activities at community fairs. It was a disappointment to the parents, to the community, to the children and particularly to the many grandparents who took their grandchildren there.

I am going to support this bill, but the reality is that it plays only a very small role in attempting to deal with this issue. I would like to take issue with the government on the speed of their reaction to this crisis. In essence, this government has let the states carry the burden for solving the problem. Both major stakeholders in this debate are stridently pursuing the argument about who was responsible for the crisis. On the one hand, you have the Australian Plaintiff Lawyers Association and their supporters. In a recent article in the *Australian Financial Review*, Peter Semmler QC, a former president of the Australian Plaintiff Lawyers Association, makes some interesting observations which we need to consider. He had the following to say about action being taken by the government to address public liability insurance:

Rising premiums and the temporary reduced availability of public liability insurance in recent times have been caused by unusual insurance market conditions, not by an avalanche of unmeritorious actions.

He went on to say:

The insurance market crisis was always going to be short term. Even now, insurance companies are returning to profitability ... However, the outlook for the general insurance industry was much more positive. The ACCC noted the lack of empirical data on the so-called “litigation explosion”. It concluded that tort law developments of themselves were not obviously a root cause of the recent insurance crisis. It cautioned against radical responses to the claimed crisis.

The main point made by the stakeholders who are represented by the Australian Plaintiff Lawyers Association and others is that there has been a significant erosion of the common law rights of victims without the insurance industry making sacrifices. This argument has some merit. I have had long-term concerns about the balance in this debate and the federal government’s reluctance to take measures to ensure that through a whole-of-government approach we are not filling the coffers of insurance companies in the long term. Peter Semmler QC raised this concern in his opinion piece. He said:

Nor are there any guarantees that the insurance industry will pass on by way of lower premiums the massive profits they will make as a result of the changes. At the latest meeting on November 15 all the ministers received was an “assurance” from the insurance industry representatives present that the proposed reforms would make insurance more available and that cost savings would flow through to consumers.

The minister, in a speech on 29 November 2002 titled ‘Turning the tide’, identifies a figure for a decrease in insurance premiums due to the combined tort law reforms made by government. She stated:
An assessment by PricewaterhouseCoopers showed that the implementation of some elements of the Ipp Report, in particular, thresholds on general damages, could be expected to deliver an initial reduction in public liability premiums in the order of 13.5 per cent and that 80 per cent of small claims would potentially be removed from the system altogether. Significant reductions in medical indemnity insurance premiums of between 15 per cent and 18 per cent were also estimated for most jurisdictions.

I thought that this seemed to be a pretty good result for the insurance consumer, with a reasonably large drop in the price of insurance premiums. To better understand how they achieved that figure, I downloaded a copy of the report from the minister’s web site and read it. The first thing that got my attention when reading the report was the following statement in the section titled ‘Reliances and limitations’. The report stated:

Cost savings from reforms is extremely difficult and relies in large part on subjective interpretation of the likely impact of the various reforms. There is obviously considerable uncertainty as to the ultimate success or otherwise of these reforms and thus these costings are subject to a high degree of uncertainty.

I thought to myself: this is fair enough; all types of modelling usually have a disclaimer as they are only a forecast of what might happen, and this type of quantitative analysis is not exact. So I started reading the analysis with an open mind. The section that interested me most was section 8, which was titled ‘Impact on insurers’ premiums’. This was the nitty-gritty, the nuts and bolts, the calculation that came up with the figure that was spread far and wide by the minister. What I found in this section disturbed me a little, and I will read into the Hansard the relevant parts. Firstly, there was a calculation of the current premium and the expected premium after the reforms in the Ipp report. This section calculated the figure quoted by the minister in her press release. The next section, 8.4, ‘Premiums in the real world’, is the most interesting. The first statement that caught my eye was:

The premium reduction quantified in Section 8.3 will be an appropriate starting point only if insurers’ current premiums properly reflect current claims costs.

For example, it could quite easily be the case that an insurers’ premiums may be 10% inadequate (or 10% more than adequate) even if the intention has been to set adequate premiums. For an insurer with inadequate premiums any reduction in claims costs, which might arise from the Ipp recommendations, is likely to be viewed as an opportunity to restore adequacy of current premiums, and the insurer will not be inclined to reduce these premiums.

I must admit I am sceptical that an insurer would have inadequate premium costs. If you look at the component breakdown of premium costs contained in the report, you can see the profit component. In this case, they say it is eight per cent. I find this figure extremely hard to believe. I doubt that an insurer is going to be 10 per cent under cost when there is only an eight per cent profit margin in it. It would be good business practice to err on the safe side, and I am sure that just about all insurers do this. This report has effectively given insurance companies a justification for increasing their profits regardless of whether or not they currently charge an inadequate premium. All they do is claim that their current premium is inadequate, so there will be no savings to the consumer due to the reduction in cost. Another point for us to keep in mind is whether the current premium structure is recouping previous losses. Certainly, the temptation would be there for insurance companies to do this.

The second area that grabbed my attention was titled ‘The form of implementation’. The report recognises in terms of the actual form of implementation that, although it will be implemented prospectively, there will be some retrospectivity due to the nature of insurance premiums—for example, for those that are 12 months in duration. The report states:

For example, a premium received just prior to the change date will cover all claims for the ensuing 12 months. The premium is likely to have been set before knowledge of the changes, and hence based upon
a higher estimated claims cost. In these circumstances the insurer will receive a “windfall” gain to the extent of the differences in claims cost before and after the change date.

The report then gives an example for illustration purposes. This insurer has adequate premiums, and all the premiums are written uniformly throughout the year. In this case, the report states:

... then the windfall gain would represent around 6% of the annual pre-change premium income.

So we have the scenario where the minister claims that these reforms will reduce the cost of insurance premiums. In reality, her own report acknowledges that it is likely that this will occur in the short term. Insurers are likely to absorb the cost reduction brought about by the reforms in the Ipp report. If they implement the reforms straightaway, there is likely to be a delay of up to 12 months where the consumer gets no benefit and the industry gets a windfall of about six per cent. I must admit that I am at a loss as to why the minister is trumpeting the results of this report. The arguments of the minister are further eroded by the PricewaterhouseCoopers report. Under the heading ‘The operation of the market’, the author goes on to say:

Public liability insurance premiums are not regulated. Insurers are free to set their rates according to their own circumstances and future strategy. This means that a variety of views may be taken regarding the effectiveness of the Ipp recommendations, both immediate and long term. All such views might be quite defensible, given the uncertainty involved. Furthermore, it is likely that some insurers will have suffered significant losses on business underwritten in recent years. These insurers may view any reductions in costs from the Ipp recommendations as an opportunity to recoup some of these losses.

Dealing with the issue of reinsurance by foreign insurance companies, the report put the final nail in the coffin of the minister’s argument. It stated:

However, international reinsurers will have strategies for the future which will extend beyond Australia. As such there can be no guarantee that they will be prepared to provide the protection required for direct insurers, and at what price.

However, in the joint communiqué from the ministerial meeting on public liability insurance held in Brisbane on 15 November, none of these points is even acknowledged. In this statement there is a list of what the federal government is doing on this issue. This includes the bill that we are debating today. A quick scan of the list finds that the only mechanism to ensure that price cuts are passed on to the consumers is the ACCC second report and the benchmarking study of insurance claims practices. So what is the insurance industry doing to contribute to solving this crisis? Not a lot.

I would like to bring the attention of the House to a question I asked the minister in May about this issue. This question still remains unanswered. Part 4 of question No. 367 asks whether the proposed Commonwealth government measures would place any direct controls over insurance companies to take into account an organisation’s claims history and risk management strategies. If the silence coming from this government is any indication, I could hazard a guess that the answer will be a resounding no. In part 6 of that same question, I asked whether the government will take direct measures to set minimum standards for insurance claims through the introduction of an insurance claims act. Again, there has been no answer from the government on this. I suggest to the minister that he look at the issues paper released by the Parliamentary Library. In this publication, there is a really simple explanation on how this would work. It is obvious that this approach has been completely ignored by policy makers on this issue.

My challenge to the minister is to do something about reforming the insurance industry itself. It is not fair to expect government and the public to bear the costs of this industry’s inefficiency. The bill is fine, but the minister should engage in some real reform. It is an absolute
disgrace that a group of pensioners using a hall for meetings has to pay the same premium as a motocross club. These types of examples are constantly being highlighted in the media. Let us cut through the gloss and padding the minister has wrapped and covered this issue with. Get some real reforms, take some direct action and put some pressure on your mates in the insurance industry to come to the party and provide a real solution to this crisis.

Mr RIPOLL (Oxley) (10.22 a.m.)—It is a great pleasure for me to be able speak on the Commonwealth Volunteers Protection Bill 2002 because it is extremely important. Not only does it make changes to the protection of Commonwealth volunteers and recognise the value of their work, it also brings about much needed reform in terms of how we recognise volunteers for their efforts and protect them from litigation. The purpose of this bill is obviously to protect people who volunteer for the Commonwealth or any Commonwealth authority. It protects them from civil liability for any act or omission of the volunteer work that they have done or made in good faith. This means that all those people who go out and give of themselves will have proper protection under this new law. These days, when litigation and the issue of insurance cover for sporting and community events is so prevalent in the community, it is important that the federal government recognises this and puts in place mechanisms to protect people.

Labor is extremely appreciative of the great work that is being done by all volunteers, not just those who come under the Commonwealth or Commonwealth authority sphere but all volunteers in the community. From a study done in 2000, statistics show that something like two-thirds of all Australian adults have volunteered in some way in the last 12 months. The statistics also show that something in the order of 700 million hours have gone into volunteer work. If you look at those figures—particularly the 700 million hours—and you consider where that work is being done then you will see that it is a great contribution by those people to our country.

At a federal level, many of our institutions that we hold very dear would not be able to operate effectively or maybe not even operate at all if it was not for the great work of volunteers. Places like the Bureau of Meteorology and the National Gallery of Australia use volunteers on a daily basis. There is a whole range of Commonwealth institutions that really could not get by without the work of these good people.

In May this year Labor called for this legislation to be introduced. Labor wanted to exempt volunteers from potential liability for an act or omission or anything done or made in good faith and without malice in the course of carrying out their volunteer work—that work which benefits the whole community. I certainly welcome this legislative change. It is something that needs to happen.

