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SITTING DAYS—2003

<table>
<thead>
<tr>
<th>Month</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>February</td>
<td>4, 5, 6, 10, 11, 12, 13</td>
</tr>
<tr>
<td>March</td>
<td>3, 4, 5, 6, 18, 19, 20, 24, 25, 26, 27</td>
</tr>
<tr>
<td>May</td>
<td>13, 14, 15, 26, 27, 28, 29</td>
</tr>
<tr>
<td>June</td>
<td>2, 3, 4, 5, 16, 17, 18, 19, 23, 24, 25, 26</td>
</tr>
<tr>
<td>August</td>
<td>11, 12, 13, 14, 18, 19, 20, 21</td>
</tr>
<tr>
<td>September</td>
<td>8, 9, 10, 11, 15, 16, 17, 18</td>
</tr>
<tr>
<td>October</td>
<td>7, 8, 9, 13, 14, 15, 16</td>
</tr>
<tr>
<td>November</td>
<td>3, 4, 5, 6, 24, 25, 26, 27</td>
</tr>
<tr>
<td>December</td>
<td>1, 2, 3, 4</td>
</tr>
</tbody>
</table>

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- **Hobart**: 729 AM
- **Darwin**: 102.5 FM
## CONTENTS

**HOUSE HANSARD**

**WEDNESDAY, 5 MARCH**

Appropriation Bill (No. 3) 2002-2003, and
Appropriation Bill (No. 4) 2002-2003—
Second Reading .................................................. 12183

Workplace Relations Amendment (Fair Dismissal) Bill 2002 [No. 2]—
Consideration of Senate Message .......................... 12203

Business—
Rearrangement .................................................... 12206

Workplace Relations Amendment (Protecting the Low Paid) Bill 2003—
Second Reading .................................................. 12206

Questions Without Notice—
Medicare: Bulk-Billing ........................................ 12237
Philippines: Terrorist Attacks ............................ 12238
Medicare: Bulk-Billing ........................................ 12239
Economy: Performance ....................................... 12239
Economy: Household Savings ............................ 12240
Iraq ................................................................. 12241
Medicare: Bulk-Billing ........................................ 12242
Rural and Regional Australia: Economic Survey .... 12243
Rural and Regional Australia: Census Figures ........ 12244
Workplace Relations: Reform ............................ 12244
Business: Executive Remuneration .................... 12245
Trade: Government Policy ................................. 12246
Retirement Age .................................................. 12247
Economy: Manufacturing .................................... 12248
Business: Executive Remuneration .................... 12249
Immigration: Asylum Seekers ........................... 12249
Business: Executive Remuneration .................... 12250
Howard Government: Welfare Reform ................. 12251

Questions Without Notice: Additional Answers—
Medicare: Bulk-Billing ........................................ 12252

Questions to the Speaker—
Questions on Notice ........................................... 12253

Auditor-General’s Reports—
Report Nos 31 and 32 of 2002-03 ....................... 12253

Papers ............................................................... 12253

Matters of Public Importance—
Howard Government: Economic Policy ............... 12253
Iraq ................................................................. 12263

Bills Returned from the Senate .......................... 12265

Family and Community Services Legislation Amendment Bill 2002—
Report from Main Committee ............................ 12265
Third Reading .................................................... 12265

Committees—
Public Accounts and Audit Committee—Report ... 12265
Members’ Interests Committee—Report ................ 12267
Bills Referred to Main Committee ....................... 12267

Business—
## CONTENTS—continued

- Rearrangement............................................................................................. 12267
- Workplace Relations Amendment (Protecting the Low Paid) Bill 2003—
  - Second Reading.................................................................................. 12267
  - Third Reading.................................................................................... 12290
- Petroleum (Timor Sea Treaty) Bill 2003—
  - First Reading.................................................................................... 12290
  - Second Reading................................................................................ 12290
- Petroleum (Timor Sea Treaty) (Consequential Amendments) Bill 2003—
  - First Reading.................................................................................... 12291
  - Second Reading.............................................................................. 12291
- Passenger Movement Charge (Timor Sea Treaty) Amendment Bill 2003—
  - First Reading.................................................................................... 12292
  - Second Reading.............................................................................. 12292
- Petroleum (Timor Sea Treaty) Bill 2003,
  Petroleum (Timor Sea Treaty) (Consequential Amendments) Bill 2003,
  and Passenger Movement Charge (Timor Sea Treaty) Amendment Bill 2003—
  - Second Reading.............................................................................. 12293
  - Third Reading................................................................................ 12304
- Petroleum (Timor Sea Treaty) (Consequential Amendments) Bill 2003—
  - Second Reading.............................................................................. 12304
  - Third Reading................................................................................ 12304
- Passenger Movement Charge (Timor Sea Treaty) Amendment Bill 2003—
  - Second Reading.............................................................................. 12304
  - Third Reading................................................................................ 12304
- Adjournment—
  - Timor Sea Treaty: Member for Solomon........................................ 12304
  - Zimbabwe........................................................................................ 12304
  - Medicare: Bulk-Billing..................................................................... 12305
- Request For Detailed Information—
  House of Representatives Standing Committee on Economics, Finance
  and Public Administration: Hearing Costs.............................................. 12307
- Request For Detailed Information—
  House of Representatives Standing Committees: Public Hearings ......... 12307
- Notices .................................................................................................. 12311

### MAIN COMMITTEE

- Statements by Members—
  - Hasluck Electorate: Programs................................................................. 12312
  - Dickson Electorate: Strathpine Post Office........................................ 12313
  - Telstra: Services................................................................................. 12313
  - Environment: Water Trading Arrangements..................................... 12314
  - Education: University Funding............................................................. 12315
  - Parramatta Electorate: Rydalmere-Ermington Community Festival.... 12316
- Family and Community Services Legislation Amendment Bill 2002—
  - Second Reading.............................................................................. 12316
  - Consideration in Detail................................................................. 12334
  - Bushfires........................................................................................ 12335

**Questions on Notice**—
- Aviation: Townsville and Darwin Airports—(Question No. 1217)........ 12357
- Immigration: Asylum Seekers—(Question No. 1274)......................... 12357
CONTENTS—continued

Child Support Agency: Clients—(Question No. 1403).......................... 12358
The SPEAKER (Mr Neil Andrew) took the chair at 9.00 a.m., and read prayers.

APPROPRIATION BILL (No. 3) 2002-2003
Cognate bill:
APPROPRIATION BILL (No. 4) 2002-2003

Second Reading

Debate resumed from 4 March, on motion by Mr Slipper:

That this bill be now read a second time.

upon which Mr McMullan moved by way of amendment:

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

“whilst not declining to give the bill a second reading, the House condemns the Government for its failures in economic management, and in particular its failings in relation to both income and expenditure policies because:

(1) it is the highest taxing Government in Australian history, and:

(a) has imposed the highest level ever of income tax;
(b) is responsible for introducing the biggest new tax in our history; and
(c) is addicted to imposing ever more taxes and special levies;

(2) it has failed to deliver on its basic responsibilities to the Australian people, for example:

(a) bulk billing has collapsed;
(b) there is chronic under-investment in our public schools, TAFE colleges and universities;
(c) the struggle to balance work and family life continues to get harder; and
(d) entry level housing is becoming even less affordable for struggling Australian families; and

(3) despite the record tax take, and in spite of declining Government services, the Government has failed to keep the Budget in surplus after nearly a decade of strong economic growth in that

(a) it broke its unequivocal promise to keep the Budget in surplus in 2001-02;
(b) future surpluses are dependent on the additional revenue provided by bracket creep;
(c) it has presided over enormous waste and mismanagement including billions of dollars of foreign exchange losses and defence procurement losses; and
(d) it has lost control over expenditure necessitating wholesale changes to the budgetary management system”.

Mr MURPHY (Lowe) (9.02 a.m.)—Mr Speaker, you will doubtless recall last night, when you politely interrupted my speech on the Appropriation Bill (No. 3) 2002-2003 and the Appropriation Bill (No. 4) 2002-2003 before the adjournment debate, that I was speaking—

The SPEAKER—I remind the honourable member that I interrupted him to ensure that there was an adjournment debate. I did not interrupt him for the sake of interrupting him.

Mr MURPHY—about the scandalous case of John Cummins QC, who did not lodge a tax return for 45 years. The subsequent 2001-02 report of the Commissioner of Taxation omits any reference to the ongoing work of the legal profession project. Reference to that project mysteriously disappeared. Could it be that the Cummins case has so tarnished the reputation of the taxation commissioner and the Bar Association of New South Wales that the time-honoured practice of burning the evidence is easier than facing the public humiliation of a failed taxation system that taxes those who cannot avoid tax, whilst rewarding those who can avoid paying tax?

Mr Speaker, you will be aware that I have put many questions on the Notice Paper to the Treasurer and the Attorney-General, and I await with keen interest their replies on the shameful conduct of the corrupt members of the legal profession. The current taxation system profits those who have the technical wherewithal and the money to avoid tax. The consequence is that those who cannot avoid paying tax must bear an increasing burden on actually paying that tax.

Another example that has made the tabloids in recent times is that of Maxine Rich,
nee Brenner, wife of John David—known as Jodee—Rich, former executive director of the failed One.Tel Ltd, one of the greatest commercial catastrophes in Australian history. Maxine’s example is reported by Jeni Porter in a web site article titled ‘The wife’s tale’ in the *Sydney Morning Herald* on 16 June 2001. The article notes the use of family law property order provisions in a bid to take Jodee’s assets out of the reach of the taxation commissioner in order to deprive the taxation commissioner of access to those assets. Jeni Porter’s article notes:

The One.Tel collapse and subsequent allegations by James Packer and Lachlan Murdoch about being “profoundly misled”, as well as the wide-ranging investigation by ASIC, have left Rich in “absolute shock”. It cuts right to her core values of honesty, integrity and friendship …

The hurried family law agreement that sparked ASIC’s court order freezing the Rich’s possessions, when Jodee assigned $9 million of assets to Maxine two days after the One.Tel collapse, has stunned friends and associates.

Stunned? No, it has sickened the public. In the same article, Maxine is described as:

... born and bred in the eastern suburbs, attending SCEGGS and Ascham.

Maxine is also depicted as:

... the “brilliant” law student who went on to thrive in the cut and thrust of the takeovers area of the major law firm Freehill Hollingdale & Page, but she is “unmaterialistic”, philanthropic—and nice.

In short, there is an epidemic of corrupt legal practitioners—particularly barristers—so-called captains of industry and other high priests of society resorting to family law instruments such as property orders, taxation law, privacy, equity law such as family and other trusts, and bankruptcy provisions to evade, avoid, and deny the payment of taxation. These people refuse to lodge tax returns and ignore the orders of the taxation commissioner.

Bludgers like John Cummins QC, Stephen Archer and Clarrie Stevens are all arrogant beyond reason. They worship the god Mammon—that is, the god of money. They also worship the god Leviathan, the prince of pride. They violate the principle of double effect by deliberately—with full knowledge and intent—seeking to deny the Commonwealth its lawfully assessed taxation revenue by every means available to them. These sharks and hypocrites tout themselves as the holiest of holies, the high priests who form a meritocratic elite in Australian society. They use lawful instruments such as debtor petitions in the bankruptcy legislation, property orders in the family law legislation, family and other trusts and privacy legislation to duck, weave, evade, avoid and curtail the efforts of the taxation commissioner and other Commonwealth agencies in a bid to achieve their ultimate bad end of not paying any tax. In so doing, they destroy any confidence the public have in our taxation system.

Finally, I mention only in passing another major category of tax and industrial rorters: the so-called phoenix companies within the building industry. I say ‘so-called’ because they rise like the phoenix only to come crashing down bankrupt on the Commissioner of Taxation, unable to meet their tax obligations. They crash down on their employees—depriving them of their entitlements such as sick leave, long service leave, maternity leave, superannuation, unpaid annual leave and so on—only to offer them a job immediately afterwards, and very often at precisely the same place of work, under a different company name but with the same corrupt directors. I refer to the Australian Taxation Office’s *Compliance Program 2002-03* at page 6, which states:

... the use of company structures to evade tax—such as ‘phoenix’ companies, where directors accumulate unpaid pay as you go withholding and other debts, abandon the company and its debts, and then carry on business through a newly formed company.

Wait for the Cole royal commission report into the building industry to become public, when everyone will learn just how serious the rorting of the taxation system is under the shonky directors of the vast number of building industry companies that have gone to the wall. I can anticipate that, when the report becomes public, the government will be caning the union movement for alleged irregular practices. I put it to the House that the government equally has a duty to bring these shonky directors into line for rorting...
the taxation system and denying workers their rightful entitlements, and that will be exposed by Commissioner Cole when that report becomes public. I have put a question on the Notice Paper about that.

To call such a regime unfair is an understatement. The fundamental ethic of this government is intrinsic in its desire to not do much about the current abuses of these hypocrites, who, like the high priests of the days of old, sat at the front of the synagogues, wore white vestments and paraded themselves as closer to God. Yet these high priests were the ones who disobeyed the laws more than the common folk of lesser standing in the community. In my view, the government is protecting the legal profession. It has allowed an entire culture of tax cheating by fraudulent, hypocritical, corrupt deceivers. These are the spoilt brat generation of hedonists who know no law higher than themselves.

Where to from here? In my opinion, this government has engendered, through its anarcho-capitalist and laissez-faire policy, an environment of greed and dishonesty on a scale never seen before. The so-called professional classes and big businesses systematically mock our taxation, bankruptcy, family, equity and other laws with utter contempt. All this is done with the acquiescence and quiet approval of the government. This government has created a taxation system which in effect permits two types of person. One type is required to be part of the taxation system and there is no way out; it is an ineluctable force. For the other type, paying tax is optional. They can choose how much tax to pay, if any, when and how they like. This is true of corporations, so-called professional classes such as barristers and those magnates who simply use the law to gain a taxation advantage not contemplated in the moral good of the law itself, or they ignore the law altogether by refusing even to lodge a tax return.

It was never the intention for a property order under family law to be a tax evasion device, but that is what it has become. It was never the intention for family and other trusts to be instruments designed to take assets out of the reach of the taxation commissioner as creditor for unpaid taxes, but that is what it has become.

What is the remedy? It must now be clear to this House that these selfish rorters and cheats care nothing about the public interest. They care nothing for Australia or for the society that has given them so much. I bet John Cummins QC, Stephen Archer SC, Clarrie Stevens QC, Robert Somosi and Bill Davison own a Medicare card. I bet they use our roads, hospitals and public services, but what contribution are they making to the cost of those services? They are making little or no contribution. These people have placed themselves outside Australia’s civic life by demonstrating contempt for its laws and denying that they have any responsibility towards our public services. They are bludgers and parasites on our society. The laws must therefore be changed.

A person who commits an offence against one of the laws of the principle of double effect must stand and face the consequences of their actions. The laws in the various jurisdictions must be changed so that the issue of intentionality in the use of a lawful instrument for an illicit end must deny the actor by making that instrument inoperative. Whether the instrument is a family trust, a Family Court property order, a debtors petition in the Federal Court or any other instrument, if the intention is to defraud the Commonwealth of its lawful revenue or to place assets out of the reach of the Commonwealth then the law must be changed to prevent these people from ever profiting from their wrongdoing again.

I urge the House this morning to make good these laws. This current government has a notorious reputation, in my view, for rushing through legislation without due consideration of the composite, cognate effect on other laws. I urge the Attorney-General, the Treasurer and the Leader of the House to look at the totality of the admixture of laws currently in place and to identify the clear trends in tax evasion and the flawed nature of our present laws. These people must be brought to justice. They must be punished
and brought back into the taxation system. I can assure you that, throughout this year and the life of this parliament, I will be pursuing those corrupt members of the legal profession—who should be leading by example instead of rorting the taxation system—until justice is done and the law is changed to make them accountable. As I said, family law was never meant to be used as a means of avoiding paying tax. *(Time expired)*

Mr DUTTON (Dickson) (9.13 a.m.)—I rise to speak on the Appropriation Bill (No. 3) 2002-2003 and the Appropriation Bill (No. 4) 2002-2003. I want to take some time this morning to relay to the House some of the concerns of my constituents in the federal seat of Dickson and to canvass some of the issues which have been raised in recent times by my constituents and by local community groups. The first issue I want to touch on is that of economic management. One of the cornerstones of the Howard government is the fact that we have been able to deliver low interest rates to young families, which increased home affordability, and to people operating small businesses from all sorts of sectors right across the local economy.

It is remarkable because, when we came to government in 1996, as we well know, interest rates were up to 17 or 18 per cent. Those people who were operating a small business were paying over 20 per cent interest on their overdrafts. It was a situation which was unsustainable, and it was a recipe for disaster not just for young couples going into home ownership but also for people trying to operate a home or family small business and having to work seven days a week. One of the remarkable achievements of this government has been to repay much of the $96 billion debt that we were left by Labor and, in doing so, deliver low interest rates to young families who can now afford to achieve the Australian dream.

As part of that—because it is an issue that people have raised with me and one that they have praised this government for—I want to take the opportunity to raise the issue of the introduction of the first home buyers grant. I think it is perhaps one of the greatest initiatives of this government since it came to office in 1996. It has provided stimulus to the economy and it has provided impetus to an area which was undergoing some strain. We are now seeing the results of that economic activity within the domestic housing sector, with home prices right across the country increasing quite dramatically. The effect of the first home buyers grant and the fiscal management by this government which has delivered low interest rates have resulted in a tax-free windfall for many Australian families. They have been able to upgrade their homes and they have been able to afford a home which they certainly would not have been able to afford under Labor. I think that is a great credit to the government, and it is certainly an issue which people raise with me on a regular basis in my office and as I move around the electorate.

The second issue I want to raise is that of doctors. This issue has gained some publicity in recent days, and it is certainly an issue of great concern in my electorate of Dickson because we have a shortage of doctors. My electorate is in an outer metropolitan area, and at the moment the statistics show that many doctors, through no fault of their own but certainly in many cases through lifestyle choice, for argument’s sake, decide to practise closer to the city. For whatever reason, the attraction of an outer suburban lifestyle is not there—for example, their children may be going to private schools closer to the CBD. But the fact is that we do have a shortage of doctors in Australia, and the problem that that creates, like any supply and demand situation, is that we have had a reduction in some of the bulk-billing rates and my electorate has certainly been hit hard by that.

I want to place on the record today my great support for some of the initiatives that may be announced as part of the budget process or between now and then. I want to thank the Prime Minister and the Minister for Health and Ageing, Senator Patterson, for their assistance and for their effort and time in meeting with me over the last few months so that I could raise some of those concerns we are facing in areas such as Dickson.

One suggestion that I have put forward is that we need some type of point-of-sale transaction. At the moment, families with two or three young children who need to see
a doctor but who are not able to avail themselves of a bulk-billing practice have to pay up-front, sometimes in excess of $100. If they go to a practice at Albany Creek, for argument’s sake, in my electorate, they then have to drive to a Medicare office at Chermside—some 10 or 15 minutes away—perhaps with two sick children, because they need to recoup the money that they have paid up-front. I think one of the answers to this problem—and it is a problem, and we are ready and willing to recognise that—is that people somehow need to be able to recoup their money or not have to pay the money out of their pocket at the point of sale. I am hoping that this is accepted, because it is one of the recommendations that I have put forward and spoken about publicly in the electorate. I think it is a big issue and one that we need to continue to work on.

Certainly, the other side of the equation is the fact that we need to generate more doctors. We need to encourage more graduates to go into general practice, and at the moment they are not doing that. That is an area of great concern, and I give my commitment again to the people of Dickson that it is an area that I am working on very hard. As I said, I have met with the Prime Minister and the minister for health and her staff on a number of occasions, and we are trying to find a way forward with that particular issue.

The next issue I want to raise—and I suppose in many ways it is a related one—is the proposition of a Pine Rivers hospital. On the figures that I have seen, we are one of the fastest growing regions in South-East Queensland and perhaps even in Australia. In the electorate of Dickson, which is largely made up of the Pine Rivers Shire, we have a population of about 125,000. Immediately to our north is the Caboolture Shire, which has a population of about 115,000. To our northeast is the Redcliffe Shire. The Redcliffe Shire has a much smaller population base, it has the benefit of a public hospital—as does the Caboolture Shire—and, for whatever reason, the Pine Rivers Shire seems to miss out at every turn.

I have issued a challenge to the state government—and certainly it is an issue which I intend to canvass over the coming months—to look at the grave area of demand in areas such as Pine Rivers. As I said, we have a population of about 125,000, largely made up of young families, and the other demographic which we support in the northern part of the electorate is an ageing population. The demand there for health services is extremely high, and people from my electorate are forced to drive to the Caboolture Hospital, to the Redcliffe Hospital or further in towards the city to the Prince Charles Hospital. I believe it is time that the state government accepted their responsibility and committed to a long-term strategy for the construction of a hospital in Pine Rivers.

This is an issue that we have started to canvass already. I want it to be an issue that obtains bipartisan support. I invite the support of the local state members, all of whom are Labor. I would like to work with them to try to achieve a positive outcome. As part of the process, I am willing to make approaches to both the Prime Minister and the Minister for Health and Ageing. I think it is an area that requires support from both the state and federal governments, because at the moment the people of Pine Rivers are being neglected. This is one of the reasons that we are seeing this dramatic demand for the services of doctors within the shire. For example, Caboolture Hospital sees approximately 100 outpatients a day, many of whom, if they were in the Pine Rivers Shire, would actually have to go to doctors. A large majority of those outpatients, on the advice that I have received, would otherwise be a burden on local doctors’ services within the Caboolture Shire—or within the Redcliffe Shire, to use another example. That is one factor creating extra demand in Dickson, and it is an area of great concern.

The next issue that constituents have raised with me is crime. Crime is something that I, with my background, have obviously taken a great interest in. Regardless of which part of the electorate you approach—and Dickson is a very diverse electorate—crime is the No. 1 issue. It is an issue that concerns people above all else. They are concerned about their parents or their grandparents, who have to barricade themselves within their homes, and about their small busi-
nesses, which are graffitied or broken into on a regular basis. They are worried about their children going to school and being offered drugs or taking part in other crimes. Because we have a shortage of police in the Pine Rivers district, crime is a particular area of concern, and I think it is an area that needs to be addressed as a matter of urgency. People raise this issue with me because it is of great concern to them. It is of great concern to anybody who has had their house broken into or their business robbed or who has come into contact with somebody who has been adversely affected by drugs or by drug-related crimes. I want to flag this issue in the House today as one on which we need to keep an ongoing watch. It results in all sorts of social problems, such as family breakdown and the like. It is an issue that I have committed myself to raising in this place for a number of constituents, and I fulfil that promise today.

One of the other issues of concern to the people of Dickson is child care. It is appropriate that the Minister for Children and Youth Affairs is with us in the chamber today, and I commend him for his efforts in this portfolio and for the additional spending that this government has undertaken. I have a background in the child-care industry, as a provider of long day care to Brisbane children, so I speak with some knowledge on the topic, I hope. There is concern in the community today in relation to care outside school hours, and that is an issue that we need to continue to work on, particularly with the state governments. There is also the issue of demand for the care of children who are under two years old. Centres, particularly private centres, have been designed in accordance with state government regulations. They have been designed to provide service predominantly to the three- to five-year-old age group. That is not a problem that has been created by design, but it is one of those issues that we need to address because it is an area of concern that people raise.

When the issue of child care is raised, people also mention to me that it is much more accessible under this government. That is a fact. The Commonwealth Childcare Assistance Scheme and now the child-care benefits scheme have provided more affordability in the area of child care. People recognise that. There is, as I say, still work to do in the area, and I am committed to working with the minister, particularly in regard to providing more after school child-care places. When you look at this argument, it is important to provide a balanced response, and, as I said, many of the constituents who have raised the issue with me do recognise the fact that child care is one of the flagship policies of this government’s family friendly policies. I take the opportunity today to commend the Minister for Children and Youth Affairs and the government for the efforts that have been put into this area of policy. It is very important. It is about providing choice to families—to those people who decide to stay at home and to those who decide to go back into the work force, either on a part-time or permanent basis, after having a young family. It is extremely important because traditionally in Australian society much of that child care was undertaken either by grandparents or by siblings of the parents, by the aunts and uncles. In today’s society, that care is not provided as readily as it was in the past, so it is an area of consideration for us. I have no doubt that, as we go forward with planning in this area, these are the concepts and the ideals with which we will approach it.

The other area of concern that is raised regularly with me is in relation to small business. I touched before on interest rates, home affordability and the state of the economy; I think one of the great hallmarks of the Howard government has been its economic management, which has provided a prosperous environment, in many cases, for small business. Some small businesses have enjoyed enormous growth over the last couple
Wednesday, 5 March 2003

Representatives 12189

of years. Other sectors of the small business economy have not done so well. I have a passion for small business because I come from that area as well. I come from a small-business family, and I have a lot of empathy for those people who work seven days a week, who do their bookwork at home at night, who sacrifice not just their personal time but their family time.

One of the issues that small business raise regularly with me in my electorate is the issue of seven-day trading. It is an issue of concern for many small businesses within my electorate because it has impacted severely upon their trading figures since the Beattie government—essentially carte blanche—decided to introduce seven-day trading, outside the ruling of the commission. It has caused a lot of pain to small businesses that now have to compete with some of the bigger chains in outer metropolitan areas.

In my view, there is no doubt that small business—and big business for that matter—have a legitimate case for seven-day trading in some of the tourism areas and in some of the CBD areas where there is, indeed, a fluctuation of customer base on Sundays. I think that Premier Beattie was right in accepting and endorsing the commission’s ruling in relation to areas such as the Brisbane CBD or the Gold Coast, because they do have a high fluctuation of visitors on weekends. But in the outer metropolitan areas the fact remains that consumers have X amount of dollars of dispensable income to spend. Whether you divide that dispensable income by six or seven days, you still end up with the same net amount flowing into small business at the end of the week. The problem faced by consumers in my electorate is that ultimately prices must rise because small business cannot afford to carry the burden of paying wages for a seventh day. Many small family businesses at the moment are carrying that burden themselves and working the seventh day, which takes away, I believe, from family time or time they would otherwise have had to take a break, after working the previous six days. I think it is an issue worth raising today, because small business people speak to me about it regularly when I am at functions or doorknocking small business. I wanted to raise this issue with the House today because it is an area of considerable concern.

I want to close on the issue of mental health which is an area of considerable concern to all Australians. Last night I attended a mental health forum in my electorate, held by the Albany Creek, Samford Valley and Brendale Rotary Clubs, in conjunction with Rotary Health. I commend those organisers—the members of those Rotary clubs—and also the other local community groups that provided their services for the night. The function was well attended. Mental health is an issue that needs to be flagged, more than it is at the moment, certainly. We need to get over the stigma associated with mental health and to continue to provide services to those people, who are in a less fortunate situation than many others. One in four people is affected by mental illness. If you look at the flow-on and multiplier effects on the carers and the families of those people afflicted with mental illness, you will see that this area is one that causes considerable distress to all people. That point was highlighted last night. I commend the speakers and the people who were in attendance and, in particular, the Rotary clubs throughout the Pine Rivers Shire for their commendable work in this area. They continue to provide excellent service, as do all service clubs across Dickson, to the Pine Rivers Shire.

(Time expired)

Mr SIDEBOTTOM (Braddon)  (9.33 a.m.)—I never thought I would say this, but I am really pleased that taxation is back on the agenda. I think it is pretty amazing that it has managed to sneak through the talk and the fog of war in this place—although, I must say, it is much to the Treasurer’s annoyance and he denies it. The Prime Minister could not care less, of course, because he is going to need every cent of the overtaxation by this government to pay for his hasty foreign policy decisions. I would like to use this debate on the Appropriation Bill (No. 3) 2002-2003 and the Appropriation Bill (No. 4) 2002-2003 to highlight two main facts about taxation in this country. The first is that the Howard government has the distinction of being the biggest taxing government in our his-
...—that is a fact. The second fact is that Australians are paying billions of dollars in hidden Commonwealth taxes, despite the much vaunted promise that the GST would simplify the tax system. Our tax system is not so much taxation of wealth as it is taxation by stealth. Of course, those who are most affected by this are the ones who are least able to afford—or indeed to avoid—paying taxes.

The appropriation bills under discussion today seek to appropriate moneys from the consolidated revenue fund for the ordinary annual services of government, such as recurrent services and recurrent expenditure on already established programs, as exemplified in Appropriation Bill (No. 3), and for purposes other than the ordinary annual services of government, such as payments to the states and spending on new programs, as exemplified in Appropriation Bill (No. 4). In considering these bills, I was reminded that, in the wake of this government’s record taxation grab and expenditure record, it has failed to deliver on its basic responsibilities to the Australian people. In the last few days in this parliament, domestic policy has started to raise its head again, and it is very important that it has, because it has highlighted the failures of this government. Bulk-billing is quickly collapsing, and I would suggest to you that the first shots have been fired across the bow for the destruction of Medicare as well.

The struggle to balance work and family life continues to get harder, despite comments to the contrary by the government. Continuing underinvestment in our public schools exists, along with the continuing underinvestment in TAFE colleges and universities. But the government has been good at promoting and advertising itself, to the tune of millions and millions of dollars. Look at the fiasco related to the fridge magnets and the antiterror pamphlets now in existence. One minute we are told that any returned booklets may be a threat to the health and safety of postal workers—but the government did not even warn them in advance! This is the type of pathetic excuse that the government throws up to defend a waste of taxpayers’ money. This is the biggest taxing, self-advertising, self-promoting government in Australian history—and that is saying something.

With regard to this government’s taxation record, I took a cursory glance at what some of our local and interstate newspapers had to say on the issue. Some of the headlines screamed out for attention. I will share them with you. ‘Aussie tax rate too high’, said the Hobart Mercury of 4 February. ‘Everyone pays for tax flaws’, said the Australian Financial Review of 4 February. ‘Householders made to dig deeper’, said the Advocate of 6 February; the Advocate is my hometown newspaper. ‘Petrol rise puts pinch on families’, said the Hobart Mercury of 23 February. ‘Tax trap strips $37 million in family payments’, said the Mercury of 13 February. ‘What Costello won’t tell you about your tax: more people are paying the top rate’, said the Australian Financial Review of 1 February. The Adelaide Sunday Mail of 2 February said, ‘$3 billion levies fill Howard tax gap’, and ‘A tax by any other name’, said Perth’s Sunday Times of 2 February.

Just how taxing is this government on its citizens? According to a recent KPMG report, Australia is the sixth highest taxing nation, ahead of its major competitors, the United States of America, the United Kingdom, Japan, Singapore and Hong Kong. Significantly, in terms of personal tax, Australia is also the fourth highest taxing nation in the developed world. According to the KPMG report, Australians now pay as much income tax as they did before the GST was introduced. This includes the much vaunted and self-promoted tax cuts promised by Prime Minister Howard. Contrary to comments made at the time, it appears these tax cuts were no more than compensatory carrots.

Clearly the twin problems of a comparatively low-income threshold to enter the highest tax rate and bracket creep are acting as disincentives for working additional hours. They add to the nation’s brain drain and impact negatively on savings. As KPMG’s David Stevens put it recently, ‘All these problems stem from very high rates that cut in at very low levels,’ Stevens also warned that, with Australia’s highest tax bracket of 48.5 per cent starting at $60,000,
the great Australian dream of owning a home is at risk from the tax burden. The amount needed to secure urban housing now is such that it automatically puts taxpayers into the highest marginal tax bracket. According to Stevens, they will, as a result, lose almost half of every additional dollar they earn, if they purchase an average three-bedroom home in many of our larger cities.

Brian Toohey has done a major study into this government’s taxation record. In the Australian Financial Review on Saturday, 2 February he concluded that, even on raw numbers, Australia’s top marginal rate is on the high side. He asserted:

The real sting is that it cuts in so far down the income scale, scooping up another 270,000 taxpayers since July 2000.

Toohey is at pains to point out that the real issue for many taxpayers is the threshold at which the top tax rate kicks in, which is relatively low when compared with comparable economies around the world. Indeed, it cuts in at an uncommonly low threshold of 1.3 times average earnings.

More significantly and compounding this issue is the fact that lower income families face effective or marginal tax rates that are almost double those for the highest earners. Whilst there is a case to reduce the 47 per cent tax rate, there is a more pressing need to tackle the 90 per cent effective marginal tax rates for low- and middle-income families throughout Australia. The Labor Party believes that tax credits are the best way to deliver tax assistance to middle- and low-income families and to assist in the transition from welfare to work. This was advocated at the last federal election and has even been taken up by Tony Abbott as a worthwhile consideration.

However, John Howard and Peter Costello have repudiated the tax credit policy, much to the disappointment of key welfare agencies. They have not made their alternative policy public, making the cynical amongst us question whether they have a policy at all. Indeed, as Catholic Welfare Australia put it in their media release on 27 February:

It is disappointing that the Treasurer has tried to launch a pre-emptive strike on tax credits which can counteract the current tax disincentives experienced by people making the transition from welfare to work.

National director, Mr Toby O’Connor, challenged Treasurer Costello to release the government’s plans to the public. What is galling with this matter is the government’s failure to correct its tax trap system of family payments—or, more accurately, family tax debt, which continues to blow out. In the most recent tax trap, parents who file late tax returns have been stripped of a total of $37 million in family payments. In short, if families underestimate their incomes, they are stripped of benefits; now, if they fail to claim top-up benefits within 12 months, they will lose them as well.

More recently, the family tax benefit scheme has been strongly criticised by the Ombudsman for its inflexibility and rigidity. But the Prime Minister would have none of this when asked about it in question time on Monday. I believe, however, that the point of criticism did hit home, because the Prime Minister ignored the issue and the question. With this Prime Minister, that is a sure sign of the truth of the matter. If the anger in my electorate of Braddon—on the north-west coast of Tasmania, including King Island—is an example of the anger associated with this inflexible system, I warn the Prime Minister that he ignores this matter at his political peril.

In relation to this matter, I would like to share with you some interesting figures garnered by my colleague the member for Burke, Mr Brendan O’Connor, in a notice of motion listed in the notices this week. Brendan O’Connor made the following observations after he did some serious calculations related to allowance income tests and the family tax benefit system. He asserts that:

... because of the Family Tax Benefit system, parents with middle incomes pay an effective marginal tax rate of between 60% to 77%;

... because of the Allowances Income Test, an individual claiming Newstart who earns more than $62 in a fortnight pays an effective marginal tax rate of 67%;

... because of the Allowances Income Test, an individual claiming Newstart who earns more than $150 in a fortnight pays an effective marginal tax rate of 87%;
... because of the parental income test of Youth Allowance, 40,000 families face effective marginal tax rates of up to 111.5%;
... these effective marginal tax rates are much higher than those for persons with high incomes...
The member for Burke concludes, amongst other things:
... that the number of individuals facing effective marginal tax rates of more than 60% has nearly doubled since 1997.
This government tax grab does not end with income taxes, the GST and the flawed family tax payment. The government also stands to raise more than $3 billion in levies or, as Matthew Horan put it in the Perth 'Sunday Times' of 2 February, 'a tax by any other name'. In an informative research note conducted by the Department of the Parliamentary Library dealing with Commonwealth special levies, a litany of taxes emerges whereby the government has used levies to finance specific programs with finite lives. The total to date is worth something like $3 billion, and it may not end there, with the government making noises about imposing an Iraq war levy. The following litany of levies does not include ongoing levies such as industry research levies, the Medicare levy, cost recovery charges and the superannuation guarantee levy. I would like to list some of these levies for the record.
Firstly, we have the aircraft noise levy of 1995-96 to fund noise amelioration measures near airports—more specifically, at Sydney and Adelaide. By the end of June 2002, about $395 million had been expended—it is a tax. Secondly, the firearms buyback compensation scheme was funded through an increase in the Medicare levy in 1996-97 from 1.5 per cent to 1.7 per cent and raised $500 million. To June 2002, $398 million had been expended on compensation and $63 million in administration. Thirdly, we had the stevedoring levy in the 1998-99 budget to cover full entitlements to redundant employees affected by maritime restructuring. Payments are estimated to total $178 million. Fourthly, we had the dairy industry adjustment levy. To deal with farm gate deregulation, the dairy industry adjustment package was funded by the imposition of a levy of 11c per litre on retail sales of liquid milk. The levy has been extended to 2008 and is expected to raise $1.74 billion over eight years.

Then we have the Ansett levy. In September 2001, the government announced a levy on air passenger tickets to fund an Employee Entitlements Support Scheme for former Ansett group employees. By 10 September 2002, $123 million had been raised. More recently, we had the sugar industry levy of September 2002. The intended levy is supposed to spread over four years to the sugar industry. The proposed levy is 3c per kilogram on domestic sugar sales for five years. The total package is $150 million, of which the Commonwealth will contribute $120 million and Queensland $30 million. So here we have levies—that is, taxes, by any other name—which stand to raise something like $3 billion. Most of the levies are a tax on consumption; only the gun buyback scheme was a direct tax on income.

It is worth asking this question: why has the government chosen levies when comparable relief packages, such as that for HIH, are funded directly through the budget? Additional administrative costs of special levies are higher than if spending were financed through increases in taxes. Why is this so? Some levies—such as the dairy, Ansett and sugar levies—are being used to fund industry assistance packages or consequences of business collapse. The point I would like to make here is that, when you use the term ‘levy’, it does not sound like a tax—and of course people are not reminded that it is a tax and they just go about their business. What we cannot deny is that the imposition of these levies makes this the highest taxing government in Australia's history. I note with interest that Taxpayers Australia's National Director Peter McDonald said that the levies cost most families several hundred dollars a year. He states:
The Government sold us the line it was going to eliminate all indirect taxes and replace them with the GST. It has actually raised a whole lot of new ones. It just calls them levies instead of taxes.
So what we have is a litany of levies and taxes since this government has come into power, and the result for Australian citizens...
is higher taxes—unfortunately, while financial pressure is increasing. I have mentioned that we are paying more tax than ever before, but Australian families are also in record debt. We well know now, with the current account deficit and the foreign deficit, that foreign debt has almost doubled to $354 billion; household debt has doubled, and the average household now owes $82,000; credit card debt has tripled to $22 billion; and Australian families, as we have mentioned before, owe nearly $600 million to the government in family tax benefit debts, and with 670,000 families having an average debt of $850.

Australian families are saving less and paying record bank fees under this government. Indeed, total bank fees have doubled since 1997. Australians are, unfortunately, saving just three cents in every dollar that they earn. Contrary to what the member for Dickson said prior to me speaking, buying a home is becoming harder under John Howard and Peter Costello. It now takes 8.5 years of wages to buy an Australian home, which is an extra 27 months of wages compared to seven years ago. The proportion of Australians buying their first home, compared to the total, is now the second lowest on record. Of course, day after day, we hear of our services decreasing. Medicare is under attack, bulk-billing is under threat, and what do we get in terms of education? A reduction in real terms of expenditure on our universities, TAFEs and schools, and a lack of childcare places for parents with young children.

Mr McARTHUR (Corangamite) (9.53 a.m.)—I wish to commend the member for Braddon on his thoughtful and well-researched speech and take him up on a couple of issues that he has raised. I support his view on the reduction of marginal tax rates for middle-income earners. I would encourage him to take his philosophic thrust into the party room and into the forums of the Labor Party and argue that case on behalf of those hardworking Australians, especially two-income families, who are now carrying a very high proportion of the tax burden.

The Howard government brought in tax reform. We reformed the indirect tax system, as the member for Braddon well knows. However, the Labor Party could not quite go along with the full tax reform and move that threshold to $70,000. As I recall it, the stark reality, by way of comparison, is that the USA has a figure of about $230,000 where the top tax rate chips in. We have the relativities between the dynamic US economy and the Australian economy where hardworking, entrepreneurial Australians are very heavily penalised by the personal tax system. I would encourage the member for Braddon to bring about a change in the Labor Party and move that threshold up. Maybe at the next election platform, they will have it as part of their manifesto.

In terms of the levies, I do have some sympathy with the member for Braddon’s view. But I draw to his attention the noise levy, which the ALP put in prior to their demise in 1996 in relation to the Mascot noise argument. In terms of the dairy levy, I put on the record my support for former minister John Kerin. He instituted changes to the dairy industry back in 1986, and that culminated in the deregulation of the dairy industry in 2001. After the changes to the dairy industry, where the consumers were heavily subsidised, the levy was in fact about half the consumer subsidy. Again, whilst I am sympathetic with the member for Braddon’s view, that levy in the dairy industry brought about a dramatic change. The dairy industry now is on the open market and on the world market and, in the better states of Victoria and Tasmania, is very profitable and is a major export earner. Moving from a highly regulated system, levies were brought into play. In terms of sugar, I again have some sympathy with the ‘no levy’ position. That is well known on this side of the parliament.

I commend the member for Braddon on some of the thoughts that he has got, and I
would hope that he might even convince the member for Batman of the erudition of his views so that the frontbench of the Labor Party might move that tax scale up to more reasonable levels so that they would be supporting middle Australia. It was interesting that, just this week, I had a conversation with a very senior businessman—

Mr Martin Ferguson—We all know about selling a bit of mutton and wool on the side!

The DEPUTY SPEAKER (Mr Jenkins)—Order! The honourable member for Batman does not need to announce his presence.

Mr McARTHUR—Mr Laurie Cox. He made the comment that, in Australia, one of the difficulties facing small businessmen and those who wish to get ahead, either personally or in a business sense, was this high level of income tax on individuals. He saw the problem and thought that was the biggest difficulty facing the Australian economy: that middle Australia was unable to get ahead, that the tax grab of Treasury was such that they had very little to put away by way of savings or reinvestment into capital in their business.

I really wish in this debate on Appropriation Bill (No. 3) 2002-2003 and Appropriation Bill (No. 4) 2002-2003 to speak on the matter of Iraq. I was unable to get onto the speaking list. Many members have spoken on the Prime Minister’s statement, and I am generally reluctant to add my name to such a long list of colleagues on this particular debate. Whatever has been said has probably been said by both sides of the parliament; however, I feel compelled to take a stand because of a recent development. That development is the disgraceful posturing and use of crude and insulting language regarding the Prime Minister and the President of the United States by some members of the Labor Party. The opposition’s suggestions that Australia has sacrificed its foreign policy to the United States border on outright deceit.

It is quite obvious that the ALP’s policy position is inconsistent. In an attempt to shore up his much questioned leadership, the Leader of the Opposition has taken the line that no military action should be taken against Iraq unless it is under the banner of United Nations. The logic of this problem is obvious: military action to rid the world of Saddam Hussein’s weapons of mass destruction is either necessary or it is not. What does Labor really believe? It will not say; it will not give a position to the parliament. Labor claims that only the United Nations can decide; Australia is not allowed to have an opinion of its own. The member for Barton’s proposed amendment to the earlier amendment of the member for Calare is littered with references to Australia only acting if the United Nations authorises force. We must cede our foreign policy to the United Nations, an inherently flawed organisation. So, when a voter asks, ‘Should a military force rid Iraq of its offending weapons?’ the ALP says, ‘We don’t know—we just ask the United Nations.’

The opposition has no position on this matter. It reverts the problem back to the United Nations which, if the truth be known, has dithered over the issue for the last 11 years. The Labor Party does not have a position because its leadership is terrified of backing a UN sanctioned war when a huge section of the hard Left of the Labor backbench is opposed to the war. The world does not have the luxury of idly standing by as Iraq builds up, and possibly one day uses, weapons of mass destruction. Saddam Hussein has used weapons of mass destruction in the past and if he is not stopped he will use them again. If he is not curtailed he will repeat the obscene use of chemical weapons such as the event when Iraqi forces killed 5,000 Kurds using chemical weapons. If this dictator gets the weapons he wants he will start invading and attacking neighbours and will use these weapons of mass destruction.

There is convincing evidence that Iraq has not relinquished its weapons, in direct defiance of the United Nations Security Council’s numerous resolutions. It has defied the world community. There are 6,500 chemical bombs involving mustard gas, chemical warfare agent and deadly nerve agent, and more than 30,000 special munitions for the deliv-
ery of chemical and biological weapons, all unaccounted for by the Iraqi regime. The weapons inspection process has been sabotaged by Iraq. Diplomatic efforts have been ignored. Sanctions have not worked. It seems the only language that Saddam understands is military action and that little else will rid this country of the weapons that threaten the region. We all pray that military action can be avoided but if the rest of the world—of which Australia is a part—is unprepared to rid this state of weapons of mass destruction using force then the problem will almost certainly continue as it has for more than 11 years.

The Australian government takes the view that the preferable course is for the United Nations to authorise the enforcement of its resolutions against Iraq, by force if no other viable options remain. However, Australians should remember that the UN process is just that—a process. It is not foolproof and cannot always be relied upon to resolve world problems. The persecution of Muslims in Kosovo called for action against Bosnian Serbs in the form of air strikes. The world community called out for this military action to avert a human rights disaster—but these NATO air strikes were not UN authorised due to a lack of support from Russia. It would be dubious to have stopped this necessary action due to a lack of UN support. Similarly, if action is needed against Iraq it will still be a necessity, regardless of whether Security Council member countries decide to veto or support a United Nations authorisation to use military force.

In reality, there is probably ample justification in international law for the United States to take military action against Saddam. Former US President Bill Clinton told America’s CNN network last month: I do not believe as a matter of law, international law, that President Bush is required to go back to the United Nations and get another resolution because there have been several resolutions since 1981 saying he—that is, Saddam—would disarm. A lot has been said about Australia’s relationship with the USA. It is important that the debate does not degenerate into an anti-American tirade. The United States and Australia are comparatively democratic, free and guided by concepts of decency and fair play. America’s generally positive influence on world affairs in recent history is evidenced in its enormous assistance in the defeat of Nazi Germany and Imperial Japan in World War II, greatly helping Australia in the process. America stood firm against the tyranny of communism that imprisoned half of Europe for 50 years. Whilst the USA does have strategic and economic interests in the Middle East, it is important to remember that America derives only a minority of its oil from the Middle East. Due to sanctions that the US supports, Iraqi oil has a very limited flow through to the US, which makes a nonsense that America wants to control Iraq in this way. No decent, fair-minded Australian wants war. Nor do we want to be reading our newspapers in five or 10 years time and see that a cruel dictator, in Saddam Hussein, has used chemical, biological or nuclear weapons on his opponents or on other countries. The world community must act now to avert this kind of disaster.

Mr MARTIN FERGUSON (Batman) (10.04 a.m.)—I rise this morning to address Appropriation Bill (No. 3) 2002-2003, which will appropriate more than $1 billion from the consolidated revenue fund. In doing so, I intend not only to touch on the contents of the objectives of the bill but also to deal with some broader issues on the performance of the Howard government and the state of the economy. As we all appreciate, the bill provides for many unforeseen expenditure items—such as the drought, Bali, additional security and the firefighting strategy to name a few of the challenges that have confronted the Australian community over the last six to eight months.

We all accept that our nation and our region has recently had more than their share of unforeseen events that have caused loss, grief and distress in the community. For example, take the problems of the recent bushfires—the loss of not only houses and contents but also the memories and, unfortunately, lives in some circumstances. In the events of Bali there was the loss of life and injury to Australian citizens without any no-
tice, warning, reason or justification. We have had the problems of the drought and the impact on regional communities and families who actually suffer the difficulties of crop failure that result in farmworkers losing their jobs and seeing their business and life’s work going down the drain. Obviously, these are the types of events that bring a community such as Australia together, and so they ought to. They also require, and correctly so, a bipartisan approach to those challenges that Australia has confronted in our region and within our own country in recent times. For those reasons, Labor supports the appropriation of extra funds for these purposes. It is what Australians expect and are entitled to from their parliamentary representatives. It also requires proper accountability and justification with respect to the expenditure of taxpayers’ hard-earned dollars.

Having said that, it is also my intention today to raise other issues of accountability going to what I regard as evidence of mismanagement and incompetence by the Howard government. I regard this as my responsibility as a member of the opposition and a shadow minister. I therefore intend to deal specifically with my responsibilities in the areas of regional development, infrastructure, transport and tourism. In doing so, I argue very strongly that the Howard government’s performance in these key areas has left a lot to be desired and has clearly shown that the government is out of touch, self-serving and arrogant with respect to its primary responsibility to work in the best interests of all Australians.

That takes me to the issue of regional Australia, a major challenge not only to the Commonwealth government but also to the states and regional communities. I simply suggest to the House this morning that the performance of the Howard government in regional Australia is a disturbing litany of political manipulation and self-interest rather than a genuine determination and effort to improve the lives of people outside our capital cities.

The latest move flagged by the Minister for Transport and Regional Services and Deputy Prime Minister is to amalgamate a number of regional programs into one. I believe that, in doing so, he has finally admitted that he has got it wrong in terms of regional commitments from the Howard government for seven years. His first and perhaps greatest mistake was abolishing the Office of Regional Development in 1996. Since then, the government has created a range of regional programs that produce ridiculously narrow silos where strategically important regional development opportunities are overlooked because they just do not fit the guidelines and principles established by the government. These programs that fund projects merely provide short-term political fixes to immediate problems confronting the government rather than long-term commitments in a strategic manner to assist regional communities.

The government and especially the Minister for Transport and Regional Services, Mr Anderson, have funded front-end feasibility studies that rarely come to fruition. In so doing, they have raised community expectations, overworked local community leaders who are already confronting the difficulties of fire and drought, and provided promotional opportunities for coalition colleagues whilst seeking to shift the cost of project implementation to state and territory governments. We require cooperation— as was the objective of the regional summit—at a local, state and Commonwealth level rather than the Commonwealth funding front-end inquiries that produce no results and create expectations in communities about some long-term commitment.

That effectively means that we have the crux of the problem. We have, above all, regional programs delivered by the Howard government that completely lack strategic planning. I simply believe this should not be the case. Regional Australia needs projects that actually develop the regional infrastructure—projects that develop industry, create jobs, attract population and diversify the economy. Time and time again the government has neglected regional Australians. In finally admitting how wrong he was, the minister has now resolved to try and fix up the major problems of these regional programs. But of course he knows it will not work; it is another political fix.
For example, prior to 1 August 2002, the government provided the highly respected and long-running *The Rural Book*, a free-call hotline, a package of road shows and a display for field days and the like to regional Australia. Then, on 1 August 2002, amid great hype and self-promotion, the Deputy Prime Minister and leader of the National Party announced the Commonwealth Regional Information Service. It provides the new *Commonwealth Regional Information Directory*—a very poor imitation of *The Rural Book*—a free-call hotline, a package of road shows and a display for field days and the like. In essence, the government has simply pulled together a few existing services, given them a new, highfalutin name and spent more than $10 million of taxpayers’ money on gratuitous self-promotion. There is little doubt that we will see history repeat itself in the foreseeable future.

Just like the Commonwealth Regional Information Service, the new program which is now being suggested by the government will simply pull together existing government programs and their inherent major faults. It will be shamelessly and expensively promoted at a huge cost to the taxpayer. Elements that disenfranchise communities, such as the plethora of feasibility studies, will continue. Funding will continue to be provided to those communities and organisations with the resources to write the best applications. It will be allocated, yet again, not on the basis of need but on the basis of how good an application you can write for funding. Silos will continue with the program, and projects funded will be continued as short-term solutions designed to maximise political advantage rather than develop the regions in a long-term, sustainable way.

Overseeing all of this, as is usual, will be the Deputy Prime Minister’s hand-picked area consultative committees. No longer will there be any semblance of independence with respect to these important area consultative committees. No longer will the chairs of these committees have even a veneer of independence. The Deputy Prime Minister in a recent decision has resolved that he will now select all chairs—in essence, put his mates in to do his bidding in a political sense at a local level rather than have people in place who are actually barracking for local communities. The Deputy Prime Minister’s cronies will carve up regional program funding to shore up ailing National Party colleagues and, in a minority of circumstances, some Liberal colleagues.

He has already unceremoniously dumped a number of chairs, sending a clear message to all other chairs to toe the line or face the same fate—in essence, the axe. With this new program, these cronies will be in a position to exercise influence in a highly political manner over much more money than they have had in the past. It is pork-barrelling par excellence, without any long-term commitment to local regional communities. The facts bear it out: seat by seat, National Party seats are getting the major proportion of regional funding. It is only going to get worse with the changes that are now being pursued by the Minister for Transport and Regional Services.

That takes me to the all-important issues of transport and infrastructure, which are of importance not only to regional communities but also to the future of Australia as a nation. Mr Deputy Speaker Jenkins, as you would appreciate from your seat in the outer suburbs of Melbourne, transport is another area of policy paralysis and missed opportunity. Just think about the lack of access to urban transport in your own metropolitan seat. I believe the Howard government has shown no capacity for or commitment to developing policies that address the key transport challenges of the 21st century. While the Roads to Recovery program filled a funding void and was therefore welcomed, it was poorly consulted on and not targeted; nor did it provide enough flexibility for transport solutions, including for public transport other than by road at the local level. In the last budget, the plans of many local councils were wrecked when the Howard government ripped $100 million from this year’s road budget. It even resulted in job losses, because local councils had planned road improvements and maintenance and, when the money was ripped away, those contracts disappeared and workers lost their jobs—and
that was in areas already seriously affected by the drought.

At the 2001 election—and we should not forget this—the Howard government had a transport policy that had no hint of the need for a national transport plan to deal with key challenges such as the national infrastructure backlog, the growing demand on our freight systems, the lack of rail infrastructure investment and the ever-increasing problem of congestion in our urban and outer metropolitan areas. This fundamentally flawed coalition transport policy stood in stark contrast to that offered by the opposition, the Labor Party. When AusLink was announced only six months after the election, the opposition was surprised—as were most in the transport industry—by the apparent revelation. It was quickly apparent, as has been clearly evidenced by the submissions to AusLink over recent months, that AusLink was a thinly veiled agenda to shift costs to the states and local governments. For example, there is no commitment to the national highway system. Imagine now expecting state and local governments to fund the national highway system; that is what AusLink does.

While AusLink does canvass the need for a national land transport plan with a more integrated approach to funding decisions, it fails in many regards. With AusLink, as I have said, the government intends to walk away from its national highway responsibilities. With AusLink, the government’s transport priorities will be driven by the private sector and by where money can be made rather than by priorities and need. While AusLink correctly identifies the need for more rail infrastructure spending—surprise, surprise—it offers no new money. That leaves the likelihood of a shift of funding from roads to rail. AusLink also squibs on the issue of which roads will lose out. Instead, as usual, the Commonwealth government wants to flick the problem of making the hard decisions to the states and local governments. AusLink also—and I stress this—totally ignores public transport and congestion. It is part of a plan for the movement of freight, not for the movement of people. A real plan for transport cannot ignore the movement of people and the predominant and increasing problem of car congestion, which also adds to our environmental difficulties in the 21st century. This is a fundamental flaw in AusLink—a flaw that highlights the real agenda in a shift of responsibility by the Howard government.

On transport, the Minister for Transport and Regional Services is good on rhetoric but light on action. In no area has this been more evident than in his poor handling of transport security. He was warned in 1998 by the Audit Office to improve aviation security. We then had the tragic circumstances of September 11, which saw a flurry of activity and reaction but none of the fundamental change that had been called for three years earlier in the audit report. Given the 1998 warning and the September 11 jolt, Australians were gobsmacked that a follow-up audit in January 2003 identified the same fundamental problems with respect to aviation security. The Australian community rightly expects that, when it travels, it travels in the safest possible circumstances, and there is a responsibility on the government to actually do something about this. Unfortunately, I must report to the House today that the minister still has not got it. In the House under questioning, the minister has been unwilling to answer or perhaps incapable of answering basic questions on aviation security. He talks the talk on security—he is fed the lines—but he does not act.

Mr Danby interjecting—

Mr MARTIN FERGUSON—He was prepared to defend the fridge magnet in this House, as the member for Melbourne Ports suggests, but not his record. The performance of the minister on aviation and maritime security is the same. This is an Australian minister for transport whose policies favour foreign shipping operators—an issue continually raised by the member for Melbourne Ports—and give jobs that ought to go to Australians to overseas seafarers at substandard wages and in disgraceful conditions of employment. These are jobs for overseas operators that are subsidised by foreign countries. The minister’s shipping policies are clearly not about having a level playing field but about tilting the field in favour of
cheaper foreign operators, which risks our jobs, our security and, importantly, our coastal environment. On transport and regional issues, I have had time today to only scratch the surface of the Deputy Prime Minister’s lack of performance, his ineptitude and his failure to earn his keep in terms of his parliamentary responsibilities.

The Minister for Education, Science and Training jokes about the importance of tourism and the all-important issue of jobs. I suggest to the House that the tourism industry has been particularly hit by the unforeseen events I spoke about earlier and, more importantly, by September 11, the collapse of Ansett, Bali, the drought and the bushfires. But what do we find? We find the tourism industry being treated with contempt by the Howard government. For the past 12 months we have had the minister tease us with a 10-year plan for tourism. Despite his frequent visits to regional communities, where he is often seen in the paper having yet another lunch or dinner, we have not seen the colour of any long-term commitment to improving tourism in Australia. In recent times, we have even had his senior minister seeking to hose down expectations of what may be in a tourism package. At the same time, we have had the tourism industry used to pad the government’s budget bottom line not only through the increase in the passenger movement charge, which is ripping off the travelling public, but also through the continued application of the Ansett ticket tax.

The time has come for the Howard government to get serious about doing something in the best interests of Australia. As with the massive GST windfall for the government, it is about time the government put back into the tourism industry the money it is ripping out with the passenger movement charge. It is also about time that the government took off the tourism industry the unnecessary cost impost of the Ansett ticket level, which is a barrier to both domestic and international tourism, a barrier to jobs in Australia and a difficulty that heavily hurts regional communities, such as Cairns, at this point in time.

In conclusion, I also raise the requirement for this parliament to front up to its responsibilities with respect to the misuse of parliamentary entitlements. I refer to recent revelations of overfunding and misuse of parliamentary printing allowances by the Howard government in the election year of 2001. I suggest that the introduction of an expenditure limit of $125,000 was excessive. It is about time the Howard government cut costs and halved that to about $62,000. Taxpayers should not be funding the re-election of members of the House of Representatives through the misuse of parliamentary entitlements. I leave the House with those thoughts.

(Time expired)

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (10.25 a.m.)—I rise this morning to speak on the Appropriation Bill (No. 3) 2002-2003 and to focus on an area of very significant expenditure that all governments face: the environment. In particular, I would like to focus on government investment in managing and presenting our unique World Heritage protected areas and national parks. I believe our nation’s environmental drawcards stands to benefit greatly if only we can initiate a change of mindset in the way our national parks are funded and managed. I do not believe that government at any level is managing and protecting our national parks and important environmental areas as well as it could. In fact, I believe that the inappropriate management of a number of our national parks has resulted in very significant long-term damage to these protected areas.

There are some very valid reasons behind this view. The way governments make decisions on the acquisition of national parks involves, in the overall scheme of things, a relatively small expenditure and is of concern. A good example is New South Wales, where there is an election coming up in a couple of weeks—although it is not just happening in New South Wales. A decision was made to establish another 15 national parks in New South Wales as part of an election commitment. There is no suggestion of how much government bureaucrats are going to spend on the management of those parks or about what management plans will be in place before the parks are acquired. If you
are going to acquire a business, the first thing you do is look at a business management plan and at the investment in the management of that particular area. Unfortunately, that is not the case. They race in and acquire these places, underresource them to blazers and, as a consequence, the areas start to deteriorate very quickly. That sort of approach adds nothing to the long-term sustainability and protection of our national parks.

The other problem is that many of the bureaucrats who are charged with the responsibility of managing these areas often focus very much on a ‘lock up’ mentality. Often in these areas, any human impact is seen as a negative. They overlook the fact that people are part of the environment and that by removing them you are creating an imbalance. Coupled with the fact that budget constraints have left management very thin on the ground, this means that a lot of the work is not being carried out. The experience of visitors to these areas is often not very good—primarily because those visitors are seen as an impost. As a consequence, the revisitation to these areas is often very limited. A classic example of that is Kakadu. I have no doubt that many of the people who are managing these parks have good intentions, but they are facing impossible management situations and consequently the job is just not being done. It certainly leads to very bad visitor experiences for tourists and for the wider public in general.

Too often governments respond to the doomsayers and the extreme green groups. The doomsday predictions are often based on almost no facts whatsoever, and governments collectively respond with knee-jerk reactions in an effort to appease these professional alarmists. In doing so, governments contribute to less than best practice in the management and protection of important environmental areas. A classic example is in Cape York, where the Goss government in particular and then the Beattie government continued a policy of land acquisition with absolutely no management plans in place whatsoever. Over the years there have been very few people on the ground managing these parks and feral weed and animal problems et cetera are absolutely rife.

A classic example in Cape York of following the lead of the doomsayers was in relation to the golden-shouldered parrot. The environmentalists blamed the graziers’ practice of burning and grazing as a reason for the rapid decline in the numbers of these birds. When research was done by Stephen Garnett in the 1990s, it was discovered that it was the prevention of appropriate fire practices, not grazing at all, that had caused the decline of the parrot. By preventing the burning regime there had been a proliferation of broad-leaved tea tree around the ant beds where these birds nest. They were preyed upon by another native species and as a consequence the birds were very seriously affected. The numbers had declined significantly but when burning practices were reintroduced the numbers stabilised.

I will turn to other issues like the crown-of-thorns starfish and coral bleaching. If you listened to the doomsday merchants in the 1960s, the environmentalists claimed the crown-of-thorns starfish was going to wipe out the Great Barrier Reef. Clearly, this did not happen. The Institute of Marine Science has said that, while outbreaks may destroy some individual corals, they certainly will not destroy the reef itself. In the 1990s, the doomsayers were saying that our reef was dying so fast—referring to bleaching in this case—that it would be a bleached white corpse by 2030. They attributed this, first of all, to rising sea temperatures due to global warming. It has since been shown that many centuries ago there were much higher temperatures than we are experiencing now. It is basically a theory without any factual evidence behind it. Of course, the Greens have also been very quick to blame agricultural and grazing activities along the east coast for this—again, without any scientific fact. In the case of the barrier reef, the reality is that the biggest contributor to the research into the eradication of the crown-of-thorns starfish—because it is an issue and it is a problem—is the tourist industry. Some operators have taken responsibility for small sections of the reef. The work they have actually done in those areas is a credit to them.
The obsession against agriculture and grazing has also moved into the ethanol debate. It is interesting how the green industry have been mute on the benefits of ethanol. I would suggest that it is more about their obsession against agriculture and grazing rather than based on any scientific fact. I think that is a great disappointment. Also, when we look at the bushfires in recent times in New South Wales and Victoria, I am absolutely amazed by the interest that green groups have shown in this particular issue. They are bouncing around suggesting that we should be allowing the sale of so-called recreational drugs to our children and jumping up and down about Iraqi issues but, when it comes to national park management, the build-up of fuel in the parks and the devastation to the environment within those parks, they are absolutely mute. It shows the hypocrisy of these particular groups. It needs to be recognised that, if they are going to argue about this, they have also got to come up with some credible solutions and accept the fact that they do not have a monopoly on how best to manage and protect regions such as Cape York. I believe that there is a real opportunity for property owners, local residents and members of the Australian tourism industry to play a very active role in the management of our national parks and our World Heritage areas.

In the mid-1990s the Chapman family proposed to build a 7.5-kilometre cableway from Cairns to Kuranda. It is the longest cable car system in the world, traversing the canopy of the Barron Gorge National Park. At the time, this proposal was attacked by many greens who claimed that the wet tropics rainforest would be decimated by the development of Skyrail. In fact, then Democrat Senator John Woodley, with the support of local environmentalists, in the other place warned of the dangerous precedent that Skyrail would set for the future private exploitation of our national parks. Herein lies their opposition: they just do not want anybody to be involved.

If more tourism ventures like Skyrail were incorporated into our national park system we would see some very significant improvements in the management of those areas. Skyrail cost some $35 million. Tower sites were chosen where trees had fallen down and where minimal harm would be caused. Everything was flown in by helicopter at a cost of $1.50 per second, or manually carried in. Even the boots of the workmen involved in Skyrail’s construction were sterilised before they entered the rainforest. I could not say the same for all the ferals and the other crazies that were chaining themselves to trees and doing all sorts of unmentionables in the forest in their efforts to try to stop the whole project from going ahead. Skyrail has gone on to win many prestigious awards. It is the winner of the Australian Tourism 1997 award for best major tourist attraction. It has won the 1996 European Greening of Business tourism award for the most environmentally conscious visitor attraction. It is one of only seven organisations to receive advanced accreditation under Australia’s National Ecotourism Accreditation Program. This in itself speaks for the quality of this particular product.

