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The SPEAKER (Mr Neil Andrew) took the chair at 9.00 a.m., and read prayers.

FAMILY AND COMMUNITY SERVICES LEGISLATION AMENDMENT (DISABILITY REFORM) BILL (No. 2) 2002 [No. 2]

First Reading

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

Second Reading

Mr ANTHONY (Richmond—Minister for Children and Youth Affairs) (9.01 a.m.)—That this bill be now read a second time.

The Family and Community Services Legislation Amendment (Disability Reform) Bill (No. 2) 2002 [No. 2] delivers on the government's commitment to real change that will see more people with disabilities move from the prospect of lifelong dependence on income support to work and the many benefits this brings.

This bill recognises the need to address the flow of people onto DSP by taking early steps to keep people with disabilities who can work in a more active system that supports and encourages them to achieve their best. This builds on our Australians Working Together initiative 'Better Assessment and Early Intervention for People with Disabilities' in the 2002 budget. This initiative will see much needed improvements in assessing the ability and needs of people with disabilities.

The bill will put in place a new system of income support rules for people applying for DSP from 1 July 2003. At the same time it will protect people receiving DSP prior to 1 July 2003 from the operation of the new rules. This means there will be no change for people who are currently receiving DSP, who will continue to need to meet existing criteria. There is no change to the 30-hour rule, no change to the services Centrelink can consider in thinking about whether someone could move into work within the next two years and no change to the special provision that means local labour market prospects can be taken into account when assessing the eligibility of people aged 55 and over.

Those people who are quarantined will still have incentives to have a go at working full-time if they think they are able. We will continue with current provisions that allow people to have their payments suspended in these circumstances. The arrangements in this bill will mean that someone who does try out work of 30 hours or more a week but finds they cannot maintain this will be able to move back onto DSP under the current rules within a two-year period.

And finally, there will be no change to current provisions for people who claim or receive DSP who are permanently blind.

Schedule 1 of this bill makes changes to the legislative framework governing qualification for disability support pension for people who apply for DSP on or after 1 July 2003.

This will ensure that the qualification criteria are changed so that disability support pension is only payable to people with very restricted work capacity—less than 15 hours at award wages a week. The amendments also extend the range of interventions and activities that Centrelink will be able to consider in determining whether a person has a continuing inability to work. Those aged 55 and over will no longer have their local labour market conditions taken into account in determining their eligibility for the disability support pension.

DSP will remain a safety net for people who cannot support themselves. People claiming DSP after 1 July 2003 who are not able to work for full award wages will not be affected by the changes. This means people working in business services—that is, sheltered workshops—or at less than the full award wage will still clearly continue to qualify for DSP. People who could not work independently, such as those with high personal care needs, will also still clearly continue to qualify for DSP.

At the same time, the government will maintain its commitment to provide up to 73,000 new places in services such as employment assistance and rehabilitation to help people with disabilities to realise their...
assessed work potential. It builds on increased funding for services for people with disabilities announced last budget in the Australians Working Together package.

Grandfathering existing recipients means that no existing DSP recipients will be shifted on to other payments like Newstart, nonetheless we will still offer up to 73,000 extra places for disability support services. They will be progressively made available as required; for example, to existing DSP recipients wanting to improve their job opportunities and to people who, whilst they would not get DSP under the new rules, may nonetheless still need assistance. I present the explanatory memorandum to the bill.

Debate (on motion by Mr Edwards) adjourned.

WORKPLACE RELATIONS AMENDMENT (PROTECTION FOR EMERGENCY MANAGEMENT VOLUNTEERS) BILL 2003

First Reading

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

Second Reading

Mr ABBOTT (Warringah—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (9.07 a.m.)—I move:

That this bill be now read a second time.

The Workplace Relations Amendment (Protection for Emergency Management Volunteers) Bill 2003 amends the Workplace Relations Act 1996 to make it unlawful to dismiss an employee who is temporarily absent from work on voluntary emergency management duties.

Volunteer firefighters and other emergency management personnel demonstrated their exceptional contribution towards protecting lives and property during the recent bushfires around Australia. At present, there is no specific federal legislation protecting volunteers who are temporarily absent from work undertaking emergency management activities. While there is some legislative protection in some states and territories, not all workers are covered and the protections differ. This bill will protect all workers who are absent from work on legitimate volunteer emergency management duties.

It will cover not only firefighters and those on the front line but volunteers who contribute to the management of emergencies and natural disasters. These volunteers receive no financial reward for their efforts, many forgo paid leave to undertake these activities and sometimes their lives are at risk. They do this because they want to support their community, and the community is greatly in their debt for it.