To be clear, there are a number of areas where people will not be covered under this legislation. Volunteers must obviously take responsibility for the work they do. I know that volunteers understand this perfectly well. The areas where they will not be exempted from liability include such things as defaming someone—which obviously would not be part of the work they are doing—acting under the influence of recreational drugs, acting outside the scope of the activities authorised by the Commonwealth or the Commonwealth authority, or acting contrary to the instructions given for the work they are supposed to be doing. Those things are not there to deter people; they are there to point out that when you volunteer you do it in a particular capacity and to do a particular job and you stick within the boundaries of the work. This provision makes it clear that this bill does not cover people completely; it covers them within the bounds of the work they are authorised to do as volunteers.

This is an extremely welcome bill. Volunteers are very important people in all of our communities. They are certainly no less important in the electorate of Oxley, which centres on the
city of Ipswich and the western suburbs of Brisbane. I am very proud of my volunteers. Over the years I, like many other members in the chamber, have recognised their efforts. We recently had the International Year of the Volunteer where at a national level we celebrated the great work that our volunteers do.

In a sense, the volunteers in Oxley are my pride and joy. They are a fantastic group of people. I am always amazed, always heartened and always told great stories about these people. Sometimes you have to sit down and think about what drives these people to give so much of themselves for others. They ensure that the people who live in our cities and suburbs do not just live there but form part of a community. That is what I find pretty special. They help those who are less fortunate than themselves. They help preserve our environment. They help to preserve our history. They volunteer to help people with disabilities. They volunteer to help the sick. They volunteer to help the dying through hospice care.

The volunteers I have met come in all shapes and sizes from the very young—thinking of Clean Up Australia Day when you see five-year-old, six-year-old and seven-year-old kids out there helping their mums and dads and being part of the volunteer effort to help clean up Australia—to the quite aged. People in their 90s and older, while they still have the capacity, choose to give their time free of charge. There are many wonderful stories. They give an incredible part of themselves. They give their time, money and effort. Most volunteers pay to be volunteers in some sense by paying for their transportation, paying for particular safety equipment they might need to do the job they are carrying out, paying for equipment they might need and so forth. They give their time, they give their money and they make an effort. They give their all for what they do. I would go so far as saying they give their heart and soul. In my electorate the Ipswich Hospice is staffed by many fine volunteers who come in and help the dying. Without those people those services would not be affordable to government, be it local, state or federal. We cannot afford to provide all of the services that are needed.

It is very important that we recognise the great job done by volunteers. I have spoken at many ceremonies in recognition of volunteers. I always try to give people a bit of a picture of the cost. If people asked to be paid and said, ‘We won’t do this job unless we’re paid,’ we would not be able to do that. There is not enough money to go around. There are not enough taxes; there are not enough programs. To some extent, there probably would not be enough will to have that happen. The great work volunteers do is irreplaceable.

I want to recognise a number of organisations within my electorate. You could always single out one or two—and I have already mentioned a couple—that do very good work, but they all do fine work. Whether it is sporting clubs or environmental groups, no matter what it is, they all do a great job. I want to put on record the names of not all but many of the volunteer organisations and groups in my electorate. They include the B’nai B’rith Anti-Defamation Commission; the Salvation Army, which does an absolutely fantastic job in Ipswich; Inala New Life Assembly; AISHRA, the Aboriginal sporting organisation which does great community work; Just Rock Ipswich dance and car club, which does charity work as well; Queensland Lions; Camira Soccer Club; Acacia Ridge Soccer Club; Ipswich Soccer Club; Purga Elders and Descendants Aboriginal group; Purga Friends Association; Kulkathil Skills Centre; Teencare; the Aboriginal Link Up service; the NAIDOC committees; We Care, which looks after young people; Butterfly Housing Association, based in Inala in the west of Brisbane; South West Area Brisbane Tenant Group, which does a great job of looking after people’s housing rights; Ipswich Regional Tenants Group; Goodna South Tenants Group; St Vincent’s Community Services accommodation project; Leichhardt Tenants Union Group; and the Inala Family Accommodation Project. All of these are run with volunteers.
Other organisations are the Harrisville and District Historical Society Inc.; Action Collective; the Australian Workers Heritage Centre; the Eisteddfod Council, which has a group in my electorate; Friends of Wolston House, a group that preserves some of our history; Ipswich Historical Society; the Cooneana Society, which is staffed by incredible volunteers who have poured 20 to 25 years of their own lives into this area; the Young People’s Health team; the Jacaranda Clubhouse; and the Jacaranda Festival Committee. This festival has been going for 20 years, and an idea of bringing people together to enjoy fellowship has turned into an incredible festival every year which raises an incredible amount of money for young people and local charities. Other groups I want to mention are the Leukaemia Foundation; the Allamanda Autistic Adult Accommodation Association Inc. service; the Ipswich West Moreton Club House; the West Moreton Health Service committee; and the Stroke Association of Queensland, which is based in Acacia Ridge in my electorate. It is an incredible group of people—stroke victims who have come together to help others in their situation. They get virtually no funding and no assistance. They work extremely hard and do a fantastic job of helping people through a stroke.

Other groups include Camira/Springfield Drug and Alcohol Association; Ipswich Hospice Care, which I have mentioned and which is an incredible bunch of people who do an amazing job of looking after not only those who are dying but the families of those they are caring for; the St John Ambulance people; and Dan’s Farm, which is just down the road from my place and which is a fantastic little place. Dan’s Farm is really a block of land of about three or four acres. It is a private house, and the people who owned that house gave it to charity to look after disabled kids.

Other groups I want to mention are Inala Community Health; Epilepsy Queensland; Kambu Medical Centre, in Ipswich; the Goodna Family Day Care service; the Mercy Family Services; PFLAG—parents and friends of gays and lesbians; Western Districts Family Day Care; the Forest Lake Family Day Care group; the Alternative Placement Support Service; and Parents Without Partners, who come together on a weekly basis to support each other. This is a group made up of men and women interested in helping each other to look after their kids and to keep their families together. Other groups to mention are the Ipswich Multiple Birth Association, the Tangata Pasifika community centre and the Soni Samaj association of Queensland, based in my electorate.

We have a fairly multicultural electorate in Oxley, with many fine ethnic groups who do a great job for the community. Other ethnic groups include: the West Moreton Migrant Resource Service, which is staffed by so many volunteers—and the work could not be done without them; the Queensland Irish Association; and the Portuguese Family Centro. There is also the Spanish Club at Acacia Ridge—which, by the way, makes the best paellas in the world. I have helped to cook them a few times; it is great fun. They are a great bunch of people. Other groups include the Free Vietnam Alliance; the Lao Ethnic Communities Association; the Ethnic Communities Council of Queensland, which has a group in my electorate; and the Friendship Force of Ipswich. The Queensland Holland Festival Association and the Dutch Club are also in my electorate; they have a fantastic festival every year to celebrate the birthday of their queen.

Other ethnic groups in my electorate include the Wat Lao Buddhist Society; the Friendship Force; the Lao Association; the Vietnamese Women’s Association; the Vietnam Community in Australia, Queensland Chapter, which does a great job of fundraising and raising community awareness and not only working with the Vietnamese community but also, over the last 10 years, branching out into the mainstream community to bring their community into line with
Australian values and Australian culture; the Samoan Community Advisory Council; and the ethnic communities support networks.

I have in my electorate a great group called Envirocare, which many other electorates would have as well; they do a fantastic job. Another environmental group is the Society for Growing Australian Plants, Ipswich branch, which I am prepared to put on the record as being the only plant growing association in Australia that has discovered the equivalent of the Viagra pill in the form of a vine. That vine is extremely rare and difficult to find. It is in a secret place within my electorate, and I am not telling anybody where the vine is, otherwise a horde of people will be rushing to the area. We are trying to preserve this very rare bit of rainforest. It is the last bit of its kind in the area. The historians tell me that in the 1800s botanists from all over Australia travelled by train to Ipswich and researched some of the rare botanical specimens in my region. A total of two vines have been discovered and verified. The other one is a headache vine—you crush the leaves and apparently you can use it to relieve headaches. We discovered these things from our local Aboriginal communities, who told us through their storytelling what they knew from the past.

Educational groups in my electorate include the Jacaranda 2000 Toastmasters, who do a lot of community work as well; the Australian Flag Association of Queensland; the Bremer Institute of TAFE; the University of the Third Age; the Darra and Regional Education Association; the Ipswich and Districts Life Education Centre; the Acacia Ridge Technology Information Centre, ARTIC, which I helped to form; the Muscular Dystrophy Association; the Queensland Advocacy group in my area; and the Focus on Youth group, which is not in my electorate but which works very closely with my electorate and does a fantastic job working with young people who need assistance. Other educational organisations include the Endeavour Foundation, which raises a lot of money for the Ipswich community; and the Alternative Placement Support Group. Senior citizens groups in my electorate include the 60s and Better groups in Inala and Ipswich. I have never met a more vibrant bunch of people—it is as though they get more energetic with age. They do a great job. There is also the DayRespite service. Other volunteer groups include the Inala Arts Inc.—Inala has its own art gallery—and the Inala Historical Society.

I also want to mention the RSLs and armed services groups in my electorate, which do a great deal of community and volunteer work: the Ipswich RSL, the Railway Sub-branch RSL, and the Vietnam Veterans Advocacy Service People who look after themselves are often best placed to deal with their own issues. The Bundamba Subsection Naval Association is new in my area and has recently brought together 250 former naval personnel who served. We had a fantastic reception for them at the Goodna RSL in my electorate. Other organisations include: the Goodna RSL; the Forest Lakes Sub-branch; the Redbank RSL; the Queensland Incapacitated Servicemen’s and Servicewomen’s Association of Queensland, which has its head office in my electorate; and the Bundamba Anzac Observance Committee and the many other observance committees that I have in my electorate which look after our Anzac Day commemorative parks and areas.

Other organisations include Carole Park Neighbourhood Centre, Gailes Residents Committee, Caring Together Ipswich, Aspen Community Centre, Riverview-Dinmore Community Reference Group—all these are staffed by volunteers. We also have Ipswich Awakening, Woogaroo and District Meals on Wheels, Ipswich Meals on Wheels, Lions clubs right throughout the electorate, Rotary, Country Heart, Neighbourhood Watch right throughout the electorate, Riverview Neighbourhood House, Camira-Springfield Lions, Goodna-Gailes Community Reference Group, Ipswich Events Corporation, Forest Lake Community Events.
Mr Cadman—Are these all in your electorate?