One has to ask why, with all the environmental concerns allayed, the green groups were so against the Skyrail development. Dr Ken Chapman hit the nail on the head with this comment:

They don’t like the fact that a private family is making money out of national parks. But they don’t consider that we are taking hundreds of thousands of people to learn about the rainforest so they can see it for themselves and know how to protect it.

Had radical green groups and other critics had their way, Skyrail would never have been built.

The protection and management of our national parks is an issue that authorities grapple with on a continuous basis. To date, that protection and management regime has been driven solely by governments. Increasingly, we see a growing reliance on taxpayers to pay for the maintenance of our national parks. With a strong growth in tourist numbers expected in Australia over the next 10 years, further pressure will inevitably be brought to bear upon premier ecotourism destinations such as the Great Barrier Reef, the Daintree World Heritage area and Ka-
kadu National Park. Part of the future management of tourist numbers will have to include the development of new tourism destinations or regions in which ecotourism will play a significant part. I raised this issue at last year’s Australian Regional Tourism Convention in Longreach and again at the International Year of Ecotourism Conference in Cairns and put out the challenge to think about new ways of protecting our important environmental areas.

Australia’s greatest tourism assets are our natural wonders, and the best people to present these natural areas to domestic and international tourists are tourism operators themselves, not governments. Yet, to date, the extent to which we have engaged with the tourism industry and involved them closely in the long-term management and protection of these areas has been relatively minimal. Charging government bureaucrats with the task of managing our national parks has, in many instances, led to very poor outcomes.

Earlier I mentioned Kakadu National Park and the serious problems being experienced with feral animals, weed control, restriction of tourist access to important sites and the plateauing of visitor numbers. The park managers are now seeking further support to raise the fees in the park to fund infrastructure. I am sure that move is well intended but it will not fix the problem. It raises the question: what will happen in five years when the park managers come back and ask yet again for another increase in fees or taxes to fund maintenance work at Kakadu? Visitor numbers to that area have been declining very significantly, and I think that is another issue we could look at with a fresh approach. The increase in fees was also a position advocated last month by the former chair of the Wet Tropics Authority, Professor Tor Hundle, who called for a $5 to $10 increase in the departure tax to fund World Heritage areas. I contend that such an approach is unsustainable and unfairly penalises tourists and tourism operators alike. I believe a new approach is needed.

As Skyrail has proven, strong links clearly exist between tourism operators and World Heritage national park areas. In challenging people to consider new models for protecting and managing these areas, I have advocated the need for governments at all levels to work in closer partnership with the Australian tourism industry to make them a greater provider of services and facilities within national parks. I believe a partnership model should be explored whereby government works closely with the Australian tourism industry to allow operators to invest in building infrastructure such as the provision of walking tracks, toilet facilities and other facilities within national park areas.

Why not also give fair and reasonable consideration to proposals such as carefully regulated, low-impact ecotourist accommodation where such proposals are in keeping with the environmental values of a particular region? In return, tourism operators would take responsibility for protecting and maintaining areas within a national park by undertaking such activities as controlling noxious weeds and feral animals. It would also provide a great opportunity for native title holders and Indigenous people to get much more actively involved in presenting these areas and to get some sort of economic benefit from the areas in which they are involved.

The aims of such an approach are several: it would afford greater protection to national parks; it would provide better services for people visiting these areas; and it would encourage more people to visit these areas, which is important for education about our natural wonders and flora and fauna. Having people visit these areas for the education component is part of the World Heritage requirement for our World Heritage areas. They should be presented to the world so that people can have that interpretation for better understanding and appreciation. I do not believe that that is in any way being carried out as effectively as it could be. You have only to look at the operators on the ground who are presenting these areas at the moment to see that they are the ones who are going to provide the best opportunity for that interpretation. This approach would also contribute to the development of new tourism products, which means more jobs and more economic opportunities for regional, rural and Indigenous communities.
The Great Barrier Reef Marine Park Authority has worked with tourism operators for many years now to provide for the establishment of physical infrastructure on the reef, such as permanent moorings and floating pontoons. Such infrastructure serves two key purposes: the enhancement of the tourism experience and the protection of the reef and marine environment from physical damage. There are identifiable examples of some reef sections where the long-term care being provided by reef tourism operators through the establishment and use of such pieces of infrastructure is leading to the regeneration of coral systems and thriving fish populations. Good examples of that are both Sunlover Cruises and Quicksilver in Cairns. The difference between the areas that they manage and have been looking after for many years and other reef sections not afforded similar care and protection by tour operators can be very stark. The environment and the economic and employment returns derived from tourism activity in these areas are very closely linked.

Ecotourism operators, be they land based or marine based, know that the future profitability of their business depends upon the long-term protection and maintenance of the environment upon which they base their business. To ignore the potential contribution tourism can make to long-term protection and sustainable use of these areas would be a missed opportunity, both for the environment and for the future economic and employment prospects of many regional, rural and Indigenous communities.

Mr MOSSFIELD (Greenway) (10.44 a.m.)—I rise to speak on the Appropriation Bill (No. 3) 2002-2003 and the Appropriation Bill (No. 4) 2002-2003. Like all appropriation bills, these two are a grab bag of funding requests across a range of portfolios for a number of different purposes. There are appropriations for the Department of Defence; the Department of Agriculture, Fisheries and Forestry; the Department of Family and Community Services; the Department of Health and Ageing; Treasury; the Department of Foreign Affairs and Trade and the Department of Finance and Administration. Appropriation Bill (No. 3) 2002-2003 is used to appropriate moneys from consolidated revenue for ordinary annual services such as running costs and recurrent expenditure on already established programs. Appropriation Bill (No. 4) 2002-2003 seeks additional moneys from consolidated revenue for purposes other than ordinary annual services. It covers capital works, payments to the states and other purposes not authorised by special legislation.

Sometimes things cost more than originally planned, and these appropriation bills deal with that. The reasons these things cost more are as varied as the range of programs involved. Sometimes it is because the price of consumables has risen, because of the cost of wages, because of an unexpected disaster—like the $19.6 million that is being appropriated for the Bali bomb victims, and quite appropriately so—or because of gross incompetence and a complete misunderstanding or an underestimation of the costs that will be involved. Sometimes you find in these appropriation bills accounting tricks fiddling with appropriation money that has already been appropriated by this parliament. For instance, take the $350 million being appropriated for the Department of Foreign Affairs and Trade as Australia’s contribution to the International Development Association as well as to the Heavily Indebted Poor Countries initiative. That money was appropriated once before by this parliament in the 2001-02 budget. I seek leave to continue my remarks later.

Leave granted; debate adjourned.
(2) Schedule 1, page 3 (before line 4), before item 1, insert:

**1B After subsection 42(3)**

Insert:

(3A) The Commission must not grant leave under subsection (3) to a counsel, solicitor or agent acting for a fee or reward in a conciliation under Subdivision B of Division 3 of Part VIA of this Act unless it is satisfied that it would assist the just and expeditious resolution of the proceeding, having regard to:

(a) the complexity of the proceeding; and

(b) the capacity of another party to the proceeding to secure representation; and

(c) the likely cost of such representation; and

(d) any other matter the Commission considers relevant.

(3) Schedule 1, page 3 (before line 4), before item 1, insert:

**1C After section 170CA**

Insert:

**170CAA Minister to publish information to assist employers and employees**

(1) The Minister, in consultation with the relevant Minister of each State and Territory, must publish information, which may include practical examples, to assist employers and employees to comply with this Part.

(2) After publishing information under subsection (1), the Minister must promote the publication in workplaces and make it readily available free of charge.

(4) Schedule 1, page 3 (after line 6), after item 1, insert:

**1D Subsection 170CE(3)**

Repeal the subsection, substitute:

(3) If:

(a) an employee’s employment has been terminated by the employer; or

(b) more than one employee’s employment has been terminated by the employer at the same time or for related reasons; and

a trade union’s rules entitle it to represent the industrial interests of the employee or employees the union may, on behalf of the employee or employees, apply to the Commission for relief:

(c) on the ground that the termination was harsh, unjust or unreasonable; or

(d) on the ground of an alleged contravention of section 170CK, 170CL, 170CM or 170CN; or

(e) on a ground or on any combination of grounds in paragraph (b), and the ground in paragraph (a).

(5) Schedule 1, item 2, page 3 (lines 7 to 27), omit the item, substitute:

**2 Subsection 170CE(6)**

Omit “, (3)”.

(6) Schedule 1, item 4, page 4 (lines 29 to 33), omit the item.

(7) Schedule 1, item 5, page 4 (line 34) to page 5 (line 3), omit the item.

(8) Schedule 1, item 6, page 5 (lines 4 to 8), omit the item.

Mr ABBOTT (Warringah—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (10.48 a.m.)—Firstly, I thank the member for Greenway for his cooperation; I really do appreciate it. I move:

That the amendments be disagreed to.

I do not wish to detain the House for very long because I would like the member for Greenway to have an opportunity to speedily resume his contribution to the debate on the appropriation bills. The arguments on this whole question of unfair dismissal and the unfair dismissal exemption for small business have been thoroughly rehearsed in this House and in other places for quite a few years now. The Senate has moved amendments to the government’s Workplace Relations Amendment (Fair Dismissal) Bill 2002 [No. 2]—that is, the bill to exempt small business from the provisions of the unfair dismissal regime. I do not want to go into debate today over the merits or otherwise of the opposition’s amendments that have been supported by the Senate. I think there are other vehicles for the kinds of amendments which the opposition in the Senate wish to make. This is not the bill or the vehicle for those sorts of amendments. As far as the government are concerned, we believe we
have a mandate for our bill as it left this House and went into the Senate. If the concept of a mandate is to mean anything, the government have a mandate for the small business exemption, and we insist upon the bill as it stands.

Mr McCLELLAND (Barton) (10.50 a.m.)—The position of the opposition is to oppose the government’s motion. We believe the Senate amendments should be accepted. They are a reasonable proposition. Fundamentally, what the government’s position is in respect of this bill can be summarised in this brief sentence: it is all about establishing a double dissolution trigger. I want to outline our arguments briefly. Fundamentally, the unfair dismissal laws are based on the principle that all workers and, indeed, all proprietors are entitled to a fair go. In the famous Loty and Holloway case, it was described as ‘a fair go all round’, on both sides. If you said to a business proprietor, ‘What’s wrong with everyone having a fair go—the right to be heard, to have your case and so forth?’ I think instinctively they would say, ‘Nothing is wrong with the principle of a fair go. Indeed, if my child were employed in another business, I would expect them to be given a fair go before their employment was terminated.’ But they would then go on to say, ‘But the system has been abused. We feel that, if we employ someone, we might be exposed to an action for unfair dismissal.’ Typically, that would be the response from a small business proprietor.

There are two ways of addressing that perception. I suppose the first is the one proposed by the government, which is to remove the right to a fair go. The second way of addressing it, however, is to address the perception that employers are exposed. As a start to doing that, I want to point out that the annual report of the Australian Industrial Relations Commission indicates that for 2001-02 there were only 291 arbitrations around Australia under the federal legislation. In terms of the prospect of someone obtaining reinstatement, there were only 47 orders for reinstatement. There were 96 orders for compensation, and the rest were dismissed or dealt with in some other way—rejecting them, for instance, on the extension of time issue. On those figures, the arbitral phase of the situation is not the problem, I would submit, and therefore the amendment moved by the Senate, if you take it in its context, is very significant. The principal Senate amendment proposes to remove lawyers from the conciliation phase of the Industrial Relations Commission proceedings, making it a one-on-one situation with employees and employers—and if they are represented by an industry body, well and good—and without the expense of lawyers at that stage. So small businesses would not have to be anxious that engaging someone would expose them to expensive litigation. That, we believe, is a pragmatic and sensible suggestion.

I might say that in another bill—the Workplace Relations Amendment (Termination of Employment) Bill—while we disagree with the government’s over-the-top proposition to use the Corporations Law to override state laws, there are some proposals worthy of consideration. As I read the bill, I see a proposal for a sort of gateway procedure to vet those cases which are determined to be unreasonable or vexatious, before a proprietor is put to the expense of meeting them. That is something that the opposition are prepared to explore. Equally, there is a proposal in there in respect of small business that, provided an employee has been given the right to be heard in their own defence, a dismissal will not be set aside merely because of some procedural defect in the disciplining or dismissal process. These are measures which provide practical, commonsense outcomes that can take away the perception that, I acknowledge, many small businesses have that they may be exposed to unfair dismissal actions. Again, these are ways in which the concept of a fair go can be preserved, while at the same time removing anxieties so that everyone can have their say and have a fair go without complexities and expense. This is the area I would like to move to as soon as possible with the government, rather than focusing on this double dissolution trigger.

Question put:
That the motion (Mr Abbott’s) be agreed to.

The House divided. [10.59 a.m.]
AYES

Abbott, A.J.  Anderson, J.D.
Andren, P.J.  Andrews, K.J.
Anthony, L.J.  Bailey, F.E.
Baird, B.G.  Bartlett, K.J.
Barresi, P.A.  Bishop, B.K.
Bishop, J.J.  Brough, M.T.
Cadman, A.G.  Cameron, R.A.
Causley, I.R.  Charles, R.E.
Ciobo, S.M.  Cobb, J.K.
Draper, P.  Dutton, P.C.
Elson, K.S.  Entsch, W.G.
Farmer, P.F.  Forrest, J.A. *
Gallus, C.A.  Gambaro, 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.  Katter, R.C.
Kelly, D.M.  Kemp, D.A.
King, P.E.  Ley, S.P.
Lindsay, P.J.  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.  Prosser, G.D.
Pyne, C.  Randall, D.J.
Ruddock, P.M.  Schultz, A.
Secker, P.D.  Slipper, P.N.
Smith, A.D.H.  Smolijay, A.M.
Southcott, A.J.  Stone, S.N.
Thompson, C.P.  Ticehurst, K.V.
Toller, 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.
Beazley, K.C.  Bevis, A.R.
Breereton, L.J.  Burke, A.E.
Byrne, A.M.  Corcoran, A.K.
Cox, D.A.  Crean, S.F.
Danby, M. *  Edwards, G.J.
Ellis, A.L.  Emerson, C.A.
Evans, M.J.  Ferguson, L.D.T.
Ferguson, M.J.  Fitzgibbon, J.A.
George, J.  Gibbons, S.W.
Gillard, J.E.  Grierson, S.J.
Griffin, A.P.  Hall, J.G.
Hatton, M.J.  Hoare, K.E.
Irwin, J.  Jackson, S.M.
Jenkins, H.A.  Kerr, D.J.C.
King, C.F.  Latham, M.W.
Lawrence, C.M.  Macklin, J.L.
McClelland, R.B.  McFarlane, J.S.
McMullan, R.F.  Melham, D.
Mossfield, F.W.  Murphy, J. P.
O’Byrne, M.A.  O’Connor, G.M.
O’Connor, B.P.  Organ, M.
Plibersek, T.  Price, L.R.S.
Quick, H.V. *  Ripoll, B.F.
Roxon, N.L.  Rudd, K.M.
Sawford, R.W.  Sciacca, C.A.
Sercombe, R.C.G.  Sidebottom, P.S.
Smith, S.F.  Snowden, W.E.
Swan, W.M.  Tanner, I.
Thomson, K.J.  Vanvakinou, M.
Wilkie, K.  Zahra, C.J.

* denotes teller

Question agreed to.

Mr ABBOTT (Warringah—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (11.05 a.m.)—I present the reasons for the House disagreeing to the Senate amendments. I move:

That the reasons be adopted.

Question agreed to.

BUSINESS

Rearrangement

Dr NELSON (Bradfield—Minister for Education, Science and Training) (11.06 a.m.)—by leave—I move:

That order of the day No. 2, government business, be postponed until a later hour this day.

Question agreed to.

WORKPLACE RELATIONS AMENDMENT (PROTECTING THE LOW PAID) BILL 2003

Second Reading

Debate resumed from 13 February, on motion by Mr Abbott:

That this bill be now read a second time.

Mr MCCLELLAND (Barton) (11.07 a.m.)—Our apologies to the member for
Greenway, whom we caused to lose his speaking spot a short time ago on the appropriation bills. He will be able to continue shortly.

The position of the opposition is that we will oppose this bill but will formally move a second reading amendment. I move:

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

“the House declines to give the Bill a second reading and condemns the Government for:

(1) introducing legislation that impedes the ability of the Australian Industrial Relations Commission to independently determine fair minimum wages for Australian workers and their families;
(2) attempting to limit wage increases for low paid workers in circumstances where it has placed increasing financial pressure on Australian families by:
   (a) being the highest taxing Government in Australia’s history;
   (b) failing to stem rising household debt that has now doubled under the Howard Government;
   (c) failing to address record bank fees that have doubled since 1997;
   (d) forcing thousands of Australian families to pay high medical bills as a result of a dramatic decline in bulk billing;
   (e) forcing Australian families to pay an additional 30% for the cost of essential medicines;
(3) attempting to suppress the wages of working Australians in circumstances where it will not take action to limit extraordinary executive salaries and executive severance packages; and
(4) calls on the Government to abandon its policies that favour the big end of town and do something to ease the pressure on Australia’s millions of working families”.

In many ways, the intention of the Workplace Relations Amendment (Protecting the Low Paid) Bill 2003 is quite extraordinary. Effectively, it seeks to intervene in proceedings before the Australian Industrial Relations Commission when it is determining the national safety net award rate. The national wage case is currently before the Australian Industrial Relations Commission. This bill would effectively create a situation where parliament could intervene in those proceedings to determine the outcome. It is not a case of authorising executive action—for instance, authorising the minister to intervene in those proceedings and make a submission, as indeed he has the power to do and has done under the act; rather, it is for the parliament to legislate and to dictate in a significant respect how the commission should resolve its deliberations, exercise its discretion and give decisions in this very important issue. For instance, clause 4(1)(a) specifies that the operation of the act, if passed, applies not only from the day of commencement but also:

... on or before the commencing day—if the Commission has not finished dealing with the dispute before that day ...

Clearly, it will have the effect of intervention in a legislative way by this parliament into the current deliberations on the national wage case. That is an exceptional, if not unprecedented, step. In my view, it is not an appropriate exercise of legislative power.

Historically, the Australian industrial relations system has had the very important role of determining fair wage outcomes for the Australian community. In some ways, it is unique to Australia. By and large, my perception is that the Australian people feel very comfortable with the Australian Industrial Relations Commission. They may find the Australian industrial relations climate distasteful from time to time, with extremists from both sides of the employment equation—representing organised labour on the one hand and big business on the other—going about their various machinations and power plays, but what reassures the Australian people that at the end of the day there will be a sensible and balanced outcome is the fact that the Australian Industrial Relations Commission has been a part of Australia’s history, virtually since we became a nation.

As I have pointed out in this House before, the Australian industrial relations system has received the praise of international statespeople, none higher than Pope John Paul II who, on his visit to Australia in 1986, said:
Australia has a long and proud tradition of settling industrial disputes and promoting cooperation by its almost unique system of arbitration and conciliation. Over the years this system has helped to defend the rights of the workers and promote their wellbeing, while at the same time taking into account the needs and the future of the whole community.

Our fundamental objection to this legislation is that it skews the commission’s function away from balancing competing considerations—on the one hand, the desire of workers for decent wages to support their families and, on the other, a desire for corporations to obtain a profit. There is obviously a need for both. The question is how we obtain that balance. The answer, quite simply, is that the Australian Industrial Relations Commission—rather than this parliament, which is based on a partisan outlook on life—is the body to do that.

Why will the bill skew the debate against the interests of working Australians? It will do that because it specifies that the commission, in exercising its discretion and coming to its conclusions, must as a primary consideration consider the effect of its decisions on employment.

Obviously the commission will consider that matter but, if this legislation is passed, the parliament is saying that this is the primary focus you have to have. We say that there are a range of matters that have to be balanced but, again, the fact for corporations to obtain a profit. There is obviously a need for both. The question is how we obtain that balance. The answer, quite simply, is that the Australian Industrial Relations Commission—rather than this parliament, which is based on a partisan outlook on life—is the body to do that.

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To emphasise the significance of what the government is attempting to do, I want to underline the importance of the national wage case, which has been an annual event, if you like. Not only does it form the basis of a national safety net award; it has spin-offs in that, invariably, the state tribunals will, as a matter of course, flow on from the decision of the Australian Industrial Relations Commission with some minor modifications. So this federal legislation, which goes to the primary decision-making process in wage determination, has potential repercussions for all Australian workers whose employment is governed by a basic safety net award. That safety net award is important because it underpins the employment relationship to prevent workers who, I think fair-minded people would concede, are not in a position to bargain effectively with an employer one on one, unless they possess special skills.

For instance, as Justice Higgins said in the famous 1907 Harvester case, the concept of a freedom of contract between employer and employee is, in the main, ‘like the freedom of contract between the wolf and the lamb’. Indeed, to understand the origin and impetus behind minimum wages in Australia, it is worth having regard to that famous Harvester case. The House will recall that the Deakin government, in the Excise Tariff Act 1906, granted relief from excise duties for goods
manufactured in Australia under remuneration and conditions which were declared by the President of the then Court of Conciliation and Arbitration to be ‘fair and reasonable’. In interpreting those words, Justice Higgins said that you have to have regard to what is a social wage. In 1907, almost a century ago, he said:

The provision for fair and reasonable remuneration is obviously designed for the benefit of the employees in the industry; and it must be meant to secure to them something which they cannot get by the ordinary system of individual bargaining with employers. If parliament meant that the conditions shall be such as they can get by individual bargaining ... there would have been no need for this provision. The remuneration could safely have been left to the usual, but unequal, contest, the haggling of the market for labour, with the pressure for bread on one side, and the pressure for profits on the other. The standard of fair and reasonable must, therefore, be something else, and I cannot think of any other standard appropriate than the normal needs of the average employee, regarded as a human being living in a civilized community.

So this is the living wage concept that goes back almost 100 years. Later, Justice Higgins said in the decision:

... I cannot think that an employer and a workman contract on an equal footing, or make a “fair” agreement as to wages, when the workman submits to work for a low wage to avoid starvation or pauperism (or something like it) for himself and his family; or that the agreement is “reasonable” if it does not carry a wage sufficient to insure the workman food, shelter, clothing, frugal comfort ...

This, again, is the concept of a living wage—the ability to provide food, shelter, clothing and frugal comfort for a family. Of course, when Justice Higgins spoke in 1907 he referred to ‘workmen’, but if he were deciding the case today he would most certainly give equal, if not greater, attention to working women. That is emphasised by the fact that, according to the most recent ABS employee earnings and hours survey, women are much more likely than men to be paid according to base awards—26.4 per cent of women in the work force, over a quarter of women, as opposed to 16 per cent of men.

The significance of the underpinning safety net wage is in the fact that average weekly total earnings for employees on awards was found by the ABS to be $430.20. This is slightly below the full-time minimum wage of $431.40—again reflecting the reality that a higher proportion of women are engaged in part-time and casual work. The award safety net overall protects the most vulnerable employees in our society; those who are without special skills, high levels of education or technical skills. They are basically unskilled workers working to sustain themselves and their families. Overall, their earnings are far less than the earnings of those who are able to engage in collective bargaining. The Australian Bureau of Statistics figures show that, in May 2000, an employee on the basic safety net earned about $234 per week less than workers on collective agreements who, on average, earned $860.80 per week. In fact, we are now seeing quite an alarming disparity in earnings not only at the chief executive level, which we have been vocal about, but also within the general work force itself. It is this situation that the award safety net is so vital to addressing.

Returning to the amendment that I moved at the start of this speech, it is so important when you look at the pressure on families today. The government repeatedly says in question time and on other occasions that real wages dropped during the period of the 1980s and early 1990s. If you look at the concept of remuneration only in terms of wages, there was restraint to wage growth during that period—but that was the whole purpose of the prices and incomes accord. In the early 1980s there was a recession. The recession was mainly caused by inflationary pressures which had been substantially wage driven. Indeed, I remember there were some very successful industrial campaigns early in that time. The wage growth exceeded the capacity of the economy to sustain it, resulting in substantially wage driven inflation. I am not an economist, but this was an important fact.

All parties in 1983—the government, the unions and the employers—said, ‘This can’t go on. We’re going to wreck the economy; we’re going to wreck jobs. There needs to be a better way.’ Accordingly, they sat down and negotiated a prices and incomes accord
where, in exchange for price restraint, there would also be wage restraint. As part of that equation, to assist workers in sustaining their living standards despite wage restraint, the government introduced the concept of the social wage: the provision of Medicare, some tax relief and, importantly for Australia’s future economic prospects, superannuation. All this in combination did result in a suppression or reduction of wage pressure through the 1980s and early 1990s. I do not think there is a fair commentator that would say that Australia would be sustaining its current standard of living if the parties had not sat down to work that out and work through those outcomes on a cooperative basis. Interestingly, if you look at what occurred in Ireland—another economy that has fared very well despite recessionary times—it did much the same thing. It had what was called the ‘social partnership’ between the government, the unions and employers. Even two years ago, it had another package of significant tax cuts for wage restraint. Again, these cooperative measures have delivered successful economic outcomes.

But why am I diverging to that, despite not being an economist? Fundamentally, these things are all at the heart of the considerations of the commission in determining what is a fair and reasonable outcome. The commission, for instance, is entitled to have regard to pressures on family generally. There are a number of pressures on family, in terms not only of simply buying goods but also of obtaining services. We have pointed out a decline in bulk-billing, meaning that more families have to pay more for their doctors—I will not make this the subject of my debate or the Minister for Employment and Workplace Relations will stand up and go crook, no doubt. We point out that, if the government’s legislation goes through, families will shortly have to pay an additional 30 per cent for their medicines. For those on pensions and concessions, this increase is from $3.70 to $4.60; this will not apply to wage earners. Non-pensioners’ costs will rise from $23.10 to $28.60 per script. We would also point out that private health insurance premiums rose by seven per cent—although it may well be that, regrettably, those on the base award rate cannot afford private health insurance. We have also pointed out that, on the one hand, the cost of school education has more than doubled in the 12 months to September 2002 and that spending on child care is now $800 less per child-care place than it was in 1996. On the other hand, we have seen families coming under increased pressure as a result of taxes, including the GST. We point out that the tax concessions introduced as part of that effectively evaporated after a period of two years.

As a consequence of these pressures, we are seeing a dramatic increase in total debt. Total credit card debt has tripled under the current government to almost $22 billion. We are now seeing more households on a revolving door cycle of credit cards; they are using funds from one credit card to pay off another credit card to pay off another credit card. At the end of the day, for many workers and their families on these very low wages, this only results in a situation where they literally have to go to payday lending authorities at exorbitant interest rates simply to keep the debt collectors away from the door. On average, every Australian owes $31,000—double what they owed in 1996. These are all dramatic and significant pressures facing Australian families and we believe that the Australian Industrial Relations Commission is entitled to have regard to all those pressures in determining what are fair and reasonable outcomes for Australian workers and their families.

The government say, ‘We are not hard hearted. What we are about is trying to improve the living standards of a greater number of Australians by enhancing employment. We believe that if we suppress or reduce wages outcomes then more employers will be willing to employ more people.’ As a matter of analysis, if Australian wage rates were the same as they are in South-East Asian countries then Nike, for instance, might consider setting up its business in Australia to take advantage of those cheap wage rates as opposed to technological sophistication. But, again, it is a question of balance. Early last century there were many households that could afford domestic servants because the cost of engaging servants was so tremendously cheap; they were basi-
ally engaged for the cost of providing a roof over their head. If taken to one extreme, all of this could sustain a viable argument that increased employment would result from dramatically low wages—at least in the short term. But, surely these are all questions of balance and what standard of living we want to sustain in our community. I submit that the only standard of living that we want to sustain, as a minimum, is for Australian workers to be able to provide, as Justice Higgins said almost a century ago, the basic living wage of ‘food, shelter, clothing, and frugal comforts’. Even though what constitutes that criterion would clearly be different now, 100 years later, that principle must be very much at the bottom line, literally the safety net, below which you do not want any Australian worker having to attempt to survive and sustain themselves and their families. That has to be the primary underpinning factor.

To point out and respond to the government’s argument, the Australian Industrial Relations Commission have not been satisfied that there is compelling evidence that safety net increases have significantly affected employment growth. They have skillfully balanced all of these competing factors in the desire for a reasonable standard of living and the need for profits. I believe they have approached their task in a balanced way. In fact, in May 2002 in their decision in the last safety net wage case, they said:

We note, as previous Full Benches have, that there are difficulties in directly applying the international material to the task before us. As noted by the Commonwealth in its reply, there have been no empirical studies that have examined the effect that safety net adjustments have had on employment in Australia. The longer term picture emerging from data for employment by industry, reproduced below, shows employment increasing faster than for all industries in the award reliant industries—

that is, the safety net award reliant industries—

of accommodation, cafes and restaurants and retail trade over the period November 1995 to November 2001, with that trend accentuated since late 1996. Whilst casual observation does not permit firm conclusions to be drawn, the data suggest that past safety net increases have not significantly impacted upon employment growth in those sectors.

Again, that is because the commission has had a balanced approach. One commentator who has analysed the effect of these decisions has said that while you might get some short-term effects from the long-term economic output, to skew the focus of business to driving down wages may be contrary to the long-term economic interest. That is because, as J. Nevile commented:

Since low wage earners are a substitute for physical capital, whereas skilled workers are a complement to capital, freezing award wage rates will also tend to reduce investment in efficient firms, which in the longer run will lower living standards.

These are all complex matters; I do not have the answers to them. I am certainly not an economist—indeed, I am illiterate when it comes to all things economic. But these are things that the commission is entrusted to deal with and it has done so skilfully and with balance. Quite simply, the commission is the body to do it; not this parliament. The parliament should reject this legislation.

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

Mr Albanese—I second the amendment and reserve my right to speak.

Mr MARTIN FERGUSON (Batman) (11.37 a.m.)—I rise in support of the second reading amendment moved by the member for Barton, shadow minister for workplace relations and shadow Attorney-General. In doing so, I also stand with the opposition and any fair-minded person in the Australian community in rejecting the Howard government’s Workplace Relations Amendment (Protecting the Low Paid) Bill 2003. It is an exception to the rule for me to participate in a debate about industrial relations. On coming into parliament in March 1996, having served in the union movement for over 20 years and also having had the honour of serving as President of the ACTU, I chose to steer away from debates about industrial relations. My participation in this debate is, then, fairly and squarely about my very firm view that the Howard government is not going far enough in its requirement to look af-
ter the more disadvantaged and needy in the Australian community.

I say that because I believe that the bill before the House today is little more than a cynical attempt by the government at, unfortunately, further eroding and undermining the safety and protection of our nation’s lowest-paid workers, many of whom are women, many of whom have not had the same opportunities as members of this House and many of whom are underemployed and confined to part-time and casual employment, thereby finding it very difficult to make ends meet on a regular basis.

The bill is clearly an extension of the Howard government’s campaign to yet again prop up the big end of town—the Stan Wallises of this world—at the expense of Australian workers and their families. I will deal with Mr Wallis in a minute. The bill also highlights the backward steps the Howard government has led Australia to in following the significant achievements of the accord.

The accord is about a broader view of the nation’s best interests rather than a narrow focus on the simple issue of wages through direct negotiations by unions and employers, with the assistance of an independent and fair-minded Industrial Relations Commission.

The legislation is, in short, aimed at curtailing the automatic wage adjustments and increases that are currently afforded to Australia’s lowest-paid award workers. It also proposes positioning the award safety net at the lower-paid sector of the labour market and forcing higher-skilled workers to go head-to-head one-out with their employers to bargain a wage increase. It will effectively evaporate any notion of a fair wage system in Australia and any notion of fair wage increases pegged to increases in the cost of living as currently actively pursued and delivered by automatic wage increases.

We are confronting today a demand by the Howard government that all workers be versed and competent in the skill of negotiation, despite the fact that the Howard government fails to deliver a proper focus on training at work, let alone committing to an improvement in our educational system and post-tertiary opportunities, be it in the TAFE system or universities. It is demanding that workers front up to their bosses one-out and state their cases for the wage increases that they are currently entitled to. The bosses will have the right to simply say no, and the employees will have no capacity to pursue their entitlements to decent and fair wage increases beyond that initial conference. I accept that Australians are battlers, but it is blatantly unfair and unrealistic to expect that ordinary workers have the resources to do battle time and time again under their own steam—to be their own employee advocates—to receive fair and just wage rises. This removes any skerrick of a level playing field for over a million Australian workers, many of whom are low-skilled, low-paid and women working casual or part time.

The legislation comes at a time when a proposal by the Australian Council of Trade Unions is on the table for a wage increase of $24.60 per week for Australia’s low-paid workers. To the government, that increase is significant; I simply say it is fair and justified. It is $24.60 per week in 2003—and I can recall that in November 1975, when I was first employed as a full-time official in the union movement, I was engaged in what was called the catch-up campaign of $24.

You would appreciate this, Mr Deputy Speaker Mossfield, as a former official of the well-respected Australasian Society of Engineers and the Federated Ironworkers Association of Australia, which subsequently became the Australian Workers Union. Just think about it: with the level of wages in 1975, the community movement was for $24 because of the rate of inflation.

The union movement then embraced the new approach. Based on a broader approach to industrial life aimed at improving the standard of living of Australian workers, we sought to broaden our endeavours to assist ordinary workers rather than just rely on wage increases, hence the accord. I simply say that in 2003, based on the cost of living today and the relative position of wages, an increase of $24.60 per week is more than justified. Let me also remind the House that this increase affects Australia’s 1.7 million award-dependent workers, of which 80 per cent earn less than $35,000 per annum. Do
you know what $35,000 per annum represents? Roughly $673 per week.

The Howard government’s response to the claim is a miserable counterproposal of $12 per week. One could be forgiven for thinking that, for a government crying poor due to the need to focus spending on defence at this time of international uncertainty, it is a pretty generous offer. It could also be considered generous if you consider the miserly offerings we have had from the Howard government in the past. I simply say this: the suggestion that that is a generous offer is completely untrue. It would be a mistake to think that this is anything more than a cynical attempt by the government to pacify Australian workers.

Let us think about the proposal of $12 per week. The Treasurer will get more from the government’s paltry $12 per week than the average worker will, and we should not forget that. That is right; the government will give with one hand while taking more with the other. A single-income family earning average wages will retain less than $5 of the government’s so-called generous offer. As my colleagues have pointed out, a family on $35,000 per annum—or roughly $673 per week—who receive the $12 increase will hand back 31.5 per cent to the Treasurer in tax, including the Medicare levy. They will then lose another 30 per cent from the reduction in the family tax benefit part A. Of the government’s $12 offer, all that will find its way into the pay packets of Australia’s lowest-paid workers is a miserable $4.62 per week. That is not even the amount of $10 per ticket collected—so far as I am concerned, unjustifiably—through the Ansett levy. This is not enough to meet the cost of putting bread and milk on the table of an average family for one day. The more than one million workers who rely on award wages have little to thank the government for in this regard.

The government is happy to stick it up low-paid workers at a time when it is not prepared to do anything about the record payouts being afforded to the big end of town—that is, to the Stan Wallises and the Chris Cuffes of this world. The amount of $33 million went to Chris Cufie from Colonial First State. That was an outrageous payment. It would take the average Australian worker on $35,000 per year more than 940 years of full-time paid employment to earn this kind of money, and the government will not do anything about it. Worse still, the tax deductibility arrangements for companies mean that one-third of Mr Cufie’s payout is funded by the taxpayer. The Prime Minister, in his wisdom, said he understands public anger at such payments but it would be wrong to interfere with the economy or with the system in which we operate—that is, it is all right for employers to grant such redundancy payments to people such as Mr Cufie. I come to that conclusion because, if it were not all right, we would have legislation before the House today to actually do something about it.

The parliamentary secretary raised the question of Mr Wallis, who was embarrassed by the opposition into handing back his pay-out of $1.5 million for failing at AMP. The shareholders in AMP were justified in demanding the return of the $1.5 million. I remind the House that the Coles Myer shareholders are also entitled to demand the $1 million he took from Coles Myer. I also remind the House of Mr Wallis’s performance. I came across him in his previous career as the CEO of Amcor. Stan ‘don’t argue with me’ Wallis left Amcor in a mess and moved on to Coles Myer and AMP. He is always looking after himself. Within 12 months of leaving Amcor, after in essence stuffing up Amcor, he assumed the role of chair of that board and offloaded his successor, Mr Macfarlane—the brother of the Reserve Bank governor—on the basis that he had failed Amcor. The truth of the matter is that all the investment decisions that Mr Macfarlane was blamed for were the responsibility of Mr Wallis in his previous role as Chief Executive Officer of Amcor. But you have to understand these issues historically: Amcor and Mr Wallis, leading Liberal Party donors and supporters, always look after their mates and have kicked ordinary, low-paid workers in the guts yet again.

I think it is about time we had a debate about some facts. It is interesting that, at the same time we are debating the issue of low-
paid workers and the desire for the Howard government to undermine their capacity to get fair wage increases, a pay increase for top Commonwealth public servants of 17 per cent has been recently manoeuvred through the Remuneration Tribunal and accepted by the government. Just think about it: 17 per cent. The same increase applies to members of the judiciary, who, I might remind the House, make no contribution at all to their overgenerous superannuation entitlements.

Let us deal with some of those improvements: 17 per cent goes to the fat cats who make the decisions to bring legislation such as this into the House, and they kick ordinary workers in the guts time and time again while they fleece the taxpayers and line their own pockets with exorbitant bureaucratic salary increases.

Let us go to some of those increases. Let us take, for example, a Federal Court judge. Their salary before these increases—and they were doing it awfully damn tough—was $221,500, and now they have had a 17 per cent increase. What does that take the salaries of these independent members of the judiciary to? The first increase takes them from $221,500 to $237,100. Compare that to the salaries of ordinary workers—people who might, if they are lucky, be on an average income of $35,000 or $673 per week. It is interesting to note what these judges receive in travelling allowance. The ordinary workers on $35,000 take home a gross pay of $673 per week. When these judges stay in Sydney for two nights, they receive untaxed TA of $700. When they stay in Melbourne, Brisbane or Perth for two nights, they receive untaxed TA of $720. We are talking about ordinary workers being entitled to, under the Howard government, a wage increase of $12 per week, which represents after taxation an increase of $4.60 per week, and we have judges on TA getting $700 for two nights in Sydney or getting $720 for two nights in Melbourne, Brisbane and Perth.

Let us look at the increases in judges’ salaries after the first seven per cent. From 1 July 2003, their salary rises to $248,955. From 1 July 2004, it goes up to $261,403. But guess what? The total increase as a result of this Remuneration Tribunal decision for judges of the Federal Court is in excess of the $35,000 earned by the ordinary workers we are talking about. The increase alone, which takes them up to $261,403, is $39,905 per annum. The government wants to crack down on what it regards as excessive claims. I pose a very serious challenge to the government today in terms of the rights of all Australian workers to expect all of us to pull our weight and pay our taxes. These same judges, starting with judges in the state system, challenged in the High Court the requirement for all of us to pay the superannuation tax surcharge. Surprise, surprise—the High Court upheld a decision that effectively exempted state judges from payment of the superannuation surcharge. There is now a suggestion that Federal Court judges are also going to challenge the application of that surcharge in the High Court. I challenge the Howard government, if it is so concerned about looking after ordinary Australians, to bring legislation in to reverse the High Court decision to exempt state court judges from the superannuation tax surcharge and to also make sure that members of the federal judiciary are not exempt from paying the superannuation tax surcharge. Let us bring a bit of equity into the pay and entitlement system of Australian workers, including the high-paid members of the judiciary.

These are very serious matters. It is about time we fronted up to the fact that equity does not exist in the Australian workplace. There is one rule for the mates of the Howard government and another rule for the ordinary slaves working as child-care workers, cleaners and security guards at Parliament House, Hansard reporters and people digging our streets and working in our factories—you know, the people who pull their weight every day to make this country function and make it the decent place that it is to live in. In short, I suggest to the House today that the safety net is one of the most important instruments for ensuring social justice in a decent, modern Australia of the 21st century. Every time this government has acted on any portfolio issue, it has been to punish the disadvantaged and underprivileged in the community and look after the top end of town.
Tax reform was the same, with the regressive GST. Right across the broad sweep of taxation legislation, the government is about being soft on the measures that crack down on the big end of town and hard on the ordinary punters and battlers. It is no different to the lack of job protection and to the casualisation of the work force that has occurred in Australia. Piece by piece the Howard government is seeking to undermine and erode the reforms and restructuring set in place by the accord. I commend the second reading amendment to the House. I suggest that, instead of supporting the lowest-paid workers in Australia, the Howard government spends all its time seeking to undermine them to make it harder for them to look after their families. The Howard government is creating social division and dislocation in Australia. Hundreds of workers struggle to make ends meet as the cost of living increases and their access to fundamental services such as health care, child care and education goes backwards. This bill proves beyond any doubt that the Howard government is out of touch with the realities that Australian families face and the realities confronting 1.7 million award workers and all their dependants. It is divisive and, as far as I am concerned, an attempt to crucify ordinary Australian workers. 

Ms GEORGE (Throsby) (11.57 a.m.)—I commend the passionate exhortation just provided by my colleague the member for Batman in defence of those who need the protection of the institutions we have built up in this country to ensure that those who are most vulnerable, including the very lowest paid in our community, are afforded some measure of justice. Again, with typical Orwellian doublespeak, the Minister for Employment and Workplace Relations has the hide to come into this chamber with a bill entitled the Workplace Relations Amendment (Protecting the Low Paid) Bill 2003, when we know the real agenda is for the minister to advance spurious arguments to deny the battlers, the low paid, any semblance of justice in an increasingly unequal market situation.

One of the very important concessions made by the government in its deal with the Democrats back in 1996 was to ensure the protection and maintenance of an award system in this country. There is no doubt in my mind that the agenda of the former minister, Mr Reith, was to deregulate the labour market and leave those who were most vulnerable to the mercy of the marketplace, particularly in those sectors where workers have little bargaining power and where there are often low levels of unionisation. But, to their credit, the Democrats at the time did foresee the very important issue of having a system of enforceable awards maintained in this country. One of the objects of the act then agreed to was:

... the need to provide fair minimum standards for employees in the context of living standards generally prevailing in the Australian community.

From the first decision made by the full bench of the commission on the first application for a living wage claim back in April 1997, and throughout the various applications, the commission has always done what the act requested it to do: to keep in mind the needs of the low paid and at the same time give consideration to economic factors including matters such as productivity, inflation, and employment levels. I for one, and the Australian community generally, have great faith in the capacity of the Australian Industrial Relations Commission to determine outcomes that do protect the needs of the low paid while balancing the economic constraints. It takes quite a hide on the part of Tony Abbott to come into this chamber and pretend that he can do the job better than the august body that for a century in this country has managed to look after those with little bargaining power.

When you strip the rhetoric out of the minister’s agenda, he is really saying that if you increase wages at the lowest end of the scale you are likely to price low-paid people out of work and make it difficult for the unemployed to secure work. So, far from protecting the low paid—which was his rationale for introducing this bill—we are really seeing another attempt by the government to punish those at the lowest level of income in this country. Through this bill the minister would place further constraints on the commission’s attempts to provide justice and a
bit of decency for those who need our support more than ever. Since the inception of the living wage case there has always been the argument about employment impacts. Those arguments have been well and truly dealt with by the commission in a most reasoned way, and I will come to that later. There has also been a government agenda to try to restrict any safety net increases to the lowest award classifications and to undermine the relativities that we know exist in the award structure to ensure that workers are encouraged to improve their skills and to move up career paths. Tony Abbott has not been successful to date in restricting any wage increase to the lowest classifications but no doubt that is part of his agenda.

Who are these people we are talking about and wanting to protect? Why does the minister at all costs try to make it hard for these people to get modest wage increases of the order sought by the ACTU? This year the ACTU is seeking an average increase of 4.4 per cent to lift the minimum wage to $456 a week, which equates to $12 an hour, which is less than $25,000 a year. These are the real people we are talking about who need the protection and the defence of the commission’s decisions to regularly adjust the minimum wage, bearing in mind prevailing community standards. Far from wanting to erect further barriers, as the minister is trying to do, the government should understand that the claim that is being advanced by the ACTU is very modest in comparison to some of increases we have seen in executive renumeration—as my colleague the member for Batman pointed out—in terms of increases flowing to judges and politicians.

Let me tell you about the people who, this side of the chamber believes, deserve greater protection and greater consideration than the paltry $12 increase that the government is suggesting ought to be their fate. It is no surprise that the government, which pretends to be on the side of battlers, has consistently argued for a wage increase which has, since the inception of the living wage, been lower than the actual increase awarded by the commission. What did the commission say about this group of people? They said in the last living wage full bench decision:

It is apparent from their evidence that all of the witnesses struggled to make ends meet. A significant proportion of their expenditure is on necessities and unexpected expenditures are difficult to finance. There were a number of things which the witnesses went without, for example:

- regular holidays;
- social outings;
- replacing household appliances;
- new clothes;
- insurance;
- telephone;
- motor vehicle.

The commission concluded:

We accept that many low paid employees experience difficulties in making ends meet and are unable to afford what are regarded as necessities by the broader Australian community.

These are the people who the government says warrant only a miserable $12 wage increase, while at the same time the minister comes into this chamber and wants to put higher barriers in the way of the protection of these low-paid and vulnerable workers. I think it is an absolute disgrace.

Let me quote from one witness; a 40 year-old woman who has been working for 14 years as a therapy aide. This is what Doreen Taylor had to say in her witness evidence:

We have never been able to afford to buy a home. We rent our home from the Ministry for Housing. Generally we buy all our clothes from the Op Shop. Occasionally I will lay-by an item or buy something new with the money saved from the Xmas Club account for Christmas. We cannot spend much on entertainment costs. Our usual entertainment is to hire a video from the video shop once a month. My main means of socialising is to phone friends. Our family has never been on a family holiday. We have never been able to afford it. This was hard on the children as they were growing up. We never had any savings to speak of. We do not spend money on junk food ... or eating out to avoid paying the GST. My car runs on gas, so that is cheaper than petrol. It is always a problem if something in the house needs fixing. Eighteen months ago, our TV started turning off when it was on. This was really annoying. We couldn’t afford to have it fixed until recently. The repair cost $78.00. She goes on:
Wednesday, 5 March 2003

I have a credit card of $3,000. Once I repay my personal loan, I will borrow some more money to pay off this credit card debt. I do this every 2 - 3 years. It has become a cycle.

I use the credit card to do a large food and grocery shop about once every 8 weeks. On those large shops I will spend about $300.00 ... I just see how much money is left to be spent on food/groceries. It has become our last spending priority. If we don’t have enough money to buy fresh food, we just make do with what we have for the week.

All our spending has to be carefully planned. I cannot spontaneously spend money on anything I like because it takes ages to pay back, even if it is just $100.00. This would mean not being able to pay for gas or electricity.

These are real people with real lives and real families to look after. We can have all the ideological rationalisations and furphies advanced by the minister, but we have to accept that it is our responsibility as people involved in drawing up legislation to ensure that there is a measure of social justice in this country, because the growing income inequality is creating great social division. I have a lot of people like Doreen Taylor, from whom I have just quoted, in my constituency of Throsby, where just under 30 per cent of people have an income of less than $500 a week. It is no wonder that we hear increasingly about the growing numbers of working poor in our community.

The ACTU is seeking a very modest $24.60 increase to bring the minimum wage to $456 a week, which on gross terms is roughly $25,000 a year. If you are a single income earner with a family, you can easily be described as part of the growing ranks of the working poor. So 4.4 per cent, on average, is what the ACTU is seeking. We have had a response from the government with an offer of a miserable $12. But what is happening out there as far as executive remuneration is concerned? The most recent review of executive salaries conducted by the Australian Financial Review in November 2002 noted:

... incomes of Australia’s top 100 CEOs grew by $550,000, from $1.45 million to top $2 million a year. This amounts to an average weekly income of $38,461.54.

That is an average weekly income which is more than the average annual salary of the working poor for working a 40-hour week. So the average income for the tall poppies is $38,000 a week—a pay rise this year of $10,000 extra per week, which is almost half of the minimum wage that people rely on to bring up a family and for which they work day in and day out. The review further noted:

In 2001, the top 100 CEO’s average income was 65 times the Federal Minimum Wage, and has now risen to 89 times the minimum.

And it continues to grow while we have a minister who says that $12 is sufficient. Not only that, he brings into this chamber a bill, under the pretence of protecting the low paid, which will make it even more difficult to access the kind of outcomes that they so justly deserve. It is all clouded in spurious rhetoric that follows the neoclassical model—that somehow, if you do the right thing and save people from falling into abject poverty, you might cost them their jobs.

Since 1997 this argument has been advanced in the commission on every occasion there has been an application. And what have the commission—they are a lot wiser than the minister—said on numerous occasions? They have said:

Moderate increases in the wages of the low paid, of themselves do little or nothing to diminish their job prospects.

So it has been shown in decision after decision, weighing up all the submissions that have been put by the neoclassical economists—and you know who they are—time and time again that the link between increasing wages at the expense of jobs has been disproved by a number of studies, most notably the Card and Krueger study which is constantly referred to in these cases. Just recently Dowrick and Quiggin, two professors, did a very extensive survey of the literature on the minimum wage. In dismissing the classical model, they said:

The inequality of wages, and market incomes more generally, has increased in Australia ... The real value of the wage in low-pay occupations has
not risen since the mid 1980's despite the high rate of growth in average labour productivity.
A failure to increase minimum wages would contribute to further growth in inequality.
Very compellingly they argue:
To be justified—
that is, to fail to raise minimum wages—
a decision to accept such growth in inequality would require convincing evidence that minimum wage workers would benefit from substantial employment growth. No such evidence exists.
Econometric studies on the impact of changes in minimum wages have yielded ambiguous results.
The work of Card and Krueger, and subsequent studies using similar methods suggests that, in some cases, increases in minimum wages may have no effect, or even a positive effect, on unemployment.
We present evidence confirming previous findings that countries with regulated labour markets have been able to resist the global trend towards rising inequality without suffering either higher unemployment or lower employment than countries with deregulated labour markets.
It follows that there is little reason to expect strong employment benefits from freezing minimum wages in nominal terms ...
I would defer to the wisdom of professors Dowrick and Quiggin before I would defer to the wisdom of the minister, whose real agenda is to continue to raise the spurious argument that increases in minimum wages come at the expense of jobs. You do not have to look to overseas cases. Let me refer the minister to the submission of the ACTU in the current proceedings. They have very informatively looked at employment growth in the three highest award dependent industries—that is, in the areas where workers depend on the safety net adjustment. They looked at accommodation, cafes and restaurants; the retail trade; and health and community services. They took those three industry groups, had a look at what happened in terms of employment growth back to May 1996 and compared these three industry groups with the three least award dependent industry groups: communication services, mining and finance, and insurance.
The minister has in his mind that the award dependent areas that rely on the safety net are the areas where the minimum wage increases would come at the expense of jobs and that this does not happen where people are more open to enterprise bargaining. In a very clear and illuminating way, the ACTU data shows that total employment in all industries has grown by 12.5 per cent since May 1996. Two of the industries have contracted—namely, mining and communications. Employment in the finance and insurance industry has also failed to keep up with the growth in the all industries figure. But—and very importantly—in comparison with this, the three most award dependent industries have not only grown at rates well outpacing the least award dependent sectors but also outpaced the total employment for all industries. Since 1996, employment has grown by 24.7 per cent in health and community services; 19.7 per cent in accommodation, cafes and restaurants; and 14.6 per cent in the retail industry.
So here we have our own evidence of employment growth following commission decisions, which clearly gives the lie to the furphy that is being proposed as the rationale for this bill—that is, that if you increase minimum wages in award dependent sectors then that comes at the expense of jobs. You do not have to look at the international literature, you do not have to believe Card and Krueger, you do not have to believe professors Quiggin and Dowrick. Look at what has happened in those sectors since May 1996 as proof positive that the minister is motivated by an agenda which would make it harder for those who desperately need our support to get a measure of wage and social justice in this community. The bill ought to be thrown out and rejected for what it is. (Time expired)

Mr SNOWDON (Lingiari) (12.17 p.m.)—Firstly, I commend the member for Throsby for her contribution to the debate on the Workplace Relations Amendment (Protecting the Low Paid) Bill 2003. It should be read diligently by members on the government benches and certainly ought to be circulated. It demonstrates very clearly, once and for all, the nonsense that underlies the approach to this legislation. I was unaware of the figures on executive salaries that my friend the member for Throsby mentioned.
This legislation seeks to change the way in which the AIRC must consider minimum wages, particularly with regard to employment in low-paid jobs. But, as the member for Throsby said, there is no indication at all that changes to minimum wages through the AIRC have affected job availability for the low paid. As she rightly points out, it is a very spurious argument which has no substance when you examine the details.

Later on in my contribution I am going to talk about the specific features of the labour market in the Northern Territory to demonstrate what a nonsense this view is. The issues which confront people in the labour market in the Northern Territory are not to do with wages so much as to do with the availability of jobs—they just do not have them. But I will come to that shortly. Firstly, let me go back to what the member for Throsby said in relation to executive remuneration. Annual salaries of CEOs grew by 38 per cent last year. The average annual salary increased by $550,000, from $1.45 million to $2 million a year. The average weekly income for these people is now over $38,000.

What does it say to the Australian community when legislation is brought into this chamber to regulate the way in which minimum wages are set but nothing is being done by this government to intervene in the setting of salaries for the top end of town? We are told that these CEOs should be able to bargain. They do bargain—they bargain well to satisfy their own interests at the expense of the low paid. When these same leaders of industry talk about the nature of employment and the wage system in this country, they argue that the wages of workers should be suppressed; they argue that the view expressed by the government is appropriate. Why? At the same time as they are giving themselves wage increases of $550,000 a year, they are arguing that minimum wages should be further suppressed. Not only is that unfair and unreasonable; it is totally un-Australian. No thinking person could accept the logic of the view which says that the top end of town can increase their salaries by 38 per cent; on the government submissions to the AIRC the real changes to minimum wages in this country for the low paid would have been 0.01 per cent. What do Australian working families say about this? What are they supposed to conclude about the way in which this government believes they should be dealt with by the wages system?

We have heard a lot from the government about the way in which industrial relations have been changed by them or ought to be changed in the future, and about the need to deregulate the labour market to allow the CEOs of big businesses, who are on $2 million a year on average, to make decisions about the future lives of their workers and the incomes that they will receive. We have heard a lot about the CEOs; what we have not heard, though, is how the government plan to regulate their behaviour. We have seen, as other people have noted, the enormous payouts that have come to those people—tens of millions of dollars of shareholder funds being used to pay out executives. When those same shareholders sit down to discuss the merits or otherwise of those executive wages, do they discuss how that money might be redirected into the pockets of workers? That is what they ought to be doing.

I note a very important contribution in this place yesterday by the member for Brisbane, in which he referred to the Cole royal commission. I want to go to the issue of the Cole royal commission because it exemplifies the double standards of this government—on the one hand, bringing this legislation into this chamber and expecting us to support it and, on the other hand, spending enormously on the Cole royal commission. When commissioned, the original budget of the Cole royal commission was supposed to be $7 million: it is finally now $60 million.

It is worth noting the amount spent on this commission, and I refer you to the amend-
ment that the shadow minister has put up for consideration in the debate on this bill. The funding for the building royal commission is 20 times the federal funding for Indigenous primary health care, and it is five times the boost the government was prepared to give to job seekers. When Australian families and Indigenous primary health carers sit down and contemplate what this government is proposing for them in terms of increased funding, they must question the priorities of this government, where the Cole royal commission can receive such a huge budget. Within that budget, $683,000 was allocated for media relations. For the HIH inquiry, by the way, the media budget was $140,000, which is obviously substantially less—it is about 25 per cent of the media budget for the Cole royal commission.

Commissioner Cole’s annual salary—bearing in mind that today we are discussing the worker’s minimum wage—is $660,000. What sort of double standard does this demonstrate? It shows, very clearly, that the government, in setting up this royal commission—which of course was a political stunt in the first instance in any event and will be proven to be so—were prepared to dole out $660,000 for Commissioner Cole to do the job for them. They give him a travel allowance of $230 a day and, on top of that, they give him another $308 a day. If you are a low-paid worker contemplating your family budget—thinking about how you might pay the next electricity increase or the water rates, thinking about how you might pay increases in rent, if you happen not to be a home owner, or, if you do own a home, thinking about how you might pay the change in your mortgage payments if there is an interest rate rise—what do you think when you see that the government commissioner investigating building workers in the building industry is being paid $660,000 a year, being given a travel allowance of $230 a day and, on top of that, being given another $308 a day? What are you supposed to think?

And then we have the other ‘little’ benefits that Commissioner Cole gets out of his job. His use of Comcar by April 2002 was worth $17,000. As a result of his contract with the government, his family are entitled to 52 return airfares to Sydney a year. That is one airfare a week. In addition, when Commissioner Cole was in Melbourne, $850 a week was spent on renting him a furnished home. In Sydney, his home town, $2,000 a week was spent to rent a furnished home for him in the inner suburbs.

As well as Commissioner Cole’s expenses, there were those of the four senior counsel assisting, who were responsible for setting the agenda in each case in each state. According to Senate estimates, each received $3,800 a day, excluding accommodation, travel and other expenses. At least 33 lawyers were on the payroll, with junior counsel being paid $8,000 a week. When Australian workers and members of trade unions are sitting down and contemplating the Workplace Relations Amendment (Protecting the Low Paid) Bill 2003, aren’t they right to ask how it is that we have such double standards coming from the government? How is it that they can tolerate these dramatic increases in executive salaries and pay Commissioner Cole such an enormous wage, while at the same time expecting workers, on the submissions of the government in 2002, to have an increase in their salary package in real terms of 0.01 per cent? Is there any fairness or equity in those arrangements? The answer is, of course, no.

I want to take you to the amendment which has been proposed by the Labor Party. I would like to point out that, in the context of this amendment, a range of issues has been outlined. I refer firstly to the preamble and then to paragraph (2) of the amendment:

… the House declines to give the Bill a second reading and condemns the Government for: …

(2) attempting to limit wage increases for low paid workers in circumstances where it has placed increasing financial pressure on Australian families by:

(a) being the highest taxing Government in Australia’s history;
(b) failing to stem rising household debt that has now doubled under the Howard Government;
(c) failing to address record bank fees that have doubled since 1997;
(d) forcing thousands of Australian families to pay high medical bills as a result of a dramatic decline in bulk billing;
(e) forcing Australian families to pay an additional 30% for the cost of essential medicines …

Let me paint a picture for you. I live in the Northern Territory. In rural parts of the Northern Territory, there are more than 800 Aboriginal communities, ranging from outstations to large communities of over 2½ thousand people. For the majority of the people in those communities, work is not an option. The vast majority of them are employed within a CDEP—Community Development Employment Projects—program. For these people, having a job is not a matter of choice because there aren’t any. If there were jobs, many of those people could not fulfill the skill requirements for those jobs. They could not do that for a number of reasons, and first and foremost among those is a lack of access to education. I am talking about not only primary but high school education. On my estimate, there are thousands of Indigenous people between the ages of 13 and 19 in the Northern Territory who have no access at all to secondary education. There are only two government schools in the Northern Territory—in the bush—that provide secondary programs. To date the performance of successive governments has been abysmal in ensuring access to reasonable educational services for these people. As a result, even if jobs were available, they would have difficulty fulfilling the skills requirements of those jobs. Firstly, many of them do not have adequate literary or numeracy skills. Secondly, jobs often require that a person entering the work force has accredited skills and we know that these people cannot break through the accreditation process because they do not have the basic skills required to get into training courses and, even if they did have those skills, training courses do not exist in most of these communities.

So in the context of the Northern Territory, when the government talk about low-paid workers, they should be talking about providing sufficient resources to make sure that every person living in the Northern Territory, regardless of where, has access to a reasonable standard of education. If that were made available, we would be providing people with an opportunity to bid for whatever jobs are available, as minimal as they are in most places. But this piece of legislation is not going to help those people. It will have no impact upon them, apart from denying them a reasonable standard of income if we now suppress low-paid workers’ wages in the way envisaged by this piece of legislation.

Another issue which I think is worth bearing in mind is the question of bulk-billing. There is only one private hospital facility for people living in the Northern Territory, and I think I am probably right in saying—although I am prepared to check this—that there is no private hospital facility in Western Australia north of Carnarvon. Perhaps the member for Brand can correct me if I am wrong. I doubt there is a private hospital facility in Carnarvon.

Mr Beazley—Or east of Gin Gin!

Mr SNOWDON—That is right. So the population of the bulk of the Australian land mass have no access to the private hospital system, and yet they are compelled to take out private medical insurance. In the case of Alice Springs, where I live, I think I am right in saying that there are now no medical practices which bulk-bill—I will check that. There is no private hospital there, and access to private medical specialists is minimal. Yet the people who live in this part of Australia—and I use Alice Springs as an example—are compelled by the government, if their income is sufficient, to take out private health insurance. For what purpose? They get a double whammy in the form of another indirect tax upon them. They get no real benefit out of private health insurance. There are no private health care facilities—apart from the general practices they might go to, from which they can get a Medicare rebate, although most now charge in excess of $40 upfront. What benefits do they get out of this health care system in terms of universal health care? We should be ensuring that bulk-billing services are available to all Australians, making bulk-billing universal, as was the intention in the first instance. I have heard the words coming out of the mouths of the Prime Minister, the Treasurer
and the minister for health as they have tried to argue that this was not designed as a universal health care system—what rot! To put an end to that argument, they should look at the contribution by the former Prime Minister Bob Hawke on Lateline last night.

So what about the people in my electorate who are subject to what is, in effect, double taxation? They pay the Medicare levy, but they do not get any bulk-billing services or any real benefit; they are also required to pay private medical insurance and yet they get no access to private health facilities. Whose fault is that? The former CLP government of the Northern Territory tried to let out a section of the Alice Springs Hospital for private medicine. No-one would take it on. The only way anyone would take it on is if they were given massive direct and indirect government subsidies—another tax, another impost on the pockets of working families. We have no recourse but to reject this legislation because it is an unfair, inequitable piece of legislation and it does not recognise the needs of Australian working families, particularly those on minimum incomes.

**Mr BEAZLEY (Brand) (12.37 p.m.)—**
On behalf of the ordinary people of my constituency, I join the Labor Party’s resistance to this Workplace Relations Amendment (Protecting the Low Paid) Bill 2003, which is a completely unfair piece of legislation. My constituents, probably more than most others, will be disproportionately affected by its passage. Should that occur, the median weekly income of my constituents in Brand amounts to less than half the resources of those in the constituency of the introducer of this piece of legislation and in the constituencies of the Prime Minister and the Treasurer, who are there to influence.

My constituents have to make do on wage levels that are equivalent to the wage levels of those who are most likely to benefit from a favourable decision by the Industrial Relations Commission to lift the minimum wage in this country. If they do not get something like what the ACTU has asked for, they will go backwards in the course of this year. This is an unprecedented effort by a government to interfere in a case that is already before the AIRC. The government wants to interfere in that case and ensure that what it regards as unsatisfactory determinations by the AIRC will not be made in future years or will at least be constrained by what the government intends here.

As with the legislation on unfair dismissals, those elements of legislation that have been proceeding through this chamber and indeed most of the legislation that the government moves now on industrial relations—and they are not trusted on industrial relations in this country and should not be—this piece of legislation, ironically, is an amendment to the government’s own legislation. It not an amendment to the legislation that existed when they came into office—that has been changed. This is an amendment to the legislation that the government regarded as perfection at the time. This is that part of the legislation that was their defence. They said that we did not need to worry about the consequences of all other aspects of their legislation, unfair though that legislation was to ordinary workers in this country, because there was this essential safety net for those who still found themselves on awards—a group of people that the government honestly hoped would decline over the years.

Something like 1.7 million Australian workers will be affected by this legislation, and a disproportionate number of them reside in the seat of Brand. Generally speaking, the median weekly income is to some extent determined by those who are on social security benefits. You could argue that people in my constituency have a median weekly income that is less than half that of people in the Prime Minister’s constituency because my constituency has a large number of pensioners, but that is not the case in Brand. In Brand, we have the average Australian family of today. I have a disproportionately young constituency. A large number of the people in Brand whose incomes will benefit from the AIRC decision represent modern Australia: two-income families or 1½-income families or two proportions of income families. Those families are supporting children and struggling to get them educated and keep them healthy. Generally speaking, one—if not both—of the people supporting each of those families works in the following
categories of employment: accommodation, cafes and restaurant industries, the retail trade industry, the health and community services industry and personal and other services. If they are in those industries—and those are the areas of most rapid job growth—they are dependent purely upon awards for movement in their wages to the tune of at least 20 per cent and up to 60 per cent. In terms of income levels in those households, we are talking about people who are supporting something like two-thirds of the children in this country. When you disadvantage them, you disadvantage Australia’s future generations, and this legislation is aimed directly at disadvantaging them by removing the last component of their safety net. Therefore, it is with some pride that, on behalf of my constituents, I rise in this place to join the resistance to this legislation.