Equally, the government extends its thanks to the employers who contribute by supporting the emergency service work of their employees. It recognises that many businesses choose to accept management and financial challenges in providing leave to their employees for volunteer duties. Indeed, many volunteers are themselves employers. Emergency management organisations know the contribution that employers make and try to recognise this in various ways at the local level. These sometimes seem small gestures, but they emphasise the important role employers have to play in supporting volunteer efforts in this country.

This legislation will enshrine in law the proposition that employees whose temporary absence from work is reasonable in all the circumstances should not lose their jobs for being away from work to protect the community.

In developing this bill, the government has been aware of the need to minimise disruption to an employer’s business. The bill tries to balance the needs of employees attending emergencies and the needs of employers running their businesses. That is why the protection provided covers the volunteer’s temporary absence only if it is reasonable in all the circumstances.

Many emergency management organisations have a rule that the volunteer’s first duty is to his or her employer. They require that the volunteer obtain the permission of the employer before leaving the workplace to attend an emergency. The protection in this bill is not limited to cases where employer consent was expressly given, as this may not always be possible given the nature of emer-
gencies. However, it is not intended to disturb such policies of emergency management organisations, which are to be encouraged.

For protection to apply, the duration of the absence will also have to be reasonable in all the circumstances. For example, it would arguably not be reasonable for an employee of a small business to be away from work for a longer period than the employer could manage.

The protection will only apply if the recognised emergency management organisation requests the volunteer to carry out the activity or if, having regard to all the circumstances, there is a reasonable expectation that the volunteer will carry out the activity in his or her capacity as a member of the emergency management organisation. This will cover those situations where volunteers are not individually requested to attend an emergency but may hear of an emergency and attend on their own initiative. The protection will not extend to people who have no association with an emergency management organisation but who take it upon themselves to turn up.

The bill will insert in the act a statement that section 170CK of the act, as amended, is intended to assist in giving effect to the International Labour Organisation’s recommendation No. 166 concerning termination of employment. That recommendation provides, among other things, that absence from work due to civic obligation should not constitute a valid reason for termination. This reference does not represent a wider endorsement of the recommendation for any other purposes of the Workplace Relations Act.

The government does not envisage that this provision will be the subject of much litigation. However, the amendment is a public statement that the efforts of emergency volunteers are highly valued and that they should not be dismissed because they were temporarily performing a great community service.

I am a little disappointed that the member for Barton is not here with us as yet, because this bill does owe something to his own diligence and enthusiasm in trying to ensure that emergency services volunteers are properly treated. It was indeed the member for Barton who drew to the attention of the Australian public some instances of possible unfair treatment in the course of the recent bushfire emergencies. Obviously, the government shared the concerns that the member for Barton had; hence this bill. There are members of this parliament who, in one way or another, are involved with emergency services organisations, and I know that those members all around this chamber will be pleased to see this legislation.

As I tried to stress when talking about this bill, we do not believe that the average employer is in any way ill disposed towards emergency service volunteers. We do believe, however, that the best instincts of employers need to be encouraged, and that is what this bill is designed to do. It is also designed to ensure that volunteers have the assurance that they need that their jobs are safe while they are out there serving the community.

We do have a tremendous tradition of volunteering in this country, from the 1st AIF to the Sydney Olympics. We are a nation of volunteers. I think it is very important that the volunteer ethos be respected, encouraged, celebrated, nurtured and preserved, and that is what the government is attempting to do with this bill. Members will note that we are certainly not saying that employers must provide paid leave to volunteers with emergency services organisations, although I am aware of the fact that many businesses do in fact allow that. Certainly many larger businesses regard it as one of the ways that they can help the community at large by allowing their employees who are members of emergency organisations to take leave without loss of pay.

This is an important bill, not because it is going to attract a great deal of litigation but because it is a sign of our continuing commitment to the volunteer spirit. I also think that this bill deserves to be marked because it is one of those bills that has come forward into the parliament as a result of some initiatives and statements from members opposite, as well as from some of the instincts and impulses of members on this side of the
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

(c) the complexity of the proceeding; and

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

(e) the likely cost of such representation; and

(f) any other matter the Commission considers relevant.

(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—Leader of the House) (9.16 a.m.)—I move:

That the House insists on disagreeing to the amendments insisted on by the Senate.
As members would know only too well, this matter has been considered at exhaustive length by this House. Some 27 times in this place and in another place this matter has been dealt with in one way or another. The government believes that it has a clear mandate to proceed with the small business exemption from the provisions of the unfair dismissal regime. If the concept of a mandate means anything, the government has it for this. The government wanted to do it at the 1996 election. It went to the 1998 election as part of the government’s policy package. It was at the 2001 election as part of the government’s policy package.