Mr RIPOLL—These are all in my electorate. Others in my electorate include the Hub Neighbourhood Centre Inala, Elorac Place at Carole Park, Jacaranda Street Community—that is a different group to the ones I mentioned before—Inala Community House, Limestone District Scouts, Rang Dong Scout Group and all of my scouts groups, Inala Library, Acacia Ridge Community Support Group, Leichhardt Community Group and Queensland Pioneer Steam Railway Association. We have two steam railway groups in my electorate. They actually preserve the history of steam.

Mr Cadman—Do they have races?

Mr RIPOLL—They do have races, and I have actually driven a train. It is not a fast race but it is fantastic.

Mr Cadman—You’ve driven a train. Have you put the power on?

Mr RIPOLL—I have; I have done all those things. Other organisations include the South West Progress Association, Goodna Rugby League Club, Redbank Plains Rugby League Club, Ipswich Soccer Club, SES volunteers and all of our emergency services, our rural fire brigade services, and the Western Suburbs Workers Club formerly the Ipswich Workers Club—they are doing a fine job as well. Mounted Search and Rescue, based in my electorate, is a horse mounted search and rescue which works with SES and emergency services. All these are fine groups with fine people. They do it on a shoestring, with very little financial support. They do it with great big hearts and assistance from the community, and for the love and passion they have of supporting their environment and their community and of being a part of something. If there is anything we can say about our volunteers in terms of the rewards they get it is a sense of belonging, contribution and participation.

This is what makes me so proud to have mentioned so many groups. I know I will have inadvertently left some out and I will try and update my list and bring them to this House some other day and congratulate them. I would also quickly like to say that Ipswich will have a morning tea tomorrow to embrace all its volunteers and to recognise International Volunteer Day. I would encourage all people to get involved with that. It is tomorrow and more people should know about it.

Mr CADMAN (Mitchell) (10.42 a.m.)—The speech we have just heard from the member for Oxley has given me a great idea, Mr Deputy Speaker: to read a list of the organisations in my electorate if I do not have a speech to make. I rise to speak on the Commonwealth Volunteers Protection Bill 2002. This is interesting legislation, because it in fact covers the volunteers working for Commonwealth instrumentalities, and there is a large number of them. The obvious ones are the Australian War Memorial and the Australian Taxation Office’s Tax Help, where many of us receive free advice from volunteers who help people who have very simple tax returns. There have not been many claims made against all those volunteers. As far as we can ascertain from the Solicitor-General, there have been very few claims made by a member of the public for damages caused by a volunteer. Whilst there are not many claims, the purpose of this legislation really is to reassure volunteers that they are covered and protected so that should anything happen in the workplace they are not going to be liable.

This is complementary legislation. There is similar legislation being entered into by the states of Australia to cover organisations of a community type. This legislation only deals with volunteers working for Commonwealth agencies. In passing, I would just raise the following question: I wonder how the volunteers working in members’ offices are covered? I do
not think they are covered by this legislation and I would like to have some advice about the
volunteers that we have, because they do work in a Commonwealth environment. They work
under the direction of members or senators and their staff. There is equipment, there are lift-
ing duties and other things. Also, members of the public are frequently contacted by volun-
teers, so I believe that is something where clarification is needed.

Ms Hoare—What about polling booth volunteers?

Mr CADMAN—I think they would be covered by our party organisations, which would
be covered by state legislation, as I understand it. But being from the Commonwealth, I do
not know where we stand and I would like to know. We will get some advice from the minis-
ter or the parliamentary secretary before we finish the legislation. This does not cover the
work being done by agencies that are not Commonwealth agencies but are subject to Com-
monwealth activities, such as the Work for the Dole schemes. In relation to a sponsor super-
vising Work for the Dole schemes, those projects are not Commonwealth projects, and so the
volunteers within an organisation sponsoring Work for the Dole schemes are covered by sepa-
rate legislation. That protection will be in legislation passed by state governments. There is
also the instance where a volunteer organisation, such as St John’s Ambulance, may be cover-
ing a Commonwealth function—that is, a group of volunteers supplying a service at a Com-
monwealth activity. They are not protected by this legislation but by state legislation.

In reading through the bill, I see that there is one factor that raises concern. I will approach
it in an orderly fashion. The people working for the Commonwealth in these circumstances
are providing work on a voluntary basis. The voluntary basis aspect of the bill is pretty inter-
esting because it goes to the concept of what is a volunteer, how they are defined and what
our expectations of them are in the community. First of all, they receive no remuneration for
doing the work other than the reimbursements for reasonable out-of-pocket expenses—and I
think that is good—or they receive remuneration which is less than the amount prescribed or
determined in accordance with the regulations. They are not getting full pay; they are getting
part pay and are regarded as volunteers. They are not doing community work by court order.
Individuals also do work on a voluntary basis for the Commonwealth or an authority while
they continue to receive remuneration from their employer. This might be where an employer
says, ‘I’d like you to go and do some voluntary work,’ or a person says, ‘It’s time I went down
the street, took a couple of hours over my lunchtime and helped the Red Cross stall.’ That is
not a Commonwealth agency, but they could go and do a couple of hours’ work for the tax
office. So that person doing some voluntary work, even though they are being paid by an em-
ployer, is covered by this legislation.

The work is of a kind that is usually done by the Commonwealth, or a Commonwealth au-
thority, by persons who either receive no remuneration or receive remuneration less than what
would normally apply. That is the definition of a person working on a voluntary basis, but
there are some exceptions where their actions are not covered—and those exceptions are gen-
erally appropriate. A person performing voluntary work is not covered when they are subject
to a court order, when the liability falls within a compulsory third-party motor vehicle insur-
ance scheme or within a defamation action, or when their ability to perform the work is sig-
nificantly impaired by recreational drugs.

I would have to confess that this is the first time I have seen the term ‘recreational drugs’ in
Commonwealth legislation, and I do not like it. A person is either taking medication which is
prescribed or taking drugs which are not prescribed. To refer to any drugs that are not pre-
scribed as ‘recreational’ drugs, to take into that scope, in such a broad and sweeping nebulous
definition, crack or heroin or any of those highly addictive substances and to call them recrea-
tional drugs is a misleading and grossly improper description of addictive substances that I
know members of this House would be absolutely opposed to. I intend to pursue strongly with the minister and with the drafters the issue that this term not be used in our legislation. A drug is either prescribed or not prescribed. To call substances such as heroin ‘recreational’ I think gives the wrong impression. It is the wrong description; it is inaccurate to begin with. I have been part of the ongoing parliamentary inquiry into the examination of the abuse of drugs in Australia and I have seen some of the horrible messes that people have been able to get into because, for whatever reason, they have started taking addictive drugs. For us to refer in this legislation to that range of non-prescription drugs as ‘recreational’ drugs is, to my mind, an acceptance that the taking of illegal substances is acceptable to the Commonwealth and that we can brand them as ‘recreational’. Unless we can come forward with a better definition, unless there is a proper medical term, I would like to see this definition changed.

I regret that I did not detect this weakness until now. I regret that I have not been able to raise it with the minister or with the minister’s staff until now. I have no recourse but to draw attention to it in the strongest way that I can and ask for the definition of ‘recreational drugs’ to be re-examined. Is smoking pot recreational? We are getting so much evidence that it is a mind-changing, dangerous substance and that it should not be—

Mr Danby—Speak to the Prime Minister about it.

Mr CADMAN—I will take it up with the appropriate minister. We are getting evidence from researchers in Victoria that just one cigarette of the substance can grossly change people’s performance on the roads and that it may in fact be significantly more dangerous for road users than alcohol. Given that that evidence is now coming forward, I suggest that the part of this legislation which refers to volunteers of the Commonwealth who may be under the influence of what are called recreational drugs, and who are debarred from the liability factors of this bill, is so loose and so capable of any interpretation that it ought to be pulled out, looked at and seriously worked on. I know there have been no claims. I guess I disagree with the way in which this principle is being entered into without proper thought. The fourth area where the protection does not apply is where the volunteer acts outside the scope of the authorised activities or where the volunteer acts contrary to instructions—for instance, engaging in criminal conduct or whatever.

So that is the scope of this legislation. I think it is thoughtful legislation. I think it is a valuable guide for us to examine and to assess the effectiveness of the coverage of volunteers in all circumstances. The last thing that we would want is to discourage volunteers from undertaking work. The final report of the review of the law of negligence chaired by Mr Justice David Ipp suggested that there is not a significant volume of negligence claims against volunteers and that people did not appear to be discouraged from undertaking voluntary work. That is fine; we do not want them to be discouraged. We do not want, in this day and age where everybody is so litigious and wanting to get their pound of flesh, whether it seems sensible or not, people being discouraged from volunteering. Volunteers give 700 million hours of time each year in Australia, and Australia thrives and survives on those volunteer attitudes. We have had the International Year of Volunteers, which was highly successful. This legislation is warranted; it is a guide that we can use to judge other legislation produced in other areas, particularly by state governments. I commend it to the House, with the exception of the definition of ‘recreational drugs’.

Ms HOARE (Charlton) (10.55 a.m.)—As we have heard, the purpose of the Commonwealth Volunteers Protection Bill 2002 is to protect people who perform voluntary work for the Commonwealth or a Commonwealth authority from civil liability for acts or omissions of the volunteer done in good faith when performing that work. I think the member for Mitchell’s question has been answered: if we have volunteers working in our office, they are...
working for the Commonwealth so they would be covered by this legislation. Volunteers are not exempted from liability for defamation and are not exempted from civil liability if the volunteer is acting under the influence of recreational drugs, is acting outside the scope of the activities authorised by the Commonwealth or the Commonwealth authority, or is acting contrary to the instructions given by the Commonwealth or the Commonwealth authority. The Commonwealth or a Commonwealth authority will incur any civil liability that, except for this bill, an individual would incur in respect of a thing done by the individual while doing work for the Commonwealth or a Commonwealth authority. A Commonwealth authority would, however, not incur that liability if a provision in an act gives protection to the Commonwealth authority for a civil liability.