This has been an interesting week. At the beginning of the week, the government—enormously infected by hubris, as it is—anticipated that there would be paeans of congratulation to the Prime Minister on the seventh anniversary of his election to power. They expected it to be an opportunity to review progress and to review the Prime Minister’s contribution to Australian society. The disturbing thing for this government is that increasingly—and subliminally, given the media’s hostility to the Labor Party—the public are saying to this government, ‘We’re just sick of you; we’ve had enough. We’ve been lied to too often. We’ve been told too many untruths about what you are up to.’ Many of them think of that in the context of the current international crisis, but they are segueing out of that into so many other things that they remember of this government.

Since the Prime Minister emerged as the father of the nation—ostensibly—after the Bali crisis, he has plummeted in public regard, to the point where, now in the minds of many in the public he is still the same old John Howard who said that there would never ever be a goods and services tax, that he would support the universality of Medicare in the context of this legislation, and that he would never act in a way that disadvantaged the least well off in our community, particularly the least well-off wage earners. Just as all those icons to John Howard’s integrity have been taken off the wall of this government’s representation of itself to the Australian community, so that last icon can be taken off as well, with this legislation.

So instead of the paeans of praise directed at the Prime Minister this week and the government parading themselves at question time to blow their own trumpet—given that nobody else will do it for them—there has been a focus on, ironically, the 20th anniversary of the election of the Hawke government. That is when we had a real government in this country. That is when we had a government that knew what economic reform was all about—that knew it was essential to the survival of the Australian economy and the progress of the Australian people, but knew there would be damage. The Hawke government faced the fact that there would be damage to ordinary Australians and decided that they would act to protect them.

It has been wonderful to listen to the Treasurer in question time for the last few days—and, I might say, as we have for the last seven years—and to hear him boasting about what he regards as his triumphant achievements while, at the same time, berating the Labor Party for failing to come on board with him. What has been his favourite topic this week? It has been the fact that the Labor Party will not wear a 30 per cent increase in the cost of pharmaceutical benefits. He said, ‘Listen, you should follow us down this track and approve that.’ Why? ‘Because when you were out there doing what we had not done in our 30 years in office, effectively, since World War II, we supported you. When you were out there deregulating the Australian financial sector, we supported you, so you should support us on this. When you were out there floating the Australian dollar, we supported you. When you were out there creating the conditions for a competitive Australian manufacturing industry, we supported you. When you were out there ensuring that Australian businesses that invested in research and development got a decent taxation break, we supported you. These were all essential reforms, of course, that we had done nothing about in our 30-
Odd years in office but, when you chose to do them, we supported you.'

Frankly, that is not the parliament I recollect being a part of in the 1980s. It is true that they did support us on one or two of those items, but I remember their struggle to prevent a capital gains tax being put in place so there would be some fairness and equity in the Australian taxation system. That is what I remember of the 1980s. I remember the opportunist effort to stop any assets testing component being included in welfare benefits. These people talk about safety nets now and how devoted they are to them and how opposed they are to middle class welfare, but I can remember the struggle, week after week in this place, as the then Liberal opposition sought to undermine the reputation of the Australian government in regard to the elderly community by frightening them out of their wits about the implications of all of that for them. I remember that. I do not remember the serried ranks of the Liberal Party marching behind the Labor Party at the time. I remember, instead, crass opportunism on most of the things that the government were doing to reform this country at that time. However, there were one or two items—most of which did not actually come before this parliament in the form of legislation—where they did support the Labor government.

But what has been clear to me since this government was elected is that it did not understand what we were doing. It did not understand that there were two sides to the reform coin: there was the side that dealt with change that needed to be made, and there was the side that dealt with the casualties. For example, we made constant adjustments to the taxation system in favour of working Australians—constant adjustments. This government boasts of one tax cut in its seven years of existence. When we were in office, there were seven, and those tax cuts were pitched massively at middle-income working Australians, because we understood that it was middle-income working Australians who might, on occasion, have to pay more for their services, who might experience a period in which they were out of the work force and needed to get themselves back in and who might need to give themselves some ballast in order to be able to confront that.

We introduced seven tax cuts in our 13 years of office; there has been one in the seven years of the Howard government, and that was compromised by the introduction of a goods and services tax. And who pays the goods and services tax? Is it those who are able to conduct their arrangements so that their affairs are put in the hands of a private family company, which means at least they can get a level of deductibility associated with any services or goods that are required through it related to the amount of consumption tax they pay? Or is it the people we are talking about here—low- to middle-income earners who happen to be on awards? What opportunities do they have either to avoid their income tax obligations or to avoid paying the goods and services tax? They have none—none whatsoever. So they do not have that opportunity that is there for the folk in the constituencies I talked about, but they are also to be deprived of a small degree of advantage they have in protecting their safety net.

The Liberal Party never understood that, in return for reform, there was a social wage. Health became affordable. Your children got picked up in a universal health care system. Public education became excellent, and it did not cost you in order to participate in it. And, if you just had that little bit of extra income, you were able to send your children to a private school—and private schools had previously experienced a decline in their capacity because of declining incomes, although that occurred mostly in the Catholic school system, to be frank. So there was proper support for those parents as well. If you wanted to get your kids into university, you would change the ambitions for your family. New universities were created in the regions of Australia and in the outer metropolitan suburbs. HECS was pitched at a level that was affordable, that was not a deterrent to debt averse folk. Amongst many low and middle-income Australians, there are, understandably, debt averse folk; but there was no deterrent to them taking up that opportunity to obtain a better education. And for unemployed people, we provided training alterna-
tives and a plethora of job creation programs and labour market programs that kept them (a) in touch with the work force and (b) ultimately with an opportunity to walk into a job with a new skill.

All of that was in place. Those programs were praised by the OECD and by countries which looked at our reforming endeavours and decided that that was the way they wanted to go. All of that is gone; that safety net has gone. An inherent part of that safety net was bulk-billing. There is bulk-billing available for some pensioners now around the country but, increasingly, in constituencies like mine and those in more remote areas of regional Australia, there are no bulk-billing options.

What does that mean for a family that we are talking about here? What does it mean for a family where one or both parents have an income in the realm of $700 or $800 a week—or a proportion of that $700 or $800 a week, if it is a 1½-income family—on awards? It means that, if two or three of their kids get ill at the same time, they have to be able to walk into the doctor’s surgery with the best part of $100 to put on the table. They do not have the best part of $100 to walk anywhere! They find themselves placed in a situation where they are constantly making choices between the feeding of the family and the health of the family, between the rent that they need to pay on the house and the health of the family, between the mortgage that they have—if they are towards the upper end of the group that we are talking about—and the health of the family. These are the choices which they make on a daily basis which are completely alien to members of this government—but choices which were made easier when their predecessors were in office. The social wage had real meaning to ordinary Australians. The social wage is a concept that this government either misunderstands or ignores. In any case, which ever it is, it has the same effect: it has largely disappeared altogether.

The government have been conscious of the possibility that there might be votes lost while you are undermining benefits which have been important to ordinary Australian families. So what do you do? Do you ensure that the essential underpinning of the social infrastructure and egalitarianism in Australia is kept in place by another means if the means you dislike is to be removed? No. There is an alternative to actually doing the work and that is lying about it, misleading people. There is that alternative. You can say to the Australian people who know that they will be hit with a GST, particularly if they are lower middle-income earners, ‘Don’t worry about it, we won’t do it.’ You can say to people who understand that the Medicare system is utterly vital to their income, ‘Don’t worry about it, we will preserve it.’ And then just do it anyway when you are in office; kill it with a death of a thousand cuts, even if you are not going to cut it outright.

I remember so well this Prime Minister, when he was Leader of the Opposition, saying about the Medicare system, ‘We’re not going to stab it in the back; we’re going to stab it in the stomach.’ That is a broken promise, actually: he stabbed it in the back. He did not take it on at the front as he said he would; he has slowly whittled away a universal health care system. When it comes to the safety net that we are discussing here today—the safety net for ordinary workers—the government says, as it did with its last legislation, ‘Don’t worry about our attempt to drive people into Australian workplace agreements, into individual contracts. If they don’t get there and they are still dependent upon awards, we will have in place a safety net—a safety net in which the AIRC will be able to make independent judgment about what needs to be done to adjust it when they are confronted at different points of time by those who are acting on behalf of workers who are in awards. Don’t worry, we’ll have a safety net put in place.’ Another lie. This piece of legislation gives the lie to it.

The thing that amuses me is that this government want to have a double dissolution on this legislation and the rest of the industrial legislation. Every now and then, a political party develops an obsession where they think the Australian people are with them and cannot see through them. We from time to time in the Australian Labor Party have experienced such obsessions—I do not need to go into them now, as none of them are on dis-
play in this particular piece of legislation. One of the obsessions of this government is that the Australian people are with them on industrial relations. No, they are not. The Australian people understand the government's ill intent towards them when it comes to issues of industrial relations. They cannot do a single thing that benefits an ordinary Australian. Where they see a benefit unintentionally having been created, they wish to take it away or compromise it—and that is exactly what they are doing here with the amendments that they are attempting to put in place.

This is part of the safety net—this very holey safety net—that we will not allow the government to dispense with. We are going to resist this. We are going to resist it here, and we are going to resist it in the Senate. If this government are silly enough to organise a double dissolution around it, we will resist them in the electorate as well. The government will find a surprise waiting for them in public opinion if they decide to take us on on this one.

Mr BRENDAN O'CONNOR (Burke) (12.57 p.m.)—I am very happy to rise after the very passionate and compassionate comments by the member for Brand, who I think has quite rightly made reference to what this Workplace Relations Amendment (Protecting the Low Paid) Bill 2003 symbolically stands for in terms of the government's attitude towards ordinary working families. This bill is one of the worst pieces of legislation I have seen to date in my short time here. The fact is that I am not surprised. On a weekly basis bills have been brought into this House that have focused predominantly upon industrial relations, union activity and regulation of the unions. However, I did not expect to see a piece of legislation that would so nakedly and brazenly assault ordinary working families in the way in which this legislation seeks to. I am flabbergasted because, even by the standards of this government, this legislation is extreme to say the very least.

It is fair to say that the government have recognised that there is a causal link between an effective union movement and the defence, maintenance and improvement of employment conditions for Australian workers. There is no doubt that is the case. Whilst they will not publicly announce such a link, because that would have to acknowledge that unions play a positive role for Australian working families, they know there is a causal link. That is one of the reasons they spend so much time in this place trying to undermine, institutionally and otherwise, the unions' capacity to effectively represent Australian working families.

This piece of legislation hits at the heart of low-paid working families, without regard for unions. The camouflage that has been used in the past is to attack unions and so-called union bureaucrats. That has been the camouflage that this government has used in attacking and assaulting ordinary working Australian families, but on this occasion they have decided to hit at the heart of low-paid working families. The bill itself—Orwellian in its title again—which talks about protection for low-paid workers, effectively has an unprecedented application, as the shadow minister indicated. It has an unprecedented application because it is designed to interrupt a current national wage case determination for low-paid people in this country. That is what this legislation would effectively seek to do.

Submissions on the current living wage case have been made by parties before the Australian Industrial Relations Commission. But this government are not happy to allow the umpire to make a decision about what is fair and reasonable with respect to the lowest pay that could possibly be paid under the federal award system. They wish to intervene to change the rules halfway through the game in order to allow the Industrial Relations Commission, if it so wishes, to then argue that such a determination should not, for example, provide anywhere near the claim that has been made by the ACTU on behalf of Australian working families. Clearly, this is unprecedented. I am flabbergasted at the capacity of this government to think that the Australian community would like to see them change the rules of the industrial relations system, totally against the weak and towards and in favour of the strong.
I should concede that in the past the government have shown some sophistication, on occasion, to attack what they see as union bureaucrats. They vilify and demonise union delegates and union officials and then they seek to set up a witch-hunt. The royal commission into the building industry is a classic case where they demonise and vilify people and then they set up a witch-hunt aimed at only a few in a particular industry. This is a clear case of the government doing that. They focus on those people in a way that perhaps distracts the Australian community from seeing where their real target is, which of course is, in the end, the actual living standards of Australian working families. On this occasion they have exposed their intention. This is a direct assault upon the living standards of the lowest paid—the most vulnerable—in our community. I think this government should be condemned for even introducing this bill.

We should not be surprised with the way in which this government has acted. In the last seven years it has used all forms of weaponry against Australian working families. At its crudest, it has used attack dogs and masked thugs at workplaces. Australians will never forget sitting at home and watching on their televisions the hired thugs and attack dogs that were used on the waterfront to break lawful industrial action on that occasion. I think it is fair to say that Australians will not accept the assault that is currently occurring on the most vulnerable in our workplaces by the introduction of this bill into the House.

I think the government has got it wrong. I think the member for Brand quite clearly highlighted the fact that, on occasion, governments are self-deluded into believing that the community believe their rhetoric on matters. This is a case where the government somehow believes that fair and reasonable Australians will believe that it is okay to attack the most vulnerable, but I know that this is not the case. I know that most Australians believe that there should be an umpire and that there should be a capacity for a determination to be made on wages and conditions in this country—something that has existed almost since Federation. I think that the failure of this government to see that is very interesting indeed, in terms of its own self-delusion.

It is important, whilst I have made references to those broader issues, to perhaps focus upon what this bill is all about and who it would directly affect. I would like to cite, as the member for Throsby cited, some particular personal references by witnesses before a living wage case. I, too, would like to cite a witness statement that was the subject of a living wage case a number of years ago so that we can really understand who we are talking about when we discuss changing the way in which the commission will determine employment conditions for particular working people.

The witness statement is by a woman, Melissa Donaldson, who indicates that she is employed as a child-care worker in the city of Yarra. She is 37 years old and a single parent of three children. All of her children are dependent upon her and they are aged eight, nine and 13. She is employed under the Victorian local authorities interim award and is currently classified a child-care worker level 2. She says:

I have completed my studies and am now a qualified child care worker but have not yet found such a position to apply for.

My hourly rate is $12.89. I am employed as a permanent full time employee with a 70 hour fortnight ... Currently, I am working only eight (8) shifts per fortnight and receive the gross amount of $810.47 for 62 hours.

So she has had to take one day off. Interestingly, her fortnightly net pay is $619. She goes on to say:

Further, I am eligible to receive the supporting parent’s benefit, family allowance supplement, family tax initiative payment, and disability allowance for my eight (8) year old son who is a chronic asthmatic.

After that, she ends up with an incremental increase on the $619 for that fortnight.

There are a number of other items that she has raised in her statement which I think really do sum up what this bill is about and who it would affect adversely if it were to be passed. She says:

Given the need to pay for things that are unforeseen, I had to take out a personal loan of $9,000.
For example, part of this money assisted in my travel to New Zealand to see my father before he passed away. I pay $55 per week for this loan.

Most recently I needed to replace my car as it was unroadworthy. To do so, I had to borrow $13,000. I now have a reasonable car which is safe to drive the children around in, but I must pay approximately $70 per week for this loan.

As one can see from the list, I spend very little on clothing. she has itemised a list of clothing in her statement—

Much of my purchases will come from second hand clothing stores, such as Opportunity Shops. My mother also assists by providing essential clothing each year for Natasha, Rebecca and Daniel.

As all my children are at school, I sometimes find it difficult to find the money for the school excursions throughout the year.

I am also confined to inexpensive options in terms of the children’s entertainment, such as the municipal pool.

Despite being limited by my income, I believe the Child Care Centre at Gold Street provides a quality service. I have chosen to work in this field because I gain fulfillment from it and also consider it an important service to the community.

What could be more important than caring for the country’s future, that is, its children?

As a result of my interest in child care and my ambition to improve my skills, I undertook and completed a Child Care Diploma at Swinburne College. This has been very rewarding in a personal sense, although at least $500 a year was expended on books, etc., and as yet, I have not found a position for a qualified child care worker.

I find it very difficult to keep paying the bills without going into further debt. I am very concerned that my debt will increase, which will make matters even harder for me and my children.

I am also concerned that children’s expenses get more expensive when they enter high school. I am worried that I will need more income just to keep our heads above water.

That is part of a statement that was submitted and tendered at a living wage case hearing recently. It shows, I think quite aptly, the sorts of people we are talking about when we talk about the beneficiaries of a decent living wage case decision.

I have personally been involved in living wage case decisions. I feel proud to acknowledge that and privileged that I was involved in a number of living wage case arguments which involved me talking to the lowest paid workers in our community. I suppose I hoped to get them to be brave enough and courageous enough to stand up and to say to a commission—to a court, effectively—that they are doing it tough and that they need at least a reasonable increase in income in order to maintain a very modest living standard. I have had a role in that, and I have therefore met many of the witnesses who have been before other living wage case decisions. What first strikes you about them is that they have a reluctance to acknowledge their own plight. They are not people who are putting their hands up for more. They are not people who want to be dependent upon any form of social service if they can avoid it. They are people who want to work.

As Melissa Donaldson has indicated, she wants not only to work and to look after her children but to be in a fulfilling form of work—that is, to assist in the care of children at a child-care centre. She is someone who is proud about being a child-care worker, notwithstanding the low pay. She is someone who is proud that she is playing a role and is contributing to the economy and to society. From the comments in her statement, we see a woman who not only has a large responsibility in terms of caring for her family but also wants to play a positive and constructive role in improving this country.

The Minister for Employment and Workplace Relations had the audacity, two days ago in question time, to indicate that nothing can be done to regulate bonuses for corporate directors and that the government should not intervene in any way to regulate the way in which those obscenely highly paid directors are being paid. It is obscene that, in the same week, he introduced legislation that would potentially affect the decision of the living wage case. It is important that Australians note that this is a clear example of how the government has lost its way.

As I said initially, even given that we have seen before in this place this government showing its utter contempt for low-paid workers and its pathological hatred towards unions, it has baffled many of us that this
government believes it can argue reasonably, rationally and fairly to the Australian public that it should introduce legislation which would adversely affect the lowest paid under the guise of protecting them. If this government thinks that it can do that, it is sadly mistaken. Like other members on this side, I oppose this bill. I oppose it strenuously. I am sure that the Senate will do likewise. This is not something that this country wants to see introduced. This is not something that is fair and reasonable for hardworking, low-paid Australian families. I think that this government has got it wrong again. I expect this bill to fail, as it should.

Mr MOSSFIELD (Greenway) (1.14 p.m.)—I rise to speak on the Workplace Relations Amendment (Protecting the Low Paid) Bill 2003. This is another Orwellian titled bill that means exactly the opposite of what its title would suggest. About the only thing this bill protects the low paid from is wage rises. While this government’s mates at the top end of town are being paid obscene amounts of money, the government has the unmitigated hypocrisy to bring before the House a bill that would see the suppression of the safety net wage increase for the low paid. Maybe it is not as hypocritical as I might be suggesting because, to the best of my knowledge, not one member of the government side of this parliament has spoken on this very important bill. The Minister for Employment and Workplace Relations introduced the bill, yet we have not had one government speaker. This would suggest a strike by government members, indicating some embarrassment with the bill being brought before the House.

The award safety net is one of the most important instruments for social justice and has been since the Sunshine Harvester case of 1907. What this government wants is a completely unregulated labour market with every worker at the forces of the market exposed to full competition. There used to be a system like that, a system that had the labour market completely open and unregulated. What was the result? We had 10-year-old boys down the mines for 14 hours a day for tuppence a week. Deregulation leaves the weak vulnerable and the playing field slanted in favour of the powerful. Without the independent umpire, the Australian Industrial Relations Commission, the low-paid workers of this nation would never get the justice they deserve. This bill seeks to tie the umpire’s hands behind his back so that he cannot blow the whistle.

The government would have us believe that award increases for the lower paid are a hindrance for employment growth. How they have come to this conclusion is anybody’s guess. Certainly there is nothing to back up this claim. The commission, in the May 2002 decision on the wages safety net review, stated:

We note, as previous Full Benches have, that there are difficulties in directly applying the international material to the task before us. As noted by the Commonwealth in its reply, there have been no empirical studies that have examined the effect that safety net adjustments have had on employment in Australia.

The government admitted that there were no studies done in this area. So confident are they that they have all the answers that they bring this bill before us and say, ‘We know that we don’t need any study. We know that very small wage rises of a few dollars a week for low-income earners cost jobs.’ Maybe what is costing jobs in this country are the $33 million payouts to bank executives or the $3 million annual salaries that corporate CEOs get these days. It is these salaries that are out of control and in urgent need of attention, not the few dollars per week increase that the Industrial Relations Commission grants to workers on basic award wages.

This bill is, in point of fact, completely unnecessary. The capacity to pay has been a factor in the decision of every wage increase granted—first, by the Commonwealth Court of Conciliation and Arbitration and later by the Australian Industrial Relations Commission. We must remember that the Commonwealth Court of Conciliation and Arbitration—called the Australian Industrial Relations Commission today—was set up by the federal government because the founding fathers, in drafting the Constitution of our nation, gave them power to do so. Part V—Powers of the Parliament—section 51, paragraph (xxxv) of the Constitution reads:
51. The Parliament shall, subject to this Constitution, have power to make laws for the peace, order, and good government of the Commonwealth with respect to:

(xxxv) Conciliation and arbitration for the prevention and settlement of industrial disputes extending beyond the limits of any one State:

That is why the court and then later the commission were set up. This bill seeks to water down the intention of the founding fathers and attack one of the fundamental powers of the Constitution of Australia. A previous prime minister tried to do this, and he lost his seat.

It would be prudent to understand the history of the national wage determination case because that is, after all, what our discussion is about today. The first case—the landmark case I mentioned before—is the Sunshine Harvester case of 1907, which was heard by Justice Higgins, a High Court judge sitting as the president of the arbitration court. It did not arise from any strike action or industrial dispute but rather from the operation of the Excise Tariff Act 1906, which said that, if businesses wanted the advantage of tariffs, they had to get a certificate from the Court of Conciliation and Arbitration stating that they ‘pay a fair and reasonable wage’.

At the time Justice Higgins came to the bench, there were 112 outstanding applications for certificates so he decided to take one test case and apply its findings universally. Higgins chose the now famous Sunshine Harvester Company because of its size and diversity of employment type. Justice Higgins took evidence from a variety of sources, including a butcher, a landlord and labourers’ wives in order to determine the cost of living. By today’s standards it was not very scientific but at the time there was no science surrounding this area. No-one had ever heard of a consumer price index. Higgins arrived at the figure of seven shillings per working day or 42 shillings a week as the amount of money a family would need if they wished to live frugally. He pointed to ‘the normal needs of the average employee regarded as a human being in a civilised society’.

Higgins was very insistent that the needs component of this wage determination be an absolute minimum. He stated:

For this purpose, it is advisable to make the demarcation as clear and definite as possible between the part of the wages which is for mere living and that part of the wages which is due to skill, or to a monopoly, or to other considerations. Unless great multitudes of people are to be irretrievably injured in themselves and their families, unless society is to be perpetually in industrial unrest, it is necessary to keep this living wage as a thing sacrosanct beyond the reach of bargaining.

A basic wage is what Justice Higgins gave this country—a wage that a family could live on frugally. As David Plowman wrote in the book *Contemporary Australian Industrial Relations*:

Not surprisingly, employers reacted adversely against this decision ... added to this was the employers’ distrust for Higgins, which bordered on the pathological. Not only did they seek his removal; they went so far as to suggest the death penalty for his actions.

A slight overreaction, I think you would agree. But it is true to say that the employer groups and conservative parties in this country have fought every subsequent basic living wage rise tooth and nail—and they are doing it again with this bill.

Higgins was not blind to the possible effects on the economy as a whole as a result of his decision. The capacity to pay was a factor in his determination and has been ever since. For example, during the Great Depression the minimum wage was reduced by 10 per cent on the grounds of the inability of the economy to maintain the then current figure. So why do we need now to legislate what the Industrial Relations Commission has always done? It makes no sense—but then again that is not unusual for this government. This government is now officially the highest taxing government in Australian history. On average, Australian families are paying an extra $7,856 each year in tax than they were when this government came to office seven years ago. Household debt stands at a record level, credit card debt has tripled and foreign debt has doubled since this government came to office. We all remember the debt truck, exploring the $180 billion foreign debt in 1996. One wonders where the debt truck is now,
considering that foreign debt now stands at $354 billion—perhaps the truck is stuck in the garage because no-one can afford to put petrol in the tank.

The government likes to boast about low interest rates. Unfortunately, if you look at the true situation, housing affordability has never been more difficult. The average home loan has increased by 67 per cent and monthly repayments have never been higher. It now takes on average an extra 27 months to pay off a home than it did under Labor. Bulk-billing is disappearing and the average out-of-pocket costs for seeing a doctor who does not bulk-bill are rising rapidly. In Greenway, these costs have risen by 27 per cent in just two years. All these factors are having a huge influence on Australian families and their ability to make ends meet. And now we get this bill to suppress wage rises for the lowest paid.

An article in the *Sydney Morning Herald* on 12 August last year by Anne Davies and Sean Nicholls, entitled ‘Families sucked into mortgage nightmare’, claims that low interest rates have lured Sydney home buyers to bid themselves ever deeper into debt. The article states:

Data from the 2001 census prepared for the *Herald* reveals that more than 73,800 Sydney households—one in five families with mortgages—are in mortgage stress. This means they are paying more than 30 per cent of their pre-tax incomes toward their mortgages.

And nearly one-third of the city’s renters—123,500 households—are paying more than 30 per cent of their pre-tax incomes to their landlords.

That clearly shows that this question of home ownership is now a major difficulty. Part of the article relates to an area that I represent, the electorate of Greenway. The other part of the article relates to the electorate of Mitchell, although other areas are also mentioned. The article continues:

In recent months, the Wesley Mission’s Family Centre at Quakers Hill has been delivering food packages to two such families. These families had difficulty meeting their mortgage commitments. The article continues:

...
casual workers who are most in need of the safety net minimum living wage. As John Quiggin wrote in the *Financial Review* on 16 January this year in his article ‘Our worst policy failure’: The first problem is the restructuring of the labour market, with the steady erosion of long-term full-time employment. Not only has the number of “full-time” jobs declined, or at best stagnated, but job security has been eroded and the length and variability of the working week has risen.

That was an article written earlier this year. He continued:

The entire program of micro-economic reform could be summed up simply by saying that the core objective is to ensure that no-one should have a safe job, or, if you prefer, that everyone should be exposed to the full force of competition. In principle, this applies as much to bosses as to workers. In practice, however, those at the top have proved remarkably adept at protecting themselves from any downside, even in cases of gross incompetence or dishonesty.

Of course, he could have gone on to say that they have been extremely good not only at protecting themselves but also at providing themselves with a golden parachute to enable themselves to move into better paid jobs and also to getting the maximum out of the company from which they are being sacked.

Finally, the protection that the basic wage offers the people that we represent is invaluable. Yet this government seeks to limit the independent umpire’s ability to make determinations regarding the basic needs of the basic family and set the wages accordingly. While the big end of town runs away with millions of dollars, the government wants to crack down on the low paid. It is just not good enough and Labor will be opposing this bill.

**Mr GAVAN O’CONNOR (Corio) (1.31 p.m.)—** As the Labor member for Corio, it gives me great pleasure to rise in this place to oppose another pernicious piece of legislation brought into the House by the Minister for Employment and Workplace Relations. The *Workplace Relations Amendment (Protecting the Low Paid) Bill 2003* is simply another nasty and rotten piece of legislation from this minister, designed to reduce yet again the wages and conditions of Australian workers. I come from a community where a significant part of the industrial work force is unionised. Those workers know that the wages and conditions that they currently enjoy are the product of past struggle and the preparedness of their forebears to make industrial sacrifices for the common good. They also know that their standard of living has not been achieved through the courtesy of any conservative government over the decades. Indeed, those governments have actively sought to diminish and reduce their standard of living through legislative devices of the type we are debating here today.

Before I address the substantial provisions of the bill, I would like to make some perfunctory comments about its title, because it really says something about the cynical nature of this government, and this minister in particular. The bill is basically designed to change the criteria the Australian Industrial Relations Commission must pay regard to when setting the award safety net. However, its real purpose is to weaken the protection afforded low-paid workers by that award safety net and to give effect to the government’s larger political and industrial agenda, which is to force workers into bargaining agreements. Yet the government in the title of this bill attempts to masquerade the legislation as protecting the low paid. It is the sort of cynicism and manipulation we have come to expect from a dishonest government seeking, as always, to cloak its punitive industrial relations agenda in some sort of respectability.

But workers and their families in Geelong are not fooled by this sort of transparency. We have many low-paid workers in our community who rely on the federal award system and the safety net it provides to maintain a very basic standard of living. It is obvious that the minister and the coalition members opposite have no idea of how hard it is for many low-paid workers to meet the ordinary financial commitments of their families. Those workers work hard and for long hours just to put food on the table, pay the mortgage, run the car, go to the doctor when they are ill and to educate their kids. But at every turn they run into frustrating limitations that stem directly from the fact that their household income is inadequate.
This mean and sneaky government—and that is not my description; that is the description of a Liberal Party president who described the Howard government as ‘mean and sneaky’—wants to compound the difficulty of those workers with more punitive industrial relations legislation.

I am sure those workers remember, as I do, the long record of the conservative parties in this country in opposing basic wage increases for the low paid. Since I have come into this parliament—and before—the track record of conservative governments has always been to oppose any increase in very basic minimum wages, especially for low-paid workers. On very few occasions have they diverted from that course of action. The Prime Minister and the Minister for Employment and Workplace Relations are quite prepared to go soft on corporate spivs and corporate bludgers, but they continually drive the boot into the low-paid workforce here in Australia. This does not surprise me when one reflects on the performance of the Howard government over the past seven years. You have to comprehend this: some 10 members of the Howard executive over that time had to be sacked for either rorting, feathering their own nests, conflicts of interest or violating the Prime Minister’s own ministerial code of conduct—10 members of the executive had to be sacked for a variety of offences relating to the standards that are expected of ministers in this parliament. Yet they have the gall—the hypocrisy is quite breathtaking—to go into the community and lecture low-paid workers on what they ought to be doing and what contribution they ought to be making to the nation’s economic effort.

One is not surprised that we have legislation before the House that gets stuck into the low paid while corporate spivs, crooks and bludgers are treated with kid gloves by the Howard government. Here in this House in question time, I heard the minister stating quite categorically that the Howard government was not in the business of regulating in any way the salaries of corporate executives. Government members will not regulate the salaries of highly paid executives, but they can come into the parliament and propose a piece of legislation that seeks to inhibit the protection of the lowly paid workers in our community. So it is with some pleasure that, on behalf of the low-paid workers in my community in Geelong, I rise to oppose this legislation and anticipate its defeat in the other place. I support the second reading amendment that has been proposed by the shadow minister for workplace relations, the member for Barton. He has most effectively, I think, demonstrated the hypocrisy of the government in this area of policy.

I would like to address the matters in the second reading amendment because they relate to this whole area of industrial relations and its impact on the lives of working Australians. In his second reading amendment, the honourable member for Barton condemns the government for introducing legislation that ‘impedes the ability of the Australian Industrial Relations Commission to independently determine fair minimum wages for Australian workers and their families’. In commenting on that particular part of the amendment let me say that the Howard government, in the seven years I have observed it legislating in the industrial relations arena, has consistently attempted to nobble the Australian Industrial Relations Commission, especially in the area of providing protection for low-paid workers. We are told that the whole intention or design of this legislation is to create employment, a similar hoary old argument to the so-called unfair dismissals issue, where the government trots out rather dubious statistics to justify its punitive industrial relations agenda. One body stands between Australian workers and a continual pressure downwards on their wages, and that is the Australian Industrial Relations Commission. Yet here we have an attempt by the government to weaken, yet again, the powers of the Australian Industrial Relations Commission to independently determine fair minimum wages for Australian workers and their families.

I am joined in the chamber today by the honourable member for Corangamite. His seat happens to be on the other side of the Barwon River and many of the workers who work in the enterprises in my electorate actually live in his, and vice versa. I wonder what the honourable member for Corangamite—
that son of the squattocracy from the western district—says to the low-paid workers when he goes to Godfrey Hirst. What does he say when he goes to the low-paid workers at Godfrey Hirst and tries to explain away this sort of legislation? The honourable member for Corangamite certainly would go to Godfrey Hirst, but I am sure that he does not get out on the floor with the low-paid workers. The honourable member for Corangamite obviously supplements his parliamentary income with the shearing of the odd sheep down in the western district off his property and by selling the beef; beef prices are up—wacky do. Unfortunately, the low-paid workers at Godfrey Hirst do not have the opportunity to sell a couple of hundred head of stock and make a few bob with the upturn in the market. Yet the honourable member for Corangamite can sit in this House and seek to justify this sort of legislation.

The honourable member for Barton, in proposing the second reading amendment, draws attention to the fact that the government in this legislation is attempting to limit wage increases for low-paid workers while increasing financial pressure on Australian families. In the amendment—which I wholeheartedly support—he talks about the fact that this Liberal government is the highest taxing government in Australia’s history. Honourable members opposite do not really want to hear this: the highest debt that Australians have ever had has been incurred under the Liberal Party, and now we have the highest level of taxation in the history of this country under the Liberal Party. The last seven years have been the highest taxing years in Australia’s history. We have had one tax cut in those seven years. Members opposite expect Australians to get down on their knees and thank the Prime Minister for the one tax cut that they did get over seven years. But as they get on their knees they get a boot with GST marked on it. So when they buy their goods and services, when they build their houses and when they engage in their recreational activities, the Treasurer still has his hand in their pockets. We have seen that one tax cut in seven years evaporate. That one tax cut in seven years has evaporated, but we still have the GST and we still pay through the nose.

Of course, honourable members opposite do not really like to be reminded of this. They run like Dracula from the cross when we mention the words ‘foreign debt’. I ask Australians to remember Peter Costello’s debt truck. We all remember the debt truck that went around—that single tray truck that had displayed: ‘The level of Australian debt $180 million; $10,000 for every man, woman and child in this country.’

Mr Melham—It broke down, didn’t it, at one stage?

Mr GAVAN O’CONNOR—It hasn’t broken down; it has gotten bigger—the truck has gotten bigger. You need a B-double now for the debt. It is now $350 million. Where is the B-double now? Where is the Liberal debt truck now? The burden of debt on Australians now is $18,000.00. They said that we had a debt crisis at $180 million—that was on their debt truck—and a per capita household debt of $10,000.00. Now it is $350 million of Liberal debt and a per head burden of $18,000. What do you have to say about that?

Mr Mossfield—What about the interest rates?

Mr GAVAN O’CONNOR—No wonder you are slinking down behind your seat now. You ought to be ashamed of it. But, of course, the story does not end there. Here we have a piece of legislation that is deliberately designed to drive the boot into the lowly paid in this country, while you let the corporate spivs, crooks and bludgers off the hook. And, as the honourable member for Barton has enunciated in this second reading amendment, you are forcing thousands of Australian families, the low paid, to pay high medical bills as a result of the dramatic decline in bulk-billing.

In our community in Geelong, bulk-billing has slipped well below the national average. I have a lot of low-income families in my community who, when they went for their medical services, relied on the ability to access those services at a reasonable price commensurate with their income. They cannot do that any more because there is only one bulk-billing agency left in my electorate. It does not operate after 7.00 p.m. and is lo-
located in the central business district, quite away from the areas where a lot of low-income workers live in my electorate. So to access the concession they have to drive and they have to pay.

In the House yesterday the Prime Minister did his mean and tricky act again. He tried to weasel out of the commitment that he made to retain Medicare. You would have to be stupid to believe the Prime Minister when he says that he supports Medicare. Why? I will use his words, because they are strong words—they are words I would never use in describing any policy issue. The words the Prime Minister used were, ‘I will stab Medicare in the stomach.’ That is what he said. Now he comes into this House and tells Australians, ‘I really do want to retain Medicare; I really do want bulk-billing.’ When he did.

Mr Melham—He couldn’t lie straight in bed.

Mr GAVAN O’CONNOR—As my Uncle Pat would say, he is as crooked as a dog’s hind leg. He couldn’t lie straight in bed. There are too many of these instances where the Prime Minister has said something to the Australian people and done something else. He makes non-core promises. If I had made a non-core promise to my father I would have got a thrashing; yet the Prime Minister can make non-core promises to the Australian people. The latest of course is Iraq: ‘No, we’re really not a member of the coalition of the willing. Our troops’ — the biggest commitment since Vietnam—‘are not really in the gulf to engage in war on Iraq.’ We did not come down in the last shower, Mr Prime Minister.

For the information of the House I will mention the sorts of final payouts that the corporate sector receives. Some of my workers in Geelong would like this. Sheryl Pressler of Lend Lease, after one year’s service, got $15 million. Tom Park, from Southcorp, for four months service, got $7.8 million. Coles Myer’s Dennis Eck got $8.6 million for four years service. Chris Cuffe, for 12 years of service with Colonial First State, walked away with $32 million.

Mr Melham—These are Costello’s battlers.

Mr GAVAN O’CONNOR—Costello’s battlers—they are really battling! Let me tell you this: we will get into the corporate spivs, the crooks and the bludgers. You let them off the hook and you want to drive the boot into low-paid workers.

The DEPUTY SPEAKER (Mr Jenkins)—Order! The honourable member will withdraw his remarks through the chair.

Mr GAVAN O’CONNOR—Mr Deputy Speaker, I am quite happy to withdraw. (Time expired)

Ms CORCORAN (Isaacs) (1.52 p.m.)—The Workplace Relations Amendment (Protecting the Low Paid) Bill 2003 is designed to change the criteria to be considered when setting the award safety net. The bill proposes that, firstly, the Australian Industrial Relations Commission must consider the effect of increases in minimum wages on employment and not the pay that is attached to low-paid jobs. Secondly, the award safety net is to be positioned at the lower paid end of the labour market.

Before I get onto this bill in particular I want to add a plea—and other members have spoken of this before in relation to this bill—for more sensible naming of bills. To call this bill ‘protecting the low paid’ is simply outrageous. It is like the bill that was before us earlier today: the Workplace Relations Amendment (Fair Dismissal) Bill 2002 [No. 2]. That bill was not about anything to do with fair dismissal; it was about treating some workers very unfairly indeed. It is time bills were given titles that reflect their real intent. This bill should be called something like the Workplace Relations Amendment (Picking On Those Who Are Least Able to Look After Themselves) Bill.

This bill does nothing for low-paid workers. It attacks the living standards and the security of our low-paid workers. Low-paid workers are not fooled for a minute about the intent of this bill. This is just another mean and tricky action on the part of this mean and tricky government—and the words ‘mean and tricky’ are not my words; I am quoting
Currently, the award safety net extends into professional grades of employment as well as into unskilled and semiskilled categories. This downward move is designed to cut off access to automatic pay increases for those on award rates in higher skilled positions. The purpose is to encourage—or even force—those employees to engage in bargaining with their employer to gain pay increases. The current award safety net is one of the most important tools for ensuring social justice for Australian workers. Minimum award rates are a threat to the notion that freedom of contract is sacrosanct in the setting of rates of wages. In the influential Harvester case of 1907, the presiding judge, Justice Higgins, said ‘like the freedom of contract between the wolf and the lamb’, when the notion of freedom of contract between worker and employer was being discussed.

The award safety net has evolved from a varied network of awards that has been at the centre of wage determination in Australia for almost 100 years. Up until the beginning of the 1990s Australian workers had a centralised system of wage determination. That was the core of the ALP-ACTU accord: in exchange for a comprehensive social wage, unions would accept wage restraint. With much of the accord’s social wage now in disarray, the case for collective wage restraint has evaporated. Unions are now free to exert their members’ collective power in the pursuit of higher wages. But many workers have been left behind. For those workers the national safety net is fundamental to their receiving annual wage increases.

An award safety net makes sure that workers on low incomes are protected against exploitation and poverty. It provides exact conditions of employment for workers who simply cannot bargain for improved wages and conditions. According to Australian Bureau of Statistics figures for employee earnings in hours for May 2000, these workers currently make up one-quarter of the workforce. The ABS also noted that award dependent employees lag considerably behind those who are able to bargain. Average weekly total earnings for full-time adult award dependent employees are $240 per week less than those for workers on collective agreements. Workers on collective agreements average $860.80 per week. We have to deal with the notion that all workers have equal bargaining power to that of their employer—the idea that all workers can successfully negotiate better wages and conditions. This is a ludicrous notion. Workers do not have the power in the relationship with their employer. It is unrealistic to suggest that workers with a lack of English or low formal education levels are able to bargain on a level playing field with their employer. It is unrealistic to expect or suggest that workers who are afraid of losing their jobs—who cannot afford to lose their jobs even for a few minutes—are able to bargain on a level playing field with their employer. It is unrealistic to suggest that part-time or casual workers can bargain on a level playing field with their employer. In fact, there is an element of bullying in all of these suggestions and expectations.

The employer is supported by their industry representative, like the Australian Chamber of Commerce and Industry, and has access to lawyers, consultants and the like to formulate their agenda. Employees who are not organised or members of a union have no such luxury. Where is the equity in that? If employees relied solely on the generosity of some employers to grant them an increase in pay they would wait a long time.

The government attempts to argue that the purpose of this bill is to avoid creating a disincentive to employment growth. The link between the level of the award safety net and employment is, at best, grave. The government has yet to convince the commission that such a relationship has been established in the setting of the safety net. In the safety net review of wages for 2002, the commission found that in award reliant industries employment is growing faster than average. The Commonwealth has yet to produce any compelling evidence that safety net increases have retarded employment. The commission made the following point:

We note, as previous Full Benches have, that there are difficulties in directly applying the international material to the task before us. As
noted by the Commonwealth in its reply, there have been no empirical studies that have examined the effect that safety net adjustments have had on employment in Australia. The longer term picture emerging from data for employment by industry... shows employment increasing faster than for all industries in the award reliant industries of accommodation, cafes and restaurants and retail trade over the period November 1995 to November 2001, with that trend accentuated since late 1996. Whilst casual observation does not permit firm conclusions to be drawn, the data suggest that past safety net increases have not significantly impacted upon employment growth in those sectors.

Whilst this bill is before the parliament, I note that a number of highly paid executives are getting seriously large redundancy pay-outs. The government’s response to calls from this side of the House for some sort of control over executive payouts has been that their hands are tied and that shareholders should take action. The Minister for Employment and Workplace Relations suggests that it should have no control over the salaries of highly paid executives, but it is very happy to sink the boot in and have some control over low-income workers.

Mr Crean interjecting—

The SPEAKER—Order! I thank the member for Isaacs for her accommodation. It being 2.00 p.m., the debate is interrupted in accordance with standing order 101A. The debate may be resumed at a later hour and the member will have leave to continue speaking when the debate is resumed.

QUESTIONS WITHOUT NOTICE

Medicare: Bulk-Billing

Mr CREAN (2.00 p.m.)—My question is to the Prime Minister. I refer to reports overnight of a government plan under which GPs would only bulk-bill disadvantaged patients. Prime Minister, do you recall telling Australians, when you were opposition leader, that Medicare has been ‘an unmitigated disaster’, that you wanted to get rid of bulk-billing because it was ‘an absolute rort’ and that you were proposing to ‘pull Medicare right apart’? Does the Prime Minister also recall telling the House on 21 August 1986 that under his plan for Medicare:... bulk billing will be abolished except for such people as pensioners who really need it.

Prime Minister, isn’t the government’s so-called new plan a re-run of the 1980s to turn Medicare into a second-class safety net for the poor and not a guarantee of quality health for all Australians?

Mr HOWARD—The answer to the question is no. I would counsel the Leader of the Opposition against believing everything he reads in the newspapers. Let me take the opportunity that the question affords me of making a number of points. The first point I would make is that this government has absolutely no intention of means testing bulk-billing. Let me repeat that: this government has no intention of means testing bulk-billing.

Mr Crean interjecting—

The SPEAKER—The Leader of the Opposition will not start question time with his habit of persistently interjecting. I have tolerated the question framed as it was. The Prime Minister is entitled to his answer and to be heard in silence.

Mr HOWARD—The government has no intention of means testing bulk-billing. Not only do I counsel the Leader of the Opposition not to believe everything he reads in the newspapers, I also counsel him to take a crash course in understanding what Medicare really amounts to. I invite him to understand a couple of fundamental things about Medicare. The first is that the universality of Medicare is comprised of two elements. The first of those is the entitlement of all Australians to free treatment in a public hospital. The second of those is the payment of the Medicare rebate for all GP consultations. They are the foundation principles of Medicare; they comprise the universality of Medicare. The original intention of Medicare was very clearly described by the then health minister Dr Neal Blewett in 1983. When addressing the Doctors Reform Society, he said:

You are all aware of the basic elements of the scheme. On February 1st next year, all Australian residents will be guaranteed automatic entitlement under a single public fund to a medical and opthalmological benefit of 85 per cent of the schedule fee, with a maximum patient payment of $10 for any one service where the schedule fee is charged. All Australians will also gain access,
without direct charge, to inpatient and outpatient treatment at public hospitals by hospital and ses-
sional doctors.

Dr Blewett went on to say, importantly—and
I commend these words especially to the Leader of the Opposition:

Direct billing will be available to everyone, where the doctor agrees, so that the patient does not have to claim a refund for the cost of medical treatment. But this is a choice left to the doctors.

These are the words of the ministerial architect of the original Medicare scheme. The universality of Medicare is the entitlement of every Australian, irrespective of means, to the Medicare rebate for a GP consultation. It is not, as the Leader of the Opposition has so dishonestly and deliberately over the past couple of days endeavoured to claim, some kind of universal guarantee in relation to bulk-billing.

This morning, in answer to a question, the Leader of the Opposition had this to say:

Now understand what the Medicare levy is, Cath-
erine—that is, Catherine McGrath, the ABC inter-
viewer—it’s a contract with the Australian people, it’s taken out of your taxes and it entitles people to bulk billing, that’s what it does.

It is certainly taken out of your taxes, but what it gives you in return is the universality of Medicare—and that is the right to the Medicare rebate as well as the treatment in a public hospital. I am greatly indebted to Dr Blewett. Dr Blewett not only explained it well 20 years ago, but he actually explained it very well this morning in the Canberra Times. I ask everybody to listen very, very carefully to what Dr Blewett had to say this morning:

Bulk-billing was a universal scheme in the respect that any doctor could bulk-bill any patient.

What a remarkable proposition! Of course any doctor can now bulk-bill any patient. That is not what the Leader of the Opposition is talking about. He has dishonestly tried to represent the universality of Medicare in a completely false manner. He shows no understanding of this scheme. He knows nothing about the strategic defence system; he does not understand that. He does not under-
stand the disbursement composition of the cost of the health insurance rebate. And he demonstrably does not understand a medical scheme that was introduced by his own party.

Mr Crean interjecting—

The SPEAKER—I remind the Leader of the Opposition of the obligations he has un-
der the standing orders. I place no more obli-
gation on him than I place automatically on the Prime Minister.

Philippines: Terrorist Attacks

Mr RANDALL (2.07 p.m.)—My ques-
tion is addressed to the Prime Minister. Would the Prime Minister give the parlia-
ment an update on the terrorist attacks in Davao in the southern Philippines yesterday?

Mr HOW ARD—I thank the member for Canning for that question. I know that all members of the parliament not only will be aware of the attacks in the Philippines over-night but also will be very distressed at the terrible loss of life that has occurred as a re-
sult of these terrorist attacks in Davao in the southern Philippines. On behalf of the Aus-
tralian people, I want to extend my con-
DOlences to the President of the Philippines and through her to the people of that nation, with whom Australia has such close and friendly relationships. I want to extend my sympathy also to the families left bereaved by these horrible acts of terrorism. The Australian Embassy is checking at present to confirm whether or not any Australians were amongst the victims of the attack.

As I think the House would be aware, the Philippines has grappled with terrorist prob-
lems now for a number of years. Unfortu-
nately, the events of yesterday indicate that that challenge goes on quite unabated. I un-
derstand that three bombs went off late yest-
derday afternoon in Davao Province in the southern Philippines. The first was in the waiting area at the airport. Initial reports are that at least 19 people were killed and over 100 injured. Bombs also went off at a bus shelter and outside a health centre. I con-
demn on behalf of all Australians these wicked attacks, which are aimed at killing and maiming innocent people. These inci-
dents underline very graphically that the war
against terrorism must go on with renewed commitment and renewed vigour and that all governments in the region should be vigilant and continue to work together closely to remove the scourge of terrorism.

In that context, it is sadly coincidental that only yesterday the Minister for Foreign Affairs signed with the foreign minister of the Philippines, Mr Ople, a bilateral memorandum of understanding on counter-terrorism. That adds to a network of understandings and agreements that now exist between Australia, her agencies and other countries in the region. I thank the foreign minister for his committed work in bringing about the signing of that agreement. I had the opportunity yesterday afternoon myself of discussing the threat of terrorism with the Philippines foreign minister and neither of us, of course, was then aware that within a matter of hours his country would once again have inflicted upon it this terrible blight.

Terrorism is the unmitigated evil of the modern world. It has to be fought and opposed everywhere it manifests itself and the world must be completely determined and united in not only attacking terrorism in all its forms but also ensuring that weapons of mass destruction never fall into the hands of these evil people.

Mr CREAN (Hotham—Leader of the Opposition) (2.11 p.m.)—On indulgence, Mr Speaker, I join with the Prime Minister in extending our sympathies to the government of the Philippines, the Philippines people and, of course, the relatives of those people tragically struck down by this incident. Terror has to be stamped out. At the time this incident happened I was in fact speaking with the Foreign Secretary of the Philippines, who was explaining the MOU that the government had entered into. I want to congratulate the government for the work that has been done in securing the MOU. This incident just confirms to us that we do have to work together to stamp out terrorism in our region.

Medicare: Bulk-Billing

Mr STEPHEN SMITH (2.12 p.m.)—My question is also to the Prime Minister. I again refer to reports of a government plan under which GPs will only bulk-bill disadvantaged patients. Does the Prime Minister recall saying when he was opposition leader that Medicare was ‘a miserable, cruel fraud’, ‘a scandal’, ‘a total and complete failure’, ‘a quagmire’, ‘a total disaster’, ‘a financial monster’ and ‘a human nightmare’? Does the Prime Minister also recall his election commitment in 1987:

Bulk-billing will not be permitted for anyone except the pensioners and the disadvantaged. Doctors will be free to charge whatever fees they choose.

Prime Minister, isn’t your so-called new plan to retain bulk-billing only for pensioners and the disadvantaged the very same plan that you had back in 1987—which would be a disaster for Australian families?

Mr HOWARD—The answer to that question is no. The government has no intention of introducing a means test for bulk-billing—none whatsoever. The government, or the opposition parties as they then were, made a commitment in early 1995 to retain Medicare. We have remained faithful to that commitment during our last seven years in government. We will remain faithful to that commitment. You said in 1996 when we were elected that we would dismantle Medicare. Seven years on you have been proved wrong and seven years from now you will also be proved wrong.

Economy: Performance

Mrs ELSON (Forde) (2.13 p.m.)—My question is addressed to the Treasurer. Would the Treasurer advise the House of the result of the December quarter national accounts released this morning by the Australian Bureau of Statistics?

Mr COSTELLO—I thank the honourable member for Forde for her question. I can inform the House that the national accounts for the December quarter of 2002 were released this morning, showing that the economy grew 0.4 per cent in that quarter and three per cent over the year. During that quarter the impacts of drought were felt quite considerably. Abstracting the drought, the non-farm economy grew 0.8 per cent and 3.9 per cent over the year. That growth was principally led by business investment, with private business investment up 7.4 per cent in
the December quarter, with a 14 per cent surge in new plant and machinery investment. So what we are seeing in the non-farm economy is strong investment, some moderation in relation to consumption, the building cycle continued and a strong economy.

Notwithstanding that, we remain in the worst drought in a century, and the effects of the drought are seen very, very clearly in these national accounts figures. Agricultural production fell by 14 per cent in the December quarter and was 24 per cent lower than a year ago. Rural exports fell another 3.3 per cent, with grain exports falling 30.8 per cent in the December quarter. Employment in the farm sector fell by another 20,000, following a decline of 40,000 in the previous quarter. Notwithstanding that, overall job numbers in Australia are up, reflecting the strength of the non-farm economy. But in the farm economy the drought continues to bite very severely.

The national accounts show that the effect of the drought should still be flowing through the national accounts into the June quarter. If the signs that the drought is breaking continue then we could expect some positive recovery in the national accounts at the end of this year. But, even if the drought were to break tomorrow, obviously by the time you get crops in, by the time they grow and by the time you get exports, you are still going to have negative effects flowing through until the June quarter. The severity of the drought is shown very clearly in these national accounts. We all hope for follow-up rain to break the drought.

Economy: Household Savings

Mr CREAN (2.17 p.m.)—My question is to the Prime Minister, and it also refers to today’s national accounts data. I ask the Prime Minister as a preface to it whether he recalls saying in 1995 that the household savings ratio was a good ‘indicator of the money that people have got left over after they’ve put bread on the sideboard ... and food on the table’ and:

There’s a massive squeeze on mainstream Australia and the people who are being hurt most are the battlers.

Prime Minister, do you still hold to that view today? If so, how do you explain to Australian families today that, after seven years of your government, we now have the first negative household savings ratio in Australia’s history? Doesn’t this negative household savings figure mean that, after seven years, it is your government that is putting the massive squeeze on mainstream Australia and that the people who are being hurt most are the battlers?

Mr HOWARD—I say in reply to the Leader of the Opposition that mainstream Australia is much better off under this government than it was under the former government. It is much better off for three reasons. The first reason is that interest rates are much lower. I have noticed a lot of interviews with one of my predecessors. That is understandable—and I congratulate him on the 20th anniversary of his election—but I notice that one phrase never passed his lips, and that was ‘interest rates’. I am not surprised, because, under the 13 years of the former administrations, household interest rates, which place a terrible burden on Australian families, went to unbelievable levels. As the Treasurer reminded us yesterday, in response to adverse external developments on the current account the Hawke and Keating governments drove interest rates up to 17
or 18 per cent. That was all they could ever do.

Mr Costello—And put us into recession!

Mr HOWARD—As the Treasurer interjects, all they could ever do was drive up interest rates and drive us into a recession. Can I say to the Leader of the Opposition: if he wants to spend the next 18 months or whatever between now and the next election talking about the relative burdens on middle Australia imposed by my government and the former government, make my 18 months!

Mr Swan—No early retirement there!

The SPEAKER—I warn the member for Lilley!

Mr Crean—Mr Speaker, I rise on a point of order. It goes to relevance. My question was clearly about the household savings ratio and the fact that for the first time in history—

The SPEAKER—The Leader of the Opposition will resume his seat.

Mr Zahra interjecting—

The SPEAKER—I warn the member for McMillan! There is no point of order. The question had a lengthy preface. The Prime Minister is in order.

Mr HOWARD—The first thing that has made mainstream Australia better off under us is low interest rates. The second thing that has made mainstream Australia better off under us is the fact that, unlike the former Labor government, we have presided over an increase in the wages of average Australian workers. The Leader of the Opposition and his predecessors used to go around boasting about how they had suppressed the wages of Australian workers. They did a very good job too, because they not only presided over an unproductive economy but also ran an accord with the trade union movement that ended up being a fraud on the average Australian worker. The accord did not deliver real benefits to Australian workers. The accord was a fraud on Australian workers. The third reason that mainstream Australia has responded very positively to this government is that we have generated hundreds of thousands of new jobs. There are now 1.3 million more jobs in Australia under this government than there were in 1996.

The Leader of the Opposition likes to talk about things I said before I became Prime Minister. Can I say to the Leader of the Opposition: the most serious promise I made in the debates that I had with the former Prime Minister, Mr Keating, was that I would try and do something to reduce Australia’s chronic level of unemployment. I am proud of the fact that the government have not only increased the take-home pay and reduced the taxes of Australian workers but generated more jobs for their children. On top of that, we have improved the apprenticeship and training opportunities for young Australians. What you have to remember in this debate about university education, which is very important, is that 70 per cent of young men and women who leave school do not go to university. They want apprenticeship and traineeship opportunities. Those opportunities have more than doubled under the policies of my two colleagues.

Iraq

Mrs BRONWYN BISHOP (2.24 p.m.)—My question is addressed to the Minister for Foreign Affairs. Would the minister inform the House of the likely safety of people who travel to Iraq as so-called ‘human shields’?

Mr DOWNER—I thank the honourable member for her question. I know that this is an issue of concern to her and to her constituents. Let me tell the House that those people who travel to Iraq with the intention of acting as so-called ‘human shields’ are very misguided and could be in very great danger. On 22 February, the Department of Foreign Affairs and Trade issued a travel bulletin cautioning Australians not to travel to Iraq. This bulletin cautioned any Australian considering going to Iraq as a human shield not to do so. Australians choosing to travel to Iraq contrary to this advice should be aware that, if military conflict occurred, options to leave Iraq would obviously become very limited and the personal safety of those people could be placed at grave risk. Any means for the Australian government to assist Australian citizens to leave Iraq would likely be severely constrained. My department has also written to the organisations
that may facilitate the travel of Australians wishing to be human shields.

Iraq has been encouraging international peace groups to send members to Iraq to serve as voluntary human shields. Doing the bidding of a regime like Iraq’s is inherently dangerous. Those involved should recognise the appalling nature of the regime requesting their assistance. It is a regime responsible for the deaths of about 1½ million people over the last two decades. It is also important to remember that, during the 1990-91 Gulf War, Saddam Hussein held more than 800 foreign nationals as human shields at strategic locations in Iraq and Kuwait in order to try to deter attack by the international coalition being organised against Baghdad. That practice contravened international humanitarian law and is further evidence, if evidence is needed, that Saddam Hussein has contempt for legal principles protecting civilians in times of conflict. Australians need to be aware that there is potential for this to happen again, against the will of the individuals concerned.

This is a barbaric regime. The people of Iraq live in an appalling environment. A culture of fear and arbitrary violence pervades Iraq and has been the hallmark of Saddam Hussein’s quarter-of-a-century ruthless rule. The sheer scale of the violence he has visited on his own people, including through the use of chemical weapons, puts Saddam at the top rung of the world’s most brutal dictators. Reliable media reports suggest that a number of human shields are leaving Iraq because they are being moved by the regime against their will to strategic sites. I urge Australians to take heed of the government’s travel advice and to depart immediately. To those considering becoming human shields, let me say this: think carefully about who you are helping. Whatever your motives, your lives could be in grave danger. You should reconsider.

Ms CORCORAN—My question is to the Prime Minister. Prime Minister, I again refer to reports of a government plan under which GPs will only bulk-bill disadvantaged patients. What does the Prime Minister have to say to Mark and Michelle, who live in Tarneit and for whom a trip to the GP for their two children without bulk-billing will require them to find $80 up-front?

Honourable members interjecting—

The SPEAKER—Order! The chair would be assisted if it were able to draw the member for Isaacs’ attention to the fact that the Prime Minister is having trouble identifying where the person referred to is living and that is what he was seeking clarification of.

Ms CORCORAN—I understand. These people live in Tarneit, which is in the north-west of Melbourne. Without a pensioner card or a concession card, how will your new plan to restrict bulk-billing to just the poor and disadvantaged help this family?

Mr HOWARD—I would be very interested to establish exactly where in Melbourne that suburb is. I know the geography of most parts of Australia but I do not pretend to know all the detail. The reason I say that to the honourable member for Isaacs is that the bulk-billing rates in different parts of Australia do vary enormously. I know that, for example, in the member for Isaacs’ electorate, the most recent figure for the bulk-billing rate is 70.2 per cent. I know that the bulk-billing rates rise to very high figures. For example, the member for Chifley’s electorate has, I think, the highest bulk-billing rate of any electorate in Australia—

Ms King interjecting—

The SPEAKER—The member for Ballarat!

Mr HOWARD—and that is 98.5 per cent. It is actually quite interesting that, when you work your way through these things, you find that there is a sharp correlation between a low bulk-billing rate and normally an outer metropolitan or rural area of Australia. There are some exceptions to that. In fact, Canberra happens to be an exception to that. If you work your way through the figures you do find a lot of support for the proposition that the low bulk-billing rates do tend to go hand in hand with a lack or a small availability of doctors. I say to the honourable member—I know she asked the question very sincerely—that the premise on which the question is based is wrong. We do not intend to
representatives

introduce any kind of means test for bulk-billing and we do not intend to take any steps to limit the willingness of doctors to provide bulk-billing.

Rural and Regional Australia: Economic Survey

Mr Forrest (2.32 p.m.)—My question is addressed to the Deputy Prime Minister and Minister for Transport and Regional Services. Would the Deputy Prime Minister advise the House of the OECD’s economic survey of the assessment of Australia’s economy as it affects regional Australia? Does the OECD indicate how economic and structural reform is strengthening the regional areas of Australia, of which my electorate of Mallee is an important part?

Ms King—Ask him about the Wimmera-Mallee pipeline.

The Speaker—the member for Ballarat is warned!

Mr Anderson—I thank the honourable member for his question. As has been noted in this place on a few occasions over the last couple of days, the House should be aware that this week’s OECD report on Australia was very positive. It confirmed that the policies that we have taken forward have made Australia one of the best-performing advanced economies in the world. As has been noted again this afternoon, the report pointed out that Australia is notably resilient to shocks, both internal and external. The OECD said that this resilience has been shown by the capacity of the economy to withstand the East Asian crisis and the global economic downturn in 2001-02. I would add to that the resilience that has been shown by the farm sector in the face of the current drought. Despite its historic severity, and assuming hopefully that it now has broken and is easing, I think that the damage caused by this drought is likely to be less severe than that of the last drought of some 10 years ago.

Economic reform, as the member has pointed out to me, has been of immense value. In the Mallee, lower interest rates have provided an extraordinary flow of investment to industries like horticulture. There have been very serious advancements in wine grape plantings, in wineries—I opened one down there not so long ago—and in value adding, and the benefits have flowed through to rural cities like Mildura and Swan Hill, where I understand they are having trouble finding builders. That is good news. We ought to be reminded that, where there is investment security and the opportunity, you can get very strong growth in economies in regional areas.

With respect to this issue of investment security, I was interested to read the OECD’s remarks regarding water reform. The report clearly identifies the main water reform challenge as: ... dealing with the environmental impacts of water use while ensuring effective property rights in water and meeting the competing demands of irrigators, urban users and stressed rivers.

I commend these remarks in the OECD report to those state premiers and treasurers who are still reluctant to embrace the need for clear and secure property rights as the basis for sustainable water policy reform. This is an underestimated area of importance for economic and environmental reform in Australia. Indeed, I think the case has now been firmly established that the regulatory framework for natural resource management in this country needs reform. If we have a resurrection, resulting from that, of investment certainty, you will much more rapidly progress investment and both economic and environmental outcomes.

I was very interested to hear from the Murray-Darling Basin Commission that in the Murray-Darling Basin—where over half of Australia’s food and fibre is produced—the increase in economic activity would be in the order of one third if the respective governments would accept the Commonwealth’s lead in this regard, sort out the investment security framework and allow the system to start moving. That would be a substantial improvement in regional development, job opportunities, investment and export performance in Australia.

There is another area of interest to regional Australia raised by the OECD report: rail reform. The report noted that Australia has the sixth lowest real freight rates in the OECD. It is probably arguable that we now
have in this country the lowest ever real freight rates. The report pointed out that we also rank eighth in terms of rail efficiency. There is a significant gap between the best performers and us, and we need to close that gap. The report noted not only that we have made real reforms on the east-west corridor—where the Commonwealth has had a great say over it through the Australian Rail-Track Corporation—but that there are still some real problems on the east coast routes. As every transport supremo in this country knows, that is where the most urgent transport infrastructure and regulatory reform is needed in Australia. The OECD makes that point again, and the Commonwealth is seeking to take the lead. The more rapidly we get state cooperation in this area, with a doubling of freight volumes coming up in this country over the next 15 or 16 years, the better.