We appreciate that opposition parties in the Senate have different ideas about the rights and wrongs of unfair dismissal. Nevertheless, we, as a government, have a right to proceed with what we believe is our mandate, what we think is the right policy and what we think is the appropriate piece of legislation. So I would commend the House’s insistence on disagreeing with these amendments. I think that we have dealt more than sufficiently with this matter and that we should insist on our disagreement with the amendments. I suggest that once we have insisted on our disagreement we may not see this bill back in this place until, perhaps, after an election.

Dr Emerson (Rankin) (9.18 a.m.)—The Minister for Employment and Workplace Relations has just revealed the true agenda of this government—that is, to obtain a double dissolution trigger in relation to the Orwellian titled Workplace Relations Amendment (Fair Dismissal) Bill 2002 [No. 2]. This is not a bill to allow for the fair dismissal of employees. It is a bill that allows for the unfair dismissal of employees of small businesses. In its more honest days, the government did in fact refer to this as an unfair dismissal bill. But it thought it was being very cute and somehow would dupe the Australian people into believing that by changing the title to Workplace Relations Amendment (Fair Termination) Bill 2002 the Australian public would swallow this codswallop and think that maybe the government was doing the right thing. The government is not doing the right thing. The government is proposing that small businesses—as defined in the following terms: businesses that employ 20 or fewer employees—be able to effectively summarily dismiss workers.

The Australian working community would regard this legislation as repugnant—and it is, because you cannot even contemplate a situation where businesses with more than 20 employees cannot unfairly dismiss their workers, but those with fewer than 20 employees can unfairly dismiss their workers. That is exactly what the government is proposing. It is repugnant legislation. It has been in both houses on many occasions and the Senate has done the right thing by the Australian community. It has also done the right thing by the small business community. I know that the Minister for Small Business and Tourism is fond of jumping up and saying that there is no-one on the Labor side of politics who has got any understanding whatsoever of the small business community. Just by way of example, I ran a small business for several years.

Mr Edwards—A successful small business.

Dr Emerson—It was a successful small business. Thank you to the member for Cowan for pointing that out. But it was not so successful that it contained my drive to become a member of parliament. So I did that; I terminated myself from that particular small business, and I think I did so quite fairly. The point I am making here, though, is that there are other remedies. If this legislation ever got through the Australian parliament, the other remedies would be exercised by workers who were unfairly terminated. There is a very significant chance of common-law remedies being accessed. In addition, there would be remedies available under various pieces of antidiscrimination legislation.

These alternative ways of seeking relief from being unfairly dismissed would be much more protracted than the procedures provided under the existing legislation. That means greater cost for small business, greater delays and greater uncertainty. Small businesses cannot afford to be held up in the courts of this country for years on such cases. Whether or not the existing legislation
is perfect, it is in fact designed as a streamlined process compared with these alternative remedies. Take out the streamlined process and you will create greater expense, greater uncertainty and greater delays—all of which are very problematic for the small business community.

There are two very sound reasons for this parliament opposing this legislation: the first is that it is unfair to Australian workers and the second is that it would be a setback for small business. The only reason that it is in this parliament again is to get a double dissolution trigger. It is purely the pursuit of obsessive ideology on the part of this particular minister and on the part of the government. We will not have a bar of it. If it came back again, again and again—as it has done—Labor would continue to oppose it. Labor would oppose it in the Senate and we would exhort the Democrats, Independents and Greens to do the same thing. That is what has happened and what would happen again, again and again. (Time expired)

Mr EDWARDS (Cowan) (9.24 a.m.)—I think our previous speaker pretty well summed up our reasons for opposing the Workplace Relations Amendment (Fair Dismissal) Bill 2002 [No. 2]. I think he summed it up in two ways: firstly, he pointed out that this legislation is indeed unfair to the workers of Australia and, secondly, he said that it is and will be, should it be passed, a setback for business. We all know that small businesses are already struggling under the incredible burdens applied to them by this government, and many of them are still struggling under the impact of the goods and services tax. Just a few minutes ago, the minister handling this legislation asked us to think back to the spirit of the first AIF. I wonder what the spirit of that first AIF would say to a piece of legislation like this. This is one of the most—as was recently said—repugnant pieces of legislation to come before this House; there is nothing that reflects the spirit of Australia. In this bill, there is nothing that reflects the spirit of the first AIF and there is nothing that reflects the great spirit that we like to believe in in Australia: the spirit of a fair go. There is nothing about that in this piece of obnoxious legislation.