This bill gives us the opportunity to speak about volunteers in our electorate and the wider community. These people have been calling out, particularly since the civil liability issue has blown up, for some kind of protection to enable volunteers to be able to continue to carry out the good work that they do in our communities. As we have heard, last year was the International Year of Volunteers. In October there was a national summit for volunteer leaders and managers from Australia’s emergency management and emergency services organisations, held here in Canberra. I do not know what they are called in Queensland, Mr Deputy Speaker Lindsay, but in New South Wales they are called the SES, the State Emergency Service. It was a conference that went over two or three days and came up with some quite substantial recommendations and conclusions. The summit recognised that there was a real need for a national peak body, supported by a coordinating secretariat, which would truly represent volunteer emergency related organisations and give effect to the recommendations which came out of the summit. I agree with that and believe that it is necessary. As I said, I do not know what the emergency services are called in Queensland. There should be a national body. They should all be working under the same umbrella, under the same conditions and with the same guidelines.

The summit’s conclusions included recognition, legal protection, training and funding. In relation to recognition, the summit concluded that the emergency volunteer sector is simply not well enough recognised by all levels of government, the community, the media and industry—particularly the insurance industry, which is the main reason for the legislation we are discussing today. In its conclusion on legal protection, the summit recognised that the level of protection for volunteers is uneven and, in some cases, deficient. In addition, existing arrangements are not well understood by the volunteers themselves, and the problems faced by volunteers are not well understood by state and territory governments. Unfortunately, this legislation is being debated here in the Main Committee rather than in the House of Representatives chamber, but hopefully, once it is passed—and the Labor Party is supporting it, so it will be passed—there will be enough publicity about this legislation to make volunteers confident that they are going to be protected by the Commonwealth in relation to public liability.

Another recommendation from the summit was on training. Its conclusion was that, to comply with Commonwealth, state and territory policy, all organisations must accept the national training framework and must educate their staff and volunteers to reinforce the need to implement the national training framework. The final conclusion from the summit was on funding arrangements. The summit strongly supported the proposal to form a national peak body that would develop strategies for better funding. All members in this place would support that recommendation.

Following that conference in October last year, in the International Year of Volunteers, I was invited to the Cooranbong State Emergency Service, in the southern half of my electorate, to present a national medal to a longstanding volunteer at the Cooranbong SES, Mr Clarence
Mills. I was honoured to do that on 23 October last year. The national medal was awarded to Mr Mills for 15-plus years of service. As well as the information about the national medal awarded to State Emergency Service volunteers in New South Wales, I would like to read into the Hansard record some information about the State Emergency Service itself.

The SES is an emergency and rescue service dedicated to assisting the community. It is made up almost entirely of volunteers, with more than 230 units located throughout New South Wales. The units comprise more than 9,000 volunteer members, who are easily identified by their distinctive orange overalls. I am talking here about New South Wales; I presume that happens across all states and territories in Australia. The major responsibilities of the SES are flood and storm operations. It also provides the majority of the general rescue efforts in the rural parts of the state. This includes road accident rescue, vertical rescue, bush search and rescue and other forms of specialist rescue that may be required due to local threats. The SES’s trained rescuers also support the full-time emergency services such as ambulance, fire and police during major disasters.

The New South Wales SES was formed in April 1955, following the disastrous floods across the state that caused substantial loss of life and massive damage to property. The government of the day recognised the need for a body of trained and disciplined volunteers with good local knowledge who would be available at short notice to help the community during such disasters. Later in 1955 the government decided there was a need for a civil defence organisation in the event of a nuclear attack. In September 1955 the two organisations merged, under the leadership of Major General Ivan Dougherty, who was later knighted. The new organisation was known as Civil Defence. In 1972 the State Emergency Services and Civil Defence Act was passed by parliament. That act remained in force until 1989, when it was replaced by the State Emergency Service Act.

In speaking about the local state emergency services, I will be seeking leave at the end of my contribution to this debate to table a CD-ROM presentation which was produced following the summit last year. I think it was produced with funding made available from programs of the International Year of Volunteers last year. The CD I will be seeking to table is the 2001 Lower Hunter Division SES CD-ROM presentation, which was the first of many CD releases for a public education, promotional and training reference on what the volunteers of the State Emergency Service do. In addition, it contains information about what you should do in a flood or storm. It adds insight into the tasks faced by our volunteers and gives information on simple things we can all do to make our lives easier and safer.

Mr Deputy Speaker Lindsay, you and other members in this place would be aware that my electorate of Charlton was ravaged by bushfires on Tuesday last week. The bushfires burnt out 4,000 hectares in my electorate, which is located on the west side of Lake Macquarie. We are not talking about national parks and we are not talking about wide expanses of bushland; we are talking about urban areas on our eastern coast. Those bushfires have been costed at $8.5 million. I will read some of the statistics involved in that. There were 150 firefighters and 64 police from Newcastle, Waratah and Lake Macquarie local command areas. There were five command centre staff. Six helicopters, two crop dusters and a water crane were used. We lost a home in Ascot Parade, Blackalls Park, and we lost three businesses in Toronto West Industrial Estate. As I said, 4,000 hectares of bush were burnt. Up to 2,000 schoolchildren and thousands of residents of caravan parks, nursing homes and childcare centres were evacuated, and 3,000 homes were affected by power blackouts across Lake Macquarie on Tuesday night.

It is suspected that the fire occurred by accident. Arson has been ruled out, which is good news. However, accidents still happen, and the fire was apparently ignited by a cigarette butt discarded from the window of a car travelling down the F3. Somebody threw that out of a car,
it ignited the grass on the median strip, and that ignited everything. The fire jumped the freeway, and the winds on that day forced it through to Lake Macquarie, where it threatened homes, properties and lives. Fortunately, no lives were lost on that day. I mention that to put on the record my appreciation of all of the people who were involved in dealing with those bushfires: the rural fire services, who were volunteers; the paid fire services; the State Emergency Service; the local police; and even the local energy authorities. It was quite a traumatic time.

As I said, childcare centres were evacuated. I had all the children from the Woodrising childcare centre evacuated to my office car park. There were all these children, and their parents did not know where they were. There were no phones because of the power blackout, roads were blocked, people were evacuated and people did not know where their elderly parents were. It was a very traumatic time, and it was only because of the support of the volunteer services and the hard work of the firefighters that more property was not lost and that no lives were lost. It was a fantastic effort. I drove around there. To look out and see a hill totally burnt out on all four sides with a house still standing in the middle gives an indication of the work that those firefighters did.

Congratulations and appreciation need to be recorded for the state member for Lake Macquarie, Jeff Hunter, and also for the New South Wales Minister for Emergency Services, Bob Debus. The day following the fire, the New South Wales Labor government set up a disaster recovery centre based at the Toronto Centrelink office. The area was declared a natural disaster zone, and the centre was set up to enable people who had lost property to get some financial and other types of support. The state government and the local member were quick off the mark. They were able to set that up and put it in place for anybody who was affected by the fires.

I do not know about other members but, on Sunday evening, I took a trip down memory lane when I watched the Long way to the top program on the ABC. Others who saw it would have seen John Paul Young performing the likes of Yesterday’s hero. John Paul Young is one of my constituents and a local environmentalist, and he lost $35,000 worth of recording equipment in those fires. Sometimes a face such as John Paul Young’s is one that people can relate to. He also lost an irreplaceable set of original recordings in that fire.

When I walk around and talk to community members, they say, ‘We are so lucky to have such brilliant people looking after us’—all our volunteers. I have here an email from the daughter of the family who lost their home in the fires. I received it yesterday, just before question time, and I was so moved that I had to leave the chamber to phone Lara Stevenson to tell her how much I appreciated it. In the final couple of minutes, I will read it into the Hansard record. She says:

I am proud and honored to be an Australian/Kiwi. I hope you are too.

My parents and siblings lost their home in the Newcastle Bushfires last Tuesday night. They only got out of the house with what they were wearing. There wasn’t even enough time to grab precious photos, mementos, heirlooms or family videos. Everything has gone.

Yet despite losing everything they have worked for over the past twenty odd years, my parents are still looking on the bright side of things. As Mum and Dad said to me only two days ago “It’s only stuff Lara, at least we’re safe and healthy”. We all think we’d crumble if something like this happened to us but you would be amazed at how easy it is to cope when you realize how lucky we actually are.

What has overwhelmed my family is not the fire, the loss, re-building or even the emotion, but the generosity of their local and wider community, the local school, their parish, friends and family. In times of tragedy Australians and New Zealanders really do rally together.
Within hours of the house burning down, neighbors were providing drinks and sandwiches at the site while we sifted through the remains of our burnt home looking for precious items. Family friends bought buckets, spades and tools from Sydney for us to dig with. Strangers put on gloves and volunteered to help us lift the heavy corrugated iron. One man walked up the driveway and put a fifty dollar note in my father’s hand and simply said “that’s for you” and then walked away before Dad could thank him. Families from my ten year old brother’s local school, St Joseph’s at Kilaben Bay have donated school uniforms, clothes and brand new toys and vouchers so that he is still comfortable and happy.

Mum was talking to a journalist from NBN news when she started crying over how humbled she was about the generosity of people, I looked over and the reporter was crying as well. She was crying for our loss yet we’d only just met.

A kind neighbour found our family pet, Jack the Cat. This was possibly the best news we received all week. We then heard after all the media coverage about Jack in Australia and New Zealand, one very kind woman has asked if she may contribute to paying Jack’s vet bill at the end of his stay.

Hampers, clothes, towels, linen and kitchen utensils have been dropped off with our friends where we grew up in St Ives. The local business community in the main street of Toronto has donated everything from photo re-processing to gloves for digging through the ashes. My clients at ACP sent up food parcels, makeup for Mum and my brother’s workmates at William Mercer superannuation sent Mum and Dad a gift voucher.

I seek leave have the rest of the letter incorporated in Hansard.

Leave granted.

The letter continued as follows—

Having seen the headline news in New Zealand, Mum and Dad’s school friends from the South Island in New Zealand have all promised to send over photo’s of Mum and Dad as kids and their days at University. They haven’t seen these people for decades yet they still want to help ease the pain. We’re so grateful that it’s hard to know how to say thank you.

Why us? This is what Mum and Dad keep asking, what have we ever done to deserve this kindness? When Mum and Dad first moved to the Lake Macquarie/Newcastle area a few years ago, BHP has just closed down. Everyone was devastated. My parents included. They contributed free meals at their restaurant for raffles and local fundraisers.

Mum and Dad have done a lot for everyone they’ve ever met, but to them it’s just who they are. Like those who are helping us now, they don’t do it for thanks; they do it to make others feel better. I’ll give you a few examples; my little brother Joshua was once awarded a Certificate of Merit for his “Kindness and Generosity to the Missions” at school. Mum had given Joshua a ten dollar note to buy his lunch at school, rather than return the change to Mum, Josh put the money into the mission box so that he could help those less fortunate than him. He was only 7 years old at the time. Mum was so proud.