The message from the latest OECD report is clear: Australia has reaped the benefits, and regional Australia has reaped the benefits, of reform. That reform process must go forward on a number of fronts. There should be no stalling of this reform. We have heard in this place too much of the Labor Party opposing us on tax reform, on industrial relations, on health reform and on education. I am dismayed to have to add to that list. From his comments in the House this morning, the opposition spokesman on transport indicated that he totally and absolutely misunderstands the nature of AusLink, which is about a long-term approach to transport reform in the country and is widely recognised by people who understand transport as urgently needed. It is obvious that the ALP is going to add to its long list of areas of opposition with this one as well.

Rural and Regional Australia: Census Figures

Mr KATTER (2.38 p.m.)—My question is addressed to the Minister for Industry, Tourism and Resources. Is the minister aware of census figures released this week that show, with only four exceptions, that the 40 poorest electorates with $700 a week in family income are all rural country electorates, whilst the 30 wealthiest electorates with incomes of $1,500 a week are all metropolitan capital city electorates? Is the minister further aware that the two notable exceptions are the rural seats of Riverina and Dawson, Australia’s two biggest irrigation areas, and that, similarly, Australia’s highest number of millionaires per capita are in the irrigation towns of Emerald and Ayr? In light of these facts, would the minister agree to accept a delegation of North Queensland mayors with water development schemes currently before the state and federal governments? Finally, would the minister’s department assess their funding proposals for superannuation financed government bonds repaid by a national development trust, resourced from taxation revenue flowing from the newly created farm and industry production?

Mr IAN MACFARLANE—I thank the member for Kennedy for his question. We all know that water is a great and scarce commodity in Australia and that, in terms of its value to regional communities, that certainly cannot be overstated. I have not had the opportunity to fully assess the statistical figures that the member for Kennedy has put forward, but I shall do that. In terms of his suggestion that I meet with some mayors from Northern Queensland, one of the pleasures of my job is meeting with people from around regional Australia, and I would be only too happy to do so.

Workplace Relations: Reform

Mr BARRESI (2.40 p.m.)—My question is addressed to the Minister for Employment and Workplace Relations. Is the minister aware of recent OECD comments about the government’s workplace relations reforms? What impediments are there to the implementation of the government’s reforms, and are there any alternative policies?

Mr ABBOTT—I should, in responding to the member for Deakin’s excellent question, acknowledge that the task of change and modernisation is always a work in progress, and it is always in part an unfinished business. It is important to occasionally take stock of what has been achieved if only to encourage the Australian people to understand that reform does matter and reform does work. The OECD has just ranked Australia as one of the world’s top performing
economies. It had this to say about workplace relations reform:

Less adversarial labour relations and greater flexibility are likely to have encouraged innovation, and to have facilitated greater acceptance of new work practices, organisational procedures and modern technologies, and thus contributed to the observed acceleration in productivity in Australia over the past ten years or so.

One of the great achievements of the last decade is the fact that labour productivity has accelerated from two per cent a year in the years of centralised wage fixing to three per cent a year now under the government’s enterprise bargaining arrangements. The OECD paid Australia a compliment when it said: Today the level of disputes in Australia is only around one-sixth of what it was 20 years ago when Australia was one of the most strike prone countries in the OECD.

These beneficial results of more jobs, higher pay and fewer strikes have not happened by accident. They have happened because successive governments have had the guts to take hard decisions rather than wallow in cheap populism. The former Labor government started the process and it was, of course, supported by the then opposition. The current government have continued the process and, sadly, we have invariably been frustrated by the current opposition. Reform must continue and the OECD has specified some of the necessary further steps. The OECD has said that we must simplify awards. Unfortunately, the opposition has said that it is going to block the government’s award simplification bill. The OECD says that we must contain the damage from industrial disputes. The ALP has just voted against the government’s bill to ensure secret ballots before protected strikes. The OECD says that we must limit disincentives to hiring and, again, the opposition has just voted against the government’s fair dismissal legislation.

As the OECD has recognised, thanks to reform over the last decade and a half, Australia is a stronger economy and a better society. That is thanks in part to former Labor leaders. Unfortunately, it is no thanks to the current Labor leadership, which seems to have adopted the member for Werriwa’s dictum that oppositions can afford to be irresponsible. I very much fear that the workers and people of Australia might ultimately pay a very high price for an opposition leadership which is addicted to scare campaigns.

**Business: Executive Remuneration**

Mr McMULLAN (2.44 p.m.)—My question is to the Treasurer. I refer the Treasurer to the AAP table, published in a number of newspapers, of massive golden handshakes in recent years. Treasurer, don’t the handouts included in this table amount to payments of $168 million? Treasurer, can you confirm that companies making these excessive and obscene corporate golden handshakes claim these payments as an expense and receive a 30 per cent tax deduction for them? Treasurer, doesn’t this mean that companies have received $50 million in tax deductions for making these excessive payments?

Mr COSTELLO—Obviously, I cannot confirm that table because I have not seen it. In relation to the conduct of any business, any business that has an expense is entitled to deduct that expense against its profit.

Mr McMullan—Not all of it.

The SPEAKER—The member for Fraser has asked his question.

Mr McMullan interjecting—

The SPEAKER—The member for Fraser now chooses to defy the chair.

Mr COSTELLO—Australian taxation law provides that expenses which are necessarily incurred in the course of conducting a business are deductible and companies are taxed on their profit. So the expenses that a company has—whether they be in the nature of outgoings such as leases, power, light, maintenance or whether they be in the nature of salaries, which are expenses—which are necessarily incurred in the conduct of a business—

Ms Macklin interjecting—

The SPEAKER—The member for Jagajaga is warned!

Mr Bevis interjecting—

The SPEAKER—The member for Brisbane is warned!
Mr COSTELLO—As I was saying, outgoings necessarily incurred in the conduct of a business—whether they be in the nature of rent, light, power, maintenance, salaries or in relation to employees—are deductible from income. Taxable income is that income after the deduction of expenses—that is, tax is levied on profit, not on gross income.

Mr McMullan interjecting—

The SPEAKER—The member for Fraser is warned!

Mr COSTELLO—Tax is levied on gross income after expenses. In the hands of the person to whom the payment is made, if it is payment in the nature of income it is fully taxable in their hands, which means that it is taxable at the rate of 48½ per cent. If it were to be taxed in the hands of both the company and the individual, it would be taxable at 78½ per cent. In 13 years of Labor government, the Labor Party never proposed tax of 78½ per cent. But if the Labor Party does propose tax of 78½ per cent, I think it should say so publicly and make it clear. I can only assume the fact that it refuses to say so means that it tries to walk both sides of the street on this issue, as on other issues.

Mr Albanese interjecting—

The SPEAKER—The member for Grayndler is right about that.

Mr COSTELLO—I can only assume that the Labor Party tries to walk both sides of the street to rather give the impression that the Labor Party is committed to 100 per cent bulk-billing, but does it announce such a policy? Does it actually tell us how it would pay for such a policy? Let me make it clear: the AMA claimed increasing rebates would require a 50 per cent increase in the Medicare levy. The Labor Party would have you believe you could have 100 per cent bulk-billing, without telling you about the 50 per cent tax increase.

Ms Jackson interjecting—

The SPEAKER—The member for Hasluck is warned!

Mr COSTELLO—The Labor Party would like to have you believe that somehow it is against the deduction of employee expenses, without ever making the policy.

Ms O’Byrne interjecting—

The SPEAKER—The member for Bass is warned!

Mr COSTELLO—The way the Australian taxation law works—and it has worked in this way since income tax came in, right through the course of the last century and right through 13 years of Labor government—is that, where a business incurs an expense in the course of conducting that business, it is not taken into account in taxable income, because taxable income is on profit, which is income after expenses.

Trade: Government Policy

Mrs DE-ANNE KELLY (2.52 p.m.)—My question is to the Minister for Trade. Would the minister inform the House of the conclusions reached by the OECD on the...
government’s trade policy? What is the OECD’s view of a free trade agreement with the United States?

Mr VAILE—I thank the member for Dawson for her question and acknowledge the interest of Australian exporters, particularly the cane growers and sugar producers in her electorate of Dawson, in getting greater opportunities across the world. The government’s sound economic management has created an environment that has enabled our export sector to grow and strengthen. This has been firmly backed by the OECD report that was released recently. The OECD report firmly endorses the government’s ambitious trade agenda. It also backs the government’s trade policy of competitive liberalisation and supports the government’s reforms to open up the Australian economy. The OECD report also explicitly backs Australia’s commitment to negotiating a free trade agreement with the United States. It recognises that an FTA with the United States would be trade-creating, not trade-diverting. The report says:

The complete liberalisation of trade between these two countries, including agricultural products, would bring a net creation of global trade and economic benefits to both countries.

That is an endorsement by the OECD of the government’s policy position in terms of pursuing a free trade agreement with the United States. Of course it is in the interests of the member for Dawson—and all members, particularly those who represent rural constituencies like yours, Mr Speaker—that we pursue this negotiation with the United States. Just think of the advantage that Australian beef producers could have if we were able to expand our quota of 378,000 tonnes of beef into the United States. Just think of the benefit to the cane growers all along the eastern seaboard, and particularly in the member for Dawson’s electorate, if we could expand the quota for sugar into the United States—or the quota for cotton or dairy products.

Of course, we need to pursue this policy objective globally in the current environment. Increased access to markets would put money in the pockets of our farmers, particularly, as I say, those of the cane growers in the seat of Dawson and other seats for which sugar is a particular interest in terms of their agricultural pursuits. We will continue to pursue our bilateral trade agenda, which will enhance our multilateral trade objectives at the same time, a fact also recognised by the OECD report when it said, ‘This agreement should form a base for continued progress in multilateral trade liberalisation.’ The OECD report clearly endorses our view that bilateral negotiations and pursuits add momentum and value to what we are pursuing multilaterally. It states that the government’s trade policies have brought significant gains to the Australian economy, and we obviously agree with that. We will continue to pursue strongly our trade policy agenda, including our pursuit of bilateral negotiations and agreements—particularly those currently under way with the United States and Thailand—because we believe that they will bring benefits to all Australians and are particularly in the national interest.

I now go to the report’s most important quote with regard to the Australian economy, which is the quote I gave yesterday. Right at the start of the assessment of the Australian economy by the OECD, it states:

Doggled pursuit of structural reforms across a very broad front, and prudent macroeconomic policies firmly set in a medium-term framework, have combined to make the Australian economy one of the best performers in the OECD, and also one notably resilient to shocks, both internal and external.

That ‘doggled pursuit of structural reforms’ has needed to be dogged because it has been undertaken, every inch of the way, in the face of opposition from the Australian Labor Party. They have not wanted us to make the Australian economy stronger and more resilient. We are going to continue our reform process, whether or not the Australian Labor Party will support it, because it is in Australia’s national interest.

Retirement Age

Mr SWAN (2.57 p.m.)—My question is directed to the Treasurer. Treasurer, are you aware of recent comments from the Treasury head, Ken Henry, arguing that Australians should work longer? Should Australians believe that it is merely coincidence that your
Treasurer’s views are identical to those in leaked department of finance policy papers and in a Centrelink submission, both of which argue for a lift in the retirement age? Treasurer, with the three arms of your government softening up the electorate for a lift in the retirement age, will you also give your support to the Prime Minister, who has today announced his intention to work past his 65th birthday?

Mr COSTELLO—I thank the honourable member for Lilley for his question. We always admire his sense of humour on this side of the House. In fact, when I was a kid I used to watch Al Jolson movies, and Al Jolson had a song which reminds me of the member for Lilley. He used to go, ‘Swanee, Swanee, how I loves ya, how I loves ya.’

Mr Leo McLeay interjecting—

The SPEAKER—The member for Watson is warned!

Mr COSTELLO—Every time I look at him and I read of those who brief the press off the record—those that are in the ABC club but not in the BBB club—I think to myself, ‘Swanee, how I loves ya, how I loves ya.’ From our point of view, you would be a very welcome addition to the bar table over here—as the Leader of the Opposition studiously tries to ignore what is being said! Why should he be interested in the ABC club—Anybody But Crean?

Ms O’Byrne—Mr, Speaker, I rise on a point of order going to standing order 145 relating to relevance. Whilst I am some way away from my own retirement, perhaps we could—

The SPEAKER—The member for Bass will resume her seat. The Treasurer has the call. I think one might reasonably observe that the question was asked tongue-in-cheek and is being responded to.

Mr COSTELLO—Having said all that, let me say this: they ask if I am aware of Ken Henry’s comments—as it turns out, I am not. They ask if Ken Henry actually has some secret control over Centrelink or the department of finance—alas, that is not the case. I have always found, as the Treasurer, that the Treasury influence is grossly overstated. If you knew them like I do, you would know that they are sensible, warm human beings down there in the Treasury. They are always anxious to give out money, in my experience, and it is the spending departments that restrain them on a regular basis. If you could get rid of those spending departments, you would see what warm, genuine guys they are down at Treasury, and you would love them the way that I do.

Economy: Manufacturing

Dr SOUTHCOTT (3.01 p.m.)—My question is addressed to the Minister for Industry, Tourism and Resources. Would the minister inform the House of the current state and outlook for the Australian manufacturing sector? What contribution is this sector making to the strength of the Australian economy and how does this compare to past performance?

Mr IAN MACFARLANE—I thank the member for Boothby for his question. I know he takes a vital interest in industry in his electorate, particularly the growing fortunes of Mitsubishi. Manufacturing does, of course, play a very vital part in Australia’s economy, contributing some $76 billion to the GDP in 2001-02. That is a 15 per cent increase over the last six years. This outstanding performance is not only contributing to the strength of the economy but, of course, creating jobs for Australians. It is worth noting that the OECD has praised ‘the government’s commitment to reform’—and it went on to describe the Australian economy as ‘one of the best performers in the OECD’. Despite drought, bushfires and possible war with Iraq, the latest Yellow Pages Small Business Index reported a strong rise in business confidence amongst small and medium sized enterprises, proving once again just how resilient these businesses are.

As the minister for agriculture knows, agriculture and mining continue to contribute in a significant way to our economic growth. What we have seen, of course, is a surge in high-tech manufactured goods, which is broadening Australia’s economic base. We should also note the December quarter ABS capital expenditure survey, which showed capital expenditure in the manufacturing sector increasing by some 20 per cent on the
year before. Employment in the manufacturing sector grew by 4.7 per cent between November 2002 and 2003, creating some 51,000 jobs. The AIG PricewaterhouseCoopers Performance of Manufacturing Index further reinforces this employment growth, showing a strengthening in January, most manufacturing industry sectors reporting higher production levels during that month. Of course, last year was an all-time record for our automotive sector—and I know that the Minister for Trade and I are not slow to state that, but I think it is something that this government has certainly paid serious attention to. We have seen January and February sales up by some 3.7 per cent on last year.

All of this is in very stark contrast to the years of Labor, for part of which the member for Hotham, now the Leader of the Opposition, was the employment minister. In their last six years in office, Labor presided over a loss of about 100,000 jobs in the manufacturing sector. Remember that I said we saw 15 per cent growth in the manufacturing sector in the last six years—it is interesting that under Labor it was one per cent a year, which is barely a third.

Labor’s close alliance with the AMWU is continuing to see damage done to the manufacturing sector in Victoria. It is having a damaging impact on the Saizeriya project, which was originally to be a five-stage $1.8 billion project. It is now 18 months behind schedule, and they will only complete stage 1. Manufacturing continues to grow under this government, with its strong support and with the strong economic base this government has created.

Business: Executive Remuneration

Mr McMULLAN (3.05 p.m.)—My question is to the Treasurer, in his own capacity and in his capacity representing the Minister for Finance and Administration. Treasurer, given the government’s view that executive payouts are a matter to be controlled by shareholders, what measures has the government, as majority shareholder of Telstra, taken to ensure that Telstra executives and board members have not been promised—or entered into arrangements which will result in—excessive golden handshakes? Can the Treasurer guarantee that Telstra has engaged in none of the arrangements which have contributed to the recent notorious executive excessive payments, such as fixed term contracts for senior executives and options schemes for executives and non-executive directors?

Mr COSTELLO—The government obviously has a say in the appointment of the directors of Telstra, as you would expect, as a shareholder. I believe that the appointments which we have made to that board have been good ones. Certainly, nobody has brought to my attention—certainly the Labor Party has not brought to my attention—that they think any of those directors is ill equipped to be a director. If the Labor Party were to do that, of course, we would consider it.

Having put those directors in place, the directors themselves have entered into arrangements on behalf of the company for remuneration. I do not personally vet those contracts, nor would it be my responsibility to do so. We as shareholders have responsibility in relation to the directors, and we allow the directors to set the remuneration policy.

Mr Stephen Smith—You haven’t even asked. Have you asked them?

The SPEAKER—I warn the member for Perth!

Mr COSTELLO—If the Labor Party or anyone else believe that any of those arrangements that have been entered into are improper in some particular way, we will be very happy to receive evidence and we will draw it to the attention of the directors.

Immigration: Asylum Seekers

Mr DUTTON (3.07 p.m.)—My question is addressed to the Minister for Immigration and Multicultural and Indigenous Affairs. Would the minister advise whether there has been a downturn in applications for asylum in Australia? How does this compare with experience overseas?

Mr RUDDOCK—I thank the honourable member for Dickson for the question he has asked. Yesterday I mentioned to the House that the OECD had assessed Australia as having an immigration program par excellence, and the fact is that, of course, in relation to the way in which we have been able
to deal with questions of onshore asylum claims, that has led to a standout result in terms of what is happening around the world. The fact is—and I say this very deliberately—that the number of claims for 2002 as against 2001 has come down by some 50 per cent. That is a reduction from something in the order of 12,000 onshore claims, as against 6,000 for this recent year. The early indications are that that trend is continuing.

What do I think that reflects? I can say that what it does reflect is successful government policy. What it demonstrates very clearly is that we have been able to send a very clear message, not only to smugglers who were responsible for part of the cohort but also to others thinking of using the asylum system to obtain migration outcomes, that they will not be rewarded for doing so. If you look at the measures that have had a substantial impact, you have to include our detention policy, our capacity to work with source countries and countries of first asylum and the excision arrangements that we put in place so that the successful Pacific solution that others are thinking of modelling their arrangements on would also be able to work.

Of course, it has also brought a number of benefits to Australians generally. What are those benefits? The first is that it has led to significant savings in processing costs. There has been a dramatic reduction in the number of people, particularly children—a group which I know is of interest to members of this House—who are detained. It has certainly ensured that the asylum system is less abused and, most importantly for those who are interested in refugees, it has meant that we have the capacity now to help those who are at greatest risk, particularly in Africa and the Middle East. I make that point very deliberately because this year we have a program that will enable 12,000 refugees and special humanitarian entrants to be actually visaed as part of the offshore program.

What can you compare this with? The fact is that, if you look at the international experience, consistently asylum applications have been rising. For instance, in the United Kingdom this year they have 110,000 applications, an increase of 25 per cent. If you look at the revised budget in the United Kingdom, to put it in perspective, it is now costing them something in the order of $A4.6 billion to process and manage that very large number of asylum seekers. If you look at the United Kingdom, last year they had 54,000 failed asylum seekers, and yet the Home Office figures demonstrate that only 13,000 were removed. But that stands in comparison to a recent study by the US Department of Justice, with figures from their audit office which showed that only three per cent of non-detained asylum seekers are removed from the United States of America.

So what we have is the standout result around the world amongst developed countries. Central to that has been our detention policy, something that I note the Labor Party from time to time hints that it would like to unwind. Our policies have been effective, and we have been able to demonstrate to those who would want to abuse Australia's hospitality that we are not vulnerable to those sorts of efforts.

Business: Executive Remuneration

Mr McMULLAN (3.13 p.m.)—My question is to the Treasurer, and it follows from his last answer. Is it the government’s view that excessive corporate golden handshakes should be a matter of active interest to shareholders, or should shareholders take a hands-off attitude and leave the matter to the directors?

Mr COSTELLO—Can I say, in relation to a company, that the money of a company belongs to the shareholders—it does not belong to the government and it does not belong to taxpayers: it belongs to the shareholders. Certainly, from our point of view, we believe that shareholders have to be vigilant in relation to their own money and in relation to the directors and the way they manage the company. Can I say in passing, I noticed that the former chairman of the AMP, Stan Wallis, announced yesterday that he would not be cashing his termination benefits, and we think that is a fine example. We believe that is an example of somebody who has shown leadership in rela-
tion to that matter. I am sure the shareholders and, I think, the general community recognise the way in which he did that and the fact that that was in the public interest.

The way in which company law operates is that a person who invests in a company—and nobody is forced to invest in a company; people choose whether or not they are going to invest in particular companies—gets a right to determine the directors. The directors set the remuneration. The law requires the disclosure of the remuneration of the top five executives. I believe the Australian Stock Exchange is about to release listing rules which will heighten the requirements to actually disclose. This government believes that the Australian Securities and Investment Commission should be given the power to issue infringement notices where there is failure in relation to disclosure. If they want to contest it, they can take it off to a court, but they will be able to do that on the spot, which we think will heighten the disclosure.

I have indicated before that the government believes that the appointments it has made to the Telstra board are people of due diligence, that they have been conducting their duties properly. If the Labor Party believes that there is evidence that they have not—

Mr Martin Ferguson—Have you forgotten about Telstra?

The SPEAKER—The member for Batman!

Mr Martin Ferguson—All you wanted to do was talk about it last year when you wanted to sell it.

Mr Adams interjecting—

The SPEAKER—The member for Lyons is warned! The member for Batman will excuse himself from the House. He has persistently interjected.

The member for Batman then left the chamber.

The SPEAKER—The Treasurer has the call.

Mr COSTELLO—we would be happy to receive the information.

Howard Government: Welfare Reform

Mr BALDWIN (3.16 p.m.)—My question is addressed to the Minister for Children and Youth Affairs. Would the minister outline to the House the findings of the OECD Economic Survey of Australia 2003 in regard to our social security system? What does the report say about the government’s welfare reform process?

Mr ANTHONY—I would like to thank the member for Paterson for his question. He is an excellent member. Yesterday and today the Treasurer and other ministers have been outlining to the House the OECD’s great report card on the Australian economy. I am also pleased to report to the House that the OECD has found Australia’s social security safety net to be very comprehensive and generous. The report said that the degree of net distribution to the poorest 30 per cent is higher than many other industrialised countries. The lowest 30 per cent of the population by household income receive 58 per cent of the social security payments—the highest among the 13 countries in the sample. It also noted that Australia is well placed, relative to other OECD countries, to meet the challenges of an ageing society.

However, the report identified, as the government has, that the current system can be improved and that we need to reduce the disincentives in that welfare-to-work transition. That is why the coalition government is committed to welfare reform. Unlike the ALP, who have turned their back on these people who are at risk of being welfare dependent, this government is tackling the hard issues and pursuing welfare reform. Indeed, the OECD recognises that the government is on the right track and it is full of praise. I would like to explain to the House a couple of things that we have done to assist these people through our Australians Working Together package. The first is our personal support programs, where we have invested $154 million over the next four years to assist 45,000 people. Our Transition to Work program particularly assists women and more mature-aged people who have been out of the work force for a long time to get back into the work force. Not to mention the 400 new personal advisers at Centrelink who are, again, trying to better profile people who may be at risk of long-term welfare dependency.
But at the moment there is a bill sitting in the Senate, the AWT bill, which, if not passed by the opposition, will have some dire consequences—that is, 2.6 million people on income support will not receive financial incentives to take up paid work through Working Credit; 18,000 people will be denied literacy and numeracy skills which are critical for them in training and to re-enter the work force; and 50,000 mature-aged students and partner allowance recipients will also be denied those opportunities. That is all because of opposition from the Labor Party. The OECD report also provided some support to the government, particularly in our effort for DSP reform:

... the Government has also undertaken initiatives to improve the work capacity of people with disability and to tighten the eligibility requirements for Disability Support Pension, to slow the large flow of people into this programme; a revised Disability Reform Bill, addressing this last issue, was unfortunately recently rejected by the Senate. That came from the OECD. Why is it that the rest of the world can see that what this government is trying to do is the right thing but the Labor Party are constantly opposed to it? The answer is simple: they are opposed for opposition’s sake.

I would like to remind the House why we need to have this DSP reform. Ten years ago we had 300,000 people on DSP; today that figure is 650,000 and climbing. We know that people who end up on DSP very rarely get off it. They languish on DSP until they reach pension age. This government is about focusing on ability, not disability, and it is about time those opposite started to do the right thing and support this bill. Thankfully, there are some opposite who will support this bill. I know we have a very colourful character over there, the one who loves cab drivers—that is, the member for Werriwa. I would like to quote what he said:

Something also needs to be done about the outrageous growth in the Disability Support Pension ... The DSP needs to be overhauled and mutual responsibility policies applied to all those with a genuine capacity for work.

That was a quote from 26 July 1999. Even the member for Lilley, ‘the head of the ABC’, has said:

Solutions must be found to the growth in DSP in order to ensure people with disabilities have the fullest opportunity available to reach their potential and make their contribution.

That was your submission to the welfare reform group back in 2000. It is absolutely hypocritical for the opposition to be advocating these critical reforms. We are putting them up and of course they are opposing them. They are hypocritical; they say one thing and do the other. You have got a chance: tomorrow that bill comes back in. You can support the AWT bill, which is all about doing the right thing for people.

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

QUESTIONS WITHOUT NOTICE: ADDITIONAL ANSWERS

Medicare: Bulk-Billing

Mr Howard (Bennelong—Prime Minister) (3.22 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—The member for Isaacs asked me about the position of somebody who came from Tarneit. I indicated that the factual basis of the question was inaccurate because we do not intend in any way to bulk-bill—

Mr Swan—We know that!

Mr Howard—We do not intend in any way to means test bulk-billing. I have had some examination done, and I understand that Tarneit is near Hoppers Crossing, near Werribee. I understand that it is divided between the electorates of Burke and Lalor—

Mr Melham—Lalor!

Mr Howard—Lalor, I am sorry. I am just a humble Sydneysider. If my pronunciation is not up to scratch, I apologise.

The Speaker—That was not an invitation to the member for Banks.

Mr Howard—I further understand that the electorate of Burke has a bulk-billing rate of 67.2 per cent, and the electorate of Lalor...
has a bulk-billing rate of 82 per cent. I think the relevance of that is that the lady obviously comes from an area where current bulk-billing rates are already quite high. What is more, and I want to make it clear in a generic way to her and to anybody else who may be in our position, any new measures that this government introduces will make it more likely that there will be even greater availability of bulk-billing for people like her than there is at present.

QUESTIONS TO THE SPEAKER

Questions on Notice

Mr DANBY (3.24 p.m.)—Mr Speaker, under standing order 150, will you write to the Treasurer asking him to answer my questions No. 1237 and No. 1264 of 11 December, the thrust of which was raised on Foreign Correspondent last night?

The SPEAKER—I will follow up the matter raised by the member for Melbourne Ports as the standing orders provide.

AUDITOR-GENERAL’S REPORTS

Report Nos 31 and 32 of 2002-03

The SPEAKER—I present the Auditor-General’s audit reports Nos 31 and 32 of 2002-03 entitled Performance audit: Retention of military personnel, Follow-up audit—Department of Defence, and Business support process audit: The Senate order for departmental and agency contracts (Spring 2002 compliance).

Ordered that the reports be printed.

PAPERS

Mr ABBOTT (Warringah—Leader of the House) (3.25 p.m.)—Papers are tabled as listed in the schedule circulated to honourable members earlier today. Details of the papers will be recorded in the Votes and Proceedings. I move:

That the House take note of the following paper:
National Health and Medical Research Council—Strategic Plan 2000-2003

Debate (on motion by Mr Swan) adjourned.

MATTERS OF PUBLIC IMPORTANCE

Howard Government: Economic Policy

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

The government’s economic mismanagement in addicting Australia to record levels of debt. 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—

Dr EMERSON (Rankin) (3.26 p.m.)—Through its economic mismanagement, the Howard government has addicted Australia to debt. The Howard government’s economic mismanagement has set six shameful records for Australia: record foreign debt, a record current account deficit, a record trade deficit, a record household debt level, record credit card debt and, today, record low household savings which in fact have gone negative. Foreign debt has reached $354 billion, almost double the figure when the Treasurer in opposition rolled out his famous debt truck.

We are now looking everywhere for that debt truck, and we will find it. We will find the debt truck: the debt truck can park, but it cannot hide. The Treasurer wants us to believe that Labor debt is bad debt but Liberal debt is good debt. After he launched his debt truck he told the parliament:

... There is really only one factor that one need get one’s mind—

Tories speak like this—‘one need’, ‘one’s mind’—around when thinking about the legacy of debt that this government has built up.

That is, he said that net debt had reached $180 billion. He said:

The rest of the statistics are essentially designed by the government to obscure its failure in relation to foreign debt.

In the 12 years of the reckless financial mismanagement of this Prime Minister (Mr Keating) ... this country’s debt ... has gone ... to $180 billion.
He described foreign debt as a ‘monkey on the back of the Australian economy’, and he continued:

Australia today is staggering under the load of foreign debt.

Foreign debt has now gone to $354 billion. It has almost doubled. The record foreign debt is being fed by a record current account deficit which in turn is being fed by a record trade deficit. The current account deficit has been revealed today in the national accounts figures as hitting 6.2 per cent of gross domestic product. That is a very alarming level by anyone’s standards. The trade deficit that is feeding the current account deficit that is feeding into the debt is now the 14th trade deficit in succession. For 14 months in a row we have had a trade deficit. The government says, ‘That’s not our fault.’ It is blaming the drought, but the drought cannot be and is not responsible for a trade deficit going back 14 months.

Australia must be experiencing its first ever retrospective drought, because the government would have you believe that the drought was affecting exports from this country 14 months ago. The drought only started to affect rural exports in the last few months, not 14 months ago. I do not recall the government talking about good seasonal conditions when there were trade surpluses. It took all the credit. It said, ‘This is a golden age of productivity growth. This is a golden age for Australia, as we have these trade surpluses.’ But, when we get 14 successive trade deficits, the government says, ‘It is not our fault; it is the drought.’

Then they say the slowdown in world trade, in economic conditions, is responsible for the trade deficit. Australia’s exports are now going through their worst slump in 50 years. But when we look at this argument, that it is a slowdown in global economic conditions, have a look at the dominant market for Australian exports—that is, East Asia. Last year East Asia grew by nearly seven per cent. That is very strong growth, but our exports to East Asia fell by five per cent last year. The truth is that our exports to East Asia have taken a hammering from the government’s provocative language about being deputy sheriff to the United States in the region. That language and that sentiment are still alive and well in the government’s recently released white paper on foreign affairs and trade. The government identifies its role for Australia in the region as ‘managing US-China relations’. So the deputy sheriff sentiment is alive and well in this government and it is not helped at all when the Prime Minister talks about pre-emptive strikes against possible terrorist attacks from East Asian trading partners.

The Minister for Trade, who is here for the debate, has welcomed Australia’s record trade deficit as a sign of investor confidence. In fact, when we had a record deficit of $3 billion in December, he said:

The December 2002 International Trade in Goods and Services data released today signals investor confidence in the future growth of the Australian economy.

He must be the only minister in Australia’s history who welcomes trade deficits. I suppose that if the trade deficit were to double that would indicate a doubling of investor confidence in the Australian economy. He is like the character from The Life of Brian, the affable fool who goes around singing at the end, hanging off the crucifix:

Always look on the bright side of life.

That is our trade minister. He is hanging from the crucifix, always looking on the bright side of life.

That is our trade minister. He is hanging from the crucifix, always looking on the bright side of life—when we have a trade deficit of $3 billion, a record current account deficit that has just hit 6.2 per cent of GDP and foreign debt of $354 billion. He is always looking on the bright side of life. Instead, he should come into this parliament and use the opportunity today to apologise to the parliament. He should take the Prime Minister’s advice. When in opposition, John Howard said:

The Prime Minister (Mr Keating) does not have the decency to come into the parliament today and apologise to the people of Australia for the worst trade deficit in the history of this nation.

Well, we have just recorded the worst trade deficit in the history of the nation.

Mr Zahra—Apologise!

Dr Emerson—Instead of an apology we have got him hanging from the crucifix saying, ‘Always look on the bright side of
Here is your opportunity, minister. You can use this opportunity to apologise to the people of Australia through this parliament for the worst ever trade deficit. But I suspect he will not.

Because the government has addicted Australia to debt, it is giving away Australia’s economic sovereignty. The Prime Minister and the Treasurer were red hot about this when they were in opposition. The Prime Minister said:

I do not walk proud and tall in the world when I know that my country’s foreign debt has gone to $180,000 million...

What your Prime Minister has done in the last 12 years has been to more trade in and denude this country of real sovereignty than any constitutional set-up could possibly do. You have handed this country over to the foreign bankers of the world...

Over the last 12 years the Australian economy has been progressively handed over to the bankers of the world. A Prime Minister who boasts about the importance of national independence has done more to pawn our real independence than any Prime Minister in Australia’s history.

That was John Howard when he was the opposition leader and when debt was $180 billion. He has almost doubled it to $354 billion. So if anyone has given away this country to the foreign bankers of the world, and denude this country of real sovereignty than any constitutional set-up could possibly do. You have handed this country over to the foreign bankers of the world...

Mr Zahra—That is a woeful effort.

Dr EMERSON—By his own favoured measure, he said that, under Labor, foreign debt was $10,000 per person. What is it now, by the Treasurer’s favoured measure? It is $18,000 per person. So this government has mortgaged the country’s future. There are no two ways of looking at it: it has addicted Australia to debt. It has almost doubled foreign debt, it has more than doubled household debt and it has trebled credit card debt. This is all part of its shameful six records.

Mr Zahra—It is an epidemic.

The DEPUTY SPEAKER (Hon. I.R. Causley)—The member for McMillan has already been warned. He is on thin ice.

Dr EMERSON—Australians are spending but they are not saving. The household savings ratio today went negative—Australians are dissaving. The Leader of the Opposition pointed out in question time today what the Prime Minister had to say about this savings ratio, that it indicated that Australians were struggling to make ends meet. Now, for the first time in this nation’s history, Australians’ saving has gone negative. Household debt is now a staggering 129 per cent of household income. Household debt is much bigger than household income under this government. This government has mortgaged the nation’s future. Australians cannot afford to save. They cannot afford to save when they face the high cost of health care in this country, the decline in bulk-billing and very expensive medical costs. They cannot afford to save when they face the high cost of education. And they cannot afford to save when they are confronted with the highest taxing government in Australia’s history: the Howard-Costello government.

Australian families are living off the credit card and as a consequence Australia is living off the credit card. Australia’s credit card shows $354 billion of debt. This government is discouraging savings. One of the great
reforms of the Hawke-Keating era that we celebrate today is superannuation for the many, not just for the few. Labor boosted national savings but the Liberals have always believed in superannuation for the privileged few and not for the many. Though they voted against Labor’s superannuation guarantee in 1992, Labor’s plan got up against the opposition of the Liberals. But one of the first acts of the Howard-Costello government, to their eternal shame, was to cancel Labor’s co-contribution to superannuation. So we are now back to superannuation for the few, not for the many. That is their philosophy. They have brought into this parliament a bill to provide extra superannuation tax concessions for millionaire couples. Not only that, they want foreign company executives to enjoy foreign income, tax free. And they will not act against the obscene salary packages of company executives that we have heard about here in the parliament today and yesterday, but they want to make share option plans tax deductible. Why? Because they want to give Australian taxpayers ‘an opportunity to contribute’. That is the new term for a tax from the Liberals: ‘an opportunity to contribute’ to the bloated share packages of executives, including foreign company executives. This government is not acting in Australia’s national interest; it is acting in the interests of foreigners and it is acting in the interests of the privileged few. It is failing to invest in Australia’s future.

Today’s productivity growth is tomorrow’s jobs and tomorrow’s living standards. But productivity is actually falling. Tucked away in this white paper on Australia’s foreign and trade policy called *Advancing the national interest*—what rubbish—at page 135 there is a little-noticed graph which shows that for the first time in many years Australian productivity is no longer growing but falling. That is because this government is failing to invest in the nation’s future. It cut the Export Market Development Grants Scheme. It cut the R&D tax concession. It has starved the universities of funding. It is squandering the benefits of Labor’s economic and social reforms that led to this surge in productivity, this yield from productivity in future incomes and future jobs. At the very time that it is squandering the economic record of the previous Labor government, it is tearing away at the social wage, it is tearing away at Medicare, it is tearing away at public education and it is tearing away at superannuation.

This government is taking Australia down the low road. It is taking us down the road of low skills and low wages. Do you know that in the last three years only 700 middle-income jobs have been created but 462,000 low-income jobs have been created? Down the low road we go with this government. On the 20th anniversary of the commencement of the Hawke government, I stand tall and proud of its economic and social reforms. We celebrate those reforms today. This government should be ashamed of its legacy of debt after seven years—its sick, shameful record of debt. I stand here proud to be a member of the Australian Labor Party, which in government will take the high road to high skills, to high wages, to high-quality work and to a decent standard of living for all Australians and not just the privileged few. I stand here proud to be a member of the Australian Labor Party, which in government will build a modern nation, a just nation. The Australian Labor Party will bring Australians together in a triumph of hope over fear, will give all young people the opportunity of a decent education and will give all Australians an economic future and affordable health care. It will be a nation that regains its future, which has been so miserably mortgaged by the economic mismanagement of this miserable, divisive government. *(Time expired)*

**Mr VAILE** (Lyne—Minister for Trade) *(3.42 p.m.)*—I rise to speak on the matter of public importance. It was interesting to note that the member for Rankin just put on the public record his proud stature as a member of the Labor Party, a Labor Party that gave Australians the highest level of public sector debt and mismanagement during the concluding years of their reign in office. We all remember the $96 billion of debt that they lumped Australian taxpayers with after 13 years. It was the legacy of Labor in office. The member for Rankin is proud to attach himself to the $96 billion worth of public sector debt that was generating a great encumbrance on the Australian economy and
the taxpayers of Australia in having to serve that debt. That was incurred over about five budgets in the course of particularly the Keating government, which undertook a fairly extensive privatisation program. I might add that as the opposition of the day supported it because we believed it was important for the Australian economy that they privatised the Commonwealth bank twice, Qantas, CSL and a number of other government owned instrumentalities. But did they use that money to pay off debt? Did they use that money to reduce the level of indebtedness that the taxpayers of Australia had to service? No, they did not. They went on a drunken spending binge with that money and at the same time racked up a heap of public sector debt. They ran indebtedness up to $96 billion.

We came to 1996 and the people of Australia decided that this country needed a change of direction and a change of government. What were we confronted with? We were confronted with $96 billion worth of public sector debt. We need to focus our minds on what exactly the responsibility of government is on behalf of the taxpayers of Australia in terms of the level of public sector debt that we have to service out of the revenues that are collected by the Commonwealth every year. When we took office in 1996, the legacy of the Labor Keating government was $96 billion worth of debt that the taxpayers of Australia had to pay interest on every year. We also had the double whammy at the time of having a much lower credit rating internationally than we enjoy today. That meant that the cost of servicing that debt, that impost on the taxpayers of Australia, was much higher than it is now.

What has happened? What have we done? That is the legacy that the member for Rankin is very proud to be a part of, and he has just told this parliament that that is where he is going to take Australia back to. He is going to take Australia back to the high road to high public sector debt. He wants to consign the $5 billion we have made in PDI savings back into servicing debt so that they can go on a spending spree again, like the Hawke and Keating governments did over their 13 years in office. Australians remember that. They remember what the Labor Party did in office: they went on a drunken binge, spending the proceeds of privatisation and at the same time borrowing money to go on a spending binge to try and keep themselves in office. It was left to a conservative government elected in 1996 to fix up the problem.

Mr Deputy Speaker, as you and all Australians know, we have been very diligent and, as the OECD report indicated, we have been dogged in our determination to address in a policy sense the structural deficiencies that the Australian Labor Party in office left in Australia in 1996. We are proud of that record. We have continued a process of privatisation. We have continued to produce budget surpluses, which has not been easy. We thank the people of Australia for helping us do that. We thank the people of Australia for helping us implement policies that are sound in a macro- and micro-economic sense, because those policies have seen the debt that belongs to the taxpayers of Australia reduced from $96 billion to about $36 billion. The statistics are quite compelling. General government debt has fallen from around 19 per cent of GDP in 1995-96, the last year the Labor Party was in office, to five per cent in 2001-02. Debt has fallen from 19 per cent to five per cent of GDP today. Do you know what the OECD average is? This is the average of the developed countries of the world that belong to the OECD. The OECD average is 45 per cent and Australia’s debt is five per cent.

What does that mean to average taxpayers? It means that we have saved every year almost $5 billion in interest that would have been paid servicing that debt. Without raising any new taxes while we have been in office—in fact, in reducing the impact of tax in Australia in the seven years we have been in office—we have another $5 billion, which was being spent servicing that debt, to spend on much needed programs across Australia. Through prudent management of the economy and sound fiscal policy, we have clawed back $5 billion a year that was being wasted by Labor servicing the debt that they ran up in that drunken binge in the early nineties. We have clawed that back. We now have that back in our budget to spend on much needed
programs—like Roads to Recovery—which are benefiting Australia and making Australia much more efficient and competitive on the global stage.

In his comments, the member for Rankin referred to exports. It is interesting to note that, in 1996, Australia exported $99 billion worth of goods and services. Last year Australia exported around $152 billion worth of goods and services. He referred to private sector debt and to how the servicing of that is a percentage of exports. In September 1990, under Keating, it was 20 per cent of exports. Under the Howard government in December 2002, it was only 8.7 per cent, so it is at a much more affordable level. The economy has grown. We have had fantastic growth in the economy. We have had significant growth in exports during our term in office, from $99 billion worth of exports in 1996 to about $152 billion worth last year.

We need to focus on the reality. We need to focus on the responsibility of a Commonwealth government to manage the economy on behalf of the taxpayers of Australia and on the legacy that subsequent governments leave the taxpayers of Australia. I put to the House that we have done an outstanding job of reducing public sector debt from $96 billion to $36 billion in just seven years by using every cent we have reaped on behalf of the taxpayers through privatisation of government assets for reducing debt. We have continued to produce budget surpluses during that time. Those budget surpluses go towards reducing that debt. We did that instead of going out and raising taxes like the Labor Party did during 13 years in office. We all remember the lies told to the Australian people in the 1993 election campaign about having no new taxes. You were there, Mr Deputy Speaker. We remember when the excise on fuel went through the roof and tax cuts were promised that were never delivered. We remember the Labor Party in office in those days. Instead of doing that to strengthen our budget position, we have retired the public sector debt that the Labor Party ran up in a drunken binge through the nineties. In the last seven years, we have regained about $5 billion that we are now able to spend on programs.

If the member for Rankin ever aspires to be the trade minister or the industry minister representing the Australian people, he ought to be a bit more positive and a bit more prepared to talk up the book of Australia instead of talking it down. When he is overseas, he politicises his position. We saw the reporting from China. He ought to represent the interests of Australia instead of just the base interests of the Australian Labor Party. That is a hallmark of the Australian Labor Party. They are not interested in the Australian public; they are not interested in the national interests of this country; they are interested only in the base interests of the Australian Labor Party.

I commented earlier in this debate on the importance of Australia’s credit rating, because that goes to the cost of servicing public and private sector debt. On 17 February this year, Standard and Poor’s upgraded Australia’s credit rating. Australia now holds a AAA credit rating for the first time since 1986. During their rule, Labor presided over a diminution of our credit rating. Australia’s credit rating was downgraded twice while the ALP were in government: on 2 December 1986 and on 26 June 1989. Standard and Poor’s upgrade applies to Australia’s foreign currency borrowing. Foreign lenders may look at Australia’s sovereign credit rating when assessing the risk of lending to state governments and to Australian companies; therefore, these borrowers may benefit from the lower interest rates that will result from the upgrade.

We should ask ourselves: why was it upgraded? It was upgraded because the international community recognises the inherent strength of the Australian economy today compared to where it was seven years ago. We need to recognise that fact. We have strengthened Australia’s credit rating and we have dramatically increased Australia’s exports from $99 billion to $152 billion. Imagine where we would be today if we were still lagging behind the rest of the world with the level of exports at $99 billion, as it was under the Labor regime. We have improved our credit rating dramatically. We have been upgraded to a AAA credit rating, which makes it certain that, regardless of
who the borrower is in Australia, they will get a much better level of interest rate. We have reduced public sector debt and saved ourselves about $4.95 billion in PDI payments into the bargain.

The other issue that the member for Rankin raised in his comments was household debt. It is interesting to note some of the comments about household debt. At around 6.5 per cent, household mortgage rates remain at very low levels. We all remember when the rates were way up past 10 per cent under the Australian Labor Party. That was the burden that you placed on Australian household debt. Those rates are much more affordable. Household interest payments in the December quarter of 2002 were 5.7 per cent of disposable income—well below the 10.7 per cent peak in 1990 under the Australian Labor Party.

**Dr Emerson**—What about your apology?

**The DEPUTY SPEAKER (Hon. I.R. Causley)**—Order! The member for Rankin was heard in silence. I have reminded him on four occasions.

**Mr VAILE**—I am happy to stand here and be proud of what we have achieved in terms of our international standing and the strength of the Australian economy. Go and argue it out with the OECD. It was a glowing report that was released by the OECD this week, and it indicates that the dogged determination of this government to implement a reform process over the last seven years has delivered significant benefits to Australia.

**Dr Emerson interjecting**—

**The DEPUTY SPEAKER**—Order! The member for Rankin is warned!

**Mr VAILE**—The member for Rankin spoke about our balance of trade. I will pick up on one point from those December figures. There were nearly $1.5 billion worth of imported Qantas planes in that figure—

**Dr Emerson interjecting**—

**The DEPUTY SPEAKER**—Order! The member for Rankin will remove himself from the chamber under the provisions of standing order 304A.

**The member for Rankin then left the chamber.**

**Ms JACKSON (Hasluck)** (3.57 p.m.)—What an extraordinary contribution from the Minister for Trade this afternoon! It seems to me that he thinks that if he shouts somehow his words will have more meaning. I am pleased to speak on this matter of public importance this afternoon and proud to endorse the comments of the member for Rankin. This government has well and truly distinguished itself when it comes to imposing record levels of debt on the Australian people. The government’s gift to the nation is a record foreign debt level, a record current account deficit and a record trade deficit—its 14th in succession. The deficits totalling $12.7 billion are gifts that I am sure the people of Australia wished they had never received. The government engages in doublespeak on this issue. It is more than happy to accept the credit for any surpluses but it continues to blame someone or something else for its deficits and its debt.

The government tried to blame the drought but failed to acknowledge that Australia’s non-agricultural exports have fallen in the last 12 months. It tried to blame the international climate and the economic slow-down but failed to acknowledge that Australia’s merchandise exports to East Asia, our dominant market, have fallen by five per cent in the last 12 months when the region has grown by nearly seven per cent. The time for excuses is over. It is about time the government got serious and addressed the issues. By its neglectful industry policy and its failure to continue Labor’s program to diversify Australia’s export base, the government has left Australia’s still largely primary industry
based export earnings vulnerable to bad seasonal conditions and fluctuations in primary commodity prices.

This neglect has been compounded by the government’s cuts to the Export Market Development Grants Scheme and the R&D tax concessions. This has exposed its failure to invest in new skills and high-value export industries, with growth in exports of sophisticated manufactured goods slumping by 60 per cent. ABS figures show the effect that the government’s lack of commitment to the manufacturing industry is having. A survey of the manufacturing industry found that industry value added—that is, value of gross product—fell by $1.9 billion in 2000-01. There have been 55,000 jobs lost in the manufacturing industry since 1996—10,000 of them in 2000-01.

What happened to the 200,000 jobs in manufacturing that the government promised to create at the 1996 election? With merchandise exports to East Asia having suffered badly in the last year falling by 3.7 per cent, much greater than the 1.1 per cent slide in Australia’s exports to the rest of the world, the government need to re-engage with Asia instead of pursuing a trade deal that would give favoured access to US exporters at the expense of Asian trading partners. Keeping in mind how this government like to reinvent history, I will take this opportunity to remind them of one very important historical fact. These figures represent the biggest slump in exports since the mid-1950s and the worst trade deficit in history—a historical fact the government cannot change.

The issue I really want to address in the time that I have available this afternoon is that this government has addicted the Australian economy to debt. Look at our domestic situation. The debt burden on Australian families is putting enormous pressure on those families. Household debt has doubled. The average household now owes $82,000—another record for the Howard government. Credit card debt has tripled to $22 billion. In January the Reserve Bank of Australia transaction card figure showed that the Australian credit card debt again hit record levels with total debts soaring to $22.371 billion in November 2002, an increase of $417 million in just one month. Other statistical records broken in November were that the average credit card debt for Australians reached $2,321 and that the average credit limit for consumers hit $6,664. These figures indicate that Australian consumers are increasing their exposure levels to personal debt month after month. In four years, credit card debt has increased as a proportion of household debt by 35 per cent, from 3.7 per cent in June 1998 to five per cent in June 2002. When will this government take the lead to ensure that credit card debt is brought under control to take the pressure off ordinary Australian families?

It is not just family debt, but HECS debts that we now see for students. Student debt has hit a staggering $9 billion. It has more than doubled under the Howard government. The latest higher education triennium report reveals that student debt will soar by more than $1 billion this financial year and reach $9.057 billion compared to $3.958 billion in 1995-96. These figures show that students are being forced to prop up the university system because of the Howard government’s massive cuts—some $5.1 billion since coming to office. The Howard government has looked to students and their families to make up the missing billions. Student contributions under HECS have jumped 85 per cent since 1996, and student fees and charges now account for over a third of universities’ incomes.

On the issue of family debt, how could we possibly forget that Australian families now owe nearly $600 million to the government in family tax benefit debts and over 670,000 families owe an average debt of $850? John Howard’s family payments system is a disaster. Last year one-third of families in my electorate of Hasluck ended up with debts averaging $750 because the family payments system is too complicated. They owed nearly $5 million to the government. They are continuing to suffer as a result of the Howard government’s bungling of the family tax and child-care benefit system schemes.

The Commonwealth Ombudsman’s report released last week reflects the concerns of families in my electorate and the unfairness of the system that forces you into debt for
receiving your due entitlement whilst keeping Centrelink fully informed of any changes to your income. I will read the comments from just one of my constituents, Peta Harben from Gosnells, about the family tax benefit debt. She writes:

WHO IS RESPONSIBLE FOR THIS DEBT
All aspects of this debt are out of my control. I was advised by Centrelink staff to use this system, because of the varying situations affecting my Child Support payments....
I acted upon Centrelink advise.
I am not the person avoiding Child Support responsibilities.
I am not the person giving the figures to Centrelink (Child Support does).
I am not the person at Centrelink processing these figures and issuing adjusted Family Tax Benefit notices.
I AM THE PERSON BEING MADE TO PAY.
She goes on to say:
There was no warning that a debt could be incurred.
I was not aware of any possibility that a debt could be incurred or that one was incurring. I have never received any advise from Centrelink about the possibility of incurring a debt. I have never read any information brochure letter, etc advising of any possibility of incurring a debt.
There is a lack of information provided by Centrelink—
and by this government. There was a seven-month delay in her being advised of having incurred that debt. She writes:
When you receive a debt you knew nothing about and have absolutely no control over, a debt that has already been in place for 6 months and the next one is on the way, and this could be the pattern for how ever many years that your children are in the Child Support age bracket and you can do nothing about it as every circumstance surrounding this debt is out of your control, what hope is there.
I say to the government: if you are going to have a family assistance program, then families need to be confident that the system is there to assist them and not to plunge them into debt. It is a fiasco: you play by the rules and you still get punished. The system is a debt trap, especially for those people on low incomes.

It is not just that debt burden that is putting families under financial pressure. Under John Howard, Australians are paying more tax than they ever have before. The last seven years have been the seven highest tax years in Australian history—another record. Australians have had one tax cut in seven years, and that came with the GST. Frankly, the tax cut is long gone but we still have the GST. Australian families are saving less and are paying record bank fees. Total bank fees have doubled since 1997 and, of course, buying a home has become much harder for the average Australian. It now takes many years to pay off a mortgage. I have been told by some of my colleagues that the Minister for Trade used to be an auctioneer in a former life, so I would like to put this MPI in terms that he will understand: going once—a record trade deficit; going twice—a record current account deficit; and let me call it a third time—a record household debt. What do I say? Australia is sold to foreign interests.

Mr NAIRN (Eden-Monaro) (4.07 p.m.)—This so-called matter of public importance is simply an attempt to take the focus away from the many positive things that are being said about Australia’s economy at the moment. I will remind the House of some of those matters. The OECD reported this week: what did it say about the Australian economy? The OECD said it was ‘one of the best performers in the OECD’. It also said that it was an economy ‘notably resilient to internal and external shocks’. So who is right? Is the OECD right, or is the member for Rankin correct? After hearing the member for Rankin, do you think that anybody with any sort of credibility would say that the member for Rankin is more correct than the OECD? It is an absolute joke.
and what the member for Rankin is on about has absolutely no credibility at all.

Let us remind ourselves about what has happened with Australia’s credit rating. It was during the Labor years that Australia’s credit rating was knocked down. Look at Moody’s. In 1981, we had a AAA credit rating. In 1986, during the Hawke government, it was downgraded to AA1. Then, in 1989, still under the Hawke Labor government—and 1989 was getting near some pretty dodgy economic figures if people recall—it was downgraded again to AA2. But, under the Howard government in 2002, it was upgraded back to AAA, from where it fell back in 1986. In 1981, under the Fraser government, Standard and Poor’s gave Australia a AAA rating. In 1986, it was downgraded to AA+. In 1989, it was again downgraded to AA. Then, under the Howard government in 1999, it was upgraded to AA+ and then, in the last week or so, it was upgraded back to AAA. That is what the international organisations have been saying about Australia’s economy. But the Labor Party comes in here with some spurious so-called matter of public importance to say, ‘Oh no, it is the end of the world as we know it.’ I leave it to the people to decide whether they want to believe the OECD, Moody’s, and Standard and Poor’s or whether they want to believe the poor old member for Rankin.

Let us talk about some of the aspects that he was on about with foreign debt. The Labor Party are pretty good at getting down to little processes of things. Everything that they do is all about process. There is very little substance when they make accusations. They throw figures around, but they never really analyse what it is that they are about. So let us look at the foreign debt. I think at no stage did either the member for Rankin or the member for Hasluck say anything about what makes up foreign debt. If you listened to what they said, you could be forgiven for believing that the foreign debt that they were talking about is all the government’s debt. But it is not. At no stage did they talk about government debt as opposed to private debt. Foreign debt is made up of public and private debt. Governments—the Australian government, the state governments et cetera—have debt, and private companies have debt. So the foreign debt figures that Labor throw around are a combination of both government and private debt. In 1996, the percentage of foreign debt which belonged to the government was 17.2 per cent. Therefore, the percentage that belonged to the private sector was 82.8 per cent. In 2002, of this foreign debt that they are very worried about, the government percentage was four per cent and the private percentage of foreign debt was 96 per cent. So the percentage of this debt that is the responsibility of government has fallen under the Howard government from 17.2 per cent to four per cent.

The other thing that Labor does not talk about is the servicing. The way the Labor Party talks, it is like saying that somebody who has an income of $30,000 a year and a $1,000 a month mortgage should be compared with somebody who might earn $100,000 a year and have a $1,500 a month mortgage. Clearly, the person on $100,000 is far better placed to service a $1,500 a month mortgage than a person on $20,000 or $30,000 a year who is trying to pay out $1,000 a month. But do they talk in those terms and get down to the reality of these sorts of debts? No. They just use a figure and say, ‘That is bad.’

This is an aspect that I feel quite strongly about, because I would be one of the few people in this House—there are certainly not many on the other side; there would probably be a few on this side—who has had some experience out there in the private sector in having to deal with debt and with borrowing for capital reasons, to expand a business and make it more profitable. That is something that I was doing in my business in the late 1980s and early 1990s. We were certainly trying to expand our business and we were borrowing money, but at huge interest rates. The highest interest rate I remember paying on my business loan was 22½ per cent. That was while the average person was paying 17 per cent on their housing mortgage. They are the things that affect people, not these sort of global figures that the Labor Party throw around. That is what has changed since the days of the Labor Party. Now we see households being able to borrow money at 6½ per
cent—that is the mortgage rate. It is slightly different to the 17 per cent that they were paying back in the early 1990s. The sort of business that I was in would probably be borrowing from the banks today at around eight or nine per cent, whereas back then it was paying 22.5 per cent.

Many private enterprises are borrowing at the moment. There is great confidence in the business community now because they can borrow; they can put money into capital development. That money is then being used to grow their business and to earn. The responsible thing that we as a government have done is reduce the amount of debt that we have. Look at the debt that the ALP racked up during their last five budgets, taking government debt from about $19 billion to $90 billion. Effectively, they were borrowing that money and then spending it on groceries. It was a bit like somebody selling off their boat and then using that money to buy their groceries rather than reduce their mortgage. That is exactly what the Labor Party did year after year. They sold off assets and used that money not to reduce debt but on social welfare, defence or whatever. So government borrowing, in that sense, is not good for the economy. The private sector borrow money because they want to grow and enlarge their business and earn some money out of it, which they then probably pay tax on. So it has to be looked at it in those terms, which the Labor Party have not done.

There really is no matter of public importance. What is of public importance is that Australians understand that this government has paid off $60 billion of Labor debt, it has created 1.2 million jobs and it has interest rates down to 6.5 per cent. According to the OECD, Australia’s is one of the best performing economies in the world. (Time expired)

The DEPUTY SPEAKER (Hon. I.R. Causley)—The discussion has concluded.

IRAQ

Mr WINDSOR (New England) (4.17 p.m.)—I move:

That so much of the standing and sessional orders be suspended as would prevent me from moving that the House:

(1) deplores the Government’s denial of a vote on the commitment of Australian Defence Forces to war in Iraq in the absence of UN endorsement;

(2) acknowledge that the US Congress and UK House of Commons have debated and voted on the question of their country’s involvement in military action against Iraq;

(3) acknowledge the urgency of clarifying Australia’s role with a vote of Parliament in light of suggestions today the US and Britain will attack Iraq within the next two weeks with or without the support of the permanent members of the UN Security Council;

(4) supports the statement of UN General Assembly President Jan Kavan that all political and diplomatic means be exhausted to avoid a military conflict in Iraq; and

(5) immediately consider Government Business order of the day Number 46 and that the question be put forthwith.

This is a very important issue that this parliament debated for a number of weeks before returning to—

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (4.18 p.m.)—I move:

That the member be not further heard.

Question put.

The House divided. [4.23 p.m.]

(Time expired)

The DEPUTY SPEAKER (Hon. I.R. Causley)—The discussion has concluded.

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. Elson, K.S.
Dutton, P.C. Entsch, W.G.
Forrest, J.A. Farmer, P.F.
Gash, J. Gambaro, T.
Georgiou, P.

Noes

Anderson, J.D.
Anthony, L.J.
Baird, B.G.
Barresi, P.A.
Billson, B.F.
Bishop, J.I.
Cadman, A.G.
Charles, R.E.
Cobb, J.K.
Draper, P.
Elson, K.S.
Farmer, P.F.
Gambaro, T.
Georgiou, P.
Mr ANDREN (Calare) (4.28 p.m.)—I second the motion by the member for New England. This House must vote on this illegal war. It—

Mr ABBOTT (Warringah—Leader of the House) (4.28 p.m.)—I move:

That the member be not further heard.

Question put.

The House divided. [4.30 p.m.]

(The Deputy Speaker—Hon. I.R. Causley)

**AYES**

Abbott, A.J.  
Andrews, K.J.  
Bailey, F.E.  
Baldwin, R.C.  
Bartlett, K.J.  
Bishop, B.K.  
Brough, M.T.  
Cameron, R.A.  
Ciobo, S.M.  
Downer, A.J.G.  
Dutton, P.C.  
Entsch, W.G.  
Forrest, J.A.  
Gamboro, T.  
Georgiou, P.  
Hardgrave, G.D.  
Hawker, D.P.M.  
Hull, K.E.  
Johnson, M.A.  
Kelly, D.M.  
King, P.E.  
Lindsay, P.J.  
May, M.A.  
McGauran, P.J.  
Nairn, G. R.  
Neville, P.C.  
Pearce, C.J.  
Pyne, C.  
Ruddock, P.M.  
Scott, B.C.  
Slipper, P.N.  
Somlyay, A.M.  
Stone, S.N.  
Ticehurst, K.V.  
Truss, W.E.  
Vailer, M.A.J.  
Wakelin, B.H.  
Williams, D.R.  

**NOES**

Adams, D.G.H.  
Andren, P.J.  
Bevis, A.R.  
Burke, A.E.  
Corcoran, A.K.  
Danby, M. *  
Ellis, A.L.  
Ferguson, L.D.T.  
Fitzgibbon, J.A.  
Gibbons, S.W.  
Grierson, S.J.  
Hall, J.G.  
Hoare, K.J.  
Jackson, S.M.  
Kerr, D.J.C.  
Latham, M.W.  
Macklin, J.L.  
McFarlane, J.S.  
Melham, D.  
Murphy, J.P.  
O’Connor, G.M.  
Organ, M.  
Price, L.R.S.  
Ripoll, B.F.  
Rudd, K.M.  
Sciacca, C.A.  
Sidebottom, P.S.  
Snowdon, W.E.  
Tanner, L.  
Vamvakion, M.  

* denotes teller

Question agreed to.

Windsor, A.H.C.  
Zahra, C.J.
Question agreed to.

The DEPUTY SPEAKER (Hon. I.R. Causley)—The question now is that the motion moved by the member for New England be agreed to.

Question negatived.

BILLS RETURNED FROM THE SENATE

The following bill was returned from the Senate without amendment or request:

Taxation Laws Amendment Bill (No. 6) 2002

FAMILY AND COMMUNITY SERVICES LEGISLATION AMENDMENT BILL 2002

Report from Main Committee

Bill returned from Main Committee with amendments, appropriation message having been reported; certified copy of the bill and schedule of amendments presented.

Ordered that this bill be considered forthwith.

Main Committee’s amendments—

(1) Schedule 1, item 5, page 6 (lines 6 to 9), omit the item.

(2) Schedule 1, items 51 to 55, page 21 (line 5) to page 22 (line 30), omit the items.

(3) Schedule 1, items 57 and 58, page 22 (line 33) to page 23 (line 15), omit the items.

(4) Schedule 1, item 60, page 23 (lines 18 to 31), omit the item.

Question agreed to.

Bill, as amended, agreed to.

Third Reading

Mr ENTSCH (Leichhardt—Parliamen-tary Secretary to the Minister for Industry, Tourism and Resources) (4.33 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

COMMITTEES

Public Accounts and Audit Committee

Report

Mr CHARLES (La Trobe) (4.33 p.m.)—On behalf of the Joint Committee of Public Accounts and Audit, I present the following report: Report 394—Review of Australia’s quarantine function.

Ordered that the report be printed.

Mr CHARLES—by leave—The report I have just tabled presents the committee’s review of Australia’s quarantine function. The review arose from the committee’s statutory obligation to review reports of the Auditor-General—namely, Audit Report No. 47 of 2000-01, Managing for quarantine effectiveness, which was tabled in June 2001.

Besides the audit findings, the government provided in the 2001-02 budget almost $600
million over four years to strengthen Australia’s defence against the introduction of exotic pests and diseases. This followed the foot-and-mouth disease outbreak in the United Kingdom in February 2001. The committee has therefore sought to reassure the parliament on two issues: firstly, that the Auditor-General’s recommendations have been carried through; and, secondly, that the additional funds allocated to the quarantine function are being well spent.

In general, the committee believes that Australia’s quarantine function is in good shape and that the additional funding is being appropriately used. It is not possible for Australia to adopt a zero risk stance as regards quarantine, so from time to time there will be incursions of exotic pests and diseases. The committee believes Australia is well placed to meet those threats. However, the committee has found some gaps and areas where enhancement is warranted. Evidence to the inquiry has revealed a significant gap in border protection as regards the potential for exotic biofouling organisms to enter Australia on the hulls of foreign vessels. The committee believes that biofouling organisms on foreign vessels is primarily a quarantine matter and has recommended that in northern Australia, where the threat is greatest, the activities of the Northern Australia Quarantine Strategy group should be expanded to meet the threat. The committee considers that the Quarantine Act should be amended so that biofouling organisms fall within the legislation. The committee has recommended that the relevant agencies identify areas and introduce procedures whereby vessels posing a quarantine risk can be routinely, expeditiously and safely disposed of.