The minister also claimed that the government has a mandate for this legislation. But the truth is that governments claim mandates for all sorts of things, and I do not believe that they do have a mandate for this legislation. It can be fairly argued that the Senate has a mandate to block this legislation. The government cannot have it both ways: if they can claim a mandate in this place, a mandate can be claimed in the other place. It is true to say, too, that of course the ALP does not control the Senate. So this piece of legislation is seen to be repugnant not just by the ALP but by the Independents and other parties who make up the Senate. Let us not forget for one minute that this Senate has a very important role—the role of revision. I know that governments like to see any upper house in a situation where it becomes simply a rubber stamp for that which the government wants to push through. I am very pleased that on this occasion—as on many others—the Senate has stood up and done its duty. It has done its duty not just once or twice, but something like 27 times. I think that is a fair reflection of just how repugnant this piece of legislation is. I join with my colleagues on this side of the House in rejecting this piece of legislation.

Mr FITZGIBBON (Hunter) (9.27 a.m.)—The Minister for Employment and Workplace Relations will not be surprise to see me taking an opportunity to speak to the Workplace Relations Amendment (Fair Dismissal) Bill 2002 [No. 2]. In fact, I am a serial speaker to this bill; and of course the minister for workplace relations is a serial introducer of this bill. The minister for workplace relations has some difficulty accepting a very clear message: neither the Labor Party nor the Democrats in the Senate will ever support this legislation because, as the member for Cowan pointed out, this is a repugnant piece of public policy. This government has only two plans for employment growth in this country: the first is to drive down wages of ordinary working Australians and the second is to make it easier to give people the sack. That is their plan and their
strategy: to create employment growth by making it easier to give people the sack.

The minister for workplace relations is pretty good at stitching me up on this issue, often misrepresenting me in this place in terms of some comments I made on this issue while I was the shadow minister for small business. Let me say here again: I believe the unfair dismissal laws are a deterrent to employment growth in the small business sector. I really do believe that because I spent three years talking to small business on this issue. Again, I acknowledge that my wife is in small business; I have been in small business myself. I know that many small business employers are fearful of taking on that additional employee because they might find themselves in a position where they are stuck with that employee, unable to let them go if their business circumstances change. But this is no solution. As I have said on many occasions, once society has come to a conclusion about what represents a fair or an unfair dismissal, we must apply those criteria to all Australians. We should not be saying that if you have 20 work mates then you will be protected by this law but if you have only 18 work mates then you will not be protected by this law. That is an extraordinary concept, one which I have never seen before.

It is not just unfair dismissals that small business employers are worried about. They are worried about a whole range of red tape issues, not the least being—as the member for Cowan said and no doubt the member for Rankin made reference to, as he has done in the past—the GST and that dreaded BAS every quarter. It drives them absolutely mad. Then there is workers compensation and a whole raft of paperwork small business people must face on a weekly, monthly and quarterly basis.

There is another aspect to this. I remember very clearly in around 1999 Dr Peter Waring of the University of Newcastle, with a colleague whose name escapes me at the moment, produced a very good paper on this issue. He made the very important point that when you arbitrarily draw these lines in the sand you introduce a new barrier to employment growth. If the minister for workplace relations and his government have their way and small business becomes entirely exempt from unfair dismissal laws—in other words, no matter how unscrupulous the small business employer is, he will get away with murder and this government will not be interested—that will be welcomed by many small business people, particularly the unscrupulous ones. But think about this: will that small business person then want to go through the barrier? Will they want to take that extra step from 20 employees to 21 employees? Of course they will not. This is a barrier to employment growth in the small business sector, but apparently that has been lost on the minister for workplace relations.

Very quickly, I want to back up what the member for Rankin said with respect to a double dissolution. The minister has fessed up this morning that that is clearly the intention. The intention is to exploit community confusion, if you like, in the broader electorate on this issue. I suspect it will backfire on them.

Mr BEVIS (Brisbane) (9.32 a.m.)—I have spoken on countless occasions about the Workplace Relations Amendment (Fair Dismissal) Bill 2002 [No. 2], so I do not intend to traverse the issues associated with the content of it. I want to go to one of the propositions put here today by the minister, where he claimed that the government have some mandate with which to pursue this pernicious piece of legislation that the parliament has resoundingly and continually rejected. It would seem as though the minister has a very short memory. It was not that long ago that members on the other side of the parliament had a very different view of what the philosophy of mandate meant. On 15 September 1987 Prime Minister John Howard, when he was Leader of the Opposition, said in the House:

The mandate theory of politics from the point of view of proper analysis has always been absolutely phoney.

He did not say it just once, though. He said on the same day:

We are saying to the Government: put aside all this phoney nonsense about mandates.
Those were John Howard’s words. On 1 May 1984 in relation to a totally different proposition he also said:

This Government has no mandate from the Australian people or anybody else to enact unjust taxation legislation.