Mum has become a second Mum to many young people in her local area. She’s touched them all in her own special way; she makes you feel like you’re her best friend. Between Mum and Dad, they’ve employed about sixty casual waitpersons and chefs at their restaurant, Ripples on the Lake. They have always ensured that the local kids who look like they need something to eat are always given a free milkshake and hamburger before they head home. They even employed a young kid who broke into their restaurant as part of his community service. Not to teach him a lesson but to teach him they forgave him and that work was a better option than crime.

I remember giving toys myself to a local family in St Ives who lost their home to fire about 15 years ago and Mum telling me that those little girls had nothing left of their toys and it was important to help them in their time of need. The saying “what goes around, comes around” has come true for all of us this past week.

The stories like this about my family are endless but none of it will ever exceed the kindness and generosity we have felt over the past week. We’re not sure how we’ll ever re-pay this kindness but we will, I assure you.
We would like to sincerely thank and congratulate the NSW Fire Brigade, Bush Fire Brigade, NSW Police and all volunteers who saved so many lives, homes (including our neighbors), schools and businesses last week. Not only do these people put their own lives at risk but also they save other peoples lives we’re lucky that more weren’t lost and these people truly are heroes.

To the fireman that pulled my Dad out of our home before it burned, thank you. You saved my Dad’s life.

To the local Toronto community, St Joseph’s School and Parish — what can we say, you have given us more love and support than we could ever have imagined. To those in Sydney who share our pain, thanks for the phone calls and support. To the old mates and family in Sydney and New Zealand, you will never know how much the photos and letters mean to us. You should all be proud to be Aussies and Kiwi’s, as I don’t think we’d find this kind of spirit anywhere else in the world.

To the Aussie and Kiwi media, thank you for understanding and respecting what happened and reporting the news accurately. Without the media, lives may have been lost, as we must remember that it’s the media that forewarn us of any impending danger.

There are a lot of people in this world who are a lot worse off than us at the moment, our prayers are with the friends and families who lost loved ones in the Bali tragedy and all those affected by terrorism. As a family we will also do as much as we can for those who are suffering due to the drought at the moment.

We lost a lot of stuff in that fire, but that’s all it was, stuff. We did not lose our memories or each other and that’s the most important thing.

Kindest regards
Lara Stevenson

That was Lara Stevenson’s letter. I now seek leave to table the CD-ROM.

Leave granted.

Mrs GASH (Gilmore) (11.16 a.m.)—I rise to support the Commonwealth Volunteers Protection Bill 2002. In preparing this speech, I thought it would be appropriate to look up exactly what the word ‘volunteer’ means. It means a person who offers to do something for nothing. It also means to offer the services of another person. Volunteers are among the unsung heroes of Australia. There are thousands of volunteer heroes who have made our society what it is. Some are famous; many are not. In times of crisis and on a daily basis, countless men and women have given freely of their time to help their neighbours and those in need, be it in the next street or further afield. From firefighters to lifesavers, Little Athletics coaches to Meals on Wheels, St John’s Ambulance workers to those who visit the sick in hospital, and not forgetting the clubs and service organisations—volunteer workers in Lions and Rotary et cetera—SES, Neighbourhood Watch and CWA members plus the myriad other volunteer workers in the community. What kind of country would Australia be without its volunteers and how could we ever survive if everyone was paid for being a volunteer?

Last year it was my great pleasure to present awards to local residents in the Year of Volunteers. In the course of research, a lot of stories were gathered which provided me with an insight into the valuable work volunteers do without complaining, not just for a day but in many cases for their whole lifetime. To pay these people for the gift of their labour would be beyond affordability for governments, yet I note in recent news that the trade union movement is advocating such a position. Imagine the cost to the state government if we had to pay all our volunteer firefighters for their work fighting the bushfires in the New South Wales bushfires last Christmas. And what about charitable groups and religious organisations? The list goes on. Not only is payment for services a contradiction of the ethos of volunteering, but I am sure for many people it would be seen as an insult. Effort and time is given freely and willingly, and volunteering provides participants with an activity they might not otherwise have
become involved in. There are also benefits that the volunteers themselves derive from their efforts, such as confidence. Often as a volunteer you are able to try new skills and opportunities that would never be available to you as a paid employee. Volunteering to assist others allows us to grow and also allows the community to judge its maturity, for it would be a poor community indeed that did not look after its occupants. I know of many people who have said their own quality of life has improved simply because they saw other people’s problems as being a lot bigger than their own. It allows them the satisfaction of serving their communities and giving something back. We all know the Scriptures that tell us it is better to give than receive, and the Year of Volunteers was an ideal occasion to parade these contributions and allow the community a small glimpse of what volunteers actually do.

So it is with great concern that I was confronted with the prospect of this valued work being jeopardised because of the insurance liability crisis. In fact, we put out a survey in Gilmore, and there were some 1,500 responses from all forms of volunteer organisations. Since this issue has come up there has been a stream of organisations having to cancel functions, being unable to get insurance cover. This has really affected the community in terms of loss of service. But, more importantly, there is anger and frustration as it is always the innocent that seem to be penalised. Some of the premiums being quoted are beyond comprehension, and I wonder whether, despite the good intentions of government, the insurers should be compelled to join in the spirit of the moment and look past the dollars and cents and to perhaps research just what claims have been made by volunteers versus big business or the individual who sets out to defraud the company.

Frankly, I have difficulty in comprehending how a croquet club can be quoted several thousands of dollars to effect insurance. It really is beyond the pale, and I have to commend the initiative of this government in taking the lead in confronting the issue. The Commonwealth Volunteers Protection Bill 2002 shows the way yet again in seeking to protect volunteers working for the Commonwealth. It is difficult enough in some cases doing volunteer work without the added burden of wondering whether you will be covered for insurance should something happen to affect you or your family. In our increasingly litigious society, where people seem to be suing each other at the drop of a hat, certainly we do not want to place people in legal jeopardy while they are volunteering and giving their time.

This bill simply lends legal cover to situations that have been informally arranged up to now. It gives the certainty that may not have been tangible before. It does not extend itself to each and every volunteer or volunteer organisation and does not include those groups or individuals operating under the laws of state governments. Many projects funded through the Commonwealth include participation of volunteers. These grants often require in-kind contributions of labour, and this of course is given by the members of the applicant organisation. Gilmore has been the beneficiary of many community projects and, whilst there exists an attitude of benevolence to the workers, we cannot expect that everyone thinks the same way and is forgiving all the time.

Volunteers are generally humble people who do not look for reward or recognition, but that does not mean that this alone protects them from civil action. Such an action, even if it comes to nothing, can be quite traumatic to the individual, at times simply because it was taken. These people have quality of life issues to take into consideration such as concern for their families, what their friends might think and their own sense of dignity and morality. Being sued, while it may not lead to anything, is not a concern that they need to be burdened with when volunteering. When you think about the types of people who make up the ranks of volunteers, they are well-meaning, honest people from simple backgrounds. To suddenly be confronted by a lawsuit would not only frighten them but discourage them from participating
again. If you are working for no pay and facing the threat of having all your goods and possessions seized and being dragged through the courts over a matter you have little understanding of, it would certainly shake your faith in humanity.

The prospect of an antivolunteer culture is not inviting, so we are duty bound to do all we can to protect that culture. This bill also means that the need for affected organisations to chase up expensive third-party insurance cover will, to a degree, be negated. For the Commonwealth to assume the risk on behalf of the workers gives peace of mind to volunteers and allows them to concentrate on what they do well—being a volunteer. They need to approach their work free of the concern of being sued. Any organisation dependent on the goodwill of volunteers cannot afford to have such doubt overwhelming their work. With the assumption of risk by the Commonwealth, there must be a cost saving in real terms to the organisation. Insurance premiums should therefore be discounted on the basis that the Commonwealth has assumed the risk. I see this bill as another positive initiative by this government to address the concerns in the community over the impact of public liability. I commend the legislation to the House and applaud the minister and Assistant Treasurer for putting it forward.

Mr HATTON (Blaxland) (11.23 a.m.)—I follow a number of people in this debate who volunteered to put themselves forward to speak about the Commonwealth Volunteers Protection Bill 2002. Many of my comments will probably be much the same as those of others in looking at the background material to this—the purpose of the bill, its scope and its intent. But I also want to go to the larger context: the collapse of HIH, the problems with medical indemnity and the legislation that we actually dealt with yesterday in the House, which I spoke on late last night. There have been some fundamental problems in Australia in a range of insurance areas, none greater than the question of public liability, of which this bill is but a small piece.

The Commonwealth, pursuant to the ministerial council meeting on 30 May 2002, agreed in conjunction with the states that it would take action, as would the states. In fact, three of those states have now done so; Victoria, Western Australia and South Australia have already introduced legislation covering state government volunteers and state government authorities. This bill covers Commonwealth volunteers who perform duties directly related to the Commonwealth government and its authorities. But the key point to understand is that the scope of this bill is extraordinarily narrow because the number of people who perform voluntary work for the Commonwealth government and its authorities is extremely small. It is no wonder that the explanatory memorandum to this bill, when dealing with the question of the cost to the Commonwealth of putting this legislation into place, states that those costs are probably very small. In the last five years there have not been a significant number of claims by third parties against volunteers, or against the Commonwealth, in respect of services performed by volunteers for the Commonwealth. On that basis, it is unlikely that this bill will result in a significant increase in the number of claims arising from the activities of volunteers. That is not a surprising conclusion if you look at what the volunteers do for the Commonwealth.

Both the second reading speech of the Parliamentary Secretary to the Minister for Finance and Administration and the background material to the bill drawn on by our shadow minister referred to what has been done. The Bureau of Meteorology, the National Gallery of Australia, the Australian National Botanic Gardens and airport fire services on Christmas Island all have volunteers working for them. The Australian War Memorial has about 300 volunteers. When you think about the work of those volunteers in turn, it does not involve their performing really dangerous jobs. You would not think that there would be a possibility of legal action arising in regard to negligence with respect to most of those jobs. In that circumstance, where
the things they are doing do not involve much risk, there should not be a problem. In his
speech, the parliamentary secretary, Mr Slipper, gave a wonderful example of this:

At the Entomology Department of CSIRO, over 20 volunteers assist in the maintenance of the Australian National Insect Collection. These people help to maintain collections of moths, butterflies, beetles, ants and bees.