The committee has reviewed the quarantine preparedness measures under the NAQS program and taken evidence on Australia’s ability to meet the threat of exotic pests and diseases. The committee believes that Australia is well prepared to meet existing and future quarantine threats, especially those emanating from the north. Notwithstanding these comments, the committee received evidence of a long-term decline in the level of scientific expertise available in Australia which might be needed to assist in identifying disease incursions. The committee is concerned at this decline. The creation of a critical mass of expertise often requires a significant lead time, beginning with university undergraduate courses. While the committee did not take any detailed evidence regarding how to build up scientific expertise, it supports any practical moves to address this weakness.

The committee has reviewed Australia’s appropriate level of protection, and in particular whether the ALOP needs to be more precisely defined. The committee does not consider greater definition is warranted. A more quantitative ALOP would invite debate and legal challenge as to whether quarantine measures for particular imports were consistent with the ALOP. There is little by way of precedent provided by previous dispute cases before the WTO, so altering Australia’s ALOP would needlessly increase uncertainty. Evidence received by the committee is that Australia is no longer at the forefront regarding import risk analysis and has in this respect slipped behind New Zealand and the United States of America. The committee believes, therefore, it is time to revisit the recommendation of the 1996 Nairn quarantine review that a centre of excellence be established to undertake risk analysis research.

A problem with the import risk analysis process identified by the Auditor-General and confirmed by the committee is that there is a significant backlog in dealing with applications to import commodities. A contributing factor is that Australia is vulnerable to a wide range of exotic pests and diseases. Nevertheless, evidence indicated that the backlog was leading to a degree of frustration expressed by some of Australia’s trading partners. The committee believes that it would be reasonable for applicants to have to wait no longer than six months before consideration of their application was commenced, and has recommended that additional resources be provided to allow this to be achieved.

I will turn to current and projected free trade negotiations. The committee notes that there has been no credible indication that
Representatives

Australia is likely to trade off its current position on quarantine. However, the committee emphasises that determination of quarantine measures based on scientific assessment and risk analysis should not be compromised to facilitate free trade agreements.

During the inquiry, the committee conducted extensive inspections of Australia’s quarantine border operations. The committee was impressed with the enthusiasm, professionalism and performance of those officers it met and the strategy in northern Australia of involving Indigenous peoples in quarantine activities. During its inspection of the Sydney Mail Exchange, the committee saw various goods, such as vacuum packed bratwurst sausages and plant material, that had been seized from international mail items. These had been detected by the X-ray operators. The sensitivity of the quarantine detector dogs was also demonstrated when a packet of seeds in an airmail letter sent from Europe was detected during the committee’s visit. Indeed, the committee experienced at first-hand quarantine in action when it returned from its Torres Strait inspection visit. To his embarrassment, the inquiry secretary, Dr Carter, was bailed up by a beagle—his bag had contained several oranges some days before.

The committee also took the opportunity to inspect the new Customs container X-ray facility in Melbourne. This facility is expected to X-ray some 100 containers a day and is able to detect items such as illegal hand guns, drugs and plant material, including contraband cigarettes. The committee notes that in December 2002 this facility identified some 3.8 million cigarettes secreted in a consignment of radio headphones.

In conclusion, I would like to express the committee’s appreciation to those people who contributed to the inquiry by preparing submissions and giving evidence at the public hearing. AFFA was particularly cooperative in shadowing the evidence which was being received by the committee and addressing issues as they emerged, as well as responding to the committee’s queries. I also wish to thank the members of the sectional committee involved for their time and dedication in conducting this important inquiry. I also thank the secretariat staff: the previous secretary to the committee, Dr Margot Kerley; the inquiry secretary, Dr John Carter; research staff, Ms Mary Kate Jurcevic; and administrative staff, Ms Maria Pappas. I commend the report to the House.

Members’ Interests Committee Report

Mr Haase (Kalgoorlie) (4.41 p.m.)—In accordance with standing order 329, on behalf of the Committee of Members’ Interests, I present the report on the operations of the committee for 2002, together with the minutes of proceedings.

Ordered that the report be printed.

Bills Referred to Main Committee

Mr McArthur (Corangamite) (4.42 p.m.)—by leave—I move:

That the following bills be referred to the Main Committee for further consideration:

Appropriation Bill (No. 3) 2002-2003
Appropriation Bill (No. 4) 2002-2003

Question agreed to.

Business Rearrangement

Mr Hockey (North Sydney—Minister for Small Business and Tourism) (4.42 p.m.)—I move:

That notice No. 1, government business, be postponed until a later hour this day.

Question agreed to.

Workplace Relations Amendment (Protecting the Low Paid) Bill 2003

Second Reading

Ms Corcoran (Isaacs) (4.43 p.m.)—Before question time intervened, I was making the point that, at the same time as the Workplace Relations Amendment (Protecting the Low Paid) Bill 2003 is before the parliament, we have a number of highly paid executives getting some seriously large redundancy payouts. There seems to be some sort of conflict which the government is not prepared to do anything about, but it is quite happy to have a go at those on low incomes.
This bill is just another attempt by this government to hit those who cannot always look after themselves. We already have the example of the Pharmaceutical Benefits Scheme bill, which is an attempt to cover up embarrassing budget problems by demanding a big increase in pharmaceuticals, which of course is a regressive payment because it affects those on low incomes far more than it affects anybody else. We also see problems with bulk-billing and access to doctors, which is another burden that falls heaviest on the low-income earner. Despite what was said in question time today, this already is a problem and does hit low-income families.

If passed, this bill will adversely affect many low-paid workers whilst others in the community will be handsomely rewarded for basically failing in their jobs. It has been pointed out to me that those workers targeted by this bill would have to work for some 1,500 years to earn the sort of money some redundant executives are receiving. On behalf of all the low-income earners in my electorate of Isaacs, I support the amendment moved here today and I most strenuously oppose the bill.

Mr LATHAM (Werriwa) (4.45 p.m.)—
The Workplace Relations Amendment (Protecting the Low Paid) Bill 2003 is part of Minister Abbott’s obsession with cutting wage rates for the lowest paid Australians. The bill proposes that the Industrial Relations Commission must consider the effect of increases in minimum wages on unemployment and not price the low paid out of jobs. That is its stated intention. The award safety net is to be positioned at the lower paid segment of the labour market. The repositioning downwards is designed to give a greater incentive for higher skilled employees employed on award rates to engage in bargaining by cutting off or curtailing automatic wage increases. In intent, basically this is a bill to deregulate the labour market at the lowest paid end, a bill to drive down wage rates for the working poor in Australia.

The minister’s mentor B.A. Santamaria must be rolling in his grave. Who would have thought that the National Civic Council would ever produce a wage-cutting industrial relations minister? The NCC once said that it needed to take over the Australian trade union movement to save the low paid from communism. But now we have a minister who wants to take over the Industrial Relations Commission to crucify the low paid. That is the savage intent of Minister Abbott’s legislation. I look forward to his speech in Washington—footnoted, of course—in 10 years time admitting that he got it wrong. The minister has been known to bring forward his mea culpa in recent times—not saying it in the text of his speech but in the all too clever device of a footnote.

The minister, in fact, has had more backflips than Greg Louganis. He used to be the hard man of the parliament, saying that he wanted to be a junkyard dog ripping and tearing at the ALP, but now he is the marshmallow of the parliament trying to remake his image. The junkyard dog has become a French poodle. The minister backflips every second Thursday on the question of tax credits. He has a new position on the tax credits issue every second Thursday, normally on the front page of the Australian, courtesy of Dennis Shanahan.

He has made other backflips. In May 1990, he supported a reduction in Asian immigration, and he wrote:

Opposition to Asian immigration is not necessarily either racist or unreasonable.

But now, of course, courtesy of that footnote in Washington, he has repented for this racist policy. He used to be opposed to multiculturalism. But, if we are to believe the footnote in Washington, he is now an advocate of this policy position. He is going to have to rewrite all those speeches condemning elites on questions of immigration and multiculturalism. A further backflip by Minister Abbott occurred during the 1999 republic referendum, when he said that people could not trust their politicians or their representatives. But now, of course, he bobs up as Leader of the House of Representatives. These are the backflips of a minister who has absolutely no consistency in his public life.

Another backflip by Minister Abbott appeared in the Australian of 13 June 1984. He wrote:

As time went by it seemed to me the real issues were not so much political but spiritual. The im-
important arena was not parliament, the economy or the strategic balance but the human heart. The great qualities were not ambition, ability or eloquence but love.

Unfortunately, there is not much love in this bill for poorly paid Australians. There is not much love in this legislation for the working poor in this country. It is an attempt to cut their wages to deregulate the lower end of the labour market. It is part of the backflip. There was a minister who, before he got into parliament in June 1984, was writing about the importance of the human heart and about the importance of love, but he has lost his love for the working poor in this country. These are the backflips of a minister who is without consistency or credibility.

There have been more backflips than Greg Louganis, which begs the question: what next? A Tony Abbott who supports the Australian republic, a Tony Abbott who supports Aboriginal reconciliation, a Tony Abbott who supports an open-door refugee policy? In his speeches, he is always talking about the three Rs, but these days the only Rs in his life are ‘reverse’ and ‘repent’—normally via a footnote in Washington. Down at the seminary the minister used to be a repeat offender, but here in the House he is a reverse offender. We on this side of the House can only urge upon him a new approach to industrial relations. If it is good enough for the minister to backflip on Asian immigration, on multiculturalism and on questions of the human heart and love, and good enough for the minister to backflip on his attitude to representative democracy, it is good enough to backflip on industrial relations. In fact, I would say that it is more important. If we are going to have compassion and decency in this place then we do need strong standards and a good floor of wages under the working poor in this country. In fact, we need to eliminate the problem of the working poor in the Australian economy.

We need a new approach to industrial relations. We need a strong floor under the wages system. We need a decent minimum wage. We need to embrace the approach that has been advocated by the ACTU in their living wage policy. There are so many compelling arguments for this approach. We need a gain sharing model for the open Australian economy. This is an important guarantee against economic insecurity, a guaranteed share of national economic growth for workers without internationally competitive skills. Productivity based wage bargaining and small safety net adjustments are not enough. In several parts of the non-traded economy, most notably the housing, construction and road transport sectors, it is difficult to extract labour productivity gains from work practices that have already reached international best practice. I will provide one example: the only way truck drivers transporting goods from Melbourne to Sydney can increase their productivity is to bend the law even further. It is not satisfactory for workers in industries such as these to be denied decent prospects of steady wage increases.

Even in a modernised economy, there remain industries in which it is hard to apply information technology and new discoveries to standard practices. When those industries have already reached international best practice, the room for productivity gains is limited. With the government’s laissez-faire enterprise bargaining system, there is no prospect of those workers sharing in national economic growth. They do not have a gain share model where those workers can pick up benefits and improve their living stan-
A system of industrial relations based solely on decentralised bargaining steadily aggravates the extent of income inequality and income insecurity. It widens the gap between high-skilled core workers and poorly paid part-time and casual workers. It makes it difficult for routine production and service workers to secure wage increases based on identified productivity gains. It tends to anchor these workers at or near minimum rates and reduces their earnings in real terms. Its interaction with the social security system can also take away the reward for work.

A particular problem with labour market deregulation strategies is the creation of poverty traps. Reduced real wages for the working poor can lead to disincentive problems in the interaction between the transfer payment and wage systems. Low minimum wage rates can act as a disincentive for people to seek work and move off unemployment support. It is estimated that the gap between minimum wages and unemployment payments in Australia has fallen from 36 per cent to 11 per cent since the mid-1970s. Further deregulation of the labour market and lower wage levels mean that poverty traps cannot be avoided, other than by also lowering the social safety net and level of income support. The Howard government’s support for individual employment contracts and decentralised bargaining and its advocacy of this legislation can only aggravate the poverty trap problem.

I have made the point in the past that Minister Abbott has something of a split personality in many respects, but here we have a split policy personality. As the minister responsible for workplace relations, he is in the business of industrial relations deregulation and driving down wages for the lowest paid Australians; yet, as the minister for employment, his publicity and rhetoric claim that he wants to take away the social security disincentive for people seeking employment. He is a minister who, on the one hand, is creating the problem of lower wages and heavier disincentives within the social security system and who, on the other hand, has made several attempts—at least in publicity in the *Australian* newspaper—to say he wants to do something about it. In fact, neither of the minister’s hands knows what the other is doing. That is his problem. He is a minister with a split personality and split policies in his ministerial responsibility.

We need to develop a gain sharing model that is consistent with sound macroeconomic objectives such as low inflation and passive monetary policy. The ACTU’s living wage submission should be seen as an important catalyst for this approach. It recognises the equity features of a minimum wage that is based on the living costs of active citizenship and participation in our society. In the new economy, sustained economic growth does not guarantee the benefits of a living wage and a fair distribution of national income for all. The industrial relations system needs a strong floor of adjustable minimum rates to achieve these goals.

We are getting precisely the wrong policy from the government. We have a government that is trying to deregulate the lower end of the labour market and drive down wages; what we should have is a strong floor of adjustable minimum rates to achieve equity goals. This requires the establishment of a two-stream wages system. The first stream relies on a productivity based bargaining approach for internationally competitive workers in the traded sector. The second stream entrenches a living wage system of gain sharing for the services sector. As national income growth increases on the back of international competitiveness, it is possible to ensure, through adjustments to the living or minimum wage, that the incomes of low-paid workers also grow. A dual wages system is essential if governments are to cope with the equity consequences of labour market segmentation in the new open Australian economy.

In orthodox economic theory, it has been argued that wage movements beyond gains and productivity effectively price workers out of jobs. I wish to challenge this orthodoxy. The real-wage overhang argument is not well suited to the labour market diversity of the new economy. Highly skilled knowledge workers, for instance, tend to be price setters in a labour market for which the price driven substitution of capital for labour is not
relevant. Capital and other factors of production are also limited as substitutes for labour in most service industries. In the new economy, only routine production workers are likely to act as price takers. In short, it is simply not appropriate to apply and assess the price of labour as one would assess the price of fish and chips—that is, as an exercise in supply, demand and equilibrium pricing. The modern labour market is highly segmented, with a wide range of pricing and employment possibilities. The old real-wage overhang argument has been made redundant by the massive changes in the Australian economy. The old argument—the argument the minister relies on—no longer applies. I recall even from my days at university the proposition which was often put that, if cutting wages were the answer, Bangladesh would be an economic paradise. There is a lot of economic commonsense that defies the argument that is now being advanced in this legislation.

Mr Hockey—You were cutting real wages. How do you explain that?

Mr Latham—The minister opposite makes the point that Labor was cutting real wages. The point of Labor’s reform was to establish a strong floor in the wages market. Labor’s reform was an equity initiative to ensure that the working poor always got a pay increase. If we could solve the problem of the working poor, we would. We latched onto a decent social wage, so Labor’s strategy was appropriate. It was appropriate because we opened the Australian economy, not you. We did the hard yards to make those reforms. It started 20 years ago today, proudly enough, with the election of the Hawke Labor government. Before that, you had John Howard as Treasurer ignoring all these potential reforms, getting rolled by Malcolm Fraser, basically giving up on fiscal discipline and pretty well giving up on the idea of economic reform. Twenty years ago today the reform program started, and it was the work of a Labor government. We opened up the economy, we internationalised it and we gave it a big productivity boost, but we also put in place equity measures—

Mr Hockey—So you believe cutting real wages was justified?

Mr Latham—I know the member for North Sydney would not know much about equity, but the equity measures are the decent wages system that has always protected the lowest-paid workers and, latched onto it, the stronger social wage, the universal Medicare system and the expansion of the education system and of child care—all the initiatives that gave Australians not only a decent floor under the minimum wage but a decent social wage with which to raise their families.

That is the Labor model, and the truth about that Labor model is that it is so successful that the Tories in their heart of hearts would love to chuck it out. They would love to chuck it out, but it has been so successful and so well accepted by the Australian people that they can only do it through backdoor means. That is the nature of the attack on Medicare and it is the nature of this legislation—trying to deregulate wages at the lower end of the labour market. The government can only do these things by the back door because, while we did the hard things in opening up the economy, they are still into preferment. Minister Hockey will get out there with his business mates and say, ‘We’ll slip you a little subsidy here; we’ll give you a bit of money here, a bit of preferment—a subsidy. We have to accept this internationalised Labor model because it is electorally successful, but basically we don’t believe in it. If we could give you some money on the side we would and, whenever we can, we do.’ That is the Joe Hockey approach to public policy—preferment and deals on the side with his mates.

Mr Hockey interjecting—

Mr Barresi—Mr Deputy Speaker, I rise on a point of order. I draw the member for Werriwa’s attention to standing order No. 80.

The Deputy Speaker—The member for Werriwa should be very careful and refer to members by their correct titles. The minister will assist the chair by not interjecting, and the member for Werriwa will ignore his interjections.
Mr LATHAM—The Labor model is the open internationalised economy, with competition for all and a strong minimum wage system latched onto a strong social wage. What is the alternative put forward by the member for North Sydney? We saw it during the collapse of HIH, where the minister did not want to step in and offend his friends. He did not want to offend Rodney Adler and all those shonky investors. He just let it go. He let it slide through, and that is why he got demoted.

Mr Hockey interjecting—

Mr LATHAM—Do not ask me; ask your Prime Minister. Ask your Prime Minister, who briefed Glenn Milne to say you had been demoted because of your failure to keep your eye on the HIH ball. The member for North Sydney got demoted after the last election because of that failure, and yet he has the hide to sit here and challenge the Labor model. Our model has integrity, competition for all—the thing that you do not believe in—an open economy, a decent wages system and a decent social wage.

The DEPUTY SPEAKER—I remind the member for Werriwa that the rules of engagement are that he refers his remarks through the chair. I again remind the minister that it would assist the chair if he ceased interjecting.

Mr LATHAM—Labor supports real wage increases, and we have always delivered them. We have always delivered increases. Not only have we delivered increases in productivity based bargains but, most importantly, we delivered a stronger minimum wage. That has always been Labor’s approach. That is why I am on this side of the chamber arguing against your lousy legislation. Through this legislation, you are in the business of deregulating through the IRC.

Mr Hockey interjecting—

Mr LATHAM—You are. You said it. You admitted that you are deregulating. What is your problem?

The DEPUTY SPEAKER—Order! I remind the member for Werriwa and the minister that this is not an opportunity for them to chat across the table.

Mr LATHAM—The minister can hardly suggest that Labor is the party for cutting wages, when I just said to him, ‘Are you in for deregulating at the lower end of the labour market?’ and he said, ‘Yes.’ And Hansard will record that, when I asked him that, the minister said yes. So, post-HIH, no wonder he is dazed and confused. He could not fix up the insurance industry; now he is in for labour market deregulation. I am sure the Prime Minister will be back on the phone to Glenn Milne with the same advice: ‘He is no good. I wish I could flick him altogether, but we have just demoted him and we will have to leave him at the lower end of the ministry.’

The proposition I have been putting—debunking not only the minister’s point of view but also the real wage overhang argument—is supported by recent research in the United States, showing that higher minimum wages in many parts of the labour market do not lead to the overpricing of labour and unemployment. Empirical studies by David Card and Alan Krueger at Princeton University have led to this conclusion: Minimum wage increases have not had the negative employment effects predicted by the textbook model. Some of the new evidence points toward a positive effect of the minimum wage on employment.

This is the point: in many service industries such as fast food outlets, restaurants and bars—things that the minister knows all about—it was found that a rise in the minimum wage can actually increase employment. At an enterprise level this type of employment tends to be relatively price inelastic.

Of course, a lot of my time has been eaten up destroying the arguments of the minister opposite. He did not have much credibility at the start of this debate, post-HIH, and at the end of this debate he has none. I can only wait for Glenn Milne on Monday. I was going to present some evidence produced by Professor Stephen Dowrick and John Quiggin, backing up the Card and Krueger evidence from the United States about minimum wages and what their positive impact can be on employment rates, but I understand that my friend and colleague the member for
Throsby covered some of this material earlier in the debate. I would only be reinforcing her points. The minister needs to look at the findings of Dowrick and Quiggan, Card and Krueger—names that he probably knows nothing about—to see that the evidence of a new approach to wages policy is there. That is an approach that the government should adopt, instead of the rubbish they are now putting forward.

Mr BARRESI (Deakin) (5.05 p.m.)—It gives me great pleasure to rise and speak about the Workplace Relations Amendment (Protecting the Low Paid) Bill 2003, which addresses the needs of the low paid. It also gives me pleasure to rise this week to speak about a bill which further demonstrates the credentials of this government with respect to labour market reform. I would like to remind the member for Werriwa and those members opposite who are at the moment rejoicing in some sort of 20th anniversary revisionist look at the ascent of Bob Hawke that, while there were some labour market reforms that took place during their time, they were introduced with the cooperation of an opposition that understood what labour market reform was about and certainly did not stand in their way. What we have today is an opposition that truly believe that their role is to oppose and oppose and oppose for the sake of being in opposition. They have been obstructionist all the way. This week’s OECD report highlighted the need for further labour market reform, and the only thing at the moment that is preventing that from taking place is an opposition that is beholden to their union mates, one that believes that their history needs to be celebrated and, more importantly, revised as every year goes by.

This bill further highlights the government’s commitment to govern for all Australians, not just for the silent few. It is one more government initiative to provide greater opportunities for all Australians, without resorting to the opposition’s strategy of bringing everyone down to the lowest common denominator. For some reason, the opposition believes that the only way forward is to make sure that those on higher income levels are controlled through legislation and brought back down a number of pegs. We have seen that in the amendment moved by the member for Barton, and we see it through other legislation, where the tall poppies—those who are willing to advance themselves and take hold of opportunities in the workplace—are brought down to the lowest common denominator.

As a starting point, it would be beneficial to identify the low paid. The term ‘low paid’ is already used broadly in the Workplace Relations Act. The Industrial Relations Commission has the ability to interpret the relevant section however it sees fit in its deliberations. When determining who the low paid are, the commission considers submissions from various parties and arrives at a final determination. This bill is for the 29,407 people in the electorate of Deakin whose income levels could theoretically classify them as low paid. This bill is about protecting their rights and the rights and needs of other Australians in similar situations. I expected the opposition to support this legislation, rather than declining to give it a second reading and coming up with an amendment that is an absolute furphy and has nothing to do with the bill at hand.

The bill we are debating today lays out quite specifically that the needs of the low paid need to be heard and addressed. What we find in any look at this bill is that we need to focus primarily on the award safety net and the capacity of the Australian Industrial Relations Commission to give the safety net more emphasis as it considers the needs of the low paid. The safety net, which consists of minimum rates of pay and conditions et cetera, has been a priority of this government since its election. You would be hard-pressed to believe that, sitting here and listening to the contributions from those on the other side. They believe that this government has not been concerned with those on lower incomes.

The term ‘Howard’s battlers’ really irks the opposition, as does the fact that those people brought us into government seven years ago and have, in essence, stuck with us throughout the intervening period. That really irks the opposition. They have a real chip on their shoulder about that. The only thing they can do is criticise what we are
doing, oppose and, as I said before, simply revise the history of this parliament and their party when they were in government.

The safety net comprising all these pay levels and conditions has been a priority of this government. The government’s commitment to the role that the safety net plays was reiterated in the 2001 policy statement ‘Choice and reward in a changing workplace’. It said:

The Liberal/National Coalition strongly believes in providing an effective safety net of minimum wages and conditions of employment that can be relied upon by low paid employees, whilst contributing to workplace bargaining above that safety net.

That was the policy statement in 2001, and it is a policy statement that the government intends to honour. It was one more policy statement that was out there for public scrutiny, and it highlights the vacuum of those on the other side, in that they do not have any policies at all for us to scrutinise.

A key component of this legislation is the new emphasis given to the Australian Industrial Relations Commission, in paying more attention to the impact of its decisions on low-paid employees. There should be no misunderstanding about why safety net and minimum conditions are legislated: it is to create a fairer work situation. The safety net and associated minimum conditions are merely a platform from which bargaining can be made. Furthermore, those employees being paid at safety net levels and award minimums will be able to take comfort in the knowledge that their livelihoods are protected.

This is in the shadow of the current situation. At present, safety net adjustments are being granted by the commission to middle- and high-income earners governed by an award. The opposition, by opposing this bill, is in fact ensuring that the current situation remains—that is, that the safety net adjustments do continue to be granted by the commission to middle- and high-income earners. This bill is trying to refocus the commission to consider the plight of low-income earners.

Low-income earners have not always been the beneficiaries of the commission’s safety net adjustments. For example, in 1998 the award classifications of C1b to C6, through the Metal, Engineering and Associated Industries Award, received $4 per week more than the lower award classifications. This translates to the employee at the top of the scale being paid $208 per annum more than the employee at the lowest paid classification. The award safety net increases over the last three years have resulted in a $35 per week increase for the higher award classification. Annualised, this equates to an increase of $1,820. Those at the top level, earning $980, should not be relying on award safety net increases for adjustments. It is those low-income earners who should be relying on those adjustments. The opposition, by opposing this bill, is perpetuating the current situation. Therefore, this bill returns the emphasis to the sliding scale of safety net adjustments made to the awards of low-income earners.

This bill is presented in a very interesting industrial relations climate. Real wage increases for the low paid have increased by seven per cent since this government came to power on 2 March 1996. The number of new jobs that have been created by this government has topped 1.2 million. On this side of the House, we recognise that more can be done. As I said earlier, real and tangible reforms are being thwarted by blatant opportunism in the Senate. Labour market reforms and budgetary measures from two budgets ago are being held up. Earlier today we divided for the umpteenth time on the Workplace Relations Amendment (Fair Dismissal) Bill 2002 [No. 2]. Countless bills and budgetary measures that the OECD has said would further enhance the excellent record of this government are being opposed by the opposition.

I find it disgraceful that we have an opposition that are putting the interests of low-income earners and the interests of the general public, the people of Australia, in jeopardy by simply pursuing their own personal agenda of hating everything that this government does and represents. I use the word ‘hating’, and I know it does not apply to everyone on the other side, but there are some over there who just hate everything that this
government does and represents. I find it a shame that that ideological battle is still there. Obviously, there will be policies that we disagree on, but there are policies that are good for this nation and that need to be supported. I would have thought that this is one such bill that the opposition need to support rather than oppose.

There are three primary mechanisms by which the bill seeks to focus the attention of the Industrial Relations Commission on the plight of low-income earners. All are contained in changes to section 88 of the Workplace Relations Act. The bill prescribes that, in its consideration of award safety nets, the commission shall primarily consider: firstly, the needs of the low paid, including their need for employment; secondly, the employment prospects of the unemployed; and, thirdly, the capacity of employers to meet increased labour costs. This demonstrates a far more holistic approach to the awards process. Put simply, awards are put in place to provide those who rely on them some protection. They are there for the low paid, first and foremost. Similarly, up until this bill, the commission did not consider the unemployed to be part of the low paid. This bill creates a situation whereby the employment prospects of the unemployed will be one of the factors to be addressed when it comes time to adjust the safety net. What could be fairer than that? I ask the opposition to consider that and look at the beneficial aspects of the bill and ensure that the plight of the unemployed is actually included in the commission’s considerations. The refocusing of the commission on the needs of the low paid could be construed as more of a cultural shift imposed by legislation. It may be worth while to address the key change imposed by this legislation, and I will expand on that in some detail a little later.

In essence, this amendment provides guidance on a number of factors that should be seen as important by the commission when they seek to adjust the safety net. The amendment ensures that the ongoing employment prospects of the low paid and low skilled will be at the forefront of award safety net adjustments. This is simple logic. The capacity for an employer to pay the added cost of wage increases brought about by award safety net increases creates a situation where it is hard to retain staff, let alone employ new staff. This consideration also augurs well for the prospects of the unemployed gaining employment. For example, should the commission decide to raise the safety net disproportionately or remain focused on middle- to high-income earners, economies of scale play a role. There is only so much of the business pie—the financial viability of a lot of employers—that can be carved up. If the commission creates a situation whereby the employers are directed to cut a larger piece of that pie, it could stretch the financial viability of a number of these organisations. The other thing which I believe may happen if the opposition rejected this bill and we went ahead with their amendment is that the reforms that have taken place so far—the workplace agreements scenarios and the certified agreements that we have—could in fact play a secondary role, because we would have a commission that would instruct businesses across the board to increase award safety nets to those who are not low-income earners.

This bill and the mechanisms of the amendment create a situation where consideration will be paid to more employees having access to, as I say, a piece of the pie. It further supports the fact that both economic and social factors play a part in the decision to adjust award safety nets. The bill is being debated at the moment in a climate of the 2002-03 Safety Net Review, and the Commonwealth has been very clear in its approach to this matter. The ACTU’s claim for a $24.60 per week increase in all award rates is opposed. This reinforces my previous point: it goes against the grain of getting more people access to affordable wage increases. In particular, Australia is faced with troubling times; specifically, the drought is affecting businesses in a big way. If the ACTU’s submission were successful, we could very well find that jobs could be at risk. If I can be a tad cynical for the moment, I believe that would suit the ALP, who would like nothing more than to destroy this government’s credentials in creating employment.
If you go ahead with the ACTU’s claim for a $24.60 per week increase, you will put the viability of a lot of small businesses in jeopardy. You are certainly putting the employment prospects of a lot of people who are looking for jobs in jeopardy as well. I am not alone in this assessment. On 27 February 2003 the Australian Chamber of Commerce and Industry Chief Executive Peter Hendy, when asked of the safety net wage case, said:

The overwhelming majority of companies that will be hit by the safety net wage case are small and medium sized companies ... If there is a pay rise, for some it could seriously effect the viability of their business.

Mr Hendy is referring to the case as argued by the ACTU calling for an increase in the federal award from $11.35 per hour to $12 per hour.

The bill also builds upon one of the government’s other industrial relations hallmarks. The return of enterprise level negotiations to the workplace has given greater power to employees and achieved fairer work environments and practices for both employee and employer. By creating a greater focus through the Industrial Relations Commission on the employment conditions of the low paid, the shift in emphasis will create a greater focus in the workplace on minimum wages and conditions. It will lead to fairer employment and greater foundations for enterprise bargaining into the future.

Many on the other side are quick to demonstrate their opportunistic credentials. In the speeches they have made on this bill this week, they have been very quick to seize on the recent media reports on executive salaries and payouts. Some have argued that the government should legislate against them, particularly against high, executive level salaries and payouts. The simple reality is that those salaries are a reflection of enterprise bargaining. That said, the case of excessive or obscenely high executive payouts is a matter for individual corporations to determine.

The Corporations Act provides accountability provisions to be exercised either by a board of directors or by shareholders in a general meeting or at the AGM. It is up to the members, who have the ability to determine to whom and how the distribution takes place. It is not the function of governments to involve themselves in these internal matters, regardless of how much we may disagree with the amount. It is for that reason that paragraph (3) proposed by the member for Barton will be rejected by this side of the House.

However, I do welcome a number of recent developments. In particular, I welcome ASIC considering the disclosure of payouts so that they are above board and transparent. I also welcome the overnight development regarding Stan Wallis, the chairman of AMP, declining any payout entitlement that he could receive from AMP. It is a noble gesture on Mr Wallis’s behalf, and I trust that his action will act as a role model for many others. Such actions do not require government intervention. You will get that disclosure taking place. You will get that level of focus from the public and the discrediting of some of these payouts simply by public scrutiny and the transparency of the payouts rather than by legislation.

This bill provides the Australian Industrial Relations Commission and those who claim to represent the needs of workers with the opportunity to refocus. A refocus is certainly what is needed in Victoria. I am disappointed that militant tactics have been employed to try and achieve pay rises. They really do nothing to further the plight of the worker. Nor does going on a rampage through workplaces, vandalising property and harassing staff or threatening to disrupt the Australian Grand Prix in Melbourne. These are all acts that we have seen in Victoria over the years, and some of these acts have occurred not far from my electorate in Box Hill. But perhaps the most obscene of all is the threat of unions—contemplating, at this stage, and I hope it does not go anywhere beyond that—imposing bans on supplies to the men and women serving the cause of freedom and advancing the sovereignty of Australia around the world. These tactics are absolutely despicable. The militant union organisers ought to be held in absolute contempt, as they are by the majority of Australians.

The member for Batman and the member for Throsby in their contributions earlier today went on with the usual unfounded drivel
we have come to expect. They claimed that this bill is not about the low-paid; that is nonsense. The bill is about securing a foundation for the low-paid workers of Australia. I would have thought that such staunch unionists would have come here supporting this legislation. I ask all in this House to support this bill. *(Time expired)*

Mr WILKIE (Swan) (5.25 p.m.)—Having listened to the previous speaker, the member for Deakin, I can think of a few words which really ring true when you are dealing with this government: mean, tricky and out-of-touch. When this government introduces a bill that says ‘protecting the low paid’, you can only be sure that it is protecting an employer’s right to pay a person a low wage. It has no intention of protecting the low paid at all. You do not need to destroy the government’s credibility in relation to this area; quite frankly, it does not have any. This Workplace Relations Amendment (Protecting the Low Paid) Bill 2003 proposed by the Minister for Employment and Workplace Relations, Tony Abbott, is no different. It is a contradiction in terms. It will not protect the low paid; rather, it will have the effect of disadvantaging further Australia’s already disadvantaged lowest paid workers. Section 88B(2) of the Workplace Relations Act 1996 requires the Australian Industrial Relations Commission to maintain a safety net of fair minimum wages and conditions of employment, having regard to considerations which include the needs of the low paid. Prior to 1996, there was no similar direction in existence.

In August 1996, Bill Kelty, the then Secretary of the Australian Council of Trade Unions, began what came to be known as the ‘living wage case’ before the Australian Industrial Relations Commission. Bill Kelty in this case was asking for wage determinations to include the needs of workers, something that had not been considered before. He was not alone in this request; he was supported in his quest for a living wage by welfare groups. Bishop Michael Challen, Executive Director of the Brotherhood of St Laurence at the time, said:

Waged poverty whether as a concept or a reality should not be tolerated in any democratic society ...

With this case before the Australian Industrial Relations Commission we have it within our power to choose to go down a route which promotes greater poverty and misery for low wage earners and their families.

We also have it within our power to choose a different, more just, route which ensures that every Australian has the right to a decent standard of living. If we choose the first option, we are in danger of creating a society which is deeply divided between the rich and the poor. If we choose the second route, however, we can re-affirm the commitment of Australians to a just society.

Now, in 2003, seven years later, we are faced with the same choice as that described by Bishop Michael Challen. This bill before us today is quite extraordinary in its intention. Its intention is indeed to cause the parliament to intervene in those proceedings in an endeavour to skew the outcome against workers and their families.

Currently before the Australian Industrial Relations Commission is a case that will determine whether some of the lowest paid and most vulnerable and disadvantaged employees in Australia will receive a relatively meagre pay rise. The Australian Industrial Relations Commission has always had a role as the independent umpire in the industrial relations system in this country. It has always been used as a means of settling industrial disputes through arbitration and conciliation. It is a system whereby the rights and well-being of workers are promoted while at the same time considering the needs of the greater community. Given that the Australian Industrial Relations Commission works well under the existing legislation, I find no merit in the government’s motivation for changing it. The Australian Industrial Relations Commission already works in the interest of the workers and the general community, so the only reason the government can have to change it is to attempt inappropriately to influence the current national wage case.

As I said previously, currently before the Australian Industrial Relations Commission is a case of great significance that will determine whether some of the lowest paid and
most vulnerable employees in Australia receive a relatively meagre pay rise. The award safety net guards the most vulnerable Australian workers against poverty and exploitation, and therefore it is extremely important. About 25 per cent of the Australian workforce are unable to bargain for improved conditions. There is a considerable gap between award-dependent employees and those employees able to bargain for themselves. The average total weekly earnings for full-time adult award-dependent employees is $626.80—that is $234.00 per week less than workers on collective agreements who earn on average about $860.80 per week. That has come out in the ABS statistics of May 2000.

The award safety net is an important mechanism for ensuring social justice. Without it, the Prime Minister’s wedge politics of dividing the award-dependent employees and the elite is assured. We do not have to look very far to see an alarming growth in earnings inequality. For the top CEOs total pay has grown 285 per cent to an average of $2.5 million per executive even though corporate profits have not even been half of that. At the other end of the scale are the workers who will be affected by this legislation—those who rely on award safety adjustments. They have seen their real wages rise by a mere one or two per cent annually. The Howard government’s crackdown on the lowest paid workers also comes as it renews its push for tax breaks for foreign executives and does nothing about outrageous $33 million executive payouts. An Australian on the minimum wage could never aspire to earn that amount—not unless medical technology comes up with some major breakthrough—given that the average Australian worker would have to work for something like 1,500 years to earn anywhere near the type of money being given to top executives.

This government says that real wages fell in the 1980s, and that was probably true. This was due to the accord negotiated between the ACTU and the ALP, which reached agreement on the social wage—that is, the income of employees based on factors such as changes to the tax system and social welfare, Medicare and the supervision of superannuation. Throughout its term this government has managed to slowly, but effectively, dismantle the social infrastructure put together by the ALP to form a fundamental part of the social wage. Not content with that achievement, through this present legislation, the Howard government wants to make things even harder for the lower paid by placing greater restrictions on their earnings. So what the lower paid are experiencing is a squeeze reduction in benefits and greater expenses—expenses caused by other government policies.

The demise of bulk-billing, for example, has impacted on low-paid workers. There has been an 11 per cent decrease in the bulk-billing services. Ten million fewer GP visits were bulk-billed this year compared with the year John Howard came into office. So what used to be a free service for many, especially the lower paid, now costs $12.78—that is an increase of 55 per cent since this government came into office. This of course is also putting pressure onto public hospitals because people have to pay the whole amount to the GP and claim back their rebate from Medicare. It is a privilege that many just cannot afford. Then there is the proposed increase to the cost of essential medicines and the ever-rising cost of private health insurance, which is a luxury that many families cannot even contemplate. Add to this the higher taxation and you can appreciate the difficulties for low-paid workers. I heard someone from the coalition earlier claiming that there had not been any increases in taxes. I think the speaker must have obviously forgotten that somewhere along the line in the last few years the government introduced a GST, which has also had a major and dramatic damaging impact on families.

A so-called major achievement of the Howard-Costello government, shown in the Commonwealth budget papers, is that the seven highest taxation years in history have been those seven years of the Howard-Costello government. Is that something they should be proud of? Due to this massive achievement by the present government, we now see Australian families struggling under massive debt. Under this government Australians manage to save an average of three cents in the dollar; under Labor they used to
save eight cents in the dollar. There are more bankruptcies and an increasing number of Australians living in poverty. Among working families, 300,000 adults and 164,000 children live in abject poverty. If Tony Abbott gets his way and this bill is passed, then there is no doubt that more than one million low-paid Australians will be worse off. Therefore, we should reject this bill, we should reject this minister and we should reject this government.

Mr Bevis (Brisbane) (5.34 p.m.)—Government members have suggested that the Workplace Relations Amendment (Protecting the Low Paid) Bill 2003 is designed to assist low-paid workers. The title of this bill, as with so many, is misleading. The government argue that they will protect low-income workers in part by keeping them on low incomes, and they have a rationale of saying this provides greater opportunity for employment. During the debate they have also said that the Liberal Party policy supports maintenance of assistance to low-income workers. I want to address a couple of those things during my contribution.

Let me turn firstly to the question of the Liberal Party policy and whether or not we should take a great deal of notice of what the Liberal Party have to say and their bona fides in looking after those less well-off. I do not have details of the last couple of years' national wage cases. I tried to get them just before coming into the chamber but they are not yet available. If you have a look at the history of this government since they won office in 1996, they have an abysmal record in matters of minimum wage case applications. During the debate they have also said that the Liberal Party policy supports maintenance of assistance to low-income workers. I want to address a couple of those things during my contribution.

Let me turn firstly to the question of the Liberal Party policy and whether or not we should take a great deal of notice of what the Liberal Party have to say and their bona fides in looking after those less well-off. I do not have details of the last couple of years’ national wage cases. I tried to get them just before coming into the chamber but they are not yet available. If you have a look at the history of this government since they won office in 1996, they have an abysmal record in matters of minimum wage case applications. Let me go through them. In 1997, the ACTU sought a living wage increase in award rates equivalent to 8.75 per cent. That included a $20 claim for those who had not been paid any increases from enterprise bargaining. What was the government’s response to that? They opposed it. Instead they said there should be a flat $8 provided—a bare $8 was what the government said the workers should get. But they went further. They said that that increase should be absorbed into any over award payments—so, there should be no adjustment whatsoever for anyone in an over award payment. They went further still and said that the increase should be delayed until 22 March 1997. The claim was submitted in October 1996.

This government stands here today and professes a concern for low-paid workers, but when it came to the point of doing something in the commission it actually argued for an increase that was well under half that sought, then argued it should be delayed and then argued it should be absorbed into over award payments. Contrast that with the view of the Labor government in New South Wales, which I think in 1996-97 might have been the only state Labor government in the country. Of course, the landscape is very different now. The New South Wales Labor government actually supported the claim.

We go to the following year, 1998. The ACTU had a multitiered proposal on that occasion and they submitted that stage 1 should take effect from April 1998 and should provide a minimum weekly wage of $380. That represented an increase of $20.60 to those workers, to be followed by stage 2, paid a year later, in April 1999, which lifted the minimum wage to $418. The government’s response to that—surprise—was to oppose the claim and again to suggest that the workers should receive no more than $8 in the first tranche and again no more than $8 in the second tranche. This is less than half the amount sought.

In 1999 the ACTU, in a fairly bold move, sought to have a significant increase, one which I think was justified, of $26.60 to assist the lowest paid in our community. They proposed that that $26.60 apply to all award rates. Remember that by this time the award rates system, which was covering about a quarter of the work force, was there very much as a safety net. Many of the workers on award rates are in low-income occupations and they do not enjoy the opportunity to bargain for above award rates, nor do they have union collective bargaining, which we know from the statistics provides a high rate of pay. So in 1999 they sought an increase of $26.60 up to a C7 level in the metal industry award and an increase of five per cent for all the award rates. What did the government do in response? They said the ACTU claim should be rejected. What did they say? The
government barometer needle was stuck on $8 again. The government position was that the workers should get a third of the money that was sought by the ACTU. We come to 2000. The ACTU claim was for $24 in award rates up to a C7 classification in the metals engineering award. The government response to that was to oppose the $24 and, you guessed it, say that people should get no more than $8. In 2000 the Labor states supported the ACTU application.

Let us be under no illusions here about where the Liberal and National parties sit and where the Labor Party sits—not in the debate in this chamber but where it matters, when these things are being decided before the Industrial Relations Commission. Ever since John Howard became Prime Minister, ever since this Liberal-National Party government got into office, they have opposed every single wage increase submitted at the national wage case, the living wage case. They did not just oppose them by a little bit; they proposed in most cases that the workers should get less than half and in some cases only a third of what was sought. Yet we have the Minister for Employment and Workplace Relations and members of the Liberal Party backbench hop up in here, pretend to be the workers’ friends and try to tell us that this piece of legislation is designed to help the same people they have spent the last seven years putting the knife into in the commission. This is not theoretical; this is not rhetoric—this is the government’s record when they go down to the industrial commission and stand there and advocate their case. The government, in every single case since they got elected, have argued that the workers should get less than half of the increase sought.

We are talking here about the lowest-paid people in our community. We should understand what those people have to go through. I think very few people in this chamber have any understanding of that. In support of their living wage case a year or two ago, the ACTU included in their submission some ABS unpublished data on the household expenditure survey. This survey of approximately 800,000 low-paid working households provided a very clear picture of the plight of the people we are talking about, the people who the government says should not get the increases that have been proposed. These are people whose income is from wages, not social security benefits. These are good, decent Australians who are out there working hard and trying to earn an income. This is the position they are in, according to the ABS figures. An estimated 30,000 of them went without meals due to a shortage of money; 41,000 households had to sell or pawn something just to get the cash to meet the bills; and 220,000 said that their standard of living was worse than it was two years ago. That is not surprising given the policies of the Howard government. Two hundred and twelve thousand said they could not raise $2,000 in an emergency. You might want to think about that, because people in this parliament would probably pull out a piece of plastic from their wallet if they needed $2,000 in an emergency this afternoon. These 212,000 families could not find $2,000 if they had a critical emergency. What I found staggering is that 166,000 of them could not even find the money to pay their utility bills: the gas, the water, the electricity or the phone. These are wage earners in Australia today and the figures are ABS figures.

These are the people that the government have for seven years said do not deserve the wage increase that the ACTU has sought for them. But now they bring into the parliament a bill which is clearly designed and timed to intimidate the commission and to reduce its scope for independence. There is no accident in the government setting aside other bills and bringing this on for debate as they have today. There is a national wage case imminent and the government want to send a bit of a signal out to the bench in the national wage case, put a shot across the bow and say, ‘Listen, for seven years we’ve said workers should get less money than you’ve given them. You’ve given them more money than we think they should have.’ So here is the news for the commission from John Howard and Tony Abbott: ‘If you keep that up, we’re going to try and put through the parliament a law to change the way in which you must consider national wage cases.’
The government argued for not only less than the ACTU claimed but also less than the commission said the workers should have. Does anyone really believe that, after spending seven years arguing before the industrial commission that workers should get less money than the ACTU asks for and less money than the commission gave them, they are now introducing a law to give workers more? Is this bill designed to enable and encourage the commission to give workers more, when they spent the last seven years arguing before the commission that the commission has been too generous? Of course not. There is not a person in Australia, not a soul, who believes that. I get amazed at decent people on the government benches, who must through ignorance stand here and say some of the things they do, because they could not in their hearts believe that the government are introducing this legislation so that the commission will be required to give more generous payments.

There is an easy way the government can do that if it wants to, and that is to change its approach when it presents evidence before the commission. Go to the commission and argue for an increase greater than that you have argued for in the past. But this government has argued for increases in workers’ pay that are less than the commission has given. We have had the Liberal Party policy recited to us and we have been told that it is committed to that. I have heard a few things Liberal Party politicians have said over the years about industrial relations and come to understand that they count for nought. I want to quote a couple of these things. When Peter Reith was minister and Jennie George—now a colleague in this parliament—was President of the ACTU, he referred to her in a radio interview. He said:

Jennie keeps talking about contracts—we won’t be having contracts. We will be having enterprise flexibility agreements ...

We all know what happened. He lied. They introduced contracts; they introduced AWAs. Peter Reith lied to the world about that. But, of course, that was not the first time he did it. Most Australians over time came to understand that that was his standard way of conducting business. On behalf of the Liberal Party, he made those comments. But he was not the only one and it was not the only time he did it. On ABC radio’s AM in 1995, just before they came into office, Peter Reith said:

Our policy is ... if you’re on the award system today, the Federal award system, and you want to stay there, then you stay there. There will be no unilateral removing of your benefits.

He was not the only one who gave Australians a commitment that their awards would be safe. John Howard did the same thing. He said:

No worker in Australia ... can have his or her award conditions taken away ...

The government did exactly that. The government introduced legislation that stripped awards to a minimum number of conditions. They introduced a law that reduced the benefits of everybody on an award; they stripped them away overnight after having given a series of commitments that they would not do it. I have quoted only a couple. I can assure you I have more quotes from John Howard, Peter Reith and Tony Abbott in a similar vein. When I hear those on the other side, who I frankly think are decent, recite to us what the Liberal Party policy is and say that they are committed to it, I think they must do it out of ignorance or short memory, because that is clearly not this government’s background and track record.

Let me turn quickly to the question of the linkage between moderate increases in low-paid wages and employment, because that is probably the only argument this government could seek to put up the flagpole in support of this bill. That argument is run in every single national wage case, and we get the Chicken Little routine every time it happens—that is, ‘The sky is going to fall down if workers get the wage increase that is sought; catastrophe will befall industry from one corner of the land to the other.’ After having all these forebodings and warnings and the commission ignoring them and awarding an increase 12 months later, when the sky has not fallen in, they think we and everyone in the process are stupid enough, when they trot out the same rubbish 12 months later, to fall for the same line again—even though the proof of its falsehood has
been demonstrated. The industrial commission has actually said as much. A couple of years ago—and you can find similar quotes in most of the living wage case decisions these days—the industrial commission said this:

... a moderate level of minimum wage and moderate safety net increases would have little impact on the level of employment.

It is not an argument that the commission accepts. Why? Because the commission has plotted this over the course of some years and because a series of prominent economists, both here and around the world, have provided a mountain of evidence to show it is wrong. I do not have time to go through that mountain of evidence, but I suggest those who are interested look up the work of Card and Kruger—and there are others. Indeed, the Card and Kruger research is interesting because they demonstrate, by looking at a couple of low-wage states in America, that an increase in wages for the low paid actually increased the number of jobs; it created more jobs.

But, if this government were fair dinkum about their concern about the economy and about what a wages push might do to the economy, they might demonstrate a degree of even-handedness. But in industrial relations that is always beyond the Liberals. They have never come to this debate with clean hands and they have never come to it as honest brokers. The proof of that is their response to the situation at the top end of town. On Saturday, the Canberra Times published an article entitled ‘Executive pay-outs anger shareholders’. It started with this sentence:

Another week, another executive departs with a king’s ransom safely tucked away.

This government’s response to that, including in question time this week, is that that is no concern of the government’s. The government think it is terrible, they tell us, but it is not something they should take any action over. How hypocritical is that? How two-faced is that? After spending seven years arguing that the lowest-paid workers are not entitled to get the amount of money that the industrial commission has awarded them, and now introducing a law to try and tie the industrial commission’s hands so that that will be the outcome, they stand here and tell us that they cannot introduce a law to do anything about the top end of town walking out with millions. You sell that to the ordinary workers in Australia. Sell that to the mums and dads out there. I know what the people of Brisbane will say about it.

Let us have a look at some of these immoral, disgusting payments—the king’s ransoms. Chris Cuffe, from Colonial First State, has had a lot of publicity recently because he walked out the door with over $32 million. Brian Gilbertson got $30 million from BHP-Billiton. Paul Batchelor got $20 million from AMP. Steve Jones got $20 million from Suncorp-Metway. George Trumble received $13 million a couple of years ago from AMP. Dennis Eck got $8 million from Coles Myer. John Fletcher got $7.7 million from Brambles. There are a lot of them. One of the interesting things is that most of those people walk out the door with their golden handshakes after they have made a mess of the place: the share price has gone down, the profitability has gone down and, in many cases, they have laid off thousands of workers who are now unemployed and looking for work. They walk out the door with a massive handshake for their incompetence, which the average worker would not earn in a lifetime of decent, hard toil. And this government says it is no concern of the government’s; it is not a matter that they should try to take any action on. But the government will come in here today and take action to try to reduce the amount of money that the lowest-paid workers in Australia can receive.

It is interesting to look at that ratio of pay-out to performance. Performance pay would be an interesting thing to apply in this place, when you see some of the performances at question time, but it is an interesting thing to apply to the corporate top end of town and the mates of this government. I am indebted to the Business Review Weekly article on the 20 highest-paid CEOs in this country. The article was worth reading and I commend it to all. It shows that people like Rupert Murdoch, who can pull off a $16 million payroll, actually managed for the whole corporation to make a profit—although the Australian
arm of it made the biggest loss in Australian corporate history. Only three of the executives in the top 10 had an increase in share price but all of them received multimillion dollar annual salaries. The poorest of them, ranked number 10, only gets $3½ million a year—he is doing it tough. The share price of Aristocrat Leisure went down by 66 per cent but the CEO received $5.4 million for his trouble. This is a disgrace. This government has more front than Woolworths to front up with this piece of legislation. It has no credibility in this debate. (Time expired)

Ms JACKSON (Hasluck) (5.55 p.m.)—I too rise to speak in opposition to this extraordinary piece of proposed legislation and in support of the second reading amendment moved by the member for Barton. The Workplace Relations Amendment (Protecting the Low Paid) Bill 2003 intends to change the criteria that the Australian Industrial Relations Commission must consider when determining the award safety net level. Frankly, it is another piece of proposed legislation in a string of Orwellian bills introduced by the Minister for Employment and Workplace Relations. The Ministry of Truth in George Orwell’s Nineteen Eighty-Four could not have done a better job on the title of this bill and some others in the workplace relations area.

The term ‘protecting the low paid’ is really code for opening the way for employees on current award safety nets to have their wages and conditions driven down; ‘fair dismissal’ laws are really about allowing small business to sack employees unfairly and about preventing the commission from becoming involved; ‘improved remedies for unprotected action’ usually require the commission to deal with impending strikes expeditiously and legalistically instead of promoting conciliation as the preferred course to avoid industrial action; ‘prohibition of compulsory union fees’ is really about outlawing agreements that provide for service fees to be paid to the union party to a certified agreement—and I note that private bargaining agents are not so affected. ‘Simplified agreement making’ reduces the scrutiny of the commission when making agreements—and I could go on and on.

The Workplace Relations Amendment (Termination of Employment) Bill 2002 imposed the federal unfair dismissal regime on millions of state regulated workers—frankly, that is a lesser system for those employees to pursue. The Workplace Relations Amendment (Registration and Accountability of Organisations) Bill 2002 imposes a regime on unions and industrial organisations that this government is unwilling to apply to large corporations.

I want make some similar comments to those of my colleague the member for Brisbane. It seems to me that, for many members on the government benches to even propose this sort of legislation, they must not understand either the industrial relations system or the way it has worked in determining wages and conditions in this country for almost a century. In my opinion, the award safety net is one of the most important instruments for ensuring some sort of social justice in Australia. It has been there as a protection for great Australian notion: a fair go all round. I believe that notion has been under constant attack by this government since it came to office. I have been pilloried in this place, along with others, because rather than being a well-paid lawyer or a business executive prior to entering parliament I was an advocate for the Liquor, Hospitality and Miscellaneous Workers Union for nearly 17 years. As I said in my first speech in this place, the members that that union represented were ordinary working people who often struggled financially to make ends meet. They were sometimes described as the invisible work force: cleaners, hospital workers, laundry workers, security guards, carers and home carers—people who are more often noticed when they are absent than valued for the work they perform.

I said in my first speech that those workers’ courage and preparedness to fight for improvements in their wages and working conditions have always filled me with a great pride and an even greater determination to see them recognised. That is why it is with a growing sense of anger and despair that I have observed first-hand the impact that the coalition’s policies, particularly the deregul-
lation of our industrial system, has had on those people. We used to say that unionists in this country had a proud legacy, always leaving behind them advances in living standards for the next generation of workers. The legislative regimes of the Howard government are already destroying that legacy. It is appalling that one in every four Australian workers is now employed in casual or temporary employment, with all of the uncertainty that brings.

We continue to witness reductions in real wages, working conditions and benefits at the same time as we observe increases in hours of work, in workplace injuries, in executive bonuses and in accompanying profits. Recent reports continue to highlight the fact that the ranks of the working poor are growing and that poverty and inequality in Australia are increasing. It is little wonder that politicians attract the wrath of ordinary Australians when the benefits and privileges that they enjoy as parliamentarians and ex-parliamentarians so grossly outweigh those applicable to the rest of the community. I think it is an embarrassment that the government has introduced this legislation.

I have actually had first-hand experience of the impact of an industrial system which effectively regulates the minimum wage separately from the award safety net. In a sense, this is the scheme that the minister seeks to introduce. In WA we called it the third wave regime. At that time, the minimum wage in my state was considered separately by the minister. He determined it after receiving a recommendation from the industrial commission. Admittedly the then minister, Graham Kierath, went one step further and removed the decision-making power from the industrial commission and only allowed it to make recommendations to him in determining politically what he thought was the appropriate minimum wage. In Western Australia we also had a similar regime of individual contracts—known as workplace agreements as opposed to Australian workplace agreements—and we also had a system of enterprise bargaining or agreement making as well as awards.

I speak with a certain amount of authority in this area, as opposed to the minister and the other members opposite who have spoken on this particular legislation. I say to the House that the impact of the legislation on the low paid in Western Australia was not that it priced them out of work but that it drove their wages down. It also drove down the profits in some industries. The industry that best describes what occurred in Western Australia is the contract cleaning industry, which I was involved with for some 17 years as one of the union representatives.

The contract cleaning industry has an extremely high labour cost component for the employer—in fact, only some six to eight per cent of most employers’ costs were not labour costs. So the competition between companies prior to the introduction of the third wave industrial relations regime used to be on things such as quality and cleaning techniques. When the third wave legislation was first introduced, employers in the contract cleaning industry resisted the introduction of individual contracts and what they knew would be a downward spiral in wages partly because they understood the connection between their own profits and success in business and the wages that were paid. The award provided an even playing field upon which they competed against each other, and that is why I said that they competed on the basis of quality and cleaning techniques as opposed to how much any particular firm could cut their labour costs.

The nature of the contract cleaning industry is such that companies win and lose contracts on a regular basis. When this situation arose it was usual for the incoming contractor to interview and offer employment to all or some of the employees of the outgoing contractor. This created an even bigger problem in Western Australia because on each occasion when there was a contract change employees were treated as new employees. They were therefore open to offers of new employment contracts from incoming contractors, and under the legislation in Western Australia they had no choice between workplace agreements and/or the award. What happened, particularly through late 1997 and 1998, was the rapid expansion of individual contracts into the contract cleaning industry. Once one employer intro-
duced a lower rate of pay than the relevant award rate of pay or the award safety net then other employers rapidly followed suit. Perhaps, in defence of some of those employers, it was the only way for them to be able to save their business.

In the entire time that I was involved with the contract cleaning industry I never saw an individual employment arrangement that was greater than that provided for in award minimums. The one and only time that you could perhaps describe an individual employee as financially better off at the end of the week was usually where that employee worked extra hours over and above the award minimums to achieve wages at or equivalent to those that applied through the award. Despite the notion that people are free, able and in a position of power to negotiate their employment contracts, on no occasion in all the contract cleaning companies did I ever see individual agreements differ between employees. They were identical for all employees of a particular company. There was also a quickly reached similarity between the going rates that employers were prepared to pay for cleaners in the contract cleaning industry.

Commonly, we saw the removal of evening and Saturday penalties, which meant a significant drop in pay for many workers—particularly those who cleaned office buildings and shopping centres. We saw the removal of all allowances, the removal of all or some paid annual leave entitlements and the abolition of annual leave loading. We saw agreements, which contained little or no restriction on the minimum or maximum number of hours that could be worked by any individual employee. As I said before, I was not aware of any instance where there had been genuine negotiation between an employee and a contract cleaning company over the provisions contained in their workplace agreement. By ‘genuine negotiation’ I mean discussion between an employee and a prospective employer which resulted in any change to the provisions in the contract of employment offered by the employer.

In 1998 the base award safety net for a cleaner undertaking particular duties was $11.20. Rapidly, the rate of pay contained in individual agreements dropped to $10.25 and, in some cases, dropped as low as $9.20, which was the minimum wage applicable under the legislation in Western Australia set by the minister—in other words, the minimum wage set separately and differently from other terms and conditions and other rates of pay contained within the award safety net. Indeed, it was quite common to meet workers who were employed to work 44 hours a week over six days and who, in 1998, earned $373. As I said, we saw people employed on rates of pay as low as $10. In some cases, and in one particular series of casual employment agreements, the lowest rate per hour went down to $9.96. This was for a casual employee who did not receive any other entitlements such as sick leave and annual leave. At the time, this amount was equivalent to the minimum rate that could be paid to a casual employee under the Western Australian government’s Minimum Conditions of Employment Act.

I do not believe there are any other examples in Western Australia that are on, or could be seen to be on, all fours with the kind of legislation that is proposed on this occasion. I think it would do the minister and his department some good to consider the reports of the then Commissioner for Workplace Agreements in Western Australia. Whilst much of the information on individual agreement making arrangements was secret and the public was prevented from finding them out, a number of reports were produced by him which demonstrated that what I have said is fact. When employers were given the opportunity, particularly in areas where people were low paid, and when employers had substantial labour cost components as part of the operation of their business, it drove wages down. I met workers on a regular basis who, over a period of one to two years, saw their hourly rate reduced by as much as $2.31. I cannot believe that, if the minister’s true intention is to protect the low paid, he would want to put in place a scheme which allowed for similar significant losses in hourly rates of pay to be imposed upon low-paid workers. I would certainly ask him to reconsider his legislation and the impact of that legislation. As I said, it did not price people out of work; it drove their wages
down, and that is something that in the current climate ought to be avoided at all costs.

The other group of people I feel anxious for in respect of this legislation are women workers. I covered some of the classes of persons who were eligible for membership of the union that I worked for for many years, and the majority of them were women workers. The vast bulk of them were part time and would fall within the category of low-paid workers. The wage gap between men and women in Australia is becoming worse. One of the direct consequences of that is the nature of the system and the way in which the bargaining arrangements operate. It is my fear that legislation such as this will help to increase that gap in rates of pay between men and women. Again, I make that suggestion on the basis of not fear but fact. In Western Australia, under the third wave regime that the minister seems at least partly keen to copy, we saw the gender wage differential—the pay equity gap, as it was called—increase over that five- or six-year period. Again, to give the minister the benefit of the doubt, I do not believe the intention of the legislation was to drive down the wages of the low paid, and I urge him to reconsider the practical impact of this legislation.

For the past century, the Industrial Relations Commission has been required to consider all the cases that come before it in a balanced way. It has consistently awarded pay rises without adverse effects on employment or on the economy. Indeed, provisions of the current Workplace Relations Act already require the commission to consider aspects of public interest matters and, in part, frame how it approaches this task. Therefore, the IRC should not be directed to make an assessment such as whether or not low-paid workers would lose their jobs before allowing minimum award wages to rise. The argument by the Minister for Employment and Workplace Relations, as I comprehended it—that one person's pay rise may cost another person their job—is simply not borne out on the facts, nor indeed in the examples that I have tried to present from Western Australia.

The outcome from last year's minimum wage case clearly exposes the flaws in the minister's approach. After workers on base rates in all awards gained an increase of $18 a week, contrary to federal government and other employer fears, jobs—if we can believe what the minister will tell us at question time—have grown and unemployment has dipped. That is clearly just another example of the government’s continued fear campaign on a whole range of issues that affect the Australian community.

I also cannot miss what appears to be the absolute hypocrisy of a government that cracks down on the lowest paid in the community, renews its push for tax breaks for foreign executives and still fails to do anything about the outrageous executive payouts that take place on what seems to me to be almost a weekly basis. If we are going to deal with excesses, I do not think dealing with the lowest paid in the community is the place to start. Life for the low paid is tough; it is a constant struggle for many. Going without, juggling financial commitments and enduring the financial stress that this government continues to impose on them is life for many of these people in my electorate of Hasluck. A few dollars may not mean much to you, Minister, but to many of my constituents it is bread and milk at the end of the week. The low paid in the community need and deserve a fair and equitable system of wage increases. This legislation removes that right.

**Mr ABBOTT (Warringah—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (6.14 p.m.)—**In summing up the debate on the Workplace Relations Amendment (Protecting the Low Paid) Bill 2003, let me thank all who have contributed to it. I would say in response to the member for Hasluck that, like her, I appreciate that people on low incomes, people doing it tough, appreciate every extra dollar they get. Like the member for Hasluck and other members opposite, I and other members on this side of the House are very keen to see more money in the pockets of ordinary Australian battlers. Indeed, that is our light on the hill: to work for the betterment of mankind, not just here but wherever we can lend a helping hand—as Ben Chifley so fragrantly put it all those years ago.
Ms Gillard—How light?

Mr Abbott—Members opposite should not assume that that noble ideal is confined to members of the Australian Labor Party. It is a universal ideal, it is a fine ideal, and certainly there would not be a member on this side of the House who would not subscribe to it. The question is: how is it best done? The government’s contention is that to try to put more money into the pockets of ordinary workers by national wage case decisions which do not take into account productivity, which do not take into account the particular needs of individual businesses and which do not take into account the relationship between the wage system, the tax system and the welfare system is, in the end, completely counterproductive.

This government’s policy is probably best encapsulated by the title of the Peter Reith omnibus bill of 1999, More Jobs Better Pay. That is our objective: we want more jobs for all Australians and we want better pay for all Australians. We want a strong safety net for low-paid workers, but we would like to see an increased focus on enterprise bargaining for everyone else, either through certified agreements at state or federal levels or through individual contracts, formal or informal, at state or federal levels. Whatever else might be happening, something is going right because, as a result of the policies that this government has put in place, as a result at least in part of the workplace relations system that the government has put in place, we have more jobs, higher pay and fewer strikes. They ought to be the sorts of outcomes that everyone wants—1½ million new jobs since March 1996, a seven per cent real increase in basic award earnings, a 12 per cent real increase in full-time average weekly earnings and strikes at their lowest level since records were first kept in 1913.