I say to the minister at the table: this government has no mandate from the people of Australia or anybody else to enact unjust, pernicious, vindictive and divisive legislation that strips away the rights of millions of Australian workers, which is what this bill proposes to do. But wait, there is more: our good friend Peter Reith also had a few things to say about the idea of a mandate and also spoke about the rights of the Senate, a point made by speakers on this side of the chamber. Peter Reith said in the Hansard on 18 May 1988:

When the founding fathers established the terms of both Houses they did so on the basis of a mandate at different points in time for both chambers. That system was established as a means of buttressing the essential characteristic of the Senate as a House of review.

That is exactly the point made by the member for Cowan in his contribution. If the Prime Minister is wrong and there is a mandate theory—but on this I think the Prime Minister is right; it is phoney—it is, as Peter Reith said, a mandate that each one of us in this place has and which each chamber has. I came here with a mandate strongly opposed to this legislation. I can tell the minister and all members of the House that I actually do campaign on these issues; I do include them in my newsletters to constituents. I do talk to people about them, and they are left with no misunderstanding of my views on these things. They vote for me expecting me to come down here to oppose this sort of nasty legislation—and I do, and I do it with vigour. All of us come here with a commitment and a mandate of sorts. But when it is used, as the minister has done today, as an excuse for us as an opposition and individually as members of parliament to lay down our views, surrender our conscience and simply let them have their way because they say, ‘We have a mandate’, then it is bogus. Even their own Prime Minister is on the record as pointing out that this argument is nonsense.

In fact, Peter Reith went further in his dissertations on the role of the Senate and, on 17 May 1988, said:

The fact is that the system of rotation for terms of members of the upper House is a good idea. The mandate is the same but is given at a different point in time.

So, Minister, if you have a quarrel with the Senate then you have a quarrel with the constitutional structure that we have. You are a person who opposed the view that we should make excessive changes to our Constitution. As I remember it you are very keen on keeping the monarchy—king, queen and country—and very keen on keeping the status quo. I tell you: part of that system you like is that they in the upper house have their own mandate, as do each of us. I am utterly tired of this false and bogus argument. John Howard was right: it is a phoney argument. Dispense with it. If you, Minister, want to put this legislation through, argue it on its merits. Do not fall back on that sloppy rhetoric. (Time expired)

Mr GIBBONS (Bendigo) (9.37 a.m.)—I rise to express my opposition to the Workplace Relations Amendment (Fair Dismissal) Bill 2002 [No. 2], which is a pretty obnoxious bill. I do so as a former small business proprietor. Some years before coming into this House I started a business in Bendigo that specialised not only in computerised payroll preparation but also in employee relations advocacy and advice. I would like to place on the public record my sincere appreciation to Mr Peter Reith and Mr Phil Gude, a former Minister for Industrial Relations in Victoria. More than anyone else, those two people were responsible for the very successful small business I was able to start. I was providing advice on industrial relations to a whole range of small businesses around central Victoria, after the complete mess that the state minister made during those Kennett years.

In fact, such a mess was made of the whole area that the Kennett government wiped its hands of it completely and handed it all over to federal jurisdiction, playing straight into Mr Peter Reith’s hands. So Peter Reith and Phil Gude were responsible for me having a very lucrative and successful small
business. I was able to dispose of that business a week after being elected to this House, and that business has continued to grow under new proprietors. I often think that, had I not been elected to this particular House at that time, I would be indebted to the present Minister for Employment and Workplace Relations because he again is making it more and more complex and confusing for small business people, and I would still be there providing advice and sorting out the mess on their behalf.

During those years I found that small business people really needed surety—some concrete rules and regulations to go by. They did not want their whole operations to be made more complex, which is what these ministers have done. They wanted certainty, but they have not been able to get that under conservative legislation like this. All the people I dealt with recognised that employing staff was one of the most crucial aspects of their business, so they did so very carefully and with the advice of people like myself to help interview people and select the right person. That removed the need for any form of action as a result of what this government would call a ‘fair’ or ‘unfair’ dismissal. That was not a major problem for them. This government believes it is, mainly because some of the employer organisations that need to justify their own existence have provided that advice. It is not the employers that have provided that sort of advice; it is the employers’ organisations. This government is acting on that advice, which is totally incorrect but which is very much in line with the philosophy of this particular government. This is an antiworker government that likes to take workers’ conditions away, which is what this legislation is all about.

This legislation is also about providing the government with a double dissolution trigger at some stage in the near future. For the reasons I have just outlined, the government is going to make a big mistake. I will be more than happy to campaign on this issue, as will all of my colleagues on this side. We will win quite comfortably, simply because Australians believe in a fair thing. They believe it is fair and reasonable for an employee to question the circumstances around any form of dismissal. This government does not hold that view. I will conclude with these remarks: I would be more than happy to fight an election on this particular bill.