It is very difficult to make an assessment of whether the 20 people who help out in the entomology department are going to get themselves into a lot of trouble when it comes to the question of negligent acts which would impact on a third person when the most dangerous thing they probably do is stick the pin in the right place through the insect and make sure it goes onto the corkboard. The work they do is extremely valuable. Without the work of the volunteers, the Commonwealth departments could not achieve the great things that they do.

You can imagine that there is not much risk in all those entities mentioned in the parliamentary secretary’s speech; therefore, the Commonwealth is doing the absolute minimum here. It is covering itself and its authorities in regard to this matter, but it is not doing something greater than that as effectively as it should. Likewise, if the state governments purely looked at covering themselves and their own entities then there would not be much of a range. There is a problem in terms of just how wide they need to go. You can understand that for the Commonwealth and state governments to take up a larger brief it could create a significant problem. But there is a significant problem in the community, and the problem is fundamental.

We know, in dealing with the medical indemnity issues, that the key question went to the fact that the doctors did not put enough money aside in their insurance company. In the one company that was providing most of the coverage for Australian doctors, there was not adequate provision. We do know that prior to the collapse of HIH insurance there was pretty adequate provision Australia wide in terms of the amount of moneys being paid for public liability by almost every voluntary organisation across the country—but not those covered by this bill or those covered by the states. Most of those probably did not take out their own public liability insurance; they probably would not have even thought of it. But certainly in these changed times this legislation is necessary, as is that of the states.

The royal commission has gone into the nefarious underpinnings of the collapse of HIH, and they are still looking at why a company as big, strong and sure-footed in the past as HIH could collapse with debts of something like $4 billion. Throughout the investigation of HIH and its collapse, I do not think there has been an argument put that there were inadequate amounts of money put into public liability insurance in the past. I do not think that, apart from comments of the premiers and other people on this, there has been a really solid argument put forward in regard to the increasing litigious nature of Australian society. I know it has been referenced by previous speakers and I know it has been almost a stock reaction; I just do not think it is true.

We know that the United States is highly litigious. We know that Australia may be a bit more litigious than it has been in the past. We know that there are some lawyers and some solicitors who will chase ambulances, looking for work. We know that there is a problem where people offer to take cases up on the prospect of winning and then share the goods with people who otherwise might not put themselves forward to do that. But fundamentally it has not changed all that much. What has changed is that the biggest insurer in Australia providing public liability insurance—the company which had encompassed virtually all the work—collapsed in a pile of ashes to the tune of $4 billion of debt. That is the problem, rather than it just being a question of whether more Australians in their tens, hundreds, thousands or tens of thousands have been flocking to the courts to put in claims for negligence or claims for public
liability occasioned by what the local council or the local craft group has been doing and the fact that they have had problems when they have been undertaking those activities.

Here is a situation where the industry has virtually collapsed in front of the eyes of every community group across Australia and the eyes of state and Commonwealth governments. So far the only answer we have is this legislation and the legislation in three states. There are no answers for all of the community groups Australia wide. Every government has looked at it; every government has paled with the dimensions of how to deal with it. Every government has said: ‘It is a terrible thing that these insurance companies want to charge so much for public liability.’ But no government, including the Commonwealth government—and most importantly this Commonwealth government, which in the past basically sledged the states and said that it was their responsibility to look after the concerns of people with public liability—has done anything.

Given that I chair a Labor Party caucus committee and that over the last 6½ years or so we have tracked from one end of the country to the other, I can tell this House without any error of judgment or lack of certitude that people in suburban, rural, regional and remote Australia are devastated by the problems that they are faced with in regard to this public liability problem. They do not want sledging and they do not want buck-passing; they want some solutions that do not cost the earth. Those solutions are possible if the state and federal governments, working together, and working with the insurance industry, build a new insurance industry infrastructure within Australia. But to do that it is not enough to take care just of your own. It is not enough to look after the 20 people who volunteered at the entomology section of the CSIRO, good though their work is. It is not enough to take care of just the 300 people who give their services to the Australian War Memorial. It is not enough to cover just the Commonwealth’s backside or that of the state government and its authorities. Our problem is that the whole of Australia has not been encompassed in a solution.

If you walk into any shire in Australia—and it does not matter what the political stamp on it is—you will see that the shire council, its officers and the elected officials understand that most of their normal life simply cannot run because of this crisis. They know that it has not just been for a couple of months. This has now been going for a number of years. All normal volunteer activity in some cases has entirely ceased. The elderly in the community—those people who were most vulnerable in this regard—are the people who have most provided. They have spent a lifetime giving their services to others as well as working in the community and they have had a lifetime of practice in assisting wherever they thought there was a need to assist.

In this circumstance, it is important to understand that just covering part of it is only a first step for the Commonwealth government. I do not think that we have yet had total national leadership on this issue. If you walk into Bankstown City Council chambers or go to Nowra or go to Western Australia—to Exmouth, Coral Bay or the city of Perth—or go to Arnhem Land, in any of those places you will see that the whole life of the community is undergirded by the fact that people have what Karl Marx called ‘craft idiocy’. They have a willingness to put themselves to a set of work tasks even when there is not much in it for them. He fundamentally meant that, if a person was a watchmaker and really liked what they were doing, they would almost go to the ends of the earth in trying to produce the best work they could. It might even be so in the case of lawyers—I am not sure. Certainly doctors, teachers and so on can become so wrapped up in what they are doing that they will do it in a way that will act against their own best interests, because they will put extra time into it or it may affect their health. But the job itself engulfs them.
So it is with our volunteers. Our volunteers in the city of Bankstown, which is in the electorate of Blaxland, have been given some signal rewards over the years, particularly with the Centenary of Federation and also senior citizen rewards. Those people who have given their life in the service of others, done the extra yards and the extra things that have made a dramatic difference to people have been given a little bit of recognition. Those people are in an invidious situation, because they want to continue to volunteer their services but they know that they are not covered by this bill. They know that they are not doing it for a Commonwealth government entity or authority. They know that the state bills will not cover them. They know that the councils will have to front up with a lot of money or that they will have to simply give up what they are doing because they are fearful. The parliamentary secretary in his speech pointed out the nature of the effect of that fear and people’s uncertainty and the fact that this bill at the Commonwealth level, just with the entities that we are dealing with, should help to assuage that fear that they could lose a great deal as a result of putting themselves forward as volunteers.

This bill is the first step—a tiny one, covering the Commonwealth’s backside, with the states doing their own thing. At council level, where it is absolutely critical and where the state government certainly has legal sway in terms of its responsibilities and interaction with councils, the core of the work is done by voluntary groups either aligned with council or working in conjunction with municipal or shire councils. Not-for-profit groups in our community are the lifeblood and surging goodwill of the community that allow things to be done that could otherwise never be done. That is apart from those people who volunteer because it is necessary to their continued wellbeing, such as those in bushfire brigades and so on—and naturally you can see the self-interest with regard to that. But there is an extension to that: people are aware that they are not only helping themselves but also bonding together in a community of self-help to ensure the livelihood and continued existence of their entire community.

It is utterly important that we understand that this bill is purely a first step and that more needs to be done. The Ipp report on the review of the law of negligence, which was handed down in September 2002, concluded against exempting volunteers on the basis that it was:

... not aware of any significant volume of negligence claims against volunteers in relation to voluntary work, or that people are being discouraged from doing voluntary work by the fear of incurring negligence liability.

But, as the parliamentary secretary pointed out, the very perception that one might be in that position leads the Commonwealth to take the steps they have here and for states to do the same. More globally, at the shire level and at the local community level, the angst that runs from one end of the country to the other is deep and white-hot.

The fundamental problem we have is this: unless the Commonwealth government takes the leading edge on this—and does not just leave it to the states or say it is too difficult to do—and unless it incorporates all of Australia into a plan to fix public liability, then the nature and quality of the lives that people throughout Australia lead will be impoverished. So far we have not seen enough practical steps to build a new insurance infrastructure. We have the investigation into HIH but therein lie the very seeds of the problem we have. I favour an interventionist approach to these things. I know it has not been popular over the last decade or two, particularly since 1996 when the National Commission of Audit said that the Commonwealth should not be interventionist, that it should extract itself from providing any direct services and that it should contract everything out and all the rest of it.

Here is a case where the bunny is stuck in the middle of a spotlight. Here is a problem of immense proportions to local people, local communities and local volunteer groups. They
cannot cope with it themselves; it is beyond their resources. They need assistance. It is not
good enough to say, ‘We’ll look after ourselves with this particular bill and the states can
cover themselves.’ Maybe, like Mr Micawber in Great Expectations, if we hang around long
enough and hope that something might turn up, the good fairy of a new insurance company
will pop along and do the right thing in public liability and make it affordable. I think we need
active intervention by the Commonwealth taking the lead in the ministerial council with the
states and working with the insurance industry in Australia. I know some work has been done
on this but it is a question of the extent of the work, the degree to which the foot is on the ac-
celerator and the ability of the government to take the lead to make sure we crack this prob-
lem.

As I pointed out before, the problem is not the excessive litigiousness of Australian society.
I do not think that is right—argued, as it is, more broadly. The problem is the utter collapse of
the one company that had gobbled up most of the work in public liability throughout Austra-
lia. Some local shire councils have shown the lead by negotiating directly—because they have
the resources—with companies in London and other places, and getting deals that are reason-
able. This Australian government has the resources to put a package together to settle this is-
 sue of public liability Australia wide. This is a first step. I encourage the government to do the
rest. (Time expired)

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Admini-
stration) (11.43 a.m.)—The speech just delivered by the member for Blaxland is a true indica-
tion of the importance of time limits in the parliament. I suspect that if the member for Blax-
land were in the US Congress he would be an expert at filibustering. The parliament was
saved by the bell, so to speak, and the member for Blaxland was compelled to resume his
chair when his 20 minutes were up.

The Commonwealth Volunteers Protection Bill 2002 is intended to provide comfort to peo-
ples performing voluntary work for the Commonwealth or a Commonwealth authority so that
they will not be personally liable to pay compensation to third parties to whom they may, act-
ing in good faith, have cause personal injury, property damage or financial loss. The govern-
ment wants to place on record its appreciation of all of those honourable members who have
spoken in this debate. We also want to express our thanks to the opposition for supporting this
very important initiative of the government.