Without in any way wishing to impugn the motives or to doubt the integrity of members opposite, the truth is that the outcomes achieved under the old system—the system which members opposite still seem to hanker for—were not nearly as good. Under the former government’s system, basic award earnings actually dropped by five per cent in real terms over 13 years and full-time average weekly earnings increased by only four per cent in real terms over 13 years. I know the member for Barton would say, ‘Yes, but what about all those non-wage benefits which were provided?’ I certainly would not want to completely write off those non-wage benefits, but at the end of the day people want money in their pockets—that is, ‘I am in charge of the money in my pocket but someone else is in charge of the money that might be in my pocket but which has been taken out of it by the government for the government’s own purposes.’

This bill is designed to address some issues which have emerged in the safety net wage cases—or the national wage cases, as some prefer to call them—over the last few years. The first problem is that the wage rises granted by the commission have, in the government’s view, extended too far up the wage scale. Generally speaking, wage rises granted by the commission have flowed through to all awards. It is the government’s contention that many people on award wages are comparatively well paid—certainly, some of them are earning average weekly earnings or more—and it is our contention that the safety net wage case should focus precisely on the safety net and that it should not be something which automatically flows through to people earning significantly above basic award earnings, sometimes double or even triple basic award earnings. That is the first issue.

The second issue is that the government believes that, in making its decisions—and this is not a criticism of the commission; it is simply an observation—the commission has paid insufficient attention to the employment needs as opposed to the income needs, as they might be supposed to be, of low-paid workers. In the end, the best thing you can do for a low-paid worker is to ensure that he or she can keep his or her job. In the end, the best thing you can do for an unemployed would-be worker is to try to maximise the number of jobs that he or she can reasonably hope to get. The sad but blunt truth is that, in many cases, one man’s pay rise can cost another man his job. That lapidary comment, as far as I am aware, was first made in an Australian context by a very well-known and well-respected former minister in a Labor
government—none other than the father of the present Leader of the Opposition, Frank Crean, the Treasurer of Australia from 1972 to 1974. I wish that the member for Hotham were more conscious, in this matter at least, of the wise words of his dad that one man’s wage rise can cost another man his job. The government, as far as is humanly possible, wants the Industrial Relations Commission to be conscious of this when it makes safety net wage case adjustments.

One of the other issues drawn to the attention of the commission, particularly in last year’s case—and I suspect it may happen again in this year’s case—both by the Australian Industry Group and by the government, is the interrelationship between the wage system, the tax system and the welfare system. As figures provided last year to the commission by the Australian Industry Group make clear, if low-paid workers are also in receipt of welfare payments because they have significant family responsibilities, by and large they get little benefit from any wage increase they might get as a result of the safety net adjustment. By the time they have paid more tax and lost welfare, there is little, if any, of the extra $10, $12, $16 or $18 left in their pay packet. By contrast, workers without welfare entitlements get much more of any safety net adjustment, but they are in less need than those who are also in the welfare system. Under the kind of system we have, those who really need the money tend not to get it, and those who would like the money—and arguably can put it to good use but do not necessarily need it as much—are the ones who really benefit from the safety net adjustment. The basis of much of the argument of those opposite—that if we really care for people in need we should encourage the commission to provide substantial pay rises to people on award earnings—is not borne out by a serious examination of the facts.

I turn briefly to some of the comments made by the member for Barton. As he invariably does, the member for Barton spoke both thoughtfully and intelligently, expressing again his and the opposition’s support for the Australian Industrial Relations Commission. For the record, let me pledge the government’s support for the commission and express the government’s appreciation of the commission’s work. Our system depends very much on the good work of the Australian Industrial Relations Commission. But members opposite tend to refer to the commission as an umpire. I think that that is a far from perfect metaphor for the way the commission sometimes operates in practice, although I certainly think it is not a bad metaphor for the way the commission might work in a better world. In days gone by there was far too much micromanagement of economic decisions by members of the commission. The commission was not so much an umpire as a player in the economic game. In more recent times, at least in certain industries and when dealing with certain rather militant unions, the commission has not been an umpire so much as a spectator, making recommendations, offering advice and regularly seeing its recommendations, its advice and its rulings flouted by the ultramilitant unions. If members opposite were as concerned as they often say they are about protecting and supporting the commission, they would be taking a different attitude to the government’s legislation, to ensure that the commission’s rulings and orders are taken seriously and actually adhered to.

The member for Barton provided me with a welcome and rather informative tutorial on the Harvester case. It is always good to learn from the member for Barton about aspects of our industrial history and our industrial law, of which, I would concede, he is a practitioner of high and long standing, unlike me. But the fact is that the world has changed since the Harvester case. In those days, in 1907, there was no welfare system as we know it. In fact, the basic wage case, as it was then known, was the entirety of the safety net for people. These days we have a very well developed welfare system, and to suggest, as the member for Barton did, that the kinds of considerations which applied in 1907 should apply in their entirety today simply fails to adequately appreciate the changes that have taken place.

Let me conclude by making it as clear as I can that the government are not advocating lower wages. We want to see higher, sustain-
able wages, and they will only be sustainable if they are, as far as is possible, negotiated on a workplace by workplace basis and solidly founded on productivity increases. The final point I want to make concerns the occasional outbreaks of cheap populism from some members opposite. There was a rather crass and crude conflation of the government’s alleged encouragement of excessive executive pay increases and the government’s alleged wish to cut the pay of ordinary workers. Let me repeat to the parliament that the government do not approve of, and have actively campaigned against, excessive pay rises to executives. Our policy is identical to that of the former government, identical to that of members opposite when they were in power. However, what we have done is deliver sustained, real increases to workers on basic award earnings, compared to the sustained, real decreases which the former government delivered to workers on basic earnings. I commend the bill to the House and, obviously, I oppose the opposition’s amendment.

The DEPUTY SPEAKER (Hon. I.R. Causley)—The original question was that this bill be now read a second time. To this the honourable member for Barton has moved as an amendment that all words after ‘That’ be omitted with a view to substituting other words. The immediate question is that the words proposed to be omitted stand part of the question.

Question put:

The House divided. [6.33 p.m.]

(The Deputy Speaker—Hon. I.R. Causley)

Ayes............ 78
Noes............ 60
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.
Costello, P.H. Downer, A.J.G.
Draper, P.
Elson, K.S.
Farmer, P.F.
Gallus, C.A.
Gash, J.
Haase, B.W.
Hartsuyker, L.
Hockey, J.B.
Hunt, G.A.
Jull, D.F.
Kelly, D.M.
King, P.E.
Lindsay, P.J.
May, M.A.
McGauran, P.J.
Nairn, G. R.
Neville, P.C.
Prosser, G.D.
Randall, D.J.
Schultz, A.
Secker, P.D.
Smith, A.D.H.
Southcott, A.J.
Thompson, C.P.
Tollner, D.W.
Tuckey, C.W.
Vale, D.S.
Washer, M.J.
Windsor, A.H.C.

NOES

Adams, D.G.H. Albanese, A.N.
Andren, P.J. Beazley, K.C.
Bevis, A.R. Brereton, L.J.
Burke, A.E. Corcoran, A.K.
Cox, D.A. Crean, S.F.
Danby, M. * Edwards, G.J.
Ellis, A.L. Emerson, C.A.
Evans, M.J. Ferguson, L.D.T.
Ferguson, M.J. Fitzgibbon, J.A.
George, J. Gibbons, S.W.
Gillard, J.E. Grierson, S.J.
Griffin, A.P. Hall, J.G.
Hatton, M.J. Hauser, C.J.
Irwin, J. Jackson, S.M.
Jenkins, H.A. Kerr, J.C.
King, C.F. Latham, M.W.
Lawrence, C.M. Macklin, J.L.
McClelland, R.B. McFarlane, J.S. *
McLeay, L.B. McMullen, R.F.
Melham, D. Mossfield, F.W.
Murphy, J. P. O’Byrne, M.A.
O’Connor, G.M. O’Connor, B.P.
Organ, M. Plibersek, T.
Price, L.R.S. Ripoll, B.F.
Roxon, N.L. Rudd, K.M.
Sawford, R.W. Sciacca, C.A.
Sercombe, R.C.G. Sidebottom, P.S.
Snowdon, W.E. Swan, W.M.
Tanner, L. Thomson, K.J.
Wilkie, K. Zahra, C.J.

* denotes teller

Question agreed to.
Original question agreed to.
Bill read a second time.

Third Reading

Mr ABBOTT (Warringah—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (6.39 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

PETROLEUM (TIMOR SEA TREATY) BILL 2003

First Reading

Bill presented by Mr Ian Macfarlane, and read a first time.

Second Reading

Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (6.40 p.m.)—I move:

That this bill be now read a second time.

The purpose of the Petroleum (Timor Sea Treaty) Bill 2003 is to give effect to the Timor Sea Treaty signed by Australia and East Timor on 20 May 2002.

The Petroleum (Timor Sea Treaty) (Consequential Amendments) Bill 2003 and the Passenger Movement Charge (Timor Sea Treaty) Amendment Bill 2003, which I will also introduce to parliament, provide for amendments that will be required to related acts to reflect the new legislation and repeal the Petroleum (Australia-Indonesia Zone of Cooperation) Act 1990.

The treaty provides a framework for the exploration, development and exploitation of the petroleum resources in the Joint Petroleum Development Area, JPDA, created by the treaty.

Ratification of the treaty will enable industry to rapidly proceed with development of Timor Sea natural gas.

East Timor separated from Indonesia on 26 October 1999 Australian time. Since then, Indonesia has had no jurisdiction over East Timor nor the maritime zones generated by East Timorese territory, nor over petroleum operations in the former Zone of Cooperation, now known as the JPDA.

Subsequently, Australia entered into an agreement with the United Nations Transitional Administration in East Timor, UNTAET, that allowed Australia and East Timor to benefit from the continuation of exploration and production activities in an area of overlapping territorial claims in the Timor Sea.

This agreement continued the arrangements that had been in place with Indonesia but with UNTAET as the new treaty partner.

On 20 May 2002 East Timor became independent and UNTAET’s administration ceased.

On that date, East Timor and Australia signed a new treaty to govern operations in the former Timor Gap and an exchange of notes to govern the period until the new treaty came into force.

The exchange of notes effectively continues previous arrangements until the new treaty comes into force. However, it is intended that when the treaty does enter into force its provisions will be applied retrospectively to 20 May 2002.

Aspects of the treaty include:

- the former Zone of Cooperation Area A now becomes the Joint Petroleum Development Area, JPDA
- sharing by Australia and East Timor of upstream petroleum revenue split 90-10 in East Timor’s favour, where previous arrangements between Australia and Indonesia saw a 50-50 revenue split;
- a joint three-tiered administrative structure involving both Australia and East Timor to govern the day-to-day running and broader policy issues in the JPDA;
- a tax code for the imposition of taxes on income derived from the JPDA, and;
The previous arrangements with Indonesia have demonstrated that the joint development concept is an effective means to allow petroleum exploration and development to take place in an area of overlapping claims. Those arrangements worked effectively from 1991 to 1999 and facilitated the expenditure of over $US700 million on petroleum exploration and development in the former Zone of Cooperation.

The first commercial production of petroleum in the former Zone of Cooperation commenced in July 1998 with the development of the Elang-Kakatua oilfield. The field is now nearing the end of its commercial life, producing at a rate of about 6,000 barrels of oil per day. Total revenue to Australia from this source is expected to be about $A0.5 million in 2002-03, and has been in excess of $A40 million to date, in addition to company tax receipts.

Two other discoveries in the JPDA are moving towards first production over the next few years. Firstly, joint-venture partners in the Bayu-Undan field have been working towards developing its liquids phase. Production of the field's estimated 400 million barrels of condensate and liquefied petroleum gas, LPG, is expected to commence in mid 2004. Total investment in the liquids phase of the project is estimated to be around $A3.5 billion.

The partners also plan to establish a liquefied natural gas, LNG, processing facility near Darwin to process the field's 3.4 trillion cubic feet of gas for export. The planned gas phase for Bayu-Undan involves an additional investment of around $A800m for a pipeline, and it is estimated that the investment in an LNG plant near Darwin will approach $A2 billion. Production is scheduled to commence in 2006, and the yearly value of LNG exports from this facility is expected to approach $A1 billion per year at full production. Over the life of the project total revenue to Australia from the liquids and gas phases, and including revenue from the pipeline and LNG plant, are expected to exceed $A1.5 billion. East Timor revenues are expected to be around $A6 billion.

Secondly, industry is considering development options for the Greater Sunrise field, which contains an estimated 8.3 trillion cubic feet of natural gas and 295 million barrels of condensate. As the field straddles the border of the JPDA and Australian jurisdiction, an International Unitisation Agreement will be required between Australia and East Timor to allow the development to proceed. This is close to finalisation. Development of the Greater Sunrise field could provide revenue to Australia of around $A8.5 billion.

As can be seen from the examples I have given today, industry is prepared to invest huge amounts in the JPDA, with resulting substantial revenue to both Australia and East Timor. The enactment of these bills will provide the legislative framework under which these projects can be realised and contribute significantly to investor certainty in the area. It is clearly in the national interest that this bill be approved as soon as possible. I commend the bill to the House. I present the explanatory memorandum to this bill.

Debate (on motion by Mr Fitzgibbon) adjourned.

PETROLEUM (TIMOR SEA TREATY) (CONSEQUENTIAL AMENDMENTS) BILL 2003

First Reading

Bill presented by Mr Ian Macfarlane, and read a first time.

Second Reading

Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (6.48 p.m.)—I move:

That this bill be now read a second time.

I recently introduced to parliament the Petroleum (Timor Sea Treaty) Bill 2003.

The Petroleum (Timor Sea Treaty) (Consequential Amendments) Bill 2003 gives effect to provisions contained in certain articles of the treaty relating to criminal juris-
diction, customs, employment regulation, migration, quarantine, income tax and fringe benefits tax. The bill also repeals the Petroleum (Australia-Indonesia Zone of Cooperation) Act 1990.

The related acts which will be amended as a result of the principal act are the:

- Crimes at Sea Act 2000
- Customs Act 1901
- Fringe Benefits Tax Assessment Act 1986
- Income Tax Assessment Act 1936
- International Organisations (Privileges and Immunities) Act 1963
- Migration Act 1958
- Passenger Movement Charge Collection Act 1978
- Petroleum (Submerged Lands) Act 1967
- Quarantine Act 1908
- Superannuation Guarantee (Administration) Act 1992
- Taxation Administration Act 1953
- Workplace Relations Act 1996

A further act, the Passenger Movement Charge Act 1978, is amended by a separate bill, the Passenger Movement Charge (Timor Sea Treaty) Bill 2003. This act requires a separate amendment bill as the act itself imposes a tax.

In most cases, the consequential amendments to the various acts are relatively minor—in many instances they merely amend the relevant act by using expressions such as ‘Joint Petroleum Development Area’ where ‘Area A of the Zone of Cooperation’ or simply ‘Area A’ previously appeared, as is the case in the Migration Act 1958 or Petroleum (Submerged Lands) Act 1967 amongst others.

In the case of amendments to tax-related acts, the changes are in some cases more detailed, for instance applying the transfer pricing provisions to transactions between Australia and areas such as the JPDA where Australia has a shared allocation of taxing rights with another country, and providing foreign tax credits for foreign tax paid to the other country—for example, East Timor—by Australian residents on income from such an area. These changes are explained in detail in the notes on clauses section of the explanatory memorandum.

The Timor Sea Treaty is to be taken to have effect on 20 May 2002. In order for this to take place certain parts of the bill retroactively amend relevant legislation as of 20 May 2002.

However, to prevent any retrospective criminal liability arising under the amendments, offence provisions in the Petroleum (Timor Gap Zone of Cooperation) Act 1990 have been preserved from repeal for the period between 20 May 2002 and the date at which this Act receives Royal Assent.

It is clearly in the national interest that these legislative amendments be approved as soon as possible. I commend the bill to the House and present the explanatory memorandum to this bill.

Debate (on motion by Mr Fitzgibbon) adjourned.

**PASSENGER MOVEMENT CHARGE (TIMOR SEA TREATY) AMENDMENT BILL 2003**

First Reading

Bill presented by Mr Ian Macfarlane, and read a first time.

Second Reading

Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (6.53 p.m.)—I move:

That this bill be now read a second time.

The final bill to give effect to the Petroleum (Timor Sea Treaty) Act 2003 is the Passenger Movement Charge (Timor Sea Treaty) Amendment Bill 2003.

The changes to the Passenger Movement Charge Act 1978 effected by the bill are of a purely technical nature and will not alter existing arrangements.

Most simply reflect the change of name of the area formerly referred to in the Passenger Movement Charge Act 1978 as ‘Area A’, which is a reference to the former Zone of...
Cooperation Area A, situated in the waters between Australia and East Timor, to the ‘Joint Petroleum Development Area’.

This change of name is required as a result of the ratification by Australia and East Timor of the Timor Sea Treaty which was signed by the Prime Minister on behalf of Australia on 20 May 2002 and which replaces the former Timor Gap Treaty.

The treaty arrangements we have entered into with East Timor do not change the rights and responsibilities of companies and persons working in the Timor Gap.

Instead, it provides for a continuation of those arrangements with effect from 20 May 2002. It is therefore appropriate for this bill to retrospectively amend the relevant legislation from that date.

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

Debate (on motion by Mr Fitzgibbon) adjourned.

PETROLEUM (TIMOR SEA TREATY) BILL 2003

Cognate bills:

PETROLEUM (TIMOR SEA TREATY) (CONSEQUENTIAL AMENDMENTS) BILL 2003

PASSenger MOVEMENT CHARGE (TIMOR SEA TREATY) AMENDMENT BILL 2003

Second Reading

Debate resumed.

Mr FITZGIBBON (Hunter) (6.56 p.m.)—While I am very unhappy about it, I intend to restrict my contribution to this debate to a 10-minute time frame, to ensure that all my colleagues, including the member for Lingiari, are given an opportunity to speak on this very important issue. As the Minister for Industry, Tourism and Resources has already comprehensively outlined the intentions of the Petroleum (Timor Sea Treaty) Bill 2003, the Petroleum (Timor Sea Treaty) (Consequential Amendments) Bill 2003 and the Passenger Movement Charge (Timor Sea Treaty) Amendment Bill 2003, I will not use any of my limited time to go over the details of those bills. While they implement a critically important treaty for both Australia and East Timor, the bills before the parliament are in themselves not extraordinary. But their passage here and the manner in which they have been introduced are most extraordinary.

The opposition was advised of the government’s intention to introduce the bills only last night but, by 2 p.m. today, we were advised that the bills would be pulled. During question time, we witnessed numerous huddles between the Prime Minister, the Minister for Foreign Affairs and the Minister for Industry, Tourism and Resources. In their hands were documents relating to the Timor Sea Treaty. As I understand it, the bill was on and off up to three times during question time today. The question has to be asked: what was going on?

The opposition had given an ironclad commitment to do everything necessary to secure the passage of the bills through both this House and the Senate by close of business tomorrow, so why was it that just prior to and during question time there was speculation that the bills would be pulled? The ratification of the Timor Sea Treaty is critical to the economic wellbeing of both Australia and East Timor. The unnecessary delays in the ratification process have put at risk a multibillion dollar gas project, a multibillion dollar trade deal, thousands of potential Northern Territory jobs and up to $2 billion in government revenue.

It has taken the government more than 10 months to do what should have been achieved in just three. The key delay, of course, has been agreement on the unitisation agreement relating to the Greater Sunrise field which straddles the joint petroleum development area. The Sunrise partners claim that it is critical to their interests and to the nation’s interests that the treaty not be ratified prior to the final signing off of the unitisation agreement. Why is that so? Because, while ever the Timor Sea Treaty remains unratified, the Australian government, acting partly as an agent for the Sunrise partners,
enjoys greater negotiation strength. Poor old East Timor, on the other hand, while ever it remains cash starved, is in a much weaker position.

That is why today, on the eve of the 11 March deadline for the Bayu-Undan contract, the government has rushed these bills into the House. But this raises a very important new question. Given that for the past 10 months the government has stuck to the view that the ratification and the IUA must be taken together, why is it now introducing these bills and planning to drive them through both the House and the Senate tomorrow, despite the fact that the international unisation agreement remains unsigned?

The answer to that question can possibly be found in a statement released by the East Timorese Prime Minister just today. Mari Alkatiri has indicated his preparedness to sign the IUA this Friday. The statement read:

... Prime Minister Mari Alkatiri announced that negotiations between Timor-Leste and Australia in relation to the Greater Sunrise Unisation Agreement had concluded.

Given that the Prime Minister and his two ministers were passing the media statement between them during question time, one cannot but wonder whether it was the statement that caused the government not to withdraw the bill. I am not in any sense bringing into question Mari Alkatiri’s credibility, honesty or reliability. However, you have to be justifiably concerned when it appears a government which has placed so much importance on the nexus between the treaty and the international unisation agreement is now making decisions about Australia’s economic future—and, indeed, the economic future of the East Timorese—based on media statements of the leader of another nation state. What sort of diplomacy is this?

It is difficult for the opposition to reach a definitive answer on whether it is absolutely necessary to deal with the ratification of the treaty and the unisation agreement at the same time. Certainly, there is no legal impediment to dealing with them separately, but the Joint Standing Committee on Treaties itself was unable to reach any definitive conclusions on that issue. A competent government would have ensured that both the treaty and the unisation agreements were bedded down by the 31 December 2002 deadline that the government had committed to. However, it appears that it was not able to do that and it remains the case that it still has not done so.

The most amazing aspect of the government’s incompetent handling of the issue has been its preparedness to put the Bayu-Undan project at risk in favour of securing all it wanted—again, using East Timor’s weak bargaining position—and all of what the Sunrise venture partners wanted, with respect to the IUA. It put Bayu at risk to ensure it maximises the benefit out of Sunrise.

I remind the House again of what DFAT senior officer Dr Geoff Raby told JSCOT on 14 October last year. He said:

We note what Phillips say—they are referring, of course, to the 11 March deadline—and we accept what they say on face value.

So the government is accepting the contention on the part of Phillips that there is a deadline and to fall short of that deadline puts the project at risk. But he says:

We are saying that there is a balance of interests here. The conclusion is that national interests are served most by ensuring that our disproportionately bigger interest in Greater Sunrise is protected.

So, on behalf of the government, Dr Raby is saying that in the interests of maximising the national interests—I am happy to concede that—and no doubt the commercial interests of the venture partners in Sunrise, they are prepared to forgo the 11 March deadline and, therefore, allow the Bayu-Undan project to collapse.

Let us have a think about the ramifications of that. As I said earlier, we have a project, in the form of Bayu, which will produce an enormous number of jobs, and is a huge infrastructure investment and one of the country’s biggest trade contracts. We already have a road being built into the LNG facility at Wickham Point in Darwin. We have a bird in hand. There is a general expectation—and I am sure the member for Solomon shares that in Darwin, and in the Northern Territory generally—that the Bayu-Undan project will
proceed. Yet, through Dr Raby, the government are saying that they are prepared to forgo all of that to maximise the commercial interests of the venture partners in the Sunrise field. This field, in the opinion of Woodside itself, is not yet commercially viable and is a field which, possibly, may never be developed. That is what Dr Raby was telling JSCOT and that is the message he was carrying on behalf of the government. The government’s job is to ensure that the nation maximises the benefit from both fields, and ensures that both Bayu and Greater Sunrise come onshore into Darwin to maximise those benefits to all Australians. But, alas, they have failed on both counts: no initiatives to encourage the Sunrise venture partners onshore; no strategy; no national energy policy; no clue at all about maximising the return of that resource to all Australians.

I repeat again: the opposition stand ready to do all they can to pull the government out of the hole in which it has dug itself. But we are not happy. We are not happy about the amount of time we were given to consider this legislation. We are not happy about our contributions to the debate being restricted. We are not happy about our being forced to go to opposition time in the Senate tomorrow to facilitate the passage of this bill in that place. And we are not happy that we are expected to support, in both places, legislation without being provided any information about the terms of the international unitisation agreement.

Finally, I will quickly say that the further delay in this bill today—from 4.30, or thereabouts, to seven o’clock tonight—has potentially put at greater risk the already hazardous path this bill will be taking through the Senate tomorrow. The government will have the opposition support, but the minor parties may have different views and I understand that it is within their capability to frustrate the passage of this bill through the Senate tomorrow, particularly given we are debating this much later tonight than was the intention. The opposition is enthusiastic about getting these bills through the parliament at last, albeit almost too late. We are grateful that Bayu-Undan now looks like being a near miss rather than a fatal prang. However, if something goes wrong in the Senate, despite all the opposition’s best efforts and best intentions, it will be on the government’s head.

Mr RUDD (Griffith) (7.08 p.m.)—The debate on the Petroleum (Timor Sea Treaty) Bill 2003, the Petroleum (Timor Sea Treaty) (Consequential Amendments) Bill 2003, the Passenger Movement Charge (Timor Sea Treaty) Amendment Bill 2003 and the treaty that the bills seek to ratify has been going on across this country for nearly two years. It is a debate which, until now, I have not participated in. I have not participated in it for some deliberate reasons. I have not participated in it or provided substantive commentary on it because of the significant and substantial diplomatic and commercial considerations alive within it. As these bills are now introduced into the parliament seeking to ratify the treaty, that time has passed, and I have an obligation and a responsibility to make some considered remarks.

The management of this entire matter over a long period of time now is, I think, regrettable. It is, in itself, a reflection of the foreign policy mismanagement by this government of so many aspects of its dealings with our regional partners—most recently, the government of East Timor. When we go down to the essence of it, the parliament has been handed a bill the very day that it is to pass through all stages—although it now seems that it will not pass through all stages—with no opportunity for effective scrutiny, a bill that fundamentally affects our bilateral relationship with our newest neighbour in the region and a bill that affects the future of two of the largest resource projects in this country’s recent history. Furthermore, the parliament has been handed a treaty ratification bill two days before the expiration of a long-stated commercial deadline for the Bayu-Undan project and fully nine months since the signing of the Timor treaty in Dili last May.

There is a reason for these delays. Part of the reason relates to the personal diplomatic management of this entire negotiating process by the foreign minister, Mr Downer, including, I regret to report, his appalling performance in his meeting with the Prime
Minister of East Timor, Dr Alkatiri, in Dili on 27 November—a meeting which has been the subject of some extensive reportage and a range of subsequent foreign ministerial tantrums, both public and private, since then. The opposition fully concedes that these negotiations with East Timor have been complex, difficult and tough. East Timor, legitimately, has sought to maximise its interests in these negotiations. But for the foreign minister in his handling of these negotiations to have placed at such fundamental risk the entire fabric of our bilateral relationship with East Timor is a step too far. For us to have got to a stage where the foreign minister of the Commonwealth of Australia is now barely on speaking terms with the Prime Minister of our nearest neighbour in the region is a regrettable state of affairs, and it is one which does this country’s national interest no good at all.

Australia’s long-term strategic policy objective in East Timor must be to help it become a viable state free from foreign interference, free from internal unrest and free to pursue its own path in the world. A strong and independent East Timor is in our national interest as a good neighbour; and it is in our national interest to have good relations with East Timor. It comes back to the fundamental axiom of Labor’s approach to foreign policy in the region: if you have got good relations with your neighbours it is good for your security and if you have got bad relations with your neighbours it is bad for your security. It is a fundamental axiom which, it seems, from time to time escapes the attention of Minister Downer and the Howard government.

The most effective way for Australia to ensure that East Timor is a strong and independent neighbour is to encourage economic growth. Encouraging economic growth, including fair and equitable access to the resources of the Timor Sea, is the most effective way of giving our youngest neighbour the capacity to stand free in the world. This does not shy away from the pressing internal security, law and order and other problems which East Timor faces. The riots that occurred in Dili on 9 December have been attributed to the dire economic situation within the country. If we fail in our duty to assist East Timor to overcome these problems, Australia’s security interests in a stable East Timor and a peaceful region will also be at risk.

East Timor is one of the poorest states in the world, with GNP per capita of less than $US340. With an annual budget of around $US77 million, foreign aid constitutes at present more than 40 per cent of East Timor’s GDP, which finished up around 2004-05. Its literacy rate of 40 per cent, its life expectancy of a paltry 48 years and a mortality rate said to be twice that of other countries in South-East Asia and the West Pacific are all appalling and sobering statistics. Together with an extremely high unemployment rate and increasing civil disturbance, East Timor’s situation is, in fact, dire. So let us not pretend about this: East Timor’s financial situation is equally dire. It desperately needs financial capital. Until this treaty is ratified, it cannot receive any finance from the Bayu-Undan field that has been set aside in trust awaiting ratification of this treaty. Current estimates are that the East Timorese government will receive up to $8 billion over 20 years, though I have not seen a final or full confirmation of those figures.

The bill implements the ratification of the Timor Sea Treaty. When UNTAET became the administering power in East Timor, it took over Indonesia’s rights and obligations under the old Timor Gap Treaty. In July 2001, Australia and UNTAET concluded an MOU that put in place a new Timor Sea arrangement. That arrangement provides that, of the petroleum produced in the JPDA, 90 per cent shall belong to East Timor and 10 per cent to Australia. On 20 May 2002, Australia and the independent East Timor signed the Timor Sea Treaty, which I was privileged to attend, which allows for the continued exploration and exploitation of the resources of the JPDA in the terms set out in the July 2001 agreement.

The Joint Standing Committee on Treaties, JSCOT, under the excellent deputy chairmanship of the member for Swan, held an inquiry into the Timor Sea Treaty throughout the course of 2002 and recommended its ratification. The key sticking
point was the desire of some in the energy sector—Greater Sunrise field partners, in particular—to secure an international unitisation agreement prior to ratification. The objective of the IUA was to define the resource and revenue-sharing arrangements for those fields which straddle the JPDA.

Australia, like East Timor, has a lot riding on the Timor Sea Treaty’s ratification: billions of dollars of investment, thousands of jobs and major infrastructure projects. The Bayu-Undan project alone is critical to the Northern Territory’s economic future. The Northern Territory government has played a central brokering role in the conduct of the negotiations between the government of East Timor and the government of Australia. The Northern Territory government under Chief Minister Claire Martin has been a model for how to manage a cooperative relationship with East Timor, which is in stark contrast to the foreign ministerial management style—and some would say magisterial style—of Mr Downer. I think it is time Mr Downer went back to foreign diplomatic training school and took a leaf out of Claire Martin’s book; our relationship with East Timor would be a lot better as a consequence. This is a critical project for the Northern Territory and will deliver long-term economic benefits to the Territory once the project has been concluded.

Therefore, interest in the successful prosecution of this project and the Greater Sunrise project lies substantially with the governments of both East Timor and Australia and with the corporate participants in them. For these reasons, the Labor Party has stated as a formal policy position for some time its support for the passage of this legislation. Labor laments fundamentally the foreign minister’s handling of these negotiations. Labor laments fundamentally the foreign minister’s handling of this legislation as well. Labor laments fundamentally the impact the conduct of these negotiations and, I have to say, the preparation of this legislation have had on our emerging diplomatic relationship with East Timor—our nearest neighbour and a neighbour with whom we have significant, enduring security interests. Despite Labor’s fundamental concerns about the manner in which these things have been conducted by the government and in particular by the foreign minister, Labor has signalled and signals again to the House today that it will support the early passage of this legislation through the House.

Mr SNOWDON (Lingiari) (7.18 p.m.)—It gives me great pleasure to be able to speak in this debate on the Petroleum (Timor Sea Treaty) Bill 2003, the Petroleum (Timor Sea Treaty) (Consequential Amendments) Bill 2003 and the Passenger Movement Charge (Timor Sea Treaty) Amendment Bill 2003. I commend the member for Hunter and the member for Griffith for their remarks and voice my support for them. I do not intend to traverse in any great detail the ground that they have covered. I will, however, come to the issue of the foreign minister at some later point.

This is a very important day, and I think we need to understand its historical importance. The passage of this legislation through both houses of this parliament and its signing off by the Executive Council will mean that this treaty will be ratified. Remember that the East Timorese government, for their purposes, ratified the treaty in December last year. They were most keen for the Australian government to reach its own deadline of December last year, which it did not do. We are at the eleventh hour, because, as others have said, on 11 March contractual obligations for the Bayu-Undan project of ConnocoPhillips might have required them to renegotiate contracts with their Japanese clients, and that may have proved a difficult task. So what we have is a process by which we are able to ratify the treaty, ensure that Bayu-Undan can proceed under the arrangements originally agreed to by ConnocoPhillips and almost at the same time see the sign-off of the unitisation agreement which has been so contentious for the Australian government.

It is worth pointing out that, in the context of this very important treaty, there are great benefits for both the East Timorese community—and that is most important—and Australia’s national interest, particularly for Northern Australia and my own home of the Northern Territory. It is important that we understand the value of these resources. The
Bayu-Undan reserves are of critical importance to the very future of East Timor, and that has been made clear time and time again by others. They contain reserves of around $15 billion in gross value. It is estimated that East Timor can expect to receive up to $6 billion over the 20-year life of the project. It is difficult to overstate the importance of this revenue to the newest nation in the world and our poorest neighbour. I have been a regular visitor to East Timor since 1999, having made eight or nine visits. I met Mari Alkatiri both prior to the return of people after the awful events of August 1999 and since, and I can say that he is a most impressive person. I commend him for his role in negotiating this agreement with the Commonwealth, which was very difficult.

For the Northern Territory in particular, the economic benefits from this treaty and the development of Bayu-Undan are important. Gas will be the catalyst for massive change in the Northern Territory economy, and that is agreed by all and sundry. The gas deposits in the Timor Sea are almost three times as large as those that were in the North West Shelf and are conservatively estimated to be worth at least $100 billion. Bringing gas onshore will broaden the base of the Northern Territory economy dramatically and, most importantly, will generate jobs for Territorians. The construction of the planned Wickham Point liquefied natural gas plant, which this process of ratification has been delaying, is a $1.6 billion project. It will provide more than 1,200 construction jobs, more than 500 jobs indirectly and a further 100 jobs during the operational phase. When finished, the plant will cement the position of Darwin and Australia in the world energy market—and I note the comments by the member for Hunter about the failure of the government to have a national energy policy. It will also make feasible the proposed 500-kilometre Bayu-Undan pipeline to connect the field to this project. In total, we are talking about $2 billion for the pipeline from Bayu-Undan to Darwin and $1.5 billion for investments in Darwin alone. In addition, the bringing of gas onshore will allow for a multimillion dollar development at McArthur River and a multimillion dollar development by Alcan at Nhulunbuy.

It is very important we understand that agreement with this treaty is of great significance to us and to East Timor—just as the unitisation agreement is. What is also important to understand is the way this matter was negotiated and the very poor role that was played by our foreign minister. We know that at a meeting in Dili on 27 November last year Mr Downer was strongly critical of Dr Alkatiri and his officials. A report in the Australian of 13 December last year said:

Highly placed East Timorese sources said last night that at the meeting, called to discuss the so-called international unitisation agreement on the Sunrise gas reservoirs, Mr Downer was “belligerent and aggressive”.

He is reported to have banged the table as he criticised advice Dr Alkatiri was receiving from UN officials.

After the meeting, the Australian Government reneged on an understanding with East Timor that it would ratify the Timor Sea Treaty by the end of the year.

This is no way for the Australian foreign minister to deal with the Prime Minister of another nation. It is about time that the foreign minister learnt that first and foremost he ought to be able to trust the East Timorese. If there is one message to give to the Australian government, it is that it should take people such as the Prime Minister of East Timor on trust. I know that, should they do that, a very close and cordial relationship between the government of Australia and the government of East Timor would develop.

But I have to say that there is not a great deal of respect for the Australian government, at least for the foreign minister. There is not a great deal of respect at all. What we also need to understand is that we may be the great patron of this nation. They may be dependent upon us but they have the right to independence; they have the right to make their own decisions; they have the right to elect their own leaders; and they have the right to form their own negotiating teams—and negotiate they have. We need to accept that they, like us, will negotiate in good faith and we need to deal with them appropriately.

Finally, I also want to comment on the role of the Northern Territory government. There is absolutely no doubt of the very im-
portant role that the Northern Territory Chief Minister has played in developing close and cordial relations with the government of East Timor. There have been a number of ministerial visits between the Northern Territory and East Timor, most recently by the minister for resources—the correct title of the portfolio escapes me.

Mr Ian Macfarlane—The Minister for Industry, Tourism and Resources.

Mr SNOWDON—No, not you—a comrade. As much as I like you, it was not you. It was Northern Territory Minister Paul Henderson, who visited East Timor quite recently to talk about these sorts of issues and how we might work together with the East Timorese in developing their economy and ours in Northern Australia. I note that the member for Solomon will be speaking shortly. I commend to him the work that has been done on these negotiations, ultimately to come to fruition. I know that he, like me, will say to the minor parties in the Senate that they should not use their position to frustrate the progress of this legislation. Despite what you and I may think of any outcome, the fact is that the East Timorese government has reached agreement with the Australian government—on both the treaty and the unitisation agreement—and that is what is important. We do not need to frustrate this process any further but rather to expedite the legislation through both this House and the Senate. I hope that is done tomorrow afternoon so that we can get this treaty ratified through EXCO and see the unitisation agreement signed on Friday.

Mr WILKIE (Swan) (7.28 p.m.)—I rise to also support the Petroleum (Timor Sea Treaty) Bill 2003. In my opinion, this legislation should have been introduced last December. It is due to the incompetence of the foreign minister that we are now finally getting to this legislation in March—almost at a point where it is too late for the Northern Territory to gain from its development. I support this legislation for a number of reasons. I would like to quote from the evidence that Alan Matheson gave to the Joint Standing Committee on Treaties in relation to this matter. Alan Matheson was representing Sharan Burrow, from the ACTU. It was good to see the union movement taking an active interest in this very important treaty. Mr Matheson said:

I believe that, if we do not get this treaty process right, in five years we will have another joint Australia-New Zealand government mission into Timor to try to sort things out, as we have done in Bougainville and the Solomons.

He went on to say:

... if we do not get the treaty process right with Timor, it seems to me that we will have the Australian government in five years up there trying to work out governance. It is the capacity building and governance which will provide the background and the backbone to an effective treaty ratification process in terms of what it will deliver in Dili.

Basically he was saying that it is in Australia’s national interest to have a neighbour with a strong and stable financial base and that to have otherwise could cause long-term difficulties for both Timor L’Este and Australia. I use the term ‘Timor L’Este, because that is in fact what the country we call East Timor would like to be referred to. It is very important that we get the terminology right in dealing with our nearest neighbour and that we refer to it properly as Timor L’Este.

As I said, it is about time that this legislation came through. The government have messed around a lot with this particular topic because they want to link the international unitisation agreement, which was actually agreed to at nine o’clock on Sunday night, with the treaty.

Debate interrupted; adjournment proposed and negatived.

Mr WILKIE—I believe that, while the direct linkage between the unitisation agreement and the treaty was not necessarily part of the memorandum of understanding, it was obviously what the government wanted in dealing with Timor L’Este in order to put more pressure on the country to determine a position. Part of the memorandum of understanding actually provided for negotiations in good faith in coming up with the IUA before the end of December 2002. Unfortunately, the Australian government did not act in good faith in the whole way that they dealt with this particular negotiation.
For a start, in March 2002 they withdrew from the International Court of Justice and said the court no longer had an ability to determine maritime disputes in relation to boundary issues with other countries. Also, despite the fact that the memorandum of understanding actually provided for maritime boundaries to continue to be discussed so that something could be determined in the future, the foreign minister made a statement that he had no intention of allowing for any change to the maritime boundaries in the future. That put a lot of pressure on Timor L’Este. Is it any wonder that it did not trust Australia in the negotiations? If I were in Timor L’Este’s shoes, I would be ensuring that I was playing hardball with the government too, because unfortunately you just cannot trust them. In the case of Timor L’Este, its whole economic survival and future relies on making sure that it gets a good deal out of this.

In terms of the unitisation agreement, I have said that, while it was not directly linked to the treaty, it was linked in practice. This demonstrates incompetence on behalf of the government, because if they wanted to have the unitisation agreement and the treaty linked they should have stated that at the outset. They should have clearly said on 20 May, when the memorandum of understanding was signed, that the annexure in the treaty to provide for an international unitisation agreement would not be finalised or the treaty would not ratified until such time as that particular agreement had been agreed to. Unfortunately, that was not the case. It was a clear case of absolute incompetence on behalf of the government.

The other problem we have is that, because the unitisation is an annexure of the treaty itself, it should have been referred to the Joint Standing Committee on Treaties for comment. The cabinet could have taken the comment on board and made any appropriate changes before they actually agreed to sign off on it. Clearly this is not going to happen. Despite the Minister for Industry, Tourism and Resources saying that it looks like it is close to being finalised, my understanding is that it was agreed to at nine o’clock on Sunday night. In case the minister was not aware, my view is that agreement has already been reached. The only problem we have is that we need to fly our foreign minister up to Timor L’Este to sign the agreement with their Prime Minister, or possibly our Prime Minister needs to sign it. I understand that what will happen now is that the agreement is going to be finalised. It will be signed, sealed and delivered. It will be referred to the Joint Standing Committee on Treaties but the reality is that it is a fait accompli—it has already been decided.

I am pleased for the Northern Territory and I hope the member for Solomon will acknowledge the work of the member for Lingiari in his pursuit of this particular course of action through the parliament. He has been very active in ensuring that the Northern Territory’s interests have been looked after. I congratulate for him for all his efforts. He has put a lot of effort into ensuring that this happened. There are something like 1,200 jobs in the construction phase and 400 on an ongoing basis, $6 billion in infrastructure investment and some $1½ billion in tax revenue for the country and I congratulate the member for Lingiari on his tremendous efforts in ensuring that this has come through.

I hold the foreign minister entirely responsible for the delay. We should not be sitting here in March; this should have been finalised in December. I was thinking recently that here we are looking at drug reform. I liken the foreign minister to marijuana: they are both slow acting dopes and we should eradicate both of them.

Mr TOLLNER (Solomon)  (7.35 p.m.)—It is very pleasing to be here today to see the Petroleum (Timor Sea Treaty) Bill 2003, the Petroleum (Timor Sea Treaty) (Consequential Amendments) Bill 2003 and the Passenger Movement Charge (Timor Sea Treaty) Amendment Bill 2003 before the House. Territorians have waited for more than a decade since the prospect of bringing gas onshore from the Timor Sea was first mooted. Timor Sea gas is probably the No. 1 issue in the Territory and the No. 1 development that
seems to be able to provide the stimulus for growth and jobs in the Territory. The Territory has, of course, enjoyed a period of unequalled growth in the past two decades, from the time of self-government to the turn of the century. However, in the past two years business has slowed, confidence has gone through the floor and many businesses are closing. There are a number of factors that have contributed to that—world economics, airline and tourism declines, and Jabiluka and other new mines not getting under way—but the most significant factor, I regret to say, has been the election of a Labor government in the Territory.

Of course, it is not what they have done; it is what they have not done. The Territory has experienced downturns in the past—particularly in the 1980s and early 1990s and again in the late 1990s. But there was a Country Liberal party in government then. Through capital works spending, through trade initiatives, through interstate investment promotion, through aggressive tourism marketing, through direct investments in the housing market and through kicking down the doors of corporate boardrooms, it stepped in to fill the gaps in a regional economy that had not yet reached that critical mass when growth can be relied upon to be self-sustaining through the presence of people and investment to make it happen.

To the Territory’s misfortune, Labor has pursued a social agenda at the expense of economic planning. It has failed to step in when the need is there. It became apparent last year that the Territory government may be able to exert a direct influence on the likelihood of the early development of the Greater Sunrise field and to secure for the Territory and all Australia onshore benefits from that field. It could have done so in the same way that Charles Court in Western Australia did when he entered into ‘take or pay’ arrangements for the North West Shelf. It could have been the vital factor in persuading the joint developers to look much harder at the Domgas option of bringing gas onshore to supply the energy needs of the Australian industry for many years into the future. But those in Labor sat on their hands. They would not commit to the future of the Territory and indeed the future of national energy resources. As a Territory man and a devoted onshore gas man, I say that it now seems most likely that the least desirable development of Greater Sunrise will take place—a floating LNG platform that will see the resource exploited with minimal impact on jobs and wealth creation for the Territory and Australia. All I can say is that, if this is the consolation prize, I trust the consortium will not dillydally.

In the lead-up to this legislation, members on the other side—in particular, the member for Lingiari and the member for Hunter, the shadow minister for resources—have played a spoiling role. The member for Lingiari has concerned himself mostly with what would be good for East Timor, suggesting, as crucial negotiations continued, that Australia should roll over and accede to positions put by a new nation. He has been quoted as suggesting that Australia has been mean-minded at the negotiating table and that our first duty should be to ensure the financial future of our near neighbour. He has joined with many of his colleagues in a scare campaign, claiming that we are all about to be ruined by the tardiness of the responsible ministers in seeing the treaty ratified. In concert, they have issued last chance media releases, which I can report have misled local Territory media into editorialising on the inadvisability of linking the Bayu-Undan and Greater Sunrise projects at the negotiating table and have caused increasing anxiety to the business community in the Northern Territory.

Now I see they are going around slapping each other on the back and trying to take credit for urging the government along. It has not been a very credible performance. They have seemed to follow the course of these negotiations from the East Timor point of view and willingly used their influence—such as it is—to support their point of view and criticise Australia and our negotiating team. I have followed the course of these negotiations as closely as possible from the Australian side, and I have a great deal of admiration for Minister Downer, Minister Macfarlane and our negotiating team, and
considerable sympathy for the problems that they have encountered.

These problems seem to me to have arisen from a mix of the meddling of the former colonial power—which deserted East Timor in its hour of need in the 1970s—and unreal expectations that past and present impoverishment and disadvantage in East Timor is justification for unbridled international generosity on the part of Australia. Such thinking seems to have now infected the Labor Party, the Democrats—who brought down a dissenting report in the Joint Standing Committee on Treaties on the basis that the treaty does not provide sufficient financial reward for the East Timorese—and probably the Greens. I just wonder who these people think they represent.

I still hope that there may be even more direct benefits to the Territory from Greater Sunrise and that the consortium will again take a long, hard look at the Domgas option, the onshore LNG plant and other such options. I feel, however, that the unwillingness of the Territory Labor government to take proactive measures will see the preferred outcome for the Territory and Australia slip through our fingers. I commend this bill to the House.

Mr ANDREN (Calare) (7.42 p.m.)—I rise to speak on the Petroleum (Timor Sea Treaty) Bill 2003, the Petroleum (Timor Sea Treaty) (Consequential Amendments) Bill 2003 and the Passenger Movement Charge (Timor Sea Treaty) Amendment Bill 2003. The Timor Sea Treaty is about establishing a legal and fiscal framework for the sharing or allocation of revenue from petroleum production in the Joint Petroleum Development Area in the Timor Sea. I ask this House: why has this and other legislation in recent years been rushed through in such haste? I have had the Petroleum (Timor Sea Treaty) Bill 2003 and explanatory memorandum since 6.30 this evening, and these comments are based on that very cursory view.

Prima facie, this treaty, signed by East Timor, looks great. East Timor gets 90 per cent of the revenue from the area while Australia receives 10 per cent. Further, the treaty does not prejudice any future legal claims to the seabed in the Timor Sea should either country wish to pursue delineation of the current boundaries. That is mighty generous of Australia, one might claim, but consider this: East Timor urgently needs her share of the income from the Bayu-Undan field within the Joint Petroleum Development Area, given that the only other source of revenue is diminishing foreign aid. This income is currently being held in trust, pending the ratification of the Timor Sea Treaty.

So East Timor simply cannot afford for the treaty not to be ratified, and any attempt to stall ratification could draw accusations of denying East Timor that income. Any attempt to challenge the seabed boundaries would stall access to those funds, and East Timor could lose the principal foundation of its economic viability, with all the political and social consequences that may bring. They are over a barrel, so to speak. So what is the problem? There is a huge oil and gas field, the Greater Sunrise field, 20 per cent of which, under the current boundary of the JPDA in this treaty, falls inside the shared zone. This means that East Timor will receive 90 per cent of that 20 per cent. That is 18 per cent of the revenue from a field containing some $30 billion in export revenues and about $8 billion in taxes. Australia will receive the remaining 82 per cent—and that is the rub.

International independent experts in maritime law have advised that the Greater Sunrise field, to the east of the JPDA, and the Laminaria-Corallina field, just outside the western JPDA boundary, should fall within East Timor’s boundaries. These fields rightly belong to East Timor—where $US30 million in foreign aid makes up just short of 40 per cent of the annual $US77 million budget, where the GNP per capita is less than $US340, where life expectancy is 48 years, where the infant mortality rate is 135 per 1,000 and so on.

In March 2002 the Attorney-General and the Minister for Foreign Affairs said that Australia would henceforth withdraw acceptance of the International Court of Justice’s jurisdiction on maritime boundary issues and the United Nations Convention on the Law of the Sea. This was done without notifying East Timor, seemingly cutting off any re-
course to that court by East Timor. It is worth noting that this announcement came directly after a seminar in Dili heard expert legal advice about its rights to the disputed area. It certainly does not look as though Australia has acted in good faith, despite the Joint Standing Committee on Treaties report last year. And East Timor certainly would not, and could not, risk alienating its nearest neighbour and large donor of foreign aid.

As pointed out before, East Timor desperately needs access to its only source of revenue—aside from aid—from the Bayu-Undan field currently held in that trust account. Further, it would seem that the developers of that field need a treaty of some sort ratified so that they can go ahead with certainty. There is definitely certainty here for the Northern Territory and Australia’s economic future, but should it be at a cost to East Timor? We are told we cannot stall the treaty for those reasons, so why not, as I suggest and others have suggested, excise the Laminaria-Corallina and Greater Sunrise fields from this particular treaty so that it might be ratified as soon as possible, thus giving some relief to East Timor? Why not negotiate separate treaties for these disputed areas which, on the face of it, may actually rightly belong to East Timor?

These bills should be referred to the International Court and there should be a generous royalty split on Sunrise. We need to secure these long-term rights for East Timor, and if it takes a little longer then that surely is necessary. Surely we can crank up and sustain the aid necessary for the time needed to properly investigate this. I cannot approve these Timor Sea Treaty bills until such questions are answered. I record my opposition here and will not seek a division.

Mr ORGAN (Cunningham) (7.47 p.m.)—I wish my opposition to the Timor Sea Treaty bills to be recorded, due in part to the haste with which they have been presented to this House and also to the various environmental and other issues which remain outstanding.

The DEPUTY SPEAKER (Hon. I.R. Causley)—The member for Cunningham can request that after the vote.

Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (7.48 p.m.)—in reply—In summing up, I thank those members who have spoken in the debate on the Petroleum (Timor Sea Treaty) Bill 2003, the Petroleum (Timor Sea Treaty) (Consequential Amendments) Bill 2003 and the Passenger Movement Charge (Timor Sea Treaty) Amendment Bill 2003. There have been many contributions to the passage of these bills, I particularly acknowledge the tireless work of the member for Solomon, who obviously took a very close interest in this for the benefit of Northern Territorians. The Minister for Foreign Affairs has worked tirelessly to ensure that this legislation, the treaties associated with the legislation and the MUA have been concluded in a fashion which will be to the mutual benefit of both East Timor and Australia.

There have been a number of assertions made by those who sit opposite, virtually all of them incorrect. I say to the member for Calare that the East Timorese people are currently accessing half the royalties out of the Bayu-Undan field, out of the area that is covered by the treaty. The ratification of the treaty will increase that share to 90 per cent. The generosity of the Australian people in allowing that to happen should also be acknowledged—that is, that Australia and the Australian government, supported by the opposition, have increased the share to East Timor of royalties drawn from this field from 50 per cent to 90 per cent.

As for accusations et cetera, I will not even give them credibility by commenting on them. The government have at all times acted in good faith and in the best interests of the East Timorese people, as we have in a number of areas, and our involvement of Australian troops in liberating East Timor has obviously played a major part in their current circumstances. These bills are part of what the member for Lingiari referred to as the growing trust and partnership between the two countries. As I said at the outset, these bills will bring mutual benefit to both countries.

Question agreed to.

Bill read a second time.
Third Reading
Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (7.50 p.m.)—by leave—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

PETROLEUM (TIMOR SEA TREATY) (CONSEQUENTIAL AMENDMENTS) BILL 2003
Second Reading
Debate resumed, on motion by Mr Ian Macfarlane:
That the bill be now read a second time.
Question agreed to.
Bill read a second time.

Third Reading
Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (7.51 p.m.)—by leave—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

PASSENGER MOVEMENT CHARGE (TIMOR SEA TREATY) AMENDMENT BILL 2003
Second Reading
Debate resumed, on motion by Mr Ian Macfarlane:
That the bill be now read a second time.
Question agreed to.
Bill read a second time.

Third Reading
Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (7.52 p.m.)—by leave—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

ADJOURNMENT
Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (7.52 p.m.)—I move:
That the House do now adjourn.

Timor Sea Treaty: Member for Solomon
Zimbabwe

Mr WILKIE (Swan) (7.52 p.m.)—Mr Deputy Speaker Causley, I acknowledge your presence in the chair and not that of the Speaker, who would normally be here at this time. I want to congratulate the Speaker on achieving 20 years in the parliament. It is a significant achievement, and he is well deserving of a bit of a celebration to acknowledge those 20 years.

I want to make a few comments about the contribution of the member for Solomon to the debate earlier on the Petroleum (Timor Sea Treaty) Bill 2003. It was very unfortunate that, while I was the Deputy Chair of the Joint Standing Committee on Treaties, the member for Solomon had very little input into the process. I think he did attend a meeting in Darwin, but he had no other input whatsoever that I could see. When you consider the importance of the Timor Sea Treaty to the Northern Territory, you will realise that it was very disappointing to hear his comments in the previous debate, given his lack of input. I also believe that he showed a lack of grace in not acknowledging the input into the process of the members for Hunter and Lingiari and of the Northern Territory government. If it had not been for their support and their pushing of the issue through the proper processes, I do not believe that we would be at the point where we are now, getting this through.

To give you an example of where the member for Solomon is coming from, I believe that on ABC Radio in Darwin he made the comment that, if Phillips do not get the gas from Bayu-Undan, they will get it from somewhere else. However, the only place it would have gone from was Bayu-Undan. So here we have a representative from the Northern Territory saying, ‘It’s okay. If Phillips cannot get Bayu-Undan going and if the treaty does not go ahead, it is okay because they can go and get it from somewhere else’—somewhere obviously further away from the Northern Territory.

However, the main reason I want to address the parliament tonight is to talk about
Zimbabwe and the actions of its President, Robert Mugabe. Mugabe has clamped down on the opposition, driven white farmers off their land, bullied the media and banned foreign journalists. In fact, I believe he has even gone as far as jailing people who have spoken against him. Mugabe, fearing the news that there is to be no end to the drought, has also turned his attention to controlling the weather information being given to his people, believing that the discontent of the people of Zimbabwe would be heightened by the knowledge that the end of the drought is not in sight. That is very insightful of him, given that 13 million people in his country are hungry. This has already resulted in food riots in Harare and Bulawayo. The reality is that reports from the metropolitan weather bureau have to be sent to President Mugabe’s office, and only then can they be released. That was reported in the *Sydney Morning Herald* on 27 January this year.

The Mugabe government has destroyed the democratic institutions of Zimbabwe. It gained power by corrupting the electoral process and manipulating the elections in both 2000, when I was an election observer there, and 2002. Through high-level intimidation and violence, Mugabe’s government has destroyed the country’s economy, leading to severe food shortages. White farmers and their workers have been terrorised and murdered and their property seized, undermining the country’s previously excellent agricultural base and depriving black workers of their jobs. Under Mugabe’s regime, emergency food rations are distributed to those who hold ruling party membership cards, effectively starving the rest of the population. Estimates are that up to two million people could be at serious risk of starvation. Two million people could be dying purely because Mugabe will not let them get food.

Our Prime Minister is ready to commit Australians to a war against Saddam Hussein because, amongst other things, he commits barbaric crimes against his own people. Why, then, do we not do more than have smart sanctions against a regime that is prepared to starve its population to death? Our Prime Minister does not even direct the Australian Cricket Board not to send our elite team to Zimbabwe. We have sent cricketers to Zimbabwe and troops to Iraq! Australia missed a golden opportunity to make a clear statement to the people of the world by refusing to play cricket in Zimbabwe. Unfortunately, we failed to do so. Where has the PM been on this issue? Hiding behind the Australian Cricket Board and wanting to sit at home to watch cricket on his plasma TV.

### Medicare: Bulk-Billing

**Mr RIPOLL (Oxley) (7.57 p.m.)**—I draw to the attention of the House my great disappointment that tonight the adjournment debate has been cut short. Normally, I would get the opportunity as a member of the House to have a full five minutes to represent my constituents in the adjournment debate. Due to the mismanagement of this government, I am left with barely a couple of minutes.

I want to talk tonight about Medicare, bulk-billing and the disgusting, disgraceful behaviour of this government in tearing apart this country’s universal health system, which has served us so well for so long. I want to talk briefly about a few of the constituents in my electorate, particularly one woman who rang up about both her parents, who are receiving nursing home care. Both parents need attention and need to see a doctor. They are having a lot of difficulty in getting the sort of attention they need without having to pay up-front, because fewer and fewer physicians and specialists are providing their services through the bulk-billing system, which is what this family desperately needs. This is just one of thousands of cases. In my electorate office, we get calls every day from people experiencing new levels of disservice either because doctors can no longer afford or manage the system or because they have understood quite clearly that this government has said to them, in one form or another, that it will be dismantling the Medicare bulk-billing system in this country. Doctors no longer support the system because it is no longer supported by the government of this country.

Let us look at what it means for young families with kids. Take the example of a young mother with three children. Say they have a bad week and they all come down...
with flus and colds. If you have to pay up-front $50 per person, a young parent has to put forward $150 before they can all see a physician. The end result is that more parents are deciding not to visit a doctor, taking the health risks at home and maybe getting backyard care or just going to the pharmacy, or maybe just not worrying about it because they cannot afford the cost. If members on the government’s side seriously looked at the real cost to a family of not having bulk-billing of Medicare—the services provided to young families and the elderly—they would understand that, instead of trying to pull the system apart, they should look for solutions to make the system work better in this country. That is what we need. That is what this government should be doing: focusing on the positive ways that it can make the system work. Universal health care in this country is extremely important. The system was one of the best in the world; it still can be one of the best in the world, if the government makes a commitment to providing the service. That is the message I want to send to the government tonight; I want to make sure that my constituents’ views are represented on this issue.

The DEPUTY SPEAKER (Hon. I.R. Causley)—Order! It being 8 p.m., the debate is interrupted.

House adjourned at 8.00 p.m.
REQUEST FOR DETAILED INFORMATION

House of Representatives Standing Committee on Economics, Finance and Public Administration: Hearing Costs

Ms Burke asked the Speaker on 10 December 2002:

(1) Were any flights chartered to transport (a) committee members, (b) committee staff or (c) other parliamentary staff to attend the hearings of the House of Representatives Standing Committee on Economics, Finance and Public Administration in (i) Sydney on 31 May, 2002 and (ii) Warrnambool on 6 December 2002; if so, (A) how many flights were chartered and (B) what was the cost of each chartered flight. (2) What was the freight cost of transporting necessary equipment for each hearing. (3) How many commercial airline sectors were travelled by staff of the committee and other parliamentary staff for each hearing. (4) What was the cost of each commercial airline sector travelled for each hearing. (5) What was the cost of using (a) hire cars and (b) Comcar for each hearing.

(6) What was the cost of (a) overnight accommodation and (b) travel allowance for staff of the committee and other parliamentary staff for each hearing. (7) What was the cost of travel allowance paid to committee members for each hearing for related purposes.

House of Representatives Standing Committees: Public Hearings

Ms Burke asked the Speaker, upon notice, on 10 December 2002:

How many (a) meetings and (b) public hearings have been held by each House of Representatives Standing Committee in 2002. (2) What was the location of each (a) meeting and (b) public hearing of each committee referred to in part (1).

The SPEAKER—The answer to the honourable member’s question is as follows:

I am advised that answers to her questions are as follows:

A: Standing Committee on Economics, Finance and Public Administration

Question (1):

Yes, charter flights were used in respect of a hearing in Warrnambool. The costs for chartered aircraft for committee members, committee staff and other parliamentary staff to attend the hearings on 6 December 2002 in Warrnambool were:

<table>
<thead>
<tr>
<th>Flights chartered</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Melbourne–Warrnambool return (8 seat aircraft)</td>
<td>$3892</td>
</tr>
<tr>
<td>Canberra–Warrnambool return (4 seat aircraft)</td>
<td>$1873</td>
</tr>
<tr>
<td>Warrnambool - Melbourne return (8 seat aircraft)</td>
<td>$2775</td>
</tr>
<tr>
<td>Total Cost</td>
<td>$8540</td>
</tr>
</tbody>
</table>

A letter has been sent to the Department of Finance and Administration requesting payment (totalling $3926) of the component of charter flight expenses used by committee members.

Question (2):

No separate charges have been made for freight costs.

Questions (3) + (4):

The costs for commercial airline sectors travelled by staff of the committee were:

(i) Sydney, 31 May 2002

<table>
<thead>
<tr>
<th>Sectors</th>
<th>No. of staff</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canberra – Sydney</td>
<td>5</td>
<td>$966.35</td>
</tr>
<tr>
<td>Sydney – Canberra</td>
<td>5</td>
<td>$966.35</td>
</tr>
<tr>
<td>Total Cost</td>
<td></td>
<td>$1932.70</td>
</tr>
</tbody>
</table>
(ii) Warrnambool, 6 December 2002

<table>
<thead>
<tr>
<th>Sectors</th>
<th>No. of staff</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canberra – Melbourne</td>
<td>5</td>
<td>$990.41</td>
</tr>
<tr>
<td>Melbourne – Canberra</td>
<td>3</td>
<td>$553.09</td>
</tr>
<tr>
<td>Total Cost</td>
<td></td>
<td>$1543.50</td>
</tr>
</tbody>
</table>

For the staff of the Department of the Parliamentary Reporting Service, airfare costs were as follows; Sydney hearing - $657.54, Warrnambool hearing - $722.14

**Question (5):**
The costs for ground transport were:

(i) Sydney, 31 May 2002

<table>
<thead>
<tr>
<th>Ground transport</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxis for committee staff</td>
<td>$92.59</td>
</tr>
<tr>
<td>Total</td>
<td>$92.59</td>
</tr>
</tbody>
</table>

(ii) Warrnambool, 6 December 2002

<table>
<thead>
<tr>
<th>Ground transport</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bus hire for committee members and staff</td>
<td>$525</td>
</tr>
<tr>
<td>Taxis for committee staff</td>
<td>$188.76</td>
</tr>
<tr>
<td>Total</td>
<td>$713.76</td>
</tr>
</tbody>
</table>

For the staff of the Department of the Parliamentary Reporting Service, ground transport costs were vehicle hire - $183.57, petrol - $48.99

**Question (6):**
The costs for accommodation and other expenses for committee staff were:

(i) Sydney, 31 May 2002

<table>
<thead>
<tr>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation (3 staff x 1 night)</td>
</tr>
<tr>
<td>Other expenses (food, incidentals etc.)</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

(ii) Warrnambool, 6 December 2002

<table>
<thead>
<tr>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation (3 staff x 2 nights, 2 staff x 1 night)</td>
</tr>
<tr>
<td>Other expenses (food, incidentals etc.)</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

For the staff of the Department of the Parliamentary Reporting Service, travelling allowance costs were as follows; Sydney - $289.15, Warrnambool - $810.05

**Question (7):**
This matter is administered by the Department of Finance and Administration.

**B: House Committees generally – Numbers of meetings**

**Aboriginal and Torres Strait Islander Affairs**

1) Number of meetings (figure to include both private meetings and public hearings) 24
2) Number of public hearings 10
3) The location of each: (a) private meetings Canberra, Torres Strait (QLD), Maningrida (NT), Wadeye (NT) and Darwin (b) public hearings
### Ageing

1) Number of meetings (figure to include both private meetings and public hearings) | 19  
---|---  
2) Number of public hearings | 1  
3) The location of each:  
   (a) private meetings  
   (b) public hearings  
   Canberra, Melbourne and Gold Coast (includes inspections)  
   Canberra and Gold Coast Community Forum  

### Agriculture, Fisheries and Forestry

1) Number of meetings (figure to include both private meetings and public hearings) | 19  
---|---  
2) Number of public hearings | 2  
3) The location of each:  
   (a) private meetings  
   (b) public hearings  
   Canberra, Tasmania, Melbourne and Colac region (Vic) (includes inspections and discussions)  
   Canberra  

### Communications, Information Technology and the Arts

1) Number of meetings (figure to include both private meetings and public hearings) | 26  
---|---  
2) Number of public hearings | 9  
3) The location of each:  
   (a) private meetings  
   (b) public hearings  
   Canberra, Sydney and Brisbane  
   Canberra, Adelaide, Brisbane and Sydney  

### Economics, Finance and Public Administration

1) Number of meetings (figure to include both private meetings and public hearings) | 29  
---|---  
2) Number of public hearings | 10  
3) The location of each:  
   (a) private meetings  
   (b) public hearings  
   Canberra, Melbourne, Sydney  
   Canberra, Perth, Sydney, Katherine, Darwin, Adelaide, Alice Springs and Warrnambool (Vic)  

### Education and Training

1) Number of meetings (figure to include both private meetings and public hearings) | 20  
---|---  
2) Number of public hearings | 5  
3) The location of each:  
   (a) private meetings  
   (b) public hearings  
   Canberra  
   Canberra, Yenda (NSW), North Palm Beach (Qld), Darwin and Palmerston  

### Employment and Workplace Relations

1) Number of meetings (figure to include both private meetings and public hearings) | 20  
---|---  
2) Number of public hearings | 11  
3) The location of each:  
   (a) private meetings  
   (b) public hearings  
   Canberra  
   Canberra, Perth, Adelaide, Brisbane, Melbourne and Sydney
<table>
<thead>
<tr>
<th>Committee</th>
<th>1) Number of meetings (figure to include both private meetings and public hearings)</th>
<th>2) Number of public hearings</th>
<th>3) The location of each:</th>
</tr>
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<tbody>
<tr>
<td>Environment and Heritage</td>
<td>17</td>
<td>4</td>
<td>Canberra and Sydney</td>
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<td></td>
<td>Canberra</td>
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<tr>
<td>Family and Community Affairs</td>
<td>24</td>
<td>3</td>
<td>Canberra, Sydney, Ade</td>
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<td>laide, Melbourne (includes inspections &amp; discussions)</td>
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<td>and teleconference</td>
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<td>Canberra</td>
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<tr>
<td>Industry and Resources</td>
<td>18</td>
<td>5</td>
<td>Canberra and Kalgoorlie</td>
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<td></td>
<td>(includes inspection</td>
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<td>Canberra, Kalgoorlie,</td>
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<td>Perth and Darwin</td>
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<tr>
<td>Legal and Constitutional Affairs</td>
<td>22</td>
<td>6</td>
<td>Canberra</td>
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<td>Melbourne, Sydney, Ger</td>
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<td>aldton (WA) and Perth</td>
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<tr>
<td>Science and Innovation</td>
<td>26</td>
<td>11</td>
<td>Canberra</td>
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<td>Canberra, Melbourne and</td>
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<td>Sydney</td>
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<tr>
<td>Transport and Regional Services</td>
<td>27</td>
<td>1</td>
<td>Canberra, Sydney, Bris</td>
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<td>bane, Gladstone, Rock</td>
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<td>hampton, Adelaide, Ten</td>
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<td>nant Creek and Alice</td>
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<td>Springs (includes</td>
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<td>inspections and</td>
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<td>Canberra</td>
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NOTICES
The following notices were given:

Mr Anthony to present a bill for an act to amend the law relating to social security in its application to disabled persons, and for related purposes.