(Quorum formed)

Question put:
That the House insists on disagreeing to the amendments insisted on by the Senate.

The House divided. [9.48 a.m.]
(The Deputy Speaker—Mr Jenkins)

Ayes………… 74
Noes………… 54
Majority……… 20

AYES
Abbott, A.J. Anderson, J.D.
Andren, P.J. Bailey, F.E.
Anthony, L.J. Baldwin, R.C.
Baird, B.G. Bartlett, K.J.
Barresi, P.A. Bishop, B.K.
Billson, B.F. Brough, M.T.
Bishop, J.I. Cameron, R.A.
Cadamman, A.G. Charles, R.E.
Causley, I.R. Cobb, J.K.
Ciobo, S.M. Dutton, P.C.
Draper, P. Entsch, W.G.
Elson, K.S. Forrest, J.A. *
Farmer, P.F. Gambaro, T.
Gallus, C.A. Georgiou, P.
Gash, J. Hardgrave, G.D.
Haase, B.W. Hawker, D.P.M.
Hartsuyker, L. Hull, K.E.
Hockey, J.B. Johnson, M.A.
Hunt, G.A. Kelly, D.M.
Jull, D.F. King, P.E.
Kemp, D.A. Lindsay, P.J.
Ley, S.P. May, M.A.
Macfarlane, I.E. McGauran, P.J.
McArthur, S. * Nairn, G. R.
Moylan, J. E. Neville, P.C.
Nelson, B.J. Pearce, C.J.
Panopoulos, S. Pyne, C.
Prosser, G.D. Ruddock, P.M.
Randall, D.J. Scott, B.C.
Schultz, A. Slipper, P.N.
Secker, P.D. Somlyay, A.M.
Smith, A.D.H. Stone, S.N.
Southcott, A.J. Ticehurst, K.V.
Thompson, C.P. Tuckey, C.W.
Truss, W.E. Wakelin, B.H.
Vale, D.S. Worth, P.M.
Washer, M.J.
INDUSTRY, TOURISM AND RESOURCES LEGISLATION AMENDMENT BILL 2002
Second Reading

Dr EMERSON (Rankin) (9.53 a.m.)—The Industry, Tourism and Resources Legislation Amendment Bill 2002 is relatively minor but nevertheless important. It is legislation that Labor is happy to support. It contains a number of unrelated provisions in that it tidies up and clarifies existing acts of the parliament. The bill, for example, amends the Automotive Competitiveness and Investment Scheme, better known as ACIS, to clarify the legislative basis for using earned duty credits on duty previously paid on eligible imports, and that is quite important to Australia’s flourishing motor vehicle assembly and components industry. For that reason, Labor will support those provisions.

The bill also amends the Trade Practices Act to correct a drafting oversight in particular legislation in respect of country of origin representations and includes a clarification of descriptors such as ‘made in’ and ‘product of’. The purpose is to have greater clarity in terms of claims that a particular product is made in Australia or is a product of Australia.

A third amendment contained in this bill is an amendment to the Pooled Development Funds Act 1992 to amend the definition of a widely held complying superannuation fund. Also the government has foreshadowed a further and later amendment to the Bounty (Ships) Act 1989 to make a minor change to the Shipbuilding Innovation Scheme to enable progress or instalment payments for R&D bounties, as currently occurs with production bounties under that scheme. That, I understand, would be of great benefit to Incat in Tasmania. That is probably the key reason I was happy, on behalf of the opposition, to agree to this legislation being debated here in the chamber for a limited period and then going to the Main Committee: so that we can get this legislation through and the payments made to Incat.

So, in a spirit of cooperation, as is so often—in fact, universally—demonstrated by the Labor Party when there is sensible legislation in this parliament, we are happy to facilitate the passage of this bill. But the debate on this bill also gives me an opportunity to move a second reading amendment, and I would like to outline that second reading amendment so that members opposite are fully conscious of it. It says:

That all words after “That” be omitted with a view to substituting the following words:
whilst not declining to give the bill a second reading, the House condemns the Government for:
(1) failing to implement an effective industry policy for Australian manufacturing; and
(2) failing to invest adequately in innovation, leaving Australia trailing its main competitors in research and development”.

I want to use the time available today to share some views with this House on the
economic reform program of the previous Labor government, the lack of an economic reform program on the part of this government and the economic and social reform aspirations of Labor as it moves towards government at the next election.