It was interesting to listen to the remarks made by members who spoke and there was, gen-
erally speaking, a unanimity of purpose in support of the aims contained in the Common-
wealth Volunteers Protection Bill 2002. The members for Kingston, Charlton and Oxley
pointed out that the opposition supported the bill and noted that states have introduced com-
plementary measures. Individually they pointed out the roles of volunteers in their respective
electorates. It would have been helpful if the member for Blaxland had listened to the contri-
butions made by some of his Labor colleagues because he, I believe, does not fully under-
stand the nature of the cooperative arrangements entered into by all levels of government to
solve what is undoubtedly a major problem confronting our nation.

Volunteers—and you would know this, Madam Deputy Speaker Corcoran, from your own
electorate—provide an invaluable service to the Australian community, and it is reassuring
that all members have supported the concepts contained in this bill. The member for Grey,
who represents most of South Australia, pointed out that the bill reminds us that the spirit of
the volunteer ethic is alive in Australia, and he referred to the mutual obligation principle of
our community. As we approach Christmas, it is important to recognise the wonderful work
done by volunteers throughout Australia. They look after the needs of those less fortunate.

A division having been called in the House of Representatives—
Mr SLIPPER—As I was saying before I was so rudely interrupted by the division in the main chamber, I am summing up the Commonwealth Volunteers Protection Bill 2002 and I was referring to comments made by honourable members of the chamber in their contributions. The member for Mitchell spoke, as he often does in relation to many items of legislation, and pointed out the very true fact that very few claims are actually made against volunteers working for the Commonwealth. He put a couple of interesting queries that I suppose would exercise all of our minds. He asked how volunteers working in members’ electorate offices would be covered, then he referred to polling booth volunteers and he also apparently expressed some concern about branding heroin and other illicit drugs. With respect to his query as to whether volunteers working in the electorate offices of parliamentarians would be covered or not, I will certainly refer that matter to the minister, who will provide a response directly to the honourable member. I also note the member’s concerns about the definition of recreational drugs and I will ask the minister to look at this issue. However, I would note that this term is used in the complementary state legislation on which this particular bill is modelled.

The member for Stirling, who currently provides the quorum on behalf of the ALP, suggested that the Commonwealth government is doing little to assist not-for-profit organisations in getting public liability insurance. Then she sought to carry the cudgel for the states by suggesting that the states have to carry the burden. She claimed that the focus on law reform will develop short-term potential benefits with no guaranteed reduction in premiums in the longer term. She also suggested that the Commonwealth government should introduce price controls. Unfortunately, the member for Stirling has made a number of uninformed comments, sincere though they may have been, in relation to public liability insurance. The member is concerned that the states have had to do their part in addressing the very difficult issues for communities in obtaining affordable public liability insurance. This comment by the honourable member ignores the fact that the most effective mechanism governments have for addressing these problems is through reform of the law which, by and large, is a state responsibility. Under the Australian Constitution, tort law broadly is a matter for the state parliaments.

The Commonwealth is, however, doing what it can to provide leadership to the states and to ensure that the Commonwealth laws do not undermine state reforms. In terms of the member’s concern about the likely effectiveness of law reform, I suggest that she look at the very real benefits that law reform is already delivering in states other than Western Australia—states such as New South Wales. In that state, a new joint venture underwriting agency, Community Care, has been set up to provide insurance to not-for-profit groups. This joint venture will expand operations into other states once similar reforms have been passed. The member for Stirling could help the whole process along substantially by encouraging her state Labor colleagues in government in Western Australia to implement their commitment to reforming the law of negligence so that similar benefits can flow through to the constituents of Stirling and other residents of Western Australia.

In terms of the member’s concerns about the joint communiqué arising from the meeting of 15 November, I suggest that, once again, she raise her concerns with her Western Australian colleagues, in particular Mr Nick Griffiths, who is co-signatory to that communiqué. With respect to pricing controls, I suggest that the honourable member take the time to read the second ACCC insurance market pricing review, which explains why pricing controls would not be effective in a competitive market. I suppose there is always the other point that ought to be noted—that is, that the Commonwealth does not have the constitutional power to regulate prices.
The member for Blaxland claimed that the scope of the bill was ‘extraordinarily narrow’, to use his words. As the member discussed, this bill did arise from the agreement of ministers at the ministerial meeting on public liability that jurisdictions would introduce legislation to protect volunteers from civil liability. The Commonwealth, I reiterate, does not have the constitutional power to make broader legislation to protect all volunteers in the community. The states must pass legislation to protect volunteers more generally. This bill will ensure that, once all states and territories have passed their legislation to protect volunteers doing community work for a state authority or community organisation, there will be no gap of coverage in relation to those volunteers doing voluntary work for the Commonwealth.

The member for Blaxland also referred to what he perceived as a number of problems across a range of insurance issues. He claimed that the bill ought to be expanded to a broader application. Then he made the accusation that insurance companies have underprovided for liability claims in the past. He might well be right there. He does not think it is true that Australia is a highly litigious society. He says that the HIH failure is the reason for premium increases. I do note his concerns with respect to the narrow application of the bill, but he has fundamentally misunderstood what the states are doing with complementary legislation or what the intended effect of this bill is to be. These measures are designed to protect volunteers by making the sponsoring agency or organisation liable for their actions.

In addition, I point out to the honourable member that the considerable actions taken to improve the prudential regulatory requirements for general insurers culminated in a new regulatory system which is internationally recognised as a world-class system of regulating insurance. I also point out to the member for Blaxland that there has been a cooperative, non-partisan and pragmatic approach taken by all levels of government. Quite frankly, the ministerial council on public liability insurance has acted in a way that goes a long way towards restoring the faith of the Australian people in our political process and our political system. The member for Blaxland would be much better off taking a similar cooperative approach to that taken by the ministerial council.

The wonderful contribution made by volunteers across Australia is greatly appreciated by the government and, I also believe, by the community. Volunteer activities contribute by building community networks as well as providing an economic benefit. The recent publication by the Australian Bureau of Statistics valued the free services provided to nonprofit institutions by volunteers at $8.9 billion in 1999-2000—a most impressive figure. I do not know how we as a community could afford to operate if it were not for the voluntary input of these people who work to assist their fellow citizens. We certainly would not like to see a situation where people hesitated to volunteer for fear of civil liability that may arise from activities engaged in while doing voluntary work.

Following the ministerial meeting on public liability on 30 May this year, the Commonwealth announced that it would introduce legislation to protect volunteers from being sued and to provide an indemnity for the organisation for which they work. This legislation would complement laws to be made by the states and territories to protect volunteers doing work for community organisations and state authorities. The Commonwealth Volunteers Protection Bill 2002 will protect people who perform voluntary work organised by the Commonwealth or a Commonwealth authority from civil liability for acts or omissions of the volunteer, done in good faith, when performing that work. The Commonwealth or Commonwealth authority incurs the civil liability that, were it not for this bill, a volunteer would incur. While there is not a significant volume of negligence claims against volunteers, as was pointed out by the honourable member for Mitchell, the government considers this legislation will serve a useful role in providing volunteers with certainty about their potential liability. As I said at the out-
set, the government appreciates the support of all honourable members, including the opposition. I commend this bill to the House.

   Question agreed to.
   Bill read a second time.
   Ordered that the bill be reported to the House without amendment.

   **Main Committee adjourned at 12.13 p.m.**
QUESTIONS ON NOTICE

The following answers to questions were circulated:

Disability Services: Quality Assurance System
(Question No. 705)

Mr Kelvin Thomson asked the Minister representing the Minister for Family and Community Services, upon notice, on 19 August 2002:

1. What are the origins of the Government’s Quality Assurance System for the disability sector which was recently enshrined into legislation.
2. How many disability support agencies will be affected by the new Quality Assurance System.
3. Will some agencies be unable to operate as a result of the new Quality Assurance System; if so, how many agencies will be affected.
4. What was the cost to the Government of conducting the KPMG Business Services review—A Viable Future.

Mr Anthony—The Minister for Family and Community Services has provided the following answer to the honourable member’s question:

1. The Quality Assurance System addresses the concerns described in Assuring Quality, a 1997 report drafted by the Disability Quality and Standards Working Party (a sub committee of the National Disability Advisory Council). The Working Party included representatives from the disability sector, including the National Caucus of Disability Organisations, ACROD, Association for Competitive Employment National Network (ACE), CRS Australia, the Disability Standards Review Panels, and the National Disability Administrators. A particular concern raised in the report was the lack of a transparent and universally applied accreditation/certification system that provided an assurance of service quality for both consumers and the Government. Other concerns raised by the Working Party such as the lack of incentive for service improvement and an ad hoc complaints and appeals system have also been addressed. The quality system developed by the Working Party was trialed in 2000/2001. National consultations followed an independent evaluation of the trial, and led to refinement and implementation of the quality system.

2. All service providers currently funded by the Commonwealth for employment assistance to people with disabilities are affected by the introduction of the new quality assurance system if they wish to continue to receive Commonwealth funding after 31 December 2004. This includes open and supported employment service providers and CRS Australia (160 outlets). There are currently 417 service providers with approximately 961 outlets.

3. While it is not possible to predict the number of service providers that will not be able to meet the requirements of the new quality system, all services have registered their intention to seek certification before December 2004. The Department is committed to working with industry bodies such as ACROD and ACE to provide support and information to services in the transition period.

4. A total of $685,069 was made available for the Business Services review between 1998-99 and 2000-01. KPMG received the bulk of the money for their consultancy services to the review. Ernst and Young also provided consultancy services associated with the review. Further costs included the expenses for the Steering Committee, focus groups and consumer consultations.

Members of Parliament: Security Clearances
(Question No. 845)

Mr Melham asked the Attorney-General, upon notice, on 22 August 2002:

1. What arrangements, if any, are in place to provide for personnel security clearances for Ministers or government parliamentary secretaries in respect to their access to classified information.

2. What arrangements, if any, are in place to provide for personnel security clearances for shadow ministers in respect to their access to classified information given in confidential briefings by the Government.

3. What arrangements, if any, are in place to provide for personnel security clearances for members of the Parliamentary Joint Committee on ASIO, ASIS and DSD in respect to their access to classified information provided to the committee.

(5) If no arrangements for personnel security clearances for Members of Parliament are contemplated, on what basis will Members of Parliament be granted access to classified information received from the United States under the terms of the Security Agreement of 25 June 2002.

Mr Williams—The answer to the honourable member’s question is as follows:

(1) None, as none are required.