Mr Tuckey to move:
That, in accordance with section 5 of the Parliament Act 1974, the House approves the following proposal for works in the Parliamentary Zone which was presented to the House on 3 March 2003, namely: Design and content of the sixth sliver for Reconciliation Place.

Ms Burke to move:
That this House:
(1) notes that a study commissioned by Osteoporosis Australia and a subsequent report titled The Burden of Brittle Bones indicated that osteoporosis is a disease that is becoming increasingly prevalent in our communities;
(2) notes that this report further indicated that it should be recognised that osteoporosis is a preventable and treatable disease and with more research the current trend could be reversed;
(3) notes with concern the statistics in this report that indicate the projected increase in numbers of patients within the population diagnosed with osteoporosis—in 2001, 1.9 million Australians, 10% of the population, were diagnosed as suffering from osteoporosis and by 2021 this figure is expected to rise to 13.2%;
(4) recognises the enormous cost to the health services, the community, to individual sufferers and their carers; and
(5) calls on the Government to recognise osteoporosis as a national health priority. (Notice given 5 March 2003)

Mr Price to move:
That this House:
(1) recognises that the Hansard record on the parliamentary website should predate the current cut-off of 1984;
(2) acknowledges the national benefit that would be derived from a more comprehensive record being made available as well as the benefit to Members of Parliament and their staff;
(3) notes that the proposed Centenary project to have all the Hansard records incorporated was unable to be finalised apparently because of the cost; and
(4) urges the presiding Officers to re-examine the proposal and at least attempt to extend the current scope of the Hansard available on the Web even if it has to be staged over a number of Parliaments. (Notice given 5 March 2003).
Wednesday, 5 March 2003

The DEPUTY SPEAKER (Hon. I.R. Causley) took the chair at 9.40 a.m.

STATEMENTS BY MEMBERS

Hasluck Electorate: Programs

Ms JACKSON (Hasluck) (9.40 a.m.)—I start this morning by quoting from an article by Andre Malan that was published in the West Australian newspaper on 20 February. He said: Kelvin Road, Maddington, and Jutland Parade, Dalkeith, are only a couple of pages apart in the index of the 2003 Perth street directory, but they may as well be in different countries or even on different planets. The two streets—one in a leafy western suburb and the other in the south metropolitan battler belt—are at opposite ends of the deep and widening gulf between WA’s haves and have-nots. At one extreme you have people living in riverside mansions with sweeping lawns and private tennis courts, and at the other are those in tiny hotboxes with dead gardens and all the other indicators of disadvantage and despair.

I am pleased to say that the introduction of this article was to tell West Australians about the program that has been implemented in the Maddington-Kenwick area. As part of my statement this morning I would like to congratulate both Martin Whitely, the member for Roleystone, and Premier Geoff Gallop for the recent WA state government decision to enter into a formal partnership with the City of Gosnells to rejuvenate the suburbs of Kenwick and Maddington in my electorate of Hasluck.

The Maddington-Kenwick sustainable communities initiative is not only about dealing with the physical appearance of the area but also about ensuring that services and facilities in the area are accessible and directly targeted to those who need them most. The City of Gosnells’s forward-thinking strategy is driving the revitalisation of these two suburbs through a combination of community input, innovative urban design, public-private housing ventures, co-location of services, improved infrastructure and community arts projects. I would like to record my respect for the staff of the City of Gosnells for their efforts and their commitment to implementing a sustainable urban redevelopment strategy.

The Maddington-Kenwick sustainable communities initiative will help create a unique sustainable community lifestyle. This strategy, which aims to improve the quality of life for those living in declining suburbs, requires a whole of government approach to achieve success, a factor clearly recognised by the West Australian government. The federal government must also accept its responsibility to communities such as Kenwick and Maddington and provide its share of funding to vitally important programs such as this. When it comes to the management and consequences of urban change, the Howard government has vacated the field to states and local government.

I am delighted to say that I have been invited to join the community advisory committee overseeing this community initiative, and I will certainly be knocking on the door and ensuring that the federal government meets funding commitments to assist in the project. We believe in a cooperative approach to building communities that involves all levels of government pulling their weight in partnership. Nothing matters more to Australia’s future than the sustainability of communities in which people live and work. Labor believes in federal responsibility for cities—affordable cities, sustainable cities, safe cities and, most of all, livable cities. (Time expired)
Dickson Electorate: Strathpine Post Office

Mr DUTTON (Dickson) (9.43 a.m.)—Today I want to raise the issue of the Strathpine post office, as I have done a number of times in this House. I have to report today that Australia Post recently announced that the Strathpine post office would close. That is regrettable, in my view, because the community and I have worked hard for an extended period to try to retain the post office. The fight continued for about 18 months. Today I particularly want to thank Lorraine Monkhouse, Maude Stretton, Kevin and Anne Holding, Ray King and other concerned residents who fought hard to keep the post office open. In the end, regrettably, we were not successful in doing that.

We were successful, though, in retaining services for an additional 12 months from when Australia Post first proposed that the post office would close. In addition, we were able to gain a communal postal agency—being set up in the shopping centre adjacent to the site of the Strathpine post office—which will provide basic postal services and sell some retail items. We also have an undertaking by Australia Post that the post office boxes will remain where they are at the site of the Strathpine post office.

In one regard that is a win for small business, because small business requested, as their main priority, that the post office boxes remain in situ because it was a more convenient place to retrieve their mail from. I am glad to be able to report to the House that we were able to obtain that concession from Australia Post. It has always been my ambition to have the Australia Post office remain where it was at Strathpine and for the complete suite of services to be offered. Today I also want to acknowledge the efforts of the minister—I met with the minister, as well as his chief of staff, on a number of occasions—and also of Bill Mitchell, the Queensland manager of Australia Post, and Alan Bain, the manager of retail services. As I say, they were in the end able to come to a compromise.

The reality of the situation we faced 12 months ago was that Strathpine post office would close altogether. The post office boxes would have been relocated to the nearby Westfield shopping centre, there would have been no communal postal agency, and that would have been a bad result for the people of Strathpine. So the fact that we have been able to retain the post office boxes and have a communal postal agency set up with a new posting box is the best situation we were able to achieve. (Time expired)

Telstra: Services

Ms GEORGE (Throsby) (9.46 a.m.)—I take this opportunity to raise ongoing concerns about the operations of Telstra in the Illawarra region. While I accept that a network as large as Telstra’s will from time to time experience disruption, ongoing problems in the Illawarra, and particularly problems concerning cable air pressure, have been brought to Telstra’s attention on many occasions. Telstra knows that the system in my region risks total collapse in wet weather due to widespread cable damage, yet nothing has been done to rectify the problem on a permanent basis. Rather, we have a farcical situation where Telstra has been content to resort to bandaid solutions such as using air bottles that need to be replaced on a weekly basis.

Phone cables are pressurised to prevent water entering the cable and destroying the paper insulation around the cable. According to Telstra’s own guidelines, 40 kPa in the cable is an alarm trigger and 20 kPa is a serious threat to a functioning system. Ultimately, Telstra recommends a continuous pressure of about 70 kPa to prevent disruption. Yet data collected by the union and by my office earlier this year indicates that air pressures as low as 20 kPa are...
evident in at least 56 of the 144 cables in the Illawarra, with 40 cables under 20 kPa and 19 of those under 5 kPa. So you can see that we have a situation where the possibility of widespread outages continues to exist, despite the fact that I raised this matter in a speech to parliament a year ago and have on numerous occasions pursued the matter with local Telstra management.

I am concerned that the maintenance of these cables has been allowed to be run down. We have had over 70 staff retrenched in the Illawarra region. As recently as January, despite the obvious shortfalls in the air pressure of the cables, another two workers were retrenched. Yesterday my constituents advised me that Albion Park, which suffered a major outage a year ago, had 53 homes and businesses affected by cable failure. I have pursued the matter with Telstra and I am awaiting a response as to the cause of this problem. While the problem on this occasion appears not to be due to cable pressure, it is symptomatic of the ongoing problems that are being experienced by my constituents. It is time that Telstra took their responsibility to Illawarra customers seriously. Telstra know about these problems—I have been warning them for the last 12 months—but all we have are bandaid solutions. It is time that profits were reinvested in cable maintenance so that I can assure the people I represent that they will be provided with a reliable service. (Time expired)

Environment: Water Trading Arrangements

Dr STONE (Murray—Parliamentary Secretary to the Minister for the Environment and Heritage) (9.49 a.m.)—The National Competition Council 2003 is going to be assessing the states’ progress on water reform, this year focusing on water trading arrangements. This is a most significant step in water reform in Australia. We understand from, in particular, the Victorian experience how water trading can ensure that water goes to the most productive use. We also understand, after 10 years of this water trading regime, that there must be very significant safeguards in the system and very significant prior planning to ensure that what we implement does not constrain regional development, nor that a speculative situation compromises the environmental flow regime that is required.

We have had transferable water entitlement—or TWE, as it was called—for some 10 years now in Victoria, with the development of Water Moves, which is the name of the trading agency. This water trading system has now been extended to parts of New South Wales and very recently expanded into South Australia as part of an interstate trading agreement. The transfer of water entitlement through water trading works because it is within a very tightly understood and prescribed cap of water consumption across the Murray-Darling Basin. At the same time, we understand that environmental flows must be identified and protected, and who is able to enter and participate in that marketplace is clearly identified as well. For example, you need commandable land. You need land to be able to transfer that water to, and land which has been found to be appropriate for the number of megalitres to be purchased and applied. We have to make sure that there is probity of financial settlements and arrangements in buying and selling water. We have to ensure that there is integrity in the water accounting systems as we move into water trading, that there are real transfers and real volumes measurable in this system. We also have to prepare the way for accrediting water brokers.

I am concerned that at the moment there is not enough attention being paid to the social implications and dimensions of water trading. For example, when we introduced TWE in Victoria we ensured that there was a two per cent limit on permanent removal of water from a particular region per year, before there was a trigger which required the water authority to
look at the adjustment potential or requirements of that region should they lose more than two per cent in an annual transfer. That has only been triggered once, but it led to us to look very carefully at what the future rural development prospects were for that region should it have stranded assets where farmers at the end of a channel were not able to be supplied even though they themselves had not chosen to sell water. I believe that, as we enter this new era, we must be mindful of the fact that water is of regional development value and consequence, not just an individual’s personal wealth, and that there must be very strong rules in place before we proceed. (Time expired)

Education: University Funding

Ms BURKE (Chisholm) (9.52 a.m.)—As the member for Chisholm, I consider myself to be one of the luckier members of the parliament. I represent an ethnically and economically diverse constituency whose constituents, like me, believe that Australia is a country where, if you apply yourself and work hard, you will reap the benefits of that effort. Two of Australia’s excellent universities also have campuses in Chisholm: Monash and Deakin universities. My electorate also has numerous secondary schools where this ethic of working hard to reach a goal is the norm for all students, especially those who want to enter university. The downside of this situation is that, all too often, no matter how hard a student may apply themselves to their study, a place in a university will never be offered to them.

Why? There are two reasons. First, universities function on the inequitable ENTER system, which weighs subjects according to how difficult the universities believe them to be. For instance, an average student studying chemistry and/or languages will score higher than a bright student studying art and/or economics. This discourages students from undertaking subjects in which they may be proficient and encourages them to undertake subjects at which they are less capable just to try to gain a place in a university. This results in a quasi-sanctioned narrow field of intellectual curiosity and penalises students for being individualistic in their academic pursuits.

The second reason why some students may never be offered a place in a university is that since 1997 the Howard government has reduced higher education funding by more than $5 billion, resulting in numerous students being denied a university place due to lack of funding. This is extraordinary, as it consolidates Australia as having one of the lowest levels of public investment in higher education amongst developed countries. Combined, these two circumstances result in those with a lower socioeconomic background being disadvantaged to the tune of having a 40 per cent less chance of gaining a university place than a student attending a wealthier independent school.

I am incredulous that such blatantly inequitable circumstances are allowed to continue and are not being addressed by this government. It is their responsibility to ensure that all students who have attained sufficiently high scores, regardless of subjects studied or socioeconomic backgrounds, are able to pursue a tertiary education. Last year, a student who attained an ENTER score of 98.5 was not able to attain a place in law at Monash University. The ENTER score for the year was 98.7. If she had been willing to pay for that place all she had to have was a score of 91. This is ludicrous. A tertiary education under the Howard government has reached a ridiculously exorbitant cost, hurting the families in my electorate of Chisholm and in the rest of the country. Something needs to be done to redress the balance in this inequitable approach to higher education.
Mr ROSS CAMERON (Parramatta—Parliamentary Secretary to the Minister for Family and Community Services) (9.55 a.m.)—If we were to ask what the greatness of a nation is, some would look to the size of the army or the navy, or perhaps to great leaders. Edmund Burke talked about the power of friendships between individuals and neighbours and the will to goodness, the will to rise above self and to focus upon the interests of others in the little platoons in the hamlets and villages that made up the nation of England. Alexis de Tocqueville, on visiting America for his great study of democracy, was stunned by the extent to which Americans joined together in voluntary associations. He attributed the greatness of the United States to this. In fact, he said that America is great because Americans are good, and that, when Americans cease to be good, America will cease to be great. Jane Jacobs, in her great study—one of the classic books of the 20th century—*The Death and Life of Great American Cities*, talked about the bonds of trust between strangers passing each other on the sidewalk. She said that it is the private, minimalist personal bonds which form the greatness, layer upon layer, community upon city upon state.

In my electorate there is an example of a hamlet, a neighbourhood, a group of principally women, in this case, who are standing up and focusing on the needs and interests of others. They are found in the community of Ermington on Victoria Road. It is a community which has not been blessed with great resources from government or the state, but it has great human resources. It is led in particular by Gayle Lazonby and Trudy Patterson, who are mothers in the suburb who have no particular qualifications other than a concern for their children and their neighbourhood. They have gathered together with others at the Burnside Family Learning Centre and they are the engine room of what has become the Rydalmere-Ermington Community Festival, which will take place in about four months time when renovations to the Betty Cuthbert shopping centre have been completed. Their enthusiasm and vision have been taken up by companies such as Eli Lilly and Shell Australia, which are lending a hand. Anne Hirst at Burnside is doing a fabulous job, with her colleagues Anne Lord and Bev Hunt. Lots of people, such as developer George Andrews and another mother, Christina Adolfson, are coming together to focus on the needs of the next generation and on how they can improve their neighbourhood. These people are not blaming others; they are not looking for someone else to solve the problem. They are saying, ‘Let it begin with me.’ (Time expired)

The DEPUTY SPEAKER (Hon. I.R. Causley)—In accordance with standing order 275A, the time for members’ statements has concluded.

FAMILY AND COMMUNITY SERVICES LEGISLATION AMENDMENT BILL 2002

Second Reading

Debate resumed from 13 February, on motion by Mr Anthony:

That this bill be now read a second time.

Mr MOSSFIELD (Greenway) (9.58 a.m.)—I rise to speak on the Family and Community Services Legislation Amendment Bill 2002. This is a minor technical bill which amends some 16 separate acts to correct such things as numbering and cross-referencing, as well as to repeal some redundant sections. The bill will also repeal the entire First Home Owners Act 1983, which is now redundant because section 17A of that act provides that no new claims are permitted under the act after 30 June 1991. This is a housekeeping bill, a catch-all bill, with
only small policy changes involved. Most of the bill is fairly innocuous and Labor will not be opposing it.

We do, however, reserve our right to amend the legislation in the Senate should any of these minor or technical amendments be found to have a bigger impact than first thought. Sometimes you pull a small thread to tidy up and end up unravelling the entire shirt. At the moment it looks like a small thread, but, should it end up something more serious, Labor will step in and move suitable amendments.

As I have said, this is a housekeeping bill with only minor policy adjustments. One of the policy changes involves rent assistance being paid as part of the family tax benefit rather than with the income support payment. The rationale for this change is not entirely clear and it certainly was not covered in the 2½-minute second reading speech of the Minister for Children and Youth Affairs last December. As I said, the rationale is not clear, and it could result in an income support customer losing their allowance at a lower income than is currently the case. While there will be a boost to their family tax benefit payment, it may also result in the loss of a pensioner concession card or health care card. Exactly why the government is doing this is not really known, and some explanation would be appreciated.

While I am talking about family tax benefit payments and a technical amendment bill that clears up the anomalies in various social security acts, it would be remiss of me not to raise the cases of a number of my constituents. The first constituent I wish to talk about approached me regarding her family tax benefit payment. It appeared that Centrelink had fed the wrong figures into the computer and she incurred a debt as a result. She was a bit upset that she had provided all the correct details and Centrelink could not type these into a computer properly, thus giving her a debt when she did not do anything wrong. But that was not her complaint; she understood she had been overpaid and needed to pay the money back. They are a one-income family and the mother remains at home to care for the children. The family have worked hard and now have a rental property. In order to understand the complaint that she has and which would require only a technical amendment to rectify, I must use the actual wages and income figures, which is why I have not identified the constituent.

He earns $80,000 per annum, she earns nothing and they have a rental property which makes a loss of $8,000 per year. Family tax benefit payment B is the benefit in question. We must remember that part B is calculated on the income of the parent who earns the least amount. It gets complicated here. Mr Smith, to give him a name, earns $80,000 each year but owns half the house that makes an $8,000 rental property loss. So he takes $4,000 off his income, leaving a taxable income of $76,000. Centrelink, however, does not recognise the rental property loss so, they add back to minus $4,000, giving her an actual income of zero. After all, her husband started at $80,000, went to $76,000, had the loss added back and wound up where he had started, at $80,000.
Mrs Smith is a pretty reasonable constituent who understands why Centrelink do not recognise their rental property loss and why they add it back onto their taxable income. All she wants is for her to be treated the same as her husband. He started on $80,000 and after all calculations and toing-and-froing he ended up on $80,000. She started on zero and after exactly the same calculations, the exact same toing-and-froing, ended up on $4,000—all because Centrelink computers could not seem to recognise a minus number.

This obviously has had a major impact on the family tax benefit payment B, which should have been calculated on her income of zero but instead has been calculated on the fictitious figure of $4,000. Had Mrs Smith earned $5,000, they would have taken off and added back on the rental property loss and she would have had a taxable income of what she earned, which was $5,000. But because she earned zero she is penalised and Centrelink effectively added the loss back onto her figure twice: once to take it back to zero and the second time to add it on. This seems to me grossly unfair and nothing more than a slippery accounting trick.

This is a technical amendment bill which cleans up some of the anomalies. Mr and Mrs Smith are examples of people who have been adversely affected by an anomalous situation in this legislation—one I note is not covered by this omnibus housekeeping bill. We have more problems which the government has not rectified. I would be surprised, even with these amendments, if these acts will overcome the many anomalies that our constituents are faced with on a day-to-day basis and on which they come to see their federal members for assistance.

By far the biggest problem is where Centrelink has indicated that the client has accumulated a debt to the Commonwealth. These debts come about in many ways, such as the client not being able to accurately estimate their income for the coming 12 months, mistakes by Centrelink, mistakes by the client and the complexities of the legislation. One constituent of mine, who has incurred her second debt, has been told by the Centrelink staff that, given her particular circumstances, she will go on incurring debt after debt because there is no way she will ever be able to get it right. If that is the case, it does not say much for the legislation.

In all, there are some 670,000 families around Australia that have incurred these debts to Centrelink, debts totalling some $600 million. A technical amendment bill will not fix this problem, a problem that is way out of control for this government. The Commonwealth Ombudsman, Ron McLeod, was damning in his report regarding the family tax benefit scheme. Mr McLeod made 18 recommendations to improve the welfare system but cautioned that, even if they were all adopted, some households would still be slug with Centrelink debts because the system itself was fundamentally flawed. Mr McLeod’s report recommended that debts be waived in some circumstances, such as where they resulted entirely from errors made by the Family Assistance Office—as was the case, I believe, so far as the Smiths were concerned and also in the case which I am going to refer to in a moment.

What the government must understand—and this is a major point—is that low-income people spend all the Centrelink payments they receive on necessities and the essentials of life. In most cases, they are living close to the breadline already and when they are hit with a debt of $4,000—or in many cases that I am aware of even up to $20,000—it defeats the purpose of the whole legislation. The people concerned would have been better off if they had not re-
ceived any Centrelink payment in the first place. The people are being hit with a double whammy. The legislation that is supposed to improve their quality of life in effect has the reverse impact. Worse still, they would be better off not taking part-time, casual or short-term jobs that would give them the experience and the training that may lead them off welfare and back into the work force full time. These debts create great hardship and in many cases a great deal of stress. In recovering the debt, Centrelink often does not do it in the most appropriate way.

To give you an example, I was recently approached by Mrs Raquel Sheeyh, who notified Centrelink of a change in her circumstances immediately and in fact tripled her estimated income in order to overcompensate. Unfortunately, she still incurred a debt. This is the hard part. Her having incurred that debt, Centrelink then took her entire tax return, as well as her baby bonus and the low-income rebate in order to recover the debt. Instead of getting what she expected—a return on her taxation, her baby bonus and her low-income rebate—it was taken from her by Centrelink, still leaving her a small debt.

I do not think that the baby bonus or the low-income rebate should have been touched, as this money had nothing to do with the original debt. Further to that, she appealed the debt but, through some technicality of the legislation, she was unsuccessful. Even in the appeal decision, the tribunal recognised that Mrs Sheeyh had done her best to notify Centrelink of her change of circumstances. The tribunal’s decision stated:
The Tribunal accepts that Mrs Sheeyh phoned Centrelink on 4 February 2002 to advise of her return to work and to provide a new estimate, and that she was advised that she may have a small debt of family tax benefit and that she should overestimate her income for the remainder of the year in order to receive only the minimum rate of family tax benefit.

As I have said, she overestimated her income, I believe, by about three times but still finished up with this debt. This is a case where the lady did everything possible. I think that her case also probably falls under the recommendations of the Ombudsman, who says that the debts should be waived. I have also written to the minister, Amanda Vanstone, on this matter and I am still hopeful of a favourable reply. However, that is still pending; we are still waiting for a decision on that.

Finally, Mrs Sheeyh’s case is not isolated and the government needs to understand that the changes they make, the rules they enforce and the anomalies that they do nothing about have a human consequence. Ordinary Australians are being trapped in a web of anomaly. While this bill clears up some of the anomalies that exist, it does not address some of the major concerns of my constituents.

Mr SCIACCA (Bowman) (10.12 a.m.)—When the Minister for Children and Youth Affairs introduced the Family and Community Services Legislation Amendment Bill 2002 into the House late last year, he set out that it is essentially a collection of minor and technical amendments designed to address the unintended consequences of early amendments, to repeal the redundant provision of the First Home Owners Act 1983 and to simplify, clarify and generally assist in the more effective and efficient administration of social security and family assistance laws. It sounds good, doesn’t it? It sounds like a bill with a worthy objective—an objective which many constituents of my electorate of Bowman, who have contacted me in relation to their dealings with Centrelink and who do so every week, would certainly applaud. Certainly, some of the changes envisaged in this bill are to be commended, in particular provi-
sions in schedule 2 which rectify one of the unintentional but deleterious consequences that the passage of the new tax system legislation had on the Department of Veterans’ Affairs disability pensioners who earn a private income and are in receipt of the family tax benefit.

The bill also contemplates a more flexible approach to the provision of mobility allowance, providing assistance where people in our community with disabilities undertake paid or voluntary work or training for at least 32 hours over a four-week period instead of the fairly rigid requirement of eight hours every week that clients must currently meet to be eligible for assistance. However, there are other amendments—such as the future payment of rent assistance as part of the family tax benefit rather than the current practice of joining it with income support payments, the impact of which is not clear at this stage—that the opposition will be monitoring closely to ensure that those Centrelink clients who are affected by the change suffer no loss of important ancillary benefits such as the health care card.

In the spirit of increasing the effectiveness and efficiency of the administration of social security law, I would like to take this opportunity to draw to the attention of the House some incidents involving my own constituents which highlight what I can only hope are the unintended consequences of current social security legislation—consequences that deserve serious consideration by this government and require speedy rectification lest more people fall victim to the rigid, inflexible bureaucracy that my constituents have encountered at times when they were most in need.

When a constituent of mine—who has asked to remain unidentified—contacted my office late last year, she was at her wit’s end. She had been diagnosed with myelodysplasia, a bone marrow dysfunction, and Sweet’s syndrome, a dermatological complication that results in tender plaques on the face and extremities. She also suffers from systemic lupus erythematosus, or SLE, which causes the body to develop antibodies against its own tissue and attack tissue like a foreign invader. There is no known cure for SLE, and the best sufferers can do is manage the pain.

For the past 4½ years my constituent has endured chronic joint pain and chronic pain in her hands and feet, and she requires constant medical care to try to manage what she describes as unbearable pain. Although she has made a valiant effort, despite her condition, to continue her work as a teacher aide, working with special needs children, for as long as possible, towards the end of last year she found that she could no longer continue to meet her full work commitments. In fact, some days she is experiencing pain so bad that she cannot get out of bed at all. Yet when my constituent approached Centrelink to obtain information about the disability support pension she was told at that time that, even though her condition was debilitating, even though she was unable to work and was facing mounting medical bills to manage her pain, she would not be deemed eligible for disability support until her condition had stabilised or it could be established that she had no hope of recovery.

This kind of inflexibility causes untold stress for people like my constituent at a time when they are least able to cope with it, forcing them to worry about the welfare of their family and their finances when they should be focusing all their energies on their health. I am pleased to say that, following representations from my office, my constituent was temporarily put on to a Newstart allowance. While she had to regularly produce doctors certificates to establish she remained too ill to look for work, her doctors, who have been treating her since her symptoms first began, were only too happy to assist with this requirement until the date for her assess-
ment for the disability support pension was brought forward. Last month my constituent was finally granted a disability pension. But it was a hard road to hoe.

Unfortunately, this story is just one of many I have heard from constituents who have endured undue financial and emotional hardship while negotiating the rigid rules that govern the disability support pension. It is an area that could certainly do with some attention to make it more effective in providing assistance to those in need. Our social security system needs to be more responsive to the individual needs of the members of our community who are sick or under financial strain. People need assistance for a variety of reasons. But while officers on the ground have little or no authority to think outside the square when dealing with unusual situations that may come before them, those members of our community whose circumstances are not straight out of a textbook are at risk of falling through the safety net the system should provide.

I speak with some experience, having been parliamentary secretary in the social security area for some four or five years in the early 1990s. I know for a fact that the department of social security staff do everything they possibly can for everyone who comes before them. I can assure you, Mr Deputy Speaker, that I have the highest regard not only for the management but also for the full staff who work in the Centrelink offices, particularly in my constituency of Bowman. But they can only work on the basis of the policy and the rules that are before them. Their job is not to make policy; their job is to interpret the rules the best they can. I want to make sure that none of my comments are seen—because they are not meant to be—in any shape or form as criticisms of social security staff, for whom I have the highest regard.

Karen Steele, of Alexandra Hills, has a life that is far from ordinary. Twelve years ago she gave birth to twins. The boys were born prematurely at only 26 weeks, and at an early age were diagnosed as being intellectually impaired. One of her boys is also epileptic. In addition to seizures, he also suffers from a rare condition known as electric status epilepticus sleep, or ESES. ESES is caused by an electrical disturbance in brain activity. It disrupts the third and fourth stages of sleep, causing sleep deprivation. The brain is not given a chance to regenerate and heal itself during the critical time of growth for the child. Sleep deprivation can result in poor memory recall, behavioural problems, hyperactivity, regression in cognitive ability, tiredness, lower immunity to illness and signs of attention deficit disorder.

Children with epilepsy often have more behavioural and attention disturbances than other children. Research conducted by Epilepsy Queensland revealed that, for many parents of children with epilepsy, dealing with the unpredictable nature of the disorder and the behavioural problems that flow from it leaves them feeling physically and mentally drained and in desperate need of assistance. Karen’s son can be very aggressive. He has violent outbursts and his parents are concerned that, if his behaviour continues to regress, he will pose a risk to his own safety and the safety of those around him. He needs constant care and supervision and, although his mother is devoted to her children, when she approached my office she was so mentally and physically exhausted that she urgently required help in order to provide the support her children need to get through everyday life.

Karen’s husband made the decision to take time off work and help care for the boys to alleviate the incredible stress on his wife. But before he could go ahead, they needed to make sure some sort of assistance was available to keep the family afloat financially while he was out of the work force. Yet when they approached Centrelink about applying for a carer’s allow-
ance—which provides assistance to look after a child with a disability or a severe mental condition who requires a lot of additional care and attention in their own home—they were told that, as their son’s condition did not strictly fit into any of the categories of disability set out in the departmental form, they were not eligible for assistance.

This news left the Steele family and particularly Karen, who continued to carry the responsibility of caring for the boys, absolutely devastated. The inflexibility of Centrelink reinforced Karen’s sense of isolation from the community and her feeling that no-one really appreciated the severity of her son’s condition and the impact it has on the family. Ironically, it was Karen’s inability to cope with the stress of bearing the principal responsibility of caring for her son that triggered a breakthrough in the family’s efforts to secure financial assistance from Centrelink. The pressure on Karen was so immense that she had become physically ill and in need of support to ease the psychological burden. Her condition had become so bad that her husband was deemed eligible for a carer’s allowance to provide full-time care on a daily basis for Karen, as she satisfied Centrelink’s test of needing a lot of additional care because of a disability or severe medical condition.

It is not only counterproductive but completely heartless that this government would allow this sort of situation to continue, whereby a father—with one son who is intellectually impaired, suffers epileptic seizures, is unpredictable and has increasingly dangerous violent outbursts while his twin, who is also intellectually impaired, becomes more and more withdrawn and emotionally fragile—cannot get the assistance he needs to take time away from full-time work to care for his children. Yet, when his wife becomes completely overwhelmed by exhaustion because she has been denied the assistance he could have provided in looking after the boys, Centrelink will step in and provide the financial means he needs to leave work and care for his wife.

Rigid application to rules has resulted in a situation where Mr Steele is now receiving the financial assistance, via a carer’s allowance, that he originally sought, but his wife has endured such stress that now she, like her boys, requires care. The parents of children with severe medical conditions and disabilities should not be forced to the brink of breakdown before they receive the assistance they need to care for their children. It is an area that is in urgent need of review to produce better and fairer outcomes for the many carers in our community.

I digress to say that I am personally aware of people quite close to me who have intellectually impaired children, in particular a family with one child who is 100 per cent and another child who is intellectually impaired. He is an absolute handful. He is about 11 years old and a bit violent. His father, thankfully, is someone who is able to fend for himself and who has some means—he needs to have because his partners in his business are prepared to allow him to go away quite regularly. Sometimes he has to drop everything and leave at 11 o’clock or 12 o’clock so that he can run home because his wife or the carer, when they can find one, cannot cope with his child. When we talk about people who care for intellectually impaired children, in particular their own children, all I can say is that they are saints. In many respects it is a sentence for life for them and one has got to feel for them. There is probably nothing worse than losing a child, but what is probably as bad is to end up with a child who needs for you to look after him or her for the rest of their life. One of the problems is that parents know that they will eventually die and worry about what is going to happen to their child. I wanted to make the comment, as I am talking about carers, that they are the absolute best and that they really need the Congressional Medal of Honour or the Victoria Cross for what they do.
Another important aspect of Centrelink’s administration of social security and related legislation—the provision of financial assistance to job seekers—was found badly wanting by my constituent Eric McIntyre of Wynnum. Eric works in metal trades and is on the books of five labour hire companies. The nature of his work means that, although he can be away from home for six to 10 weeks working with mining and oil companies, and while he can work long shifts during those stints, there are also times when the work dries up and Eric is forced onto Newstart. For Eric, this means quite an exercise in red tape. To remain eligible for Newstart payments during the times he is without work, Eric must personally complete a continuation of benefit form every fortnight and lodge it with Centrelink. If he fails to do so, he is unable to access payments the next time his work finishes. He is required to make a fresh application for Newstart, which means he is subject to stand-down periods, and to complete numerous forms and he attends an interview—and, in Bowman, it is not uncommon for Centrelink customers to have to wait up to three weeks for an appointment for an interview.

So everything turns on Eric getting his form in to Centrelink each fortnight but, when you are working in remote areas and, more often than not, have no access to a post office or fax machine, this can prove next to impossible. Consequently, every time Eric finishes up on a job he is forced to go through the lengthy process of reapplying for Newstart—a process which is further complicated by the fact that when Eric finishes up on a job, although he may have been working for an oil company, the labour hire firm is technically his employer, so he is unable to provide Centrelink with an employer separation form to prove that he is no longer earning. This situation is extremely frustrating for Eric and people like him who are genuinely doing all they can to remain independent of the social security system but, because their circumstances do not comply with the norm, are penalised by a system that has no capacity for flexibility. Eric continues to actively seek work, but it would not surprise me if others in this situation became disillusioned by the unbending requirements that Centrelink imposes upon them, finding it easier to instead give up and languish on the dole. The government says this is the mentality it is trying to combat, but it is a mindset that is encouraged by the rigidity of the current system.

Yet another anomaly in the system was recently brought to my attention by a constituent who had made an application for Newstart, having returned to the Redlands area of my electorate after living in Japan. She was eager to get back into the work force as soon as possible, and had even seen a position advertised through a Job Network provider, which called for applicants with fluent Japanese. That would have suited her perfectly. She was shocked to learn that she would not be referred to the employer as, until Centrelink completed processing her Newstart application—a process which ended up taking some five weeks—she was not eligible for assistance through the Job Network. This is a simply ridiculous situation. Willing job seekers are being denied opportunities which would enable them to live without income support, again because of inflexibility and, frankly, illogical administrative rules.

I will close by mentioning the call my office received last week from Mr Vaughn Mayberry of Wynnum West. So much has already been said about the family tax benefit and its faulty administration, and the Ombudsman’s report released a couple of weeks ago was yet another damning indictment of the system. I want to bring up Mr Mayberry’s concerns to let the government know that, despite its continued inaction when it comes to remediing the FTB debt trap, families are not going to give up their fight against this flawed system. They are just not going to grin and bear it. When their circumstances changed, Mr Mayberry and his wife pro-
vided their local Centrelink office with all their new financial details and in due course received a response from Centrelink advising them of the amount of their adjusted FTB payment. Based on this advice, the family sat down and worked out a budget to carry them through this financial year. Like many families in the Bayside district of my electorate, the Mayberrys are under a lot of financial pressure and, to make life easier, they rely on a strict budget to control and direct their financial resources. So, when the next letter they received from Centrelink advised them that all the information they had provided had not been taken into account in the initial calculation, that they were not in fact eligible for FTB and that consequently they owed a debt to Centrelink, it was most unwelcome news.

The Mayberrys were completely honest and up-front in their dealings with Centrelink. Yet an oversight means that they have to not only completely redraw their family budget but find an extra $40 a fortnight to pay back a debt accrued solely because of inefficient and ineffective administration on the part of Centrelink. This is not the first time the Mayberry family has suffered at the hands of Centrelink. It is about time the government put its mind to remediying the system that is causing so many headaches for so many families and to ensuring that families like the Mayberrys can have more confidence in their future dealings with Centrelink.

I urge the government to continue to look at the very real implications that the lack of flexibility in social security law has for people in need—like those I have outlined today—and at the changes that can be made at a legislative level to ensure that our social security system helps, and does not hinder, those who rely on it.

Ms JANN McFARLANE (Stirling) (10.30 a.m.)—I rise today to speak on the Family and Community Services Legislation Amendment Bill 2002. The portfolio of family and community services is a highly complex and technical field. It is essential that technical amendments be passed allowing for the efficient administration of the portfolio. This amendment bill is one such bill. It is therefore largely uncontroversial in nature. Moreover, it is directed at addressing anomalies within the legislation rather than developing a new policy direction.

However, my experience has taught me never to underestimate the Howard government’s willingness to claw back benefits from ordinary working people. The government’s predatory instinct can be demonstrated by the fact that it circulated amendments to this bill that sought to remove an item that would have resulted in a loss of income for some families receiving rent assistance. On examination of the bill, Labor noted that items in schedule 1 which related to the payment of rent assistance would have resulted in a fairly significant number of families being worse off. In order to preserve the non-controversial status of the bill, the government decided to remove these parts. This is welcome.

However, the supplementary explanatory material from the government seems to suggest that these measures will be pursued through other portfolio legislation. I urge the government to reconsider its approach and to remember that the philosophy underpinning the act is to assist people in time of social need. This philosophy was framed at the turn of the last century, post federation. People do not get social security because they want it; they apply for it, and receive it, because they need it. The Howard government argues that the changes correct an unintended consequence relating to people who receive an income support payment and family tax benefit and who have at least one rent assistance child.
The changes sought to ensure that they would not receive rent assistance as part of their income support payment but rather have it paid as part of their FTB. The government argues that this will remove the unequal treatment arising from different rent assistance thresholds for income support and FTB. Rent assistance thresholds for income support are lower than those for family tax benefit. For many families this disadvantage is offset by the fact that the maximum rates of rent assistance through FTB are greater than those for income support. However, this will only be the case if they are paying sufficiently high rent. For those paying lower rent, the rent thresholds for income support result in a higher rent assistance payment. Hence, the Howard government has advised that a fair number of families who receive income support as well as FTB may be worse off.

There is another consequence that may not have been considered. Rent assistance, when paid through an income support payment, increases the income test cut-out. In other words, it allows those parents to retain their income support eligibility when their income increases to the point where they are on the borderline of the income test. This in itself is of significance because in the case of a single parenting payment recipient it means that they can retain their pensioner concession card. This card entitles them to a wide range of benefits, including discounts on energy, car registration, public transport and other items. For a parent in this same situation whose rent assistance was paid through FTB, they would no longer remain an income support recipient and would lose access to a pensioner concession card—in essence, a loss of income to the family. In addition, they would no longer be on the automatic maximum rate of family tax benefit. They may lose family payments, be required to provide income estimates for family tax benefit and potentially run the risk of accumulating a debt.

So, before the government proceeds to place these measures in another bill, I urge it to look at these potential flow-on impacts. What concerns me, along with the majority of Australians, is not only what the Howard government is taking away but also the record taxes now being levied on ordinary working families. The Howard government has levied more taxes than any government since 1975. When we include the GST in the tax burden Australian families are confronted with, we see the true picture. Before the GST, in 2000-01 the average Australian was paying $10,239 per year in tax. In the last financial year that figure escalated to $11,026. The Howard government has masterfully constructed a double-pronged attack on struggling Australian families. Not satisfied with cutting benefits through social security, the government has also taken more from Australian families in the form of higher taxes. The government’s outrageous record on these issues reminds me of a quote on taxation by Van Panopoulos:

Never before have so many been taken for so much and left with so little.

While not wanting to subscribe to Van Panopoulos’s normative views on taxation, I think his quote offers a precise analysis of the Howard government.

This is not to suggest that Australians are innately averse to taxation—far from it. What they vehemently oppose is being taxed and receiving few services in return. This is supported by the latest research. Dr Shaun Wilson and Dr Trevor Breusch of the Centre for Social Research at the Australian National University revealed that Australians are increasingly less interested in tax cuts and want more money spent on health and Medicare. Analysis of Australian election study data over the past 14 years reveals that, when given a choice between tax cuts and higher social spending, Australians are turning away from the tax cut option. From 1987 to 2001 the proportion of Australians favouring spending more on social services
more than doubled, from 14 per cent to 30 per cent. However, during the same period there was a 23 per cent decline in the proportion of Australians favouring reduced taxes.

The Howard government is failing to meet its responsibilities to Australians. It is extracting more taxes than ever before, yet failing to provide Australians with vital services. Poverty is increasing in our community and has become such an important issue that our parliament is currently holding an inquiry into poverty, under the auspices of a parliamentary committee. I encourage people, community services and state governments to send submissions to the inquiry. This is your opportunity to let our parliament and us know the depth and extent of poverty in our community. It is also your opportunity to give us other ideas and strategies for reducing poverty. People interested in submitting to the inquiry can look at the Parliament House web site at www.aph.gov.au under ‘Committees’ for the Senate Community Affairs References Committee, where they will get information on how to lodge a submission.

An example of the reasons for this rise in poverty is the decline in the number of bulk-billing doctors. Although Prime Minister Howard refuses to acknowledge that this is a problem, my colleagues and I on this side of the House are all too well aware of the strain put on ordinary families. A health survey that I carried out in my electorate of Stirling clearly demonstrated the community outrage at the declining rate of bulk-billing by doctors, with the issue rating as one of the three main health problems currently facing Australians.

I now move back to more specific questions of welfare reform and the Family and Community Services Legislation Amendment Bill 2002. Although the bill before the House is highly complex and may have a negative impact on certain families, what is perhaps of deeper concern is what is not included. Each time a bill comes before the House, it is a chance for the government to progress a policy agenda that is beneficial to all Australians. We only have to look as far as the shambles that is the family tax benefit, which has single-handedly forced thousands of Australian families into debt—debt that is becoming increasingly hard to escape from.

The Family and Community Services Legislation Amendment Bill 2002 does attempt to address some of the anomalies within the FTB. Items in schedule 2 of the bill correct more of the government’s bungling in relation to family tax benefit. The changes seek to rectify an anomaly that Labor identified shortly after the introduction of A New Tax System that disadvantaged Department of Veterans’ Affairs families who also receive family payments. Prior to the introduction of FTB, the income test for family payment did not include other social security payments and DVA pensions as income. However, with the advent of family tax benefit they were included. Apart from creating much confusion, this was not a problem for most, as the income free area for FTB exceeded the cut-out point of most income support payments; hence there was no financial impact from including these payments.

Where it may have had an impact in relation to more generous payments, such as the single parenting payment—which exceeded the FTB income free area—an alternative income test applied that ensured the maximum rate would still be paid. However, this did not carry over to certain DVA pensions. To the government’s embarrassment, Labor revealed that some families who received DVA payments as well as family payments would have been worse off. As is common with this government, they were forced to make policy on the run and make ex gratia top-up payments to those affected. The changes in the bill today will restore the treat-
ment that existed pre ANTS. The government have our support on this issue, but I wish to highlight their maladministration of this payment.

There are so many problems with this policy that simply have not been addressed in this bill. The family tax benefit is still in a shambles. We have a family payment system that requires its recipients to have a crystal ball. Families are expected to be able to predict their income a year in advance. Given the high level of flexibility, turnover and casualisation of the Australian economy, how are families going to do this? Minister, I must point out that that will not fix it, while families struggle with an ever-increasing debt.

I will now comment on the direction of the Howard government’s welfare reform. I believe it is of great importance that parliamentarians offer justification for their policies and ideological beliefs. Indeed, I am sure that I am not alone when I say that I involved myself in politics because of my beliefs. I did not run for parliament to be a more efficient administrator than the opposition is. The Howard government has predicated its welfare reforms on an intuition that is best expressed by Al Capp: ‘Anyone who can walk to the welfare office can walk to work.’ This has caused a shift from welfare as a social right to welfare as conditional support. For this reason we have seen the rise in mutual obligation and a severe breaching system become the cornerstone of the Howard government’s welfare reform. While I have no ideological opposition to the principle of individual responsibility, I have a firm conviction that it has to be accompanied by a government that is meeting its responsibilities to the individual—responsibilities that the Howard government is failing to meet.

On the matter of breaches, the Pearce report made a series of recommendations aimed at improving the effectiveness and fairness of the social security system, with particular attention to the implementation of breaches. In my experience as a community worker, and as the federal member for Stirling, I have first-hand experience of the effects that rigid and harsh breaching penalties can have on the unemployed and their families. They often cause unnecessary and unjustifiable hardship, which only further impedes the unemployed in their search for employment. These job seekers experience another level of poverty.

The 300 per cent increase in breaches under the Howard government represents some of the deeper sources of injustice and creators of poverty which are prevalent in our current social security system. The Howard government’s move to expand the concept of mutual obligation does so without recognising the personal pressures and differing circumstances of unemployed people in contemporary Australia. The Howard government fails to give equal concern to those members of the community and therefore fails to give them a fair go. So while the Howard government preaches the notion of obligation to Australia, it is neglecting to meet its obligations to certain unemployed people. This point was picked up by the Pearce report, which states that, although the system often functions in an appropriate manner, there are many occasions on which it can be ‘reasonably described as arbitrary, unfair or excessively harsh’.

It is increasingly becoming harder to balance family responsibilities with the economic necessities of modern life. It was a Labor government in 1991 that established the Jobs, Education and Training program—the JET program—for people receiving parenting payments. Labor recognised the difficulties for single parents in balancing work and family responsibilities with the need to ensure that single parents were not summarily shunted onto the activity test payment—without skills or work experience—when their youngest child turned 16. However,
the Howard government have reversed the focus of public policy, deciding that we should pander to corporate Australia and urban myths rather than trying to give ordinary Australians a fair go. They have increased the levels of poverty in our community and failed to develop job creation strategies.

I am particularly concerned about the current impact of the broader system of mutual obligation and the possible future impact of government reforms on my electorate of Stirling. If mutual obligation is extended to require parents to undertake certain activities as a condition of payment, approximately 5,679 one-parent families in my constituency, with 2,475 of them caring for children under the age of 15, could face significant problems. In Balga, a suburb within my constituency, more than 20 per cent of families have only one parent.

In my role as the federal member for Stirling, I am already inundated with sole parents expressing their frustrations and difficulty at re-entering the work force, which is why it is so important that the Howard government gets its social welfare reforms right. What people want is job creation, the opportunity to build skills and security of work. What people do not want is lack of jobs, lack of TAFE and training courses and a casual or contract job. People do not want to live in poverty, and they resent the Howard government’s glorification of poverty as being a choice of lifestyle. Extending mutual obligations to parents, especially single parents, only serves to highlight the lack of understanding that the Howard government has for the challenges today’s parents face. The Howard government seems to be trapped in a time warp. We are no longer living in the fifties, where the white picket fence family dominated the landscape. Things have moved on. Labor has always strived to help ordinary Australians, and we believe that any new obligation should not conflict with recipients’ parenting and caring responsibilities.

Under the Howard government, incidents of breaching have increased 300 per cent in the last three years. You can see why community services requested an independent review into the use of breaching penalties. Due to the reduction in payments, the unemployed have been forced to turn to community services for assistance. From my own experience and my work with groups in the community, such as the Balga Action Group, the Welfare Rights and Advocacy Service and the Northern Suburbs Migrant Resource Centre, to name a few, I have witnessed first hand the pressures and stresses that unemployment and low incomes have on families. There is no doubt that these circumstances would genuinely impact on their ability to meet certain requirements which are made conditions of their social security allowances.

The Howard government’s failure to address the broader issue of breaching penalties is a serious problem which will continue to affect welfare groups and certain communities within my constituency. Balga, for example, has approximately 42 per cent or more of its households classified as low income. In Nollamara and Balcatta the figures range from 21 to 29 per cent. These areas also have the highest levels of unemployment in my constituency. Balga has an average unemployment rate of approximately 11 to 17 per cent—a good deal higher than the national average. In fact, a recent study of poverty carried out by the National Centre for Social and Economic Modelling, NATSEM, showed that Balga, Balcatta and Nollamara have poverty rates 3.3 per cent above the WA average and a child poverty rate 4.6 per cent above the WA average. I do not wish to suggest that the high levels of poverty in these areas are exclusively the result of the Howard government’s unfair breaching regimes; however, I agree with ACOSS, who describe the penalty system as ‘socially divisive’. It makes those who are
already poor even poorer and contributes to a less equal society. Figures certainly suggest that
harsh and unfair breaching penalties contribute to poverty levels in Australia.

The mature-age unemployed are in a very vulnerable position in relation to today’s labour
market. Labor is opposed to any unreasonable obligations on the mature-age unemployed. As
with parents, I believe it is of utmost importance that the social security system recognises an
individual’s personal circumstances. A failure to do this is a failure to give equal concern to
all sections of society. A person who calls for greater and more comprehensive penalties for
those on welfare fails to see past their own circumstances and does not recognise the acute
pressures that many individuals face. The Pearce report noted:

The impact of such circumstances is not always easily understood by people who have not experienced
them personally. It is especially important to recognise the severe and demoralising pressures faced by
long-term jobseekers.

How many people on the other side of the House who call for tighter and more severe
breaching penalties have experienced the acute pressures that unemployment brings?

The rate of decisions of breaches overturned at appeal has risen to levels that indicate an
indiscriminate application of penalties and suggests that a substantial number of income sup-
port recipients have been incorrectly penalised. This was brought into focus by the fact that it
was found in the Commonwealth Ombudsman’s report that, in 80 per cent of reported
breaches, the question of whether there was a reasonable explanation was not even asked.

As I have already noted, the incidence of breaching has increased some 300 per cent in the
last three years. This should be considered a significant failure of the Howard government.
The Pearce report stated that the imposition of penalties:

... should not be regarded as a desirable, or even acceptable, outcome of the system, especially if it con-
tinues over a substantial period. Indeed, it should be seen as a serious failure in the system.

I conclude by saying that there is poverty in Australia. It is our responsibility in the parlia-
ment to ensure that strategies are put in place for job creation and other programs that will
alleviate and reduce poverty and, hopefully, will one day eliminate poverty. Mutual obligation
and participation agreements have changed the focus of the issue of unemployment and al-
tered the relation between the state and its citizens. It is our responsibility to do something to
make Australia better for all Australians and to give everyone the chance of a fair go.

Ms GRIERSON (Newcastle) (10.51 a.m.)—The Family and Community Services Legis-
lation Amendment Bill 2002 contains a range of minor and technical amendments to family
and community services portfolio legislation as well as to other related legislation in that port-
folio. The items contained in the bill include amendments which are claimed will simplify
existing legislative provisions and therefore achieve consistency between similar provisions
and payment types and address some unintended consequences of earlier amendments. How-
ever, there are measures in this legislation that could directly result in further financial bur-
dens to low-income families, particularly those receiving rent assistance or those recipients
who receive both an income support payment and a family tax benefit. So, instead of clarifying
the administration of family benefit and other related payments, this legislation has the
potential to further complicate and obscure the family benefit and low-income benefit system.
Surely the government did not intend that. Perhaps that does suit the agenda of this govern-
ment, which seems to like blaming others for its own mismanagement. ‘It must be welfare
cheats at work’ is a bleat frequently heard in this House from government leaders when is it is
pointed out to them that their current family benefits system is flawed, riddled with holes and designed like a maze with no exit—do not pass go and definitely do not collect any dollars.

Over two years ago, the government introduced a new system of family payments. The Australian public were told that there would be a new method for families to claim their entitlements, but that they would have to predict their income one year in advance. I was not a member of parliament at the time but I am sure that there were promises, with whistles and bells. But, after seven years of the Howard government, I think the public are beginning to know that they should always look past the whistles and bells for the smoke and mirrors. The government’s smoke and mirrors do not just hide important facets of decisions and legislation, they often reflect the smokescreen that says that people who are given a benefit from the government must be cheating, so we have to build in traps and obligations for them. But no mirror can ever brighten the frugal nature of this government’s promises. After all, the Howard-Vanstone team are not called mean and tricky for nothing.

The reality of the administration of the family benefits system became clear very quickly; that was that families, in the current environment of casualisation and periodic unemployment, find it almost impossible to anticipate what their income will be in 12 months time. In my electorate of Newcastle, entrenched unemployment remains a perpetual problem, with unemployment still hovering in the high figures—around nine per cent. The system has proven to be disastrous. The administration of the system has turned it into a family debt trap, with about half the families eligible for family payments in Australia receiving incorrect payments. Some 650,000 people have received debts. In the last few days in the Senate estimates committees, those figures have been confirmed for the year just past. It is anticipated that some 600,000 families will receive a debt in excess of $600. People who have played by the government rules and have given the government notice that their income has changed still receive debts.

The government thought that the solution would be to take less than you are entitled to or to take nothing during the year. Now we discover that those who were encouraged to do that and were told by the government that they would receive a top-up in return for forgoing their payments have also been duped, because the government put in a sneaky clause saying that, unless families claimed their top-up within 12 months, they would not be eligible to receive it. Smoke and mirrors indeed. Those who needed the money on a fortnightly basis, and whose incomes varied because they worked overtime or because they were casual employees and got to work more hours than they had anticipated, got debts which they could not avoid, while many of those who claimed less than they were entitled to could not access the top-up at all.

When the government is under assault because of its mismanagement and inadequate programs, it responds by putting forward a bill such as this—a ‘tinkering around the edges’ bill, a bill with just a few technical and minor amendments relating to family payments rather than some substantial overhaul of the whole sorry mess. But the reason, it seems, that the government is persevering with this flawed system is very simple: it wants to claw back money, just as it did from pensioners post GST—the ‘giving with one hand and taking back with the other’ policy. The items in this bill include amendments that are claimed to simplify existing legislative provisions. For example, the government has circulated some amendments to this bill that seek to remove an item that would have resulted in a negative impact on some families who receive rent assistance.
A division having been called in the House of Representatives—

Sitting suspended from 10.55 a.m. to 11.09 a.m.

Ms GRIERSON—The amendments could result in a negative impact. On examination of the bill, Labor noted that items in schedule 1 relating to the payment of rent assistance would have resulted in a fairly significant number of families being worse off. The government advised that the problem in the original schedule 1 with families being worse off would have hit 2,000 to 3,000 families—nothing like the 600,000 families who have family debt, but still 2,000 to 3,000 families. In order to preserve the noncontroversial status of the bill, the government fortunately decided to remove those parts. However, the supplementary explanatory material from the government seems to suggest that these measures will be pursued through other portfolio legislation. Most Australians would be wondering, ‘Why can’t you get it right in the first place?’

Items in schedule 2 of the bill correct more of the government’s bungling in relation to the family tax benefit. The changes seek to rectify an anomaly which Labor also identified shortly after the introduction of the new tax system—an anomaly which disadvantages Department of Veterans’ Affairs customers who also receive family payments. Prior to the introduction of the FTB, the income test for family payments did not include other social security payments and DVA pensions as income. However, with the advent of the family tax benefit B, they were both to be included. Apart from much confusion, this was not a problem for most people but, as the income free area for FBT exceeded the cut-out point for most income support payments, there was no financial impact in including these payments. But, where it may have had an impact in relation to more generous payments—such as single parenting payment—an alternative income test applied, which ensured that the maximum rate would still be paid. However, this did not carry over to certain DVA pensions.

Labor also revealed that some families who received DVA payments as well as family payments would have been worse off. As is common with this government, they were forced to make policy on the run and to make ex gratia top-up payments to those affected. The changes in the bill will restore the treatment that existed pre the new tax package—and they certainly have our support—but this highlights once again the government’s maladministration and bungling of this payment and a number of others.

We still have the 25,000 parents denied, on average, $1,500 and the 600,000-plus families who have received a debt—many of whom did not even know they had a debt. They had played by the rules, they had told Centrelink that their income had changed and the first they knew that they had a debt was when the government stole it from their tax return without even the courtesy of a phone call or a letter. If this government were family friendly, it would not be giving 600,000 families very substantial debts each year.

There is a particular situation where one of the partners under the FTB, usually the woman, will leave the work force to have a child and then return. They then get caught in the retrospective debt trap because they decide to go back to work part time and pick up a bit of extra income. Suddenly, they go over the threshold, and everything they have been paid previously under FTB becomes an automatic debt. So it is not just the 600,000 families, where the average debt is $800. A very significant proportion of those have debts much larger than $800, brought about by the construction of family payment B.
In my electorate, the city of Newcastle, 10,500 families received the family tax benefit part A. They are low-income earners. Another 7,500 families received the family tax benefit part B, but there are not many millionaires amongst them either. I wish to draw the attention of the House to some astounding and very alarming occurrences within my electorate—even though I guess I am not supposed to be alarmed at the moment. The most recent case I have concerns a constituent who had a family tax debt of some $1,500 taken not out of her tax but directly out of a building society account. That account was not one that Centrelink had any formal access to or information about. One would suggest that Big Brother has been watching when an account that Centrelink had no information about can be accessed to recover a family tax benefit debt. That was an outrageous breach of privacy, and I certainly ask the Minister for Children and Youth Affairs to investigate that occurrence.

Thirty-nine different families have personally contacted me to express their absolute frustration about their family tax benefit debts. In front of me I have three different unanswered letters sent to the minister, Senator Vanstone, about family tax benefit debts. One is dated October 2002. It has only been five months, Senator, but the family would like to know your response. I quote from the decision of the authorised review officer of the Family Assistance Office in the case of one of my constituents. They note that my constituent:

…advised the Family Assistance Office about changes in your income during that year and that the variations in your income due to casual earnings had an effect on your entitlement which you could not have predicted. However, there is no discretion available to alter the debt decision.

So, even though the review officer acknowledged that that family had no way of predicting the effect on its entitlement, the debt was incurred. I would like to share the family’s response to that decision because they are the ones who feel it most intimately. In responding to me that constituent said that the Centrelink review officer acknowledged:

…that we have notified them of changes to our income—but will not act on this because the legislation is done on a whole year basis with reconciliation done at the start and at the end of the tax year only.

Obviously Ms Vanstone is attempting to force families to abandon the instalment payments (maybe to save administration costs) and apply for a bulk payment at the end of each financial year.

The total cost to us is unknown at the moment, however since notifying Centrelink this week to cease all payments and allowances—

• my daily ‘before and after school’ child care fees will now double …
• vacation care fees are approximately $25 per day per child—we have two children, so double it.
• I have also lost the Carer’s payment for our youngest son—who has a disability—

who has a disability—this now goes towards our debt.

Quite frankly, if the intention of the Federal Government was to cease instalment payments and introduce yearly bulk payments to parents why didn’t they just do it, instead of using the insidious “debt system”.

That sort of frustration is typical of representations made to me. I also quote from an article in the Sydney press published last month:

Newcastle Labor MP Sharon Grierson said a number of families who had been advised of debts had contacted her office but were reluctant to speak publicly for fear of being branded welfare cheats.

What sort of society is this government promoting when our fellow human beings are scared of speaking publicly for the fear and shame that this government makes them feel? The gov-
ernment is there to lead and guide, not to cower people into submission through propaganda and guilt. Unfortunately, the legislation before us today is nothing more than a shabby, ad hoc amendment trying to patch up some shabby, ad hoc legislation. How can any government defend legislation which forces more than 140,000 Australian families into debt?—and that was before 600,000 families were notified that their family tax benefit debt of less than $1,000 would be waived. I remind honourable members that this was conveniently just prior to the last federal election. But the situation has continued, post election.

Even the Ombudsman has come out with a damning report on the family tax benefit, released last week, saying that, even if the scheme underwent massive reform, families would face ‘unavoidable debts’. Unfortunately, the legislation we are debating does not constitute anywhere near massive reform—just massive squandering of the opportunity to get it right for Australian families. Having received a record number of complaints on the family tax benefit system over the past two years, the Ombudsman has stated:

My report raises a number of concerns with the operation of the family assistance system, particularly the large number of debts, their size and the impact on low income families. Many debts seem to have an unfair retrospective effect that cannot be anticipated by families and are beyond their control.

The Ombudsman and even Blind Freddie know the truth. The Australian public knows that the creation of $400 million in debts to the government, at $801 per family, through a scheme designed by the government to supposedly assist families, is certainly not good policy. It is terrible policy and terrible legislation. The system is punishing Australian families and, for me, more importantly, is punishing the tens of thousands of families in my electorate. They need more than the legislation we are discussing here today to deliver the range of benefits and schemes needed to assist them in what is a very difficult and very important phase of their life—raising their children and investing in Australia’s future.

Under seven years of John Howard, the financial pressure on families has increased. Under John Howard, Australians are paying more tax than ever before. Australian families are under record debt. Household debt has doubled. The average household now owes $82,000. Australian families are saving less, but paying record bank fees. I remind the House that total bank fees have doubled since 1997. Australians are saving just 3c in every dollar that they earn. Buying a home has become much harder under this government. It now takes 8½ years of wages to buy an Australian home. The proportion of Australians buying their first home compared to the total is now the second lowest on record. Most people would understand that, particularly in regional cities now faced with building booms, house prices are becoming unaffordable for many families.

Instead of government practice and policy assisting family, it is making it harder for them to be good parents and to complement their work in the work force with their parenting. It is making it harder for them to survive financially and it is causing many of them anxiety and worry. It is putting them under pressure both emotionally and financially. It is about time the government took some action to fix it. Legislation of the type we have before the House today does remove some anomalies and provide some clarification but it still obscures the need for a solid and substantial system to support families—those in the work force and those outside the work force.

Mr ANTHONY (Richmond—Minister for Children and Youth Affairs) (11.19 a.m.)—I would like to make some concluding remarks. I would like to thank members for their contri-
REPRESENTATIVES
12334
MAIN COMMITTEE
Wednesday, 5 March 2003

bution to the Family and Community Services Legislation Amendment Bill 2002, although I must admit there was very little talk actually about this bill and lots of talk about everything else. I will take the opportunity of actually talking about this bill and summing it up.

Firstly, schedule 1 refers to amendments to the social security law, schedule 2 refers to amendments to the family assistance law and certain related acts, schedule 3 has amendments of the act, and schedule 4 has formal amendments of the social security law. Schedules 1, 2, 3 and 4 make minor and technical amendments to various provisions of the social security law, family assistance law, certain new tax system legislation and some Family and Community Services portfolio legislation. The minor amendments in these schedules primarily simplify and clarify existing provisions, achieve consistency between similar provisions and payment types and make some minor policy changes.

One example of a minor policy change made in schedule 1 is an amendment to the Social Security Act 1991 to allow a person to be more qualified 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 allow more flexibility for these customers and recognises the different needs and abilities each customer has in undertaking approved activities.