This morning, after last night’s celebrations of the 20th anniversary of the election of the Hawke government, I will turn to the performance of the Labor Party during Hawke-Keating era. When you review all that has been written and covered in respect of the Hawke and Keating years, you would have to say that it is a very positive assessment. I share that assessment not only because I am a member of the Australian Labor Party but also because I was an adviser to them. I was an adviser to Senator Peter Walsh, the then Minister for Resources and Energy who later became the Minister for Finance, and I was an adviser to Prime Minister Bob Hawke.

It is true that the Hawke-Keating government changed the face of Australia and the direction of Australia—and how desperately Australia needed changing. By the early 1980s, the Australian economy was in deep trouble. We were going through a recession but, more fundamentally, the economy was very unbalanced. It was an economy that was essentially a farm and a quarry. The manufacturing industries that we had were in great trouble. They were shedding employment at an alarming rate, yet the previous coalition government, of which the present Prime Minister was the Treasurer, failed to appreciate the gravity of the situation.

Upon its election in March 1983, the Hawke government moved immediately to begin a program of economic reform. One of its first decisions was to float the Australian dollar—vehemently opposed by the then Treasury and the then Secretary of the Treasury, John Stone. That floating of the dollar was essential to the nation’s future prosperity. It was a far-sighted decision that only a Labor government was prepared to take. Seven years of coalition government had yielded a fixed exchange rate. They were living in the dark ages, and an enlightened Labor government saw the necessity of floating the dollar and did so very early on. The same Labor government embarked on a program of liberalising the financial markets of this country. The markets had been tied up in regulation, which meant that they were not performing in the best interests of Australia and Australians. Again, that liberalisation of the financial markets occurred in the Hawke-Keating era.

There followed a range of measures described as microeconomic reforms. They essentially involved putting in place industry plans for the automobile industry, for the textile, clothing and footwear industry, for the shipbuilding industry and for the engineering industry. It has to be said that those microeconomic plans for the various industries have yielded good results for Australia and for those industries. The spectacularly successful example of that—and the subject of the legislation here today—is the automotive industry.

At that time, before the Button plan was put in place, Australian cars were not of high quality, they were very expensive and there was no prospect of them competing in the global market. Now Australian cars, in relative terms, are less expensive and are of high quality, and the industry has changed from being a domestic market oriented industry to being a globally competitive industry exporting cars all around the world, including to the United States and the Middle East.

Time limits prevent me from talking about the full program of microeconomic reform, but I recall with some mirth then Treasurer Paul Keating getting to the point of exasperation because we reformed and we reformed but the financial markets said, ‘You’ve got to do more. You’ve got to do a few more tumble-turns, some more acrobatics, because we’re getting a little bored with you. You’re not doing enough.’ So an exasperated Treasurer said, ‘You go into any pet shop and the resident parrot will be squawking about microeconomic reform.’ That is what it was like in those days. Everyone would say, ‘What other tricks do you have up your sleeve?’ We continued a deliberate program of microeconomic reform, not to please the financial markets but because we had a view that this country could not survive as a farm and a quarry, that this country had to move from
being a lucky country to being a clever country, that we had to invest in skills, that we had to invest in the education of our young people and that we had to give all young people an opportunity to develop their talents.

We embarked upon an accord with the trade union movement that led to wage restraint. The present government says: ‘Isn’t it terrible! You did not have a wages explosion under the previous Labor government.’ No, we did not have a wages explosion; we had wage moderation. It was all done on the basis of a social wage; the then Labor government would provide for the working families of Australia a social safety net in the form of family payments and, importantly, decent and affordable health care and education, a dramatic increase in the number of university places, and a spread of superannuation—a critical savings device where we moved away from the Liberal philosophy of superannuation for the few to superannuation for the many. That positioned Australia very well in terms of our national savings effort, and it ensured that working families had at least a reasonable retirement income. We got that up to nine per cent in the face of expressed resistance from the then Liberal opposition. To its eternal shame, one of its very first parliamentary acts in government was to cancel the Labor co-contribution initiative on spreading and deepening superannuation for Australian working families. Under the Labor government, a range of initiatives was put in place very deliberately that was calculated to change the direction of this country away from being a lucky country to being a clever country, to being a gifted and talented country.

The present government says that it has been implementing an economic reform agenda. But, when you look at what that comprises, you see that it essentially comprises legislation that has a go at Australian families; it comes into this parliament at the rate of around one bill a week and then goes off to the Senate. The raft of industrial relations legislation that comes through this place is astonishing. Most of it is rejected in the Senate because it is considered by reasonable people, reasonable parliamentarians, to be unfair. The government is saying that that is its economic reform agenda. Labor moved from centralised wage fixing to enterprise bargaining. The potential gains from further changes to the industrial relations legislation are minimal, and it would be socially destructive to implement any of the legislation that the Senate has been rejecting with Labor’s very strong support. It cannot be argued by this government that further industrial relations changes constitute a genuine economic reform agenda. So what else has it done? I struggle to identify any significant economic reforms that have been implemented by this government, particularly when we are talking about so-called microeconomic reforms.