(2) None, as none are required.

(3) None, as none are required.

(4) None, as none are required.

The Agreement between the Government of Australia and the Government of the United States of America concerning Security Measures for the Reciprocal Protection of Classified Information of 25 June 2002 (known as a General Security of Information Agreement, or GSOIA) was accompanied by an exchange of letters, signed on the same day, which sets out the understandings of the Parties as to how provisions of the GSOIA will be interpreted. The letters state (in part) that:

‘In respect of the requirements for security clearances in the Agreement, the Parties acknowledge the special status of elected representatives at the federal level, and confirm their intention to continue to apply their current practices to them’.

Articles 4 and 5 of the Agreement will be applied to members of the Australian and United States federal parliaments in accordance with the agreed understandings in the exchange of letters. The GSOIA will not affect the current practices with regard to elected representatives and security clearances.

(5) Members of Parliament will be granted access to security classified information received from the United States of America on the basis of the agreed understanding set out in the exchange of letters that accompanied the GSOIA.

International Court of Justice

(Question No. 904)

Mr McClelland asked the Attorney-General, upon notice, on 16 September 2002:

(1) Who are the members of the Australian National Group who nominated candidates for a term of nine years on the International Court of Justice from February 2003.

(2) Who did the Group nominate as candidates.

Mr Williams—The answer to the honourable member’s question is as follows:

(1) Candidates for the 2002 ICJ elections were nominated by Chief Justice Murray Gleeson AC (High Court of Australia); Sir Ninian Stephen KG AK KCMG GCVO KBE (former Governor-General and High Court Judge); Dr David Bennett QC (Solicitor General of Australia) and Professor Ivan Shearer AM (Challis Professor of International Law, University of Sydney).

(2) The Australian National Group met on Wednesday, 21 August 2002, by teleconference and nominated the following candidates:

<table>
<thead>
<tr>
<th>Name</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hisashi Owada</td>
<td>Japan</td>
</tr>
<tr>
<td>John Dugard</td>
<td>South Africa</td>
</tr>
<tr>
<td>Bruno Simma</td>
<td>Germany</td>
</tr>
<tr>
<td>Shi Jiuyong</td>
<td>China</td>
</tr>
</tbody>
</table>

Workplace Relations: Unfair Dismissals

(Question No. 975)

Mr McClelland asked the Minister for Employment and Workplace Relations, upon notice, on 14 October 2002:
(1) Has his attention been drawn to the comments of the Federal Court in Hamzy v Tricon International Restaurants on the suggested relationship between unfair dismissal laws and employment growth, namely, that it seems unfortunate that nobody has investigated whether there is any relationship between unfair dismissal legislation and employment growth and that there has been much assertion on this topic during recent years, but apparently no effort to ascertain the factual situation.

(2) Has the Government undertaken any research on this issue since the Court gave its reasons for judgment.

Mr Abbott—The answer to the honourable member’s question is as follows:

(1) Yes.

(2) Research on this issue has been undertaken by the Government since the Federal Court gave its reasons for judgement in Hamzy v Tricon International Restaurants in November 2001.

In May 2002, the Australian Bureau of Statistics (ABS) was commissioned by my department to study the feasibility of using empirical data to determine the impact of unfair dismissal laws on employment. The ABS identified that there would be substantial impediments to using empirical data for this purpose. The ABS recommended other approaches, such as direct contact with employers to identify employer perceptions of impact, as more appropriate.

Consistent with the recommendations of the ABS, the Melbourne Institute of Applied Economic and Social Research (the Melbourne Institute) was commissioned by my department to design survey questions to examine employers’ perceptions of the impact of unfair dismissal laws and to prepare a report analysing the findings. The questions were included in the July 2002 Yellow Pages Business Index survey.

The Melbourne Institute’s report of its findings, ‘The effect of unfair dismissal laws on small and medium businesses’, was publicly released on 29 October 2002. The report found that among other things unfair dismissal laws have had a substantial impact on employment. According to the report, unfair dismissal laws have played some role in the loss of over 77,000 jobs from small and medium sized businesses that previously had employees, but currently have no employees.

In addition, the report found that the cost of complying with the unfair dismissal laws for businesses with fewer than 200 full time employees is at least $1.3 billion dollars each year. Based on this cost finding, the report estimates that unfair dismissal laws have reduced employment by about 1 per cent for those on minimum wages, and for those on average wages by about 0.46 per cent.

Burke Electorate: Pensions and Benefits
(Question No. 995)

Mr Brendan O’Connor asked the Minister representing the Minister for Family and Community Services, upon notice, on 15 October 2002:

(1) How many recipients of Newstart allowance and disability support pensions reside in the electoral division of Burke.

(2) How many recipients of each benefit referred to in part (1) reside in each postcode within the electoral division of Burke.

Mr Anthony—The answer to the honourable member’s question is as follows:

Data current at 8 October 2002.

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<thead>
<tr>
<th>Postcode</th>
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<th>Disability Support Pension</th>
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<tr>
<td>Postcode</td>
<td>Newstart Allowance</td>
<td>Disability Support Pension</td>
</tr>
<tr>
<td>----------</td>
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<td>---------------------------</td>
</tr>
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<td>55</td>
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<tr>
<td>Total</td>
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</table>

Note: Figures represented with <20 are confidential and therefore not provided.

Industry, Tourism and Resources: Work Practices
(Question No. 1102)

Mr McClelland asked the Minister for Industry, Tourism and Resources, upon notice, on 12 November 2002:

Has the Minister’s Department implemented any policies or practices to assist employees to balance work and family responsibilities; if so what are those policies and or practices.

Mr Ian Macfarlane—The answer to the honourable member’s question is as follows:

The Department understands that people need to be able to balance their work and family commitments and has implemented the following policies and practices to assist employees to do so:

- Flexible Working Arrangements:
  - part time/job share
  - home based work either long term or short term to meet unexpected circumstances
  - flexible working hours
- Financial Assistance with school vacation child care
- Lactation Breaks for nursing mothers
- Assistance with ongoing healthy lifestyle activities
- Employee Assistance Program for staff and family members
- Maternity Leave – 12 weeks paid – up to two years unpaid
- Flexible Leave Arrangements:
  - recreation leave
  - personal leave
  - purchased leave
  - additional leave.

Comcar: Employees
(Question No. 1116)

Mr Martin Ferguson asked the Minister representing the Special Minister of State, upon notice, on 14 November 2002:

(1) Further to the answer to question No. 935 (Hansard, 11 November 2002, page 8702) concerning Comcar, (a) what responsibilities for supervision did Comcar have for drivers during the Commonwealth Heads of Government Meeting (CHOGM), other than payment of salary and (b) what were the terms of the agreement between Comcar and the Department of the Prime Minister and Cabinet concerning the use of Comcar drivers.
(2) How many non-driving staff of Comcar travelled to Queensland during CHOGM, what classification did they occupy, what duties did they perform at CHOGM and what was the cost of their travel and accommodation.

(3) With respect to the Manager’s Training Course in 2000-2001 at a cost of $17,151; (a) where was this program conducted, (b) what was the nature of the in-house program, (c) did spouses or partners of staff attend the program and (d) what is the itemised breakdown of the expenditure.

(4) With respect to the Comcar fatigue management principles; are drivers permitted to stop and take a break when driving on a trip extending over two hours; if not, why not.

(5) With respect to the decision by Comcar to contract out driving services, (a) what security checks and taxation investigations have been made of the companies providing these services to Comcar and (b) what security checks have been made on drivers performing such services for the privatised provider.

Mr Abbott—The Special Minister of State has provided the following answer to the honourable member’s question:

(1) (a) The responsibilities for supervision which COMCAR had for drivers during CHOGM covered all elements of supervision and management of staff to ensure the service was delivered in accordance with COMCAR’s protocols, eg including, providing support to drivers, dealing with in-house issues, providing supervision outside CHOGM duties and liaison between the client (CHOGM Task Force) and drivers. (b) The terms of agreement between COMCAR and the Department of the Prime Minister and Cabinet included the provision of up to 60 COMCAR drivers who had undergone motorcade training as well as administrative supervision and support for drivers.

(2) Non-driving staff travelling to CHOGM were:

COMCAR’s National Manager, spent an eight-hour day at Coolum as a follow up to the close and continuing involvement in negotiation of the Memorandum of Understanding with the CHOGM Task Force. In addition, COMCAR’s National Manager was involved in further discussions with the CHOGM Task Force as well as ensuring that COMCAR operations were meeting client expectations. Travel costs are not directly attributable to the event as the officer was travelling to Brisbane to attend other duties including the Royal Visit. There were no accommodation costs associated with CHOGM for this officer.

COMCAR’s Driving Operations Manager was on site during the period of CHOGM to manage COMCAR’s resources. Travel and accommodation was provided for this officer by the CHOGM Task Force and there was no cost to COMCAR.

COMCAR’s Client Liaison Officer spent an eight-hour day at Coolum and held discussions with driving staff. There were no accommodation costs for this officer associated with CHOGM. Travel costs are not directly attributable to the event as the officer was travelling to Brisbane to attend other duties which included induction sessions for new staff employed under the Members of Parliament (Staff) Act.

A member of the COMCAR VIP Visits team was seconded to the CHOGM Task Force to assist in the transport co-ordination centre for the duration of the event. As part of the secondment, the CHOGM Task Force paid all salary, travel and accommodation costs for the duration of the secondment.

Two additional COMCAR staff attended Coolum as Transport Officers for the Official Guest of Government by HRH The Queen. Travel and transport costs for these two officers was reimbursed to the Department by the client (the Department of the Prime Minister and Cabinet) and there was no cost to COMCAR.

(3) (a) The program was conducted on-site at COMCAR National Office, 111 Canberra Avenue, Griffith. (b) The nature of the in-house program involved one-on-one coaching for two staff members on supervision, communication, negotiation and conflict resolution. (c) No. (d) COMCAR’s Systems Manager, $10,320 and COMCAR’s Client Liaison Officer, $6,831.

(4) Standard industry fatigue management for professional drivers includes taking a break between the third and fifth hour of duty. Breaks during extended trips would be taken in consultation with the client and with regard to the client’s program.
(5) (a) Hire car companies seeking to provide service on COMCAR’s behalf are evaluated for service provision under COMCAR’s Deed of Standing Offer. The Deed covers standard Commonwealth procurement guidelines in respect of taxation and security. (b) Declarations are made by company directors in respect of Police checks.