The technical amendments made by these schedules include: correcting various cross-referencing and minor drafting errors; repealing redundant provisions, references and notes; renumbering misdescribed provisions; and, addressing some unintended consequences of earlier amendments. Some of the unintended consequences corrected by these schedules include those that arose out of the introduction of the Social Security Administration Act 1999 and the amendments of the family assistance law under the new tax system. Schedule 3 also amends the Veterans Entitlements Act 1986 to restore the equivalent legislation provision that previously existed in relation to reciprocal recovery of debts between the act and the former Social Security Act 1991 to take account of the introduction of the family assistance law. Generally, the amendments in schedules 1, 2, 3 and 4 commence on royal assent. To ensure beneficial treatment, some amendments addressing unintended consequences commence from the date of the earlier legislation. Finally, schedule 5 repeals the First Home Owners Act 1983. This act is redundant given that no new applications have been permitted under the act since 30 June 1991. This repeal will commence on royal assent.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr ANTHONY (Richmond—Minister for Children and Youth Affairs) (11.23 a.m.)—by leave—I present the supplementary explanatory memorandum to the Family and Community Services Legislation Amendment Bill 2002 and move:

(1) Schedule 1, item 5, page 6 (lines 6 to 9), omit the item.
(2) Schedule 1, items 51 to 55, page 21 (line 5) to page 22 (line 30), omit the items.
Schedule 1, items 57 and 58, page 22 (line 33) to page 23 (line 15), omit the items.
Schedule 1, item 60, page 23 (lines 18 to 31), omit the item.
There was an error in the explanatory memorandum. The problem was that the explanatory memorandum made a blanket statement that the measures in schedule 1 of the bill do not have any financial implications. A measure was introduced into schedule 1 of the bill regarding FTB and rent assistance. This measure was a cost that was not recognised when the explanatory memorandum was originally drafted.

Question agreed to.

Bill, as amended, agreed to.

Ordered that the bill be reported to the House with amendments.

**BUSHFIRES**

Debate resumed from 6 February, on motion by Dr Stone:

That the House take note of the paper.

Mr ORGAN (Cunningham) (11.25 a.m.)—I rise today to support the Prime Minister’s motion in regard to the bushfires that recently wreaked havoc across New South Wales, Victoria and the Australian Capital Territory. The loss of life and property was an appalling tragedy which struck a chord in the hearts of communities around the nation. The people of the Illawarra donated more than 70 bags of clothing, shoes, toys and other items to help the Canberra fire victims within a week of the call for assistance going out from my office. The electorate of Cunningham knows the scourge of bushfires only too well. We remember the devastating Black Friday bushfires of 1968, when the whole Illawarra escarpment was ablaze.

Memories of Black Friday returned just on a year ago when, on Christmas Day 2001, wildfire swept down on Helensburgh, Otford and Stanwell Park and over the Illawarra escarpment, destroying numerous homes and badly damaging others. Parts of our region were on alert for evacuation in the face of fire for several days, whilst the city of Wollongong and the coastal plain were shrouded in choking smoke. Our volunteers in the Rural Fire Service and the State Emergency Service, along with their colleagues in the permanent emergency services, were stretched almost to the limits of endurance in battling fire in the face of strong winds and high temperatures. Their efforts are to be applauded.

Fire is part of our environment, and it is something we have to learn to live with. It is something which we in the Illawarra have learnt to live with to a large degree, facing bushfire threats on a regular basis. Bushfire is a part of the Australian landscape and has been for thousands of years. We know that in some parts of Australia Aboriginal people have used fire to manage the landscape. But that use of fire by Aboriginal people was not uniform across the country, as some would imply, and the details of Indigenous fire management are poorly understood in most areas. Use of fire by Indigenous people prior to the European invasion of 1788 is frequently used to justify contemporary intensive burning regimes and native forest logging, despite the lack of available data and research.

Some fire victims, particularly those whose homes adjoin bushland in national parks, state forests and water catchment areas, say the answer to the bushfire threat is wide-scale hazard reduction. That is simply not true. There is no simple answer to the issue of fuel reduction burning because of the diversity of Australian environments, geography and climate. However, as the Nature Conservation Council has pointed out, bushfire management policy and fuel reduction must deal with the interface zone—the junction between built assets and environmental assets and the immediate vicinity therein.
Some individuals also blame environmentalists—using the pejorative term ‘greenies’—and bodies such as the New South Wales National Parks and Wildlife Service for the damage caused when wildfire sweeps down on them. Even the Minister for Science, who should know better, said during this debate that extremist conservationists were responsible for the extent of the fires which swept through East Gippsland, blaming them for the build-up of fuel over many years, which he claims is a primary cause of the devastation. The member for Parkes told us he believes the real danger to homes and farmland is what comes out of national parks, but statistics gathered by the New South Wales Rural Fire Service show that less than 10 per cent fires which started in national parks moved outside them, while a quarter of the fires which impacted on parks started outside them. While a fifth were sparked by lightning strikes, arson is the known or suspected cause of the rest, and that is a horrifying indictment of our society.

A number of speakers in this debate have touched on the need for fuel reduction. Fuel management at the bushland-urban interface and in strategic areas is necessary. It can help fire crews directly attack the fire and help prevent the destruction of infrastructure and environmental assets. Fire trails and strategic firebreak lines help protect private property and conservation areas from the potential damage of bushfire. But fuel management needs to be based on state-of-the-art planning. For planning to be effective, and for contributions from stakeholders to be maximised, resources need to be provided, and in that regard I note the comments of the member for Murray and the member for Blaxland during this debate in regard to the Bushfire Cooperative Research Centre’s role in undertaking research to inform that planning.

Prescribed burning is only one method of fuel management and should be considered in the context of other available options and the management objectives of the land in question. Many vegetation communities and plants cannot survive frequent fire. For this reason frequent fire has been listed as a key threatening process by the NSW Scientific Committee under the Threatened Species Conservation Act. In my own electorate of Cunningham, research by the University of Wollongong into the geebung, a common native tree on our Illawarra escarpment, has shown that regeneration is significantly impacted if fire occurs more frequently than once in seven years. Younger plants simply have not matured to the point of releasing large quantities of viable seed.

Assumptions about traditional European bushfire prevention, mitigation, control and management need review in light of the need for ecologically sustainable management. There is an urgent need to correct the common misconception that responsible fire management always involves burning to reduce moderate and high fuel loads generally throughout the landscape, irrespective of where they occur. Indeed, during the Black Christmas fires, New South Wales Rural Fire Service Commissioner, Phil Koperberg, specifically pointed to instances of wildfire attacking bushland which had been burned only three or four years previously. Rather, such activities should be strategically planned, in proximity to vulnerable assets. Stricter controls are required to drastically reduce the amount of rural burning not required for essential asset protection.

The key is education—education of councils, land managers, land-holders, the general public, fire management planners and firefighters is needed and should be publicly funded. Such education should target specific audiences and address a broad range of bushfire and environmental issues. Education and community awareness material needs to focus especially
on the threat to the environment and property of inappropriate use of fire—particularly burning which is too frequent, extensive in area, of excessive intensity, badly timed or carelessly implemented.

High bushfire hazard areas are usually those associated with natural areas and vegetation. The location of residential or rural residential areas in high bushfire hazard areas increases the level of native vegetation loss as well as increasing the level of threat to people and their homes from the risk of a bushfire. This is neither economically, socially nor ecologically sustainable. Development should not be permitted in identified bushfire prone areas, where such development is likely to put lives or property in danger or involves substantial protection and suppression costs including loss of environmental values.

The Greens would like to see the establishment of an ongoing research program into the ecological effects of bushfire, with the objective of ensuring that fire management programs are compatible with ecological sustainability and the maintenance of biodiversity. This would ensure that all bushfire hazard management works proposed under bushfire management plans are prepared using the best available data, are available for public comment and are reviewed by independent and representative ecological authorities to ensure that proposed works and prescriptions are ecologically sustainable and appropriate for implementation.

Bushfires are here to stay. We need to find solutions which will enable us to protect and enhance our local environment whilst ensuring that properties and lives are not lost through uncontrolled firestorms or acts of arson. We need to better manage the environment, bushfires and developments where those elements are in conflict or have the potential to be in conflict. Property and life can and must be protected, and the consequent impact on the environment can be minimised, ensuring the preservation and protection of our fragile environmental assets for present and future generations.

Mr BARTLETT (Macquarie) (11.34 a.m.)—I would like to join those who have already spoken on this motion to express my condolences to those people who suffered so much in the recent bushfires across the country, particularly those in my own electorate. As this has not been a focus of the media over the past few weeks, it is easy for us to lose track of the suffering that occurred some weeks back at the height of the bushfire season. But, to those who suffered, the impact of that loss will be continued and very profound. At this time, our thoughts and sympathy are particularly still with the loved ones, families and friends of the four who lost their lives. Obviously no words can ever compensate for their loss. We also stand with those who lost homes—over 600 people in all across the country in this past summer—as they come to grips with the loss of their property and so many personal items that, regardless of any amount of insurance, cannot really be replaced. In my own electorate, we lost just a few homes this summer. Last summer was worse, when we lost 25 homes. I am well aware of the sense of devastation felt by those people, their families and friends and the broader community about the massive loss associated with those fires.

I would also like to express my praise and gratitude to the magnificent people who did so much to try and minimise that damage—those thousands of volunteers who were involved in fighting fires across the country, particularly those volunteers in the Rural Fire Service, the SES and a range of other services, but also those professional firefighters, police, ambulance service personnel and others who were involved, like those from the Defence Force and a number of other government agencies. These people worked tirelessly for days, repeatedly...
risking their own lives to save the lives and property of other people. There have been countless stories of heroism, bravery and determination well beyond the call of duty. Without these people, there is no doubt that the losses would have been far more severe than they were.

The men and women of the RFS and the SES in my own electorate were typical of those across the country. In my electorate, there are 2,600 Rural Fire Service volunteer members in 45 brigades stationed in the Hawkesbury and Blue Mountains. These are men and women of whom we as a community are immensely proud. In fact, just last Sunday we had a thanksgiving service at one of our local churches for all of our emergency service personnel, and the community there expressed their deep gratitude for the work that these people are doing for our community. Their courage and sacrifice are clearly evident in times of crisis such as those that we have just experienced. But we also have to acknowledge their behind-the-scenes commitment week in, week out, right throughout the year in ensuring their readiness, so that in times of crisis they can come to the fore and can be as effective as they have been.

In addition to there being a strong rallying of public support for those affected by fires recently, though, questions have been asked about the adequacy of the prevention policies of state and territory authorities. I would like to pursue that for a few minutes this morning—but not in terms of laying blame, recrimination or finger pointing. The time has really come to ask ourselves: why is it that these bushfires are so severe? Why is it that in the last couple of years the damage has been so extreme? What can we do to better manage the risks, to better prepare ourselves and to reduce the chances of these horrific events recurring? It seems to me that there are a number of areas where we really need to be focusing our thoughts. We need to be looking at the adequacy of the fire management plans of our national parks, our forestry authorities and those who have management authority over areas of forest. How adequate are their fire management plans in light of the sorts of risks that we face? Closely related to that is the whole question of hazard reduction. Are our hazard reduction policies appropriate? Certainly this is a contentious issue, and it is a debate that has been raging on and off in my own community.

Another question that has been brought to my attention is the issue of access to national parks and the roads within those national parks. We have heard a number of stories recently about those roads being closed off to protect the forest and prevent people from getting in there and causing damage. Obstructing the access to those national parks has in fact made it far more difficult for firefighting authorities, rural fire services and volunteers to get in there when work needs to be done. In this context, I would like to quote from an article written by one of my local firefighters, a gentleman named Don Knott, who has received a national medal and a clasp, as well as a commissioner’s commendation for his many years of firefighting service in the Blue Mountains. He is well regarded for his hard work, his commitment and his knowledge of local firefighting issues. A few weeks back in an article in the Blue Mountains Gazette, Mr Knott wrote:

No-one should think that the scenes we saw in the mountains in January 2002 or the recent fires in Canberra will never happen again. This will certainly happen again but with the right amount of hazard reduction we can minimise the intensity of the flames to make the blaze easier to fight.

No-one is pretending that appropriate hazard reduction will prevent fires—of course they will not. There will always be fires; that is part and parcel of our landscape and climate. But appropriate hazard reduction policies can reduce the intensity and the rate of spread of the fires,
and therefore increase the capacity of firefighters to cope with those fires. Mr Knott went on to say:
Since 1998 bureaucrats prevented us from conducting backburns in that bushland.
If we had been able to go in there and do those burns the fire would have been much less intense than it was.
He summed up the issue quite succinctly when he said:
If it isn’t the case that more fuel equals a bigger fire then every drover in history was wrong to throw another log on the fire when he got cold.
That really says it all: okay, we will not prevent fires, but we can certainly reduce their intensity. He has also sent me a copy of a letter that he sent to the minister for regional services late in January in which he wrote:
... very little meaningful hazard reduction is taking place, the result of which is before us now and can be easily repeated throughout Australia in the future unless we actually do mitigation.
He makes a very fair point and is not the only one who points to that issue. A review called The Burning Question conducted a while back by the New South Wales Rural Fire Service points again to the effectiveness of hazard reduction in reducing fuel accumulation and therefore reducing the intensity of fires. The review states that the one strategy that has been the most effective is that of fuel reduction. It goes on to say:
The Bush Fire Coordinating Committee of New South Wales recommends that fuel reduction by prescribed burning should be carefully planned and executed.
They are talking not about random, ad hoc, across-the-board burning but about strategically planned and executed hazard reduction. The article continues:
The importance of fuel management as a tool for minimising the threat of fires is characterised by the accepted principles that the chances of successful fire suppression are very significantly increased by lower fuel levels which in turn provide less intense fires.
So better fire management, including hazard reduction, fuel reduction, increases the chance of keeping fires under control when they do break out. The article goes on to say:
The committee also promotes a policy of mosaic fuel reduction burns, except where the main purpose is to provide a buffer zone between the bushland and high value assets.
The article continues:
Astute fuel management exploits the fact that a mosaic of fuel reduced areas together comprising something less than half the gross area of forested landscape has an impact on wildfire progress out of proportion to its scale. It is the basis for a defence in-depth concept for ensuring that the protective fuel management measures in and near identified risk zones are not overwhelmed.
There is a strong case for appropriate and sensible hazard reduction policies. A couple of other comments along the same lines were made in a meeting with some colleagues just a few weeks back. Mr Jim Gould, who is Research Leader, Bushfire Behaviour and Management, Forestry and Forest Products, CSIRO, said:
Burning can be prescribed to reduce the fine fuels in the forests under mild weather conditions with consequent reduced fire intensity, reduced rate of fire spread under high wind speeds and lower flame heights and flame depths. Prescribed fire can also lower bark accumulation on the trees and reduce the spotting potential.
We know that spotting caused a lot of the devastation and spread of the fires here in Canberra a couple of months ago. All of the above combine to make fire suppression easier and more efficient and to extend the range of weather conditions under which suppression can succeed. The risks to personnel involved in fire suppression is much reduced when dealing with fires in younger fuels, that is, fuels that have accumulated in less than 10 years since the previous burn. I also quote Dr Phil Cheney, a CSIRO scientist, who said:

Prescribed burning is not designed to stop fires. It is designed to reduce their intensity so the impacts are lower and you have a sporting chance of suppressing them, even under extreme conditions.

The point is that a lot of people—both those in research and those with years of experience on the ground—are saying that we need to do something to reduce the accumulation of fuel and that we need to do something in terms of hazard reduction, to give our firefighters a better chance of bringing these fires under control.

You would be aware that, just a couple of weeks ago, some 40 of our colleagues called on the Australian government to initiate a national inquiry into bushfire management. Given the fact that this last summer we had so much damage right across the country, there is a strong case for a national approach. We have called for a national inquiry to examine the extent of bushfire damage and its causes and to examine fire preparedness and firefighting capacity, especially during the most recent summer. It should examine current land management practices, including those in national parks and state reserves; look at other land management regimes designed to limit fire damage and to reduce the possibility of fire, including the merits of hazard reduction burns and access trails; and, look at the role of volunteer firefighters, volunteer emergency service personnel and at what assistance can be provided to further encourage participation. It should examine also land management practices in other countries designed to limit and minimise fire damage.

We really do need detailed and careful research to know what to do to minimise risk. In New South Wales there are 516 parks and reserves; 237 of these require management plans, yet only 10 have been made public so far. The state government says it has another 15. That is still only 25 out of 237 parks which need to have management plans. A lot more needs to be done.

Living close to the Australian bush has great appeal. There is no doubt about that. It also brings with it the risks that we experience every summer. Occasionally, such as this year and last year, those dangers are felt far more widely and far more deeply and severely and they exact a far greater toll than normal. To all those who have suffered in recent fires, particularly in my electorate but also across the country, we want to show our support. To those who fought so hard to prevent the loss from being greater, we want to express our sincere thanks and gratitude. But let us go on from here to initiate research and to introduce policies and management practices which will reduce the risk to all who live near the bush and to those who risk their lives, year after year, to reduce the loss of property and to prevent the loss of life.

Mrs GASH (Gilmore) (11.48 a.m.)—The Shoalhaven is part of my electorate of Gilmore and it lies in one of the three most bushfire prone areas of the world. Many of the small coastal villages have 15 kilometres of state forest or national park to their west, with only one access road. At Christmas in 2001, there were fires again in the Shoalhaven and for once they made the news headlines. Thousands of firefighters and other volunteers made the journey
from other regions, states and even other countries to help us fight the fires over the month of their duration. Again last year in 2002, just before Christmas, volunteers travelled to help us fight fires. This time the biggest was the Touga fire. You may not have heard much about it, but the fire went for 43 days until 20 December. It had a parameter of 338 kilometres and burned out over 77,000 hectares. A state of emergency or section 44, as it is known, was declared and again thousands of people worked on that fire, many from outside the Shoalhaven. Luckily it did not impact on densely populated urban areas; nevertheless it took a lot of work and lots of volunteers to put it out.

However, we are not the only ones to suffer fires. This year it has been Canberra’s and the Snowy Mountains’ turn. These fires gave the Shoalhaven volunteers a chance to return favours. In seven deployments the Shoalhaven Rural Fire Service sent 271 personnel in 49 fire trucks. They worked in Canberra, Jindabyne and Bombala during the worst of the trouble. A further 40 personnel, in five fire trucks and two group vehicles, went to work in and around Jindabyne and over to Thredbo.

The point is that our volunteers are not only looking after incidents in their own local villages and regions but also now travelling to other areas—interstate and sometimes overseas—to help others. This has led to a fundamental change in the logistical requirements and a vast increase in the demands on volunteers. However, some difficulties are now appearing on the horizon. Fighting a fire usually means 8- to 12-hour shifts at the fire front, with briefing and debriefing at either end, and often a fair bit of travel time to and from the scene. It is difficult to volunteer on a fire front all night, and then go to work at your regular job, for days on end. So volunteers use up their holidays and take leave without pay, whereas self-employed people just go without work.

You might say that it is their choice—and it is—but the kind of people who volunteer to help others in dire straits are not likely to say no very often, and our fire authorities are coming to depend more and more on their continued unpaid help. Many volunteers would not like to be paid; they see the cost as their contribution to society. But what of their employers or our self-employed volunteers? The cost can quickly escalate to a point where the viability of a business is at stake. Think about it in these terms, if you like: most employees usually get four weeks—20 working days—leave per year; many of our firefighters have already spent 20 days this year on the Canberra and Snowy Mountains fires. Last year they spent 35 to 40 days just on the Touga fire. The year before that they spent 35 to 40 days on the Christmas 2001 fires. On an almost weekly basis, these rural fire service volunteers are also attending smaller bushfires, house fires, motor vehicle accidents and other incidents in their own areas. Do you see the pattern emerging here? Our volunteers are giving more than ever and bushfires will not stop occurring. The volunteers are going for years without leave, without decent breaks, and without quality time with their families. So payment is not necessarily the answer. Frankly, we cannot keep asking their employers to cover the cost, either.

Of course, volunteering often generates a cost. Recently some Shoalhaven Rural Fire Service volunteers assisting here in Canberra lost all their personal gear, mobile phones et cetera, when the base camp was overrun by fires. Within a couple of days of their return home they had bought new gear and were packed, ready for the next deployment back to Canberra. The difficulty in recent times has been the enormous test to which our volunteers have been put. Very few incidents are attended by just one volunteer group. Usually many agencies co-
operate to combat the situation, responding to affected people’s needs and returning to their normal lives as quickly as possible.

In the past two or three years it seems that we have had one disaster after another. Because our volunteers have become more mobile and are so good at responding to these incidents, more is being asked of them. These volunteers are tired. The question is: are they safe when they go back to work after exhausting themselves for weeks on the fire line? Should they be operating machinery, driving vehicles or adding up your tax account, in that tired state? ‘That is easy,’ you might say, ‘give them time off in lieu.’ But who pays? To date, it has been the employers who pay much of the cost, through having to cover unexpected absences of their staff or through having tired and less productive staff, after an incident.

The Minister for Employment and Workplace Relations has given a commitment to introduce legislation ensuring that volunteers cannot be dismissed for attending emergency incidents. That will be appreciated by those who have gone to the aid of others, not knowing if they will still have a job on their return. However, business is again carrying the cost—and that cost has increased markedly over the last few years. Remember, our small businesses do not just pay the bulk of the cost of volunteers going off to incidents, they also sponsor teams and events and form the backbone of our service clubs by providing discounted wares and services to many of the community fundraising events.

It is time we came up with some other solutions to these competing pressures. As a government, we need to work with other levels of government, regardless of politics, to reduce the frequency and intensity of major events. We need to talk to the national parks about hazard reduction and to councils about insisting that all land-holders, private and public, keep their land safe. We need to work smarter. Whilst we do not have control over the weather, we can concentrate on our readiness, tactics and equipment. Almost instantly, I can hear the groans of our volunteers saying, ‘Oh no, not more training.’ No, not more; but better.

For years our volunteers worked wonders with little in the way of training or equipment, and during the last few years there has been a significant upgrade in both. While local, state and federal governments, together with local businesses and communities, have borne a large part of the cost, the volunteers have done much of the lobbying and active fundraising. This is in addition to training up nationally to recognised standards and then becoming skilled in using the new equipment.

The debate surrounding the circumstances of the most recent batch of fires is largely the same as that after each such event. No doubt it will be followed by similar recommendations coming from yet more coroners’ reports on fires. I am not sure that all the hard questions get asked at the coroners’ hearings. It seems to me that they do not allow easy access, especially for volunteers to have their say. Even when coroners make recommendations, they are not fully adopted or implemented. We need to bite the bullet and act on those recommendations positively and proactively, rather than defensively or politically. This is why I support the call for a national inquiry into bushfires—to bring out the similarities in and differences of major incidents over the years and to see what has and has not been addressed since then. In this way, we can move forward together in a coordinated, efficient and effective manner.

At the Emergency Management Australia Conference, held in Canberra in October 2001, the clear message was: value your volunteers or lose them. Just this week, I heard on a local Canberra radio station that the recent fire had cost the ACT government $1 million a day—not
including losses, of course. Does anybody ever accurately account for or highlight the millions of dollars saved each day through the use of volunteers? Many in this chamber, like me, gasp at the cost of those big water-carrying helicopters and many, like me, have reached a point in the middle of a fire when, seeing the effectiveness of the helicopters, they have said, ‘Let’s get some of those and stop worrying about the cost.’ Every firefighter and his or her commander will tell you that without volunteers on the ground the helicopters are almost useless. They will not put out a fire; they will only retard it until the ground forces can do the rest. Are we happy to put the extra millions that we could spend on such a helicopter into our volunteer organisations?

There is much related expertise already available. For instance, in my electorate of Gilmore we have at HMAS Albatross significant capability and experience with heavy-lift helicopters, their operation and maintenance. Similarly, we have Defence personnel and Defence contractors who are skilled in logistics and in computer simulation technology. Every time there is a bushfire we struggle with logistics, but we do well despite the hurdles. We could improve the timeliness of getting information and support to our volunteers. Using computer simulation technology, we could greatly enhance our volunteers’ experience of incidents. With the recent Canberra fire, it had been 50 years since the last major fire. Many people who worked on that fire have retired and others are no longer with us. Direct experience counts for much in dealing with these incidents.

We now train our pilots to a very high level, using computer simulation before putting them in a plane. Once qualified, pilots regularly use simulators to keep their hand in or to upgrade their knowledge and skills. I have spoken with the people who design the simulators and I have witnessed what they can do in terms of simulating fire and other emergency incidents. Surely, simulation could be used as the next best thing to direct experience of the heat, the noise and the pressure that a volunteer firefighter works with. The simulators can also reproduce the intense and fast moving scenarios faced by people in the incident control room. These could be put to good use in assisting with the needs of our firefighters and other emergency service volunteers. They could impart the skills and lessons from direct experience of incidents and give them a way of testing themselves in a pressure situation without lives being at risk.

Australians have always been good at working out their own solutions. Part of the reason for that has been a free exchange of ideas between people of seemingly unrelated disciplines. It is with these synergies in mind that I have proposed to our government that we establish an incident management training centre in the Shoalhaven. This centre would harness the latest technology to give more regular and realistic experience and help volunteers plan with greater assurance based on the science that will come from the recently announced Bushfire Cooperative Research Centre.

The other major consideration is that we have volunteers in the incident management teams in charge of incidents. A regular comment on the ground at a fire or other incident is that the control centre is not properly serving, or is out of touch with, the volunteers’ needs or interests. There is absolutely no reason why volunteers should not be involved in incident management; in fact they should be. In the New South Wales Rural Fire Service there is currently some incident management training provided free of charge or at low cost, but only on a very limited basis, with priority given to paid professional staff. What I am talking about is a centre for incident management training that is easily accessible by volunteers—that is, the cost is
affordable, the training is offered at times they can attend and the emphasis is on promoting excellence through innovation to ensure that we have systems that work for the volunteers as well.

Great things can be achieved through volunteers. One man who truly knows this is the Shoalhaven district’s fire control officer, Superintendent Brian Parry, who the Prime Minister recently named Australia’s Local Hero for the year 2003. Brian is someone who has the ability to muster his troops on call; someone who is, in my opinion, a leader amongst men; and someone who is absolutely committed to recognising the value of volunteers in our community. In accepting his award from the Prime Minister, Brian’s typically humble words were:

I am indeed privileged to be employed professionally... in what is primarily a volunteer service... working alongside of people who are there... because they want to be... not because they have to be.

This latest round of fires has indeed highlighted what a difference volunteers make. It is best that we value them and their contributions; best that we provided our volunteers with access to top-quality information and facilities; best that we encourage their direct input into all levels of management, especially the incident management that so directly affects their efforts in the field; and best that our volunteers, who have nothing but greater effectiveness to gain, play a greater role in decision making.

In conclusion, I thank the member for Canberra, Annette Ellis, for showing me the devastated areas of Duffy, Chapman and Kambah last sitting week. I also noticed the number of Australian flags that were attached to trees, letterboxes, leftover walls or whatever had survived the fires. National pride was certainly still alive and well in Canberra. A special thank you goes to Mrs Chris Daley from Bomaderry in the Gilmore electorate for giving a suitcase full of clothes to the families that lost everything. Again, this is where our community spirit—regardless of where it is—makes Australia strong.

Mr NEVILLE (Hinkler) (12.02 p.m.)—From time to time we hear of a fire circumstance in which three, four or five homes are lost. It evokes sentiments of surprise, horror and sympathy. The community invariably rallies to the people in these circumstances, as it does when a single house is lost in one area or another. But it is just mind-boggling to visualise the loss of 530 houses. It is destruction on a scale that is hard to comprehend outside a war situation. It is simply frightening to see pictures of walls of fire, firestorms and cinder showers. So I open my contribution today by extending my sympathies to the families of those who lost loved ones and property in the fires in Canberra, New South Wales and northern Victoria. I wholly endorse the sentiments of this motion and express my admiration of, and gratitude to, those who selflessly went out and battled these fires, as well as those who acted in supporting roles.

In my own electorate of Hinkler, we too have experienced the considerable loss which comes with a huge fire outbreak—and one which could only be tackled by on-the-ground manpower with limited backup from aerial firefighting units. On 24 and 25 January, during the New South Wales circumstance, around 2,500 hectares of bushland and sugar cane between Bundaberg and Childers were lost to fire in my own electorate. We can thank our lucky stars that we did not lose homes and lives. Some homes were narrowly saved by the firefighters. One of the properties threatened was the historic Peirson Memorial Trust holding of 1,900 acres which was a bequest from Misses A.L. and M.E. Peirson back in 1947. The property currently operates as a mixed farming enterprise and also as a group family home for deprived and foster children. I understand the trust lost about 10 hectares of sugar cane in the bushfire,
as well as up to five kilometres of scrub road frontage burning back into the property for several hundred metres. It would have been a tragedy to lose this property, and it was a miracle that it was saved.

These fires consumed more than just vegetation and crops; they consumed the local firefighting resources of the Bundaberg district and necessitated the largest deployment of firefighters in our region since 1994. At the height of the crisis, 28 rural fire and urban units from Bundaberg, Maryborough and Childers were fighting the fires. Around 270 rural firefighters fought for two days in blustery conditions to contain the fire. They were supported by a team of more than 50 support personnel from various government agencies and charity groups. Along with these units, we had up to 30 firefighting appliances, two water tankers, graders and bulldozers running containment lines. One fixed-wing aircraft was called in. It arrived after the peak of the fire and was quickly deployed to another outbreak several hundred kilometres away.

I commend the efforts of the firefighters on the ground who tackled the blaze and I applaud their bravery, but I believe the task would have been far easier if firefighting helitankers had been made available to them. I championed the cause of helitankers in Central Queensland and in the Wide Bay area some months before these fires. The Commonwealth has already invested $8.15 million in leasing and transporting five helitankers, three medium helicopters and two fixed-wing water bombers to be used during the 2002-03 firefighting seasons. Elvis, Georgia Peach and the Incredible Hulk have been put to good and effective use throughout our southern states. Their value was underscored in January with the arrival of another two helitankers, Isabella and Gypsy Lady.

Under the current funding arrangement, the states are responsible for all operational costs. Victoria quickly snapped up one of these tankers, while two aircraft were based in New South Wales. The other two were used as needed. Together with the state shadow minister for emergency services, Ted Malone, I worked to craft a strong case to have one based in Queensland, particularly in my centrally located electorate, but to no avail. Either Gladstone or Bundaberg would have been ideal locations as they were within easy striking distance of both Central Queensland and the more populated areas of the south-east corner.

The Queensland Emergency Services Minister, Mike Reynolds, is on the record as saying that the state has an aerial firefighting strategy in place. I would sooner call it a mishmash of assorted responses thrown together at the last minute of a bushfire crisis. Let me detail the Queensland government’s so-called aerial firefighting strategy. In the event of a serious fire outbreak, a random collection of rescue and community helicopters and several fixed-wing crop spraying aircraft are put into action. The particular aircraft sent to Goodwood during the fire I just described had a holding capacity of 2,000 litres. Compare this with the 9½ thousand litres held by an aircrane helitanker.

One Queensland government minister also put forward the excuse that Queensland’s topography did not lend itself to aerial firefighting, arguing that one of these helitankers would be of little use during the bushfire season. Of course, if you talk to the firefighters on the ground they will tell you that they desperately wanted a helitanker. But they will not go on the record for fear of reprisals, and that is an unfortunate situation. When they say that our topography is different, they should tell that to the people of Murphy’s Creek at the bottom of the
Toowoomba Range and tell that to the people of the Granite Belt who have lost homes in recent fires.

Of course the state government’s argument is nonsense. As an old Warwick boy I have often thought how similar my home district was to Canberra’s rural environs. The rural tablelands of the Darling Downs are very similar to the Liverpool Plains. You find almost identical mountain areas along the Great Dividing Range, with gorges, escarpments and the like. They are just as dangerous in terms of a fire outbreak, whether they are one side of the border or another. Firefighting does not stop at a border. Topography does not stop at a border. The Queensland argument is clearly nonsense. Over 200 properties were evacuated from the raging fires in the Queensland Granite Belt in October and late last year we also saw serious fires at Toowoomba, Tara and on the Atherton Tablelands. Taking the Granite Belt situation, for example, is it acceptable to lose life, homes, cars and vineyards and not provide the very best firefighting equipment to obviate those difficult and devastating circumstances?

Last November, we saw an unprecedented fire ban encompassing the whole state after a week of deadly blazes fuelled by dry and gusty conditions. It was a testing time for dedicated firefighting volunteers. That dedication extended into the January events in the south, with 12 volunteer firefighters drawn from brigades within the Bundaberg region taking up duties at Jindabyne. Those brave people hailed from South Kolan, Moore Park, North Dallarnil, Birthamba, Boolboonda and Kinkuna Bay rural fire brigades, and I salute their service and congratulate them for helping their southern counterparts.

In returning to the implications for Queensland arising from these events, I reserve my criticism for the Queensland government, but I do not for a minute decry the dedication and the generosity of the firefighters, pilots and aviation community who came together at this difficult time. Their efforts needed to be complemented by the Queensland government, and they were not. I question the commitment to getting wildfires knocked out as quickly as possible to reduce the threat to human life, home and hearth. From a practical point of view, Queensland’s current aerial firefighting arrangements simply do not come up to scratch in comparison to the aerial firefighting unit subsidised by the federal government and used by the southern states. Many hundreds of firefighters have risked their lives battling these blazes, and I ask today: why does the Queensland government refuse the services of dedicated firefighting aircraft? For the life of me, I cannot understand how our state emergency services minister, Mike Reynolds, can tour burnt-out areas and continue to turn his back on these aerial units.

Late last year, Mr Reynolds informed the Queensland parliament that his department was doing all it could to ensure the safety of the whole state. Quite frankly, I find that disingenuous. During the bushfire outbreak on the Granite Belt last October, it took operating aircraft up to 10 minutes to do a round trip from the airport and then dump 3,000 litres of water and fire retardant. I understand that the Erickson air cranes, as used in the southern states, would have been less than a minute from water sources and would have had the capacity of not 3,000 litres but 9,500 litres—treble that of the aircraft that were in use at that time. In fact, the Victorian police and emergency services minister, Andre Haermeyer, is on the record as saying that the helitankers provided a confidence boost for the state’s firefighters and residents in high-risk areas. He said:
I think it’s something that the whole of Victoria will breathe a sigh of relief to see. The helitankers will make the job for firefighters to steer these fires away from communities in their paths a lot easier. They will certainly bring a lot of relief to the communities in the path of the fires, both here and in NSW.

I ask: why not Queensland? Do Queenslanders not deserve the same level of assurance and security? I certainly hope that we never again see fires on the scale that ripped through Canberra, killing four people and destroying 530 homes. I am surprised that the Beattie government has seen fit to knock back the Commonwealth’s 50 per cent funding offer to have the services of a helitanker during the bushfire season, particularly since all state and territory emergency services ministers agreed in Brisbane on 26 September last year that a national aerial firefighting strategy was needed. For heaven’s sake, Queensland was the host state.

The cost to the state government of leasing an aerial firefighting unit for one bushfire season is approximately $1.67 million, yet the only concerns of the emergency services minister, Mike Reynolds, would appear to be to have a cost-effective budget implication, despite his acknowledgment that Queensland would need to borrow a helitanker from interstate in the event of a serious fire outbreak. It beggars belief that he would put these excuses on the record, given that his government has plans to slug an extra $85 onto electricity bills in the near future to fund ambulance services. I sincerely thank the professional and volunteer firefighters who battled our bushfires, the employers who allowed those volunteers to go away and all those who supported them in voluntary capacities.

There has been a call for a national inquiry, which in principle I support. But, as there are three inquiries on the go, I reserve my judgment on that particular issue. The time has come for us to take a serious look at a national strategy. That national strategy needs to have the endorsement of all the states. We cannot have, as with the helitankers, Queensland stepping to the side and pretending it is not necessary. We need to know what controls are going on in national parks, in wilderness areas, in private forests and in state forests. We need to know what fuel reduction is going on in state government controlled and local government controlled areas. We need to know if there are roads and bridges and access into national parks and forests, where a lot of these fires emanate from. We need to know what the most effective forms of aerial bombing. We have had helitankers during this season and one helitanker in the season before that. We have Bombardier from Canada now offering a fixed-wing aircraft with a huge capacity. We need to evaluate all those things and make sure that they are being used. We need to know, when there is a major circumstance, whether units from that particular state, that particular region, or indeed from interstate, are being deployed most effectively.

While I will reserve my judgment until I see the results of these three inquiries, I must admit that when I received a press release on 24 February from the New South Wales National Parks and Wildlife Service asking people to go in and see the rare devastation of the Kosciuszko National Park I was utterly surprised. I do not know if it is a new, innovative form of voyeurism and tourism wrapped together on the one hand or whether it is spin doctoring on a massive scale on the other, but that sort of nonsense heightens my scepticism and makes me wonder if we shouldn’t have a national inquiry.

Mr TICEHURST (Dobell) (12.17 p.m.)—I rise today to support the Prime Minister’s motion and place on the record my appreciation for the tremendous efforts of the firefighters, the police, the emergency services, the Australian Defence Force personnel, and the many volunteers who have fought the bushfires and provided assistance to those who have suffered injury.
REPRESENTATIVES
12348
MAIN COMMITTEE
Wednesday, 5 March 2003

and loss. The commitment to the task has been inspiring. As a nation, we faced a tragic sum-
er of bushfires that tested our endurance, our resources and our spirit. The fires that swept
through the suburbs of Canberra and the ACT during January have had a terrible impact on
many families and on public infrastructure in the capital. I would like to pass on my condo-
lences to the families and the friends of people have lost their lives in the bushfires. To all
those who have been injured, I give my best wishes for your speedy recovery. I send my sym-
pathy to everybody who suffered property loss.

Although the losses in other parts of the country have not been as great as those experi-
enced in the ACT, all Australians feel a sense of understanding of and empathy towards the
people of the ACT. I would like to commend the excellent cooperation between the Com-
monwealth agencies and the state and territory authorities, which has been of great value in
fighting this common enemy. The Commonwealth government’s initiative to fund three heli-
tankers to strengthen the national firefighting capacity has been of great assistance. The an-
nouncement of a further $2.1 million towards the leasing of two additional Erickson air cranes
will ease the strain on existing infrastructure. Having personally witnessed in my electorate
the tremendous impact these aircraft have on fighting fires, I commend the government on
this initiative.

People and property in my electorate of Dobell were affected by bushfires throughout the
summer months, including the closure on several occasions of the main transport links be-
tween the Central Coast and Sydney, the main northern railway line and the F3 freeway. To
the volunteer rural firefighters, town brigade officers, emergency and rescue services person-
nel, police officers, ambulance service officers and volunteers of Dobell, I say a special thank
you.

The following firefighters travelled from Dobell to the ACT to help with firefighting, pa-
trolling and mopping up. I extend to them a special thank you and my appreciation for their
efforts in assisting the people of the ACT during the bushfire crisis. From the Erina Rural Fire
Brigade, I thank Captain Gary Walker, Deputy Captain Scott Doorey, Wayne Hawkins, Chris
Casey and Geoff Parish. From the Narara Rural Fire Brigade, I thank Senior Deputy Captain
Craig Lamotte, Garry Green, Graham Maddox, Greg Kennedy, Chris Tower, Jim Affleck, Paul
Anquetil, Mark Gibbons and Shane Ferrett. From the Wamberal Rural Fire Brigade, I thank
Deputy Captain Dean Robertson, Deputy Captain Nathan Cottrill, Daniel Long and Rod
Blaxell. From the Wyong Rural Fire Service, I thank Inspector Shane Geerin and Group Offi-
cer Wayne Shooter. From the Charmhaven Rural Fire Brigade, I thank Captain Wayne Logan.

Throughout this ordeal the great spirit of the Australian people shone through. The tremen-
dous courage shown by ordinary people, who came together in many ways to help those in
need, was unbelievable. Having family members who have been involved in rural fire serv-
ces for many years, I am well aware of the commitment required to protect property and life
from the threat of bushfires. This summer has tested the endurance of many of our volunteers.
These people have our respect and our heartfelt thanks.

I would like to join with the member for Hinkler in the closing comments he made in rela-
tion to the inquiries that are currently under way. The firefighters in the Canberra fires faced
difficulties caused by many things. One was fire brands from burning pine forests, which cre-
ated spot fires 10 and 20 kilometres ahead of the main fire fronts. In normal circumstances
these fires can be controlled by back-burning, but in the Canberra situation that was very dif-


REPRESENTATIVES MAIN COMMITTEE
ficult and certainly life-threatening for the firefighters. We need earlier intervention with these fires. The fires in Canberra were started in the national parks by a lightning storm on 8 January. My colleague mentioned a press release that stated that was very unusual. I can say that the lightning activity occurring through those mountains was not unusual. Lightning travels across many parts of this country. These situations can only be affected by enabling firefighters to get to the locations of fires quickly. That can only be done if fire trails are maintained and bridges that have been destroyed are put back, so that we have a proper action plan to be able to attend to fires quickly.

Mr Neville—May I continue for a few moments, Mr Deputy Speaker?

The DEPUTY SPEAKER (Mr Barresi)—I thank the member for Hinkler for his cooperation.

Mr Neville (Hinkler) (12.23 p.m.)—by leave—I do not know what has delayed the next speaker, the member for Page. I want to emphasise what my colleague, the member for Dobell, has just spoken of: the press release of 24 February from the New South Wales National Parks and Wildlife Service, which referred to the circumstances that arose in Kosciuszko National Park. I think it is well known, certainly anecdotally, that fire prevention methodologies in the park were not up to scratch. As I said in my earlier remarks, when I received this press release saying that people should come and have a look at this once-in-a-lifetime devastation, I did not know whether it was new and innovative tourism, a new type of voyeurism—come and see what the dreadful fires did!—or just spin doctoring to obfuscate and cover the circumstances that prevailed there.

I think we have a great responsibility after a fire like this to get to the root of the problem. Quite frankly, I thought that press release was both indulgent and inappropriate. I look forward to seeing what these three inquiries bring out and I will reserve my judgment until then, but I will be taking particular note of what happened in the Kosciuszko National Park and the Snowy Mountains areas.

Firefighting is particularly onerous and difficult. As I said in my earlier remarks, the Goodwood area south of Bundaberg—although the circumstances there were overshadowed somewhat by what was happening around Canberra, in north-eastern Victoria and in the Snowy Mountains—was equally devastated, albeit it on a smaller scale. For the first time in many years firefighters saw the effects of a firestorm, where fire breaks hundreds of metres across were simply jumped by the fire and spot fires raced ahead of the main fire. Things like that have always heightened my concern that we should have helitankers positioned in Queensland. In Bundaberg and Gladstone we have large airports and in Gladstone we also have helicopter servicing arrangements. Because of that, I cannot understand the attitude of the Queensland government in ducking this issue. They have said on a number of occasions that we have a different topography in Queensland. For the life of me I cannot see that. It behoves us to put a mantle of safety over the whole of Australia, whether that is Queensland on the one hand or New South Wales and Victoria on the other.

We also need to be innovative in looking at new forms of firefighting. The Canadian company Bombardier recently—in our last sitting week in the House—showed us plans of an aircraft and showed demonstration films of the aircraft in operation. It is a fixed-wing aircraft and it certainly does require lakes and large areas of water because the plane fills up by a
scooping device. Whether that is appropriate for Australia we do not know. Whether we have enough lakes and open water areas or not is something that perhaps needs to be tested.

But this is a dry country. We have just been through a drought—and it is still holding on in many areas—which was the worst in 102 years, according to a lot of records. In some areas where records have not been kept, anecdotally it is the worst drought on record. Although a lot of paddocks are totally eaten up, it has left other inaccessible areas with a lot of dried out timber. A lot of fire reduction has been necessary and it has not been occurring. While I will reserve my judgment, I think the circumstances we have seen call for a national inquiry. I am sceptical of some of the spin doctoring that has been going on to prevent that over recent times.

Mr CAUSLEY (Page) (12.29 p.m.)—I apologise for a misunderstanding that caused me to be late. It is important that I speak on this motion because, having been the minister for forestry in New South Wales for quite a period of time, I have had some experience in the matters that we are discussing here. I think it is important that we understand some of the land management that took place in this country before Europeans even came here. I know this from experiences and discussions that I had with my own grandfather, who was one of the very early settlers on the northern rivers of New South Wales, particularly the Clarence River. He told me that, when Europeans originally went to the area, they tried to manage the land as they might have managed land in Europe. They were soon taught by the local Aborigines that it was not the way to manage it at all—you have to use a fire regime if you do not want to get into a lot of trouble.

I think there are plenty of examples of this, particularly if you read some of the diaries of the old explorers who first went across this country, discovering the land and preceding the settlers who were to later come along and farm in those areas. For instance, those who went across the mountains to the vast plains of the west, as they called it, wrote in their diaries that there were very few trees and, almost without exception, they commented about it being open grazing country. When Oxley first went up the Hunter River, he noted in his diary, ‘open grazing country for 20 miles each side of the river’. Let us remember the settlement of the upper Clarence River, particularly the famous Yulgilbar Station—and I have to say that the Deputy Prime Minister is a descendent of those who settled that particular area. They did not settle it because it was a standing forest; they settled it because it was open grazing country. Why? Because the Aborigines used fire extensively. There is a little book written by a former fire management officer of the NSW Forestry Commission, a man called Dave Ryan, which says, ‘The firestick never went out.’ It is only a small book; I recommend that all members read it in order to start to understand something about this country and how it should be managed.

When I was the minister for forests in New South Wales there was a whole section of the Forestry Commission of NSW under one of the assistant commissioners, Mr Roy Free, whose job was to maintain fuel throughout the forests of New South Wales to ensure that a fuel build-up did not occur, because they were well aware of the problems that would follow with very fierce bushfires. That particular section of the forestry commission had two fixed-wing Cessnas and two helicopters, and their job in the spring and the autumn of each year was to go along with these planes and use incendiaries to reduce the fuel in the forests so that, when we came to the hotter summer months, there was no build-up of fuel that would cause the problems that we know are related to very fierce bushfires.
I look at the arguments put forward by those who speak in the name of the environment and I ask them to look very closely at what they are saying because they claim that, if you lock up these areas, you are protecting the flora and fauna of the area. I put it to them that exactly the opposite happens. If you look at what has happened in the past and take, for instance, the koala bear—an icon of Australia—the way the koala bear developed was because the Aborigines kept these fires down to low-fuel fires and the bears’ defence in fire was to go up a tree. They went up the trees because the fires never got to the higher canopy.

The problem we have at present is particularly in the hot summer months—when the fires, with this enormous amount of fuel on the floor, are now getting into the upper canopies. When they get into the upper canopy you get what is called a crown fire. In the huge summer heat, the 40-degree temperatures, and with the strong northerly winds the eucalyptus oil starts to come out of the leaves and ignites, and you have this enormous fast fire that runs across the top of the trees. For anyone who has fought fires and has seen this, it is the most frightening experience they will ever have. Koalas, having gone up the trees, are incinerated by this type of fire. In the recent fires around Grafton a whole colony was caught like this. Locals had to club them to death because they were so seriously burnt that they could not be helped. So those who argue that this is the way to manage the forests should have a close look at what happens in fires such as these.

Australia is a country in which people love to live in the bush. I have no arguments with that. Having been born and bred in the bush, I enjoy where I live as well. While we enjoy living out in the bush, we also have to understand the fierceness of this country. I have often looked at the areas around the cities, particularly Sydney, where the population is spreading out into the edges of the forests. When you come from the bush and you have seen what can happen on hot days, you take one look at that and say, ‘This is a disaster waiting to happen.’ You just cannot fight a fire on a hot day.

The Premier of New South Wales said the other day that he is going to put $100 million into new firefighting equipment. We could have had 10 firefighting machines on every street in Canberra when that fireball erupted, but we still would not have been able to fight such a fire on that hot day with the build-up of fuel. It cannot be done. You have to reduce the fuel long before that if you are to have any chance of controlling the fires. Australia has to have a close look at the land management practices that have evolved over the last few years. When I say ‘the last few years’, I mean the last 15 to 20 years when there have been changes in land management practices.

A classic example is the Pilliga in northern New South Wales. The Pilliga is now an area of quite substantial pine and ironbark stands of trees. When Europeans first went to that area, there were no trees—there was no Pilliga Scrub at all. It is only because of the changes in management practices that these things have grown up. I mentioned earlier the great Yulgilbar Station. Huge areas of that station are now standing forest—they were not when Europeans first went there. I heard a statement the other day from Mr Koperberg, the chief of the fire services in New South Wales. When asked about the need for reducing fuel to control these fires, he said that there are windows of opportunity and we do not have enough people to take those windows of opportunity. He was exactly right. There are few windows of opportunity. In autumn and sometimes in late spring there are chances to burn off and get a mosaic through the forest, and thus reduce the potential of a holocaust in the summertime.
How was it done in the past? We need to look back—and it is not that long ago if you look back to when this management practice took place. In the past, many of the areas of forestry were grazing leases. In fact, almost all had a grazing lease which was not used for the whole year, but certainly during the winter months the graziers would take their stock up from the river flats, where it tends to get a bit cold and the grass does not grow very well. They would get a couple of months grazing in the forestry areas. They would maintain those areas. There were literally thousands of people along the escarpment managing the land in these areas. Even though there might have been only one or two days during the spring or the autumn when there was a window of opportunity, they used them. They were the people who reduced the fuel. And, of course, it was in their own interests to maintain the area. They were the true ecologists. They were the people who were maintaining the area for the flora and fauna and for their own stock. At least they were reducing the fuel so there were not these huge firestorms in the summer months.

The New South Wales government has to have a very close look at the land management practices in New South Wales. I cannot speak for other states, but I do not doubt that the same applies in other states. Australia is a unique continent. We are the driest inhabited continent on earth. Down through time, lightning and the Aborigines have started fires that have raged through this country on a regular basis and maintained it. That is how the whole ecology of the place has evolved—whether it be our eucalypt trees, which are unique to the countryside, or our unique flora and fauna, which learned to adjust to the way the land was managed in the past.

The New South Wales government has lost track of this. We now have this huge bureaucracy that is not working because we no longer have the local content and local decisions. Would you believe that if you have to back-burn you have to get an approval from Sydney before you can do it? I have been in bush fire brigades and I know that you have to make some very quick decisions from time to time if you are going to stop some of these fires. You have to back-burn very quickly. You have to make sure that you have the ability to move quickly. You have to know all the local tracks—they are not named. If you have grown up in the area you know these tracks which might be called by people’s property names. If someone is brought in from elsewhere in the state—which they are doing at the present time—to fight a fire in your local area and they are given a direction to go out to a certain area, they are possibly being sent to their death because they do not know where they are going to fight that fire. Local control has to come back in some of these areas so that the local people, who know the area very well, can be in control of the situation. I do not think that that is too much to ask.

There is no doubt in my mind that there needs to be an inquiry into this problem we have in Australia. The states are in denial, even after these horrific fires. They are refusing to address some of the land management problems that have caused them. Of course, we have politicians who blindly follow a political line and who are not prepared to listen to some of the sane arguments from people who know how to manage these areas. They are blindly following a political line because they seem to think that there is some political attack in this issue. This is not politics; this is about sensible land management. I do not care who is in government, whether it is the Labor Party in New South Wales or the current opposition, the same message has to get through, because unfortunately until the edges of the city start to burn the city people do not understand what is going on and how it can be managed—and it can be managed.
I am not saying that you will eliminate all fire—you never will—but I have seen areas that have been reduced by burning at judicious times to make sure that the majority of the fuel is reduced so that when a fire has gone through there some months later the damage done is limited to somewhere around metre off the ground. A classic fire area in New South Wales at the present time is the Kosciuszko National Park—I do not know whether the member for Eden-Monaro has spoken in the debate; I think he was going to speak—where all you will see is a few scarred trees and a bed of ash. Fire has destroyed the entire area. Yes, it will grow back; but I have seen areas on the north coast of New South Wales where these horrific fires have gone through and taken the tops off the trees, and it takes 30, 40, 50 years before you start to see any of the trees coming back to somewhere near their natural state whereas, if you keep the fires under control, you do not get this terrible damage.

Fires are a natural part of the environment in Australia. Many of our eucalypts, banksias and other flora types in Australia would not exist without fire. They have to have fire because fire softens the outer seed cover so that with the subsequent rains there is regrowth and the species start to regenerate. They regenerate very quickly if they are not damaged too much. As far as the fauna is concerned, you will notice that the native fauna—particularly the kangaroos and the wallabies—are back very soon onto the new pick that comes after a fire. So fire is part of the regime, it is part of the environment, but it must be managed properly.

Mr KING (Wentworth) (12.44 p.m.)—I am honoured to follow the honourable member for Page, in whose electorate the experience has been quite sharp—more so than in mine, which is an inner city electorate. But I make no apologies for standing to speak on this matter of national importance, because I know that many people in my electorate—an inner city electorate of Sydney—have relatives, friends, acquaintances and others who have been seriously and savagely affected by the fires that ravaged Australia in January this year. I know many of them have a strong and warm sympathy for those who have been so adversely affected.

When you think about the basic elements that make up our country, you would probably say they are fire, sun, water and earth or soil. It is interesting that those elements are so fundamental to what it means to be an Australian. I think they are elements that make up the character of the Australian people, whether they come from the city or whether they come from the country. Of those elements, perhaps the most dramatic—the most immediate and most memorable in the minds of all Australians—is fire. It is fire that has affected more people more immediately and more dramatically than anything else. In a way, it is what has brought our community together over these last few months.

Here in Canberra more than 530 homes were destroyed, and many others that were not destroyed were very badly damaged. Not only the properties but also the possessions and mementos of all of the people who were affected by those fires were destroyed. In other states the fires were quite extensive. Something like 750,000 hectares of land were burnt out. For example, in the electorate of the member for Eden-Monaro, who lost his own property in that fire, large parts of the Kosciuszko National Park—which is an important part of Australia’s heritage—and the Snowy Mountains area were burnt out. In Victoria the fire between Beechworth and Wangaratta which became known as the Eldorado fire, which went down the Kosciuszko National Park into the Victorian Alps and around to Mount Hotham, was very savage. Many of those areas were already drought affected, and there the fire had a particularly adverse effect and was very savage indeed.
This has been a national disaster. The problem for us in this country—for all Australians—is that this is not the first time it has happened. I recall being asked only 12 months ago by a number of my constituents to hold a benefit concert for the victims of the fires—especially, at that time, those in the Blue Mountains, west of Sydney. People such as former Australian cricketer Greg Matthews, who is one of my constituents, supported me in that project. As I said, those who live in the city feel as affected as those who live in the country. I was brought up on a farm and I remember going with my parents to a number of fires that occurred in the New England area. One in particular stands out in my mind. We fought all day and were eventually able to build a firebreak and turn a very savage fire which was raging over an area of approximately 15 kilometres and had burnt out a number of farms and was threatening many others. We were all black with the soot and smoke from the fire but, at the end of the day, we were able to save more houses and property.

In my electorate there is a group called the Waverley-Woollahra SES, which has some 70-odd members. Recently, that SES group won the New South Wales Premier’s Award for the most effective emergency unit in the state. They are people who do not live on farms or in the countryside but who want to help those whose lives and property are under threat from time to time. The efficiency with which they have operated has been recognised publicly, and today I want to thank and honour them and all of the volunteers who step up to help out for the work that they have done and which they do. I also want to thank those who have made donations to the Commonwealth appeal and the New South Wales Premier’s appeal for bushfire relief funds and who have contributed not just through the SES but also personally, going out to fight fires. I know a couple who came down to Canberra to the property of Mr Peter Gullett at Tharwa, which was mentioned by Mr Crean in his remarks in the House. I know that the whole of that land was burnt out. However, those people were fortunate enough to save their homes. But that is just one example.

There are many challenges that face us in relation to dealing with this problem, and it is something that we ought to address because, unless we do, we are going to have the same problem again—perhaps not in 12 months, we hope, and perhaps not as severe as the worst fire disasters in the past, such as that that occurred way back in 1939 when some 400,000 hectares in Victoria were burnt out, that which occurred way back in 1851 when a quarter of the state was burnt out or, indeed, the Ash Wednesday fires in 1983 when some 100 fires in Victoria burnt out 210,000 hectares and some 2,000 homes were lost. But those disasters will come around again and we need to be as well prepared as we can be.

I have written to the Prime Minister to make a suggestion in relation to the purchase of additional specialised aircraft to help with the dousing of fires. There are heavy lift aircraft which I believe would be of assistance, in addition to the helicopters that are already in existence. The problem with the helicopters is that they are not able to deal with the massive fires that occur and occur so quickly, such as the type that happened recently. On that point, I was told by the Hon. Ralph Hunt, who is one of my constituents, that his son, who was in the way of the fires in Canberra in January this year, could not believe the incredible ferocity of the fires that ravaged this city. When he looked outside, he thought he was in a war zone. Huge balls of flame flew through the air. They hit trees and exploded then another 10 or so balls of flame would disperse indiscriminately, sometimes reaching a kilometre or more at a time. It was impossible for firefighters with ordinary equipment to stop that sort of conflagration.
I mention that possible measure. I also support consideration of a national fire inquiry, as some whose electorates have been more closely affected than mine have mentioned. I ask that, if such an inquiry is set up, perhaps through existing processes rather than through any new inquiry or royal commission as such, it has a close look at land management practices and the appropriateness of cold burning. There is no doubt that that and back-burning, as it is also called, are very appropriate responses. We should not ignore the need to address that in state forests and national parks. I also suggest that other measures that ought to be examined by such an inquiry include strategic fuel reduction, the exclusion of residential and other asset development areas in fire prone lands, the importance of making assets fire resistant where possible and ensuring that those involved in fire management have a basic understanding of fuel dynamics and what is also called fire physics.

I think, too, that we should look at some legislative protection for the volunteers. They are absolutely magnificent people, who have this ethic which is perhaps quintessentially Australian—in the modern sense, in the best sense of the word. It shows that the Australian people still have that gut instinct not just for survival, not just for self reliance, but also for pulling together as a community. It is one of the values that our Prime Minister has spoken about and which is evidenced by the way in which the ordinary people of Australia have responded—not to the call of governments but to the call of the emergency and the difficult situation that their fellow Australians have been involved in in those difficult times.

One of the legislative protections that is worth consideration is some form of tax relief to employers who give time to their staff to go and fight fires if they are registered volunteers or have relatives or friends who have been adversely affected by the fires. I think that is a better form of legislative intervention than that proposed by the Leader of the Opposition in his address, because it seems to me that there are appropriate mechanisms under the industrial laws to deal with those who have been unfairly dismissed in such circumstances. It is more important that employers, who have to take the financial burden of dealing with those who are off because of fires, can offer assistance in that way.

The other big problem, of course, is arson. The New South Wales fire department estimated that, of the fires that occurred in 2001 and 2002 in the national parks, some 79 per cent were deliberately lit. That is an extraordinary figure. I know that the New South Wales state government has responded with some measures to address the culprits, but it seems to me that we really do need a national response. I urge the government to give some consideration to the new Crime Commission, which has all of the police commissioners of this country on it, adopting a Commonwealth wide response so that we can tell the people of Australia that the Commonwealth is showing leadership on this issue and working with the states to ensure that there is a proper response, of sufficient severity, to the culprits who cause such massive damage to our environment and to the people affected.

I believe the Insurance Council of Australia also has a role to play, and not just by responding to these problems by upping premiums or limiting cover. It is important that the Insurance Council give detailed consideration to policies that will ensure that there is ready access to fire insurance and home insurance for those who are affected so that it is not priced out of the reach of ordinary Australians. I urge them to give consideration to that proposal. Finally, I suggest that there may be a role for those who have experience in dealing with fires over many years—the Indigenous people of Australia, who have put in proper control measures in the Kakadu through appropriate burning-off procedures—to look at working with gov-
ernment authorities in the future. I am not suggesting that that would be appropriate in the Blue Mountains or in Harbour View Park or Nielsen Park in my electorate, but there are measures that do need to be looked at. Overall, I ask the Commonwealth to give consideration to all of these proposals for the future.

Main Committee adjourned at 1.00 p.m.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

Aviation: Townsville and Darwin Airports
(Question No. 1217)

Mr Martin Ferguson asked the Minister for Transport and Regional Services, upon notice, on 10 December 2002:

(1) Further to the advice given in Senate Estimates on 20 November 2002 that Air Marshal Houston and Airservices Australia have agreed to work towards the provision by Airservices Australia of air traffic control services at Townsville and Darwin airports, when will the consultation phase (a) commence and (b) conclude and which agencies and organisations will be included in that consultation.

(2) Will the proposal involve Airservices Australia providing defence and civilian air traffic control services.

(3) Does the decision relate to previous reports of a Defence shortage of air traffic controllers; if so, can the Minister assure the public that sufficient Defence resources exist to safely cover the functions until the proposed changes occur; if not, will interim measures be put in place.

(4) Is the decision to transfer functions from Defence to Airservices Australia a ministerial or agency level decision.

(5) Will any other airport or aviation functions be involved in a transfer of functions at (a) Darwin, (b) Townsville or (c) other airports; if so, which services and locations.

Mr Anderson—The answer to the honourable member’s question is as follows:

(1) to (5) I refer the honourable member to the answer provided by the Minister Assisting the Minister for Defence, in relation to Question on Notice 1218.

Immigration: Asylum Seekers
(Question No. 1274)

Ms Gillard asked the Minister for Immigration and Multicultural and Indigenous Affairs, upon notice, on 12 December 2002:

Was he reported in The Age on 10 November 2001, in relation to the asylum seekers falsely accused of throwing their children overboard, that there was no way that this group would be brought to the Australian mainland or would reach the Australian mainland through those efforts; if so, have any asylum seekers from that boat come to Australia; if so, (a) how many, (b) when and (c) what are their nationalities.

Mr Ruddock—The answer to the honourable member’s question is as follows:

The boat SIEV 04, code named Columba, was detected in waters north of Christmas Island on 6 October 2001. On 10 November 2001 The Age reported that I had stated on 7 October that “there was no way this group will be brought to the Australian mainland or reach the Australian mainland through these efforts”.

The group from the vessel, comprising 219 passengers, was not allowed to be brought to the Australian mainland through their attempts to enter Australia unlawfully. All passengers were transferred from Christmas Island to the Offshore Processing Centre in Manus, Papua New Guinea, where they were provided the opportunity to submit their refugee claims and to have them assessed in a fair and thorough status determination process. Some of those found to be refugees have subsequently been granted temporary humanitarian visas for Australia, where they were reunited with family members living in Australia. Others found to be refugees have been resettled elsewhere.

(a) One hundred people from the Columba are now in Australia on temporary humanitarian visas, having been found to be refugees.

In addition, a family of four, whose refugee status is still under consideration, are currently in Australia for medical reasons.

(b) The 100 persons now on temporary humanitarian visas travelled to Australia between 30 July 2002 and 28 November 2002.
The family of four currently in Australia for medical reasons travelled to Australia on 22 February 2002.
(c) All persons who have come to Australia are Iraqi.
My decision to resettle some of those persons from this vessel found to be refugees reflected Australia’s commitment to take our fair share of those resettled from the Offshore Processing Centres as part of an international burden sharing exercise to reduce incentives for people smuggling.

Child Support Agency: Clients
(Question No. 1403)

Mr Jenkins asked the Minister for Children and Youth Services, upon notice, on 6 February 2003:
On most recent data, how many Child Support Agency clients reside in (a) Victoria and (b) the postcode areas of (i) 3074, (ii) 3075, (iii) 3076, (iv) 3082, (v) 3083, (vi) 3087, (vii) 3088, (viii) 3089, (ix) 3090, (x) 3091 and (xi) 3752.

Mr Anthony—The answer to the honourable member’s question is as follows:

(1) (a) As at 30 June 2002, the number of Child Support Agency clients in Victoria are listed in the table below.

<table>
<thead>
<tr>
<th>Location</th>
<th>No of Child Support Agency clients</th>
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<tbody>
<tr>
<td>Victoria</td>
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</table>

(b) As at 30 June 2002, the number of Child Support Agency clients who reside in the postcode areas of (i) 3074, (ii) 3075, (iii) 3076, (iv) 3082, (v) 3083, (vi) 3087, (vii) 3088, (viii) 3089, (ix) 3090, (x) 3091 and (xi) 3752 are listed in the table below.

<table>
<thead>
<tr>
<th>Postcode</th>
<th>No of payers</th>
<th>No of payees</th>
<th>Total No of clients</th>
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<td>631</td>
<td>632</td>
<td>1263</td>
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