This government has lived off the harvest in productivity growth from the hard yards done by the previous Labor government. From the early 1990s, Australian productivity growth has outstripped that of just about every country in the world, including the United States but with the exception of Finland. I had a look the other day at the government’s white paper on foreign affairs and trade. In the appendix on page 135 is a very revealing graph that depicts what Labor has been warning about now for several years: that is, productivity growth increasing at pretty good rates right through the 1990s, but now falling. This is a very serious problem for this country, because today’s productivity growth is tomorrow’s prosperity and today’s productivity growth is tomorrow’s jobs. This government has lived off the yield from Labor’s economic reform program and has done nothing of any significance to ensure that there would be ongoing productivity growth in this country. As a result, it has taken Australia down the low road—the low road of low skills and low wages—and it wants those wages to be even lower as a result of the various pieces of industrial relations legislation which are being systematically taken through this parliament and, thankfully, systematically rejected by the Senate.

This government has said that, for the future of this country, it wants to take us further down the low road of low skills and low wages. As a consequence, productivity
growth is now negative; it is now falling. We have returned this country to a farm and a quarry. Why? Because the government has failed to invest in the sources of new productivity growth in the 21st century. What are they? They are the formation of skills to make us a modern, competitive economy. They are investment in school education and in higher education and in training. They are investment in innovation. Again, Labor warned this government when it cut the R&D tax concession that there would be dire consequences. One of its first decisions in government was to cut the R&D tax concession from 150 per cent to 125 per cent.

Mr Deputy Speaker Jenkins, if you ever get the opportunity to look at the consequences of this, you will be alarmed. You should be very alarmed for your children’s job prospects and for the future prosperity of this nation. In Australia, private spending on research and development as a share of GDP has fallen in each and every year the Howard government has been in office following that cut in the R&D tax concession. It was an indication from this government, through various other changes, that it was not interested in investing in one of the great sources of productivity growth in the 21st century—that is, innovation.

In each and every year of the Howard government being in office, private investment in research and development has been falling. That is bad enough. But what has been happening in the OECD? The rate of that investment has been rising, because the other Western industrialised countries know and appreciate that investing in innovation is critical to the future of their nations. As a consequence of Australia’s investment going down and that of our competitors in the Western developed world going up, the gap between Australia and the rest of the world is widening on a yearly basis.

Another decision taken by this government relates to trade. This government capped the Export Market Development Grant Scheme at $150 million in 1997. Again, it was signalling to the exporting community that it had no great commitment to export orientation for the Australian economy. Sadly, all the chickens are coming home to roost. Figures released in the last two weeks should be ringing alarm bells in the financial community, but they are not. By and large, the financial community has become a cheer squad for this government. The financial community ought to be alarmed that Australia’s net foreign debt has just broken the $350 billion mark. We hear the Treasurer say, ‘But our debt is good debt and Labor’s debt was bad debt,’ yet when he rolled out the debt truck in 1995 he said, ‘There is only one thing that one needs to get in one’s mind when talking about debt, and that is that it has reached $180 billion and all the other statistics are to disguise that inescapable fact.’

This government has presided over an almost doubling of this country’s net foreign debt. As I said yesterday, we are looking daily, high and low, for the debt truck. We are looking wherever we can for the debt truck that the Treasurer launched back in 1995 when debt was $180 billion. We have not found it yet. But I say this: the debt truck can park but it cannot hide. We will find the debt truck and we will remind the Australian people of this Treasurer’s performance in presiding over an almost doubling of the nation’s foreign debt. Do you remember what the now Prime Minister said back in those years when the opposition at the time rolled out the debt truck? He said that no Prime Minister in this nation’s history had done more to denude Australia’s economic sovereignty, to give away Australia’s economic sovereignty to the foreign bankers of the world, than the then Prime Minister, Mr Keating. That was when debt was $180 billion. It is now $354 billion. By his own judgment, this Prime Minister has done more than any other Prime Minister in Australia’s history to hand over Australia’s economic sovereignty to the foreign bankers of the world. At the time when Australia recorded a large current account deficit, he said, ‘The Prime Minister of Australia should come into this House and he hasn’t got the courage to come into this House and apologise.’ That was when the current account deficit was $26 billion. The current account deficit is now $33 billion.
The Prime Minister of Australia should take his own advice and come into this House and apologise to the Australian people for a record current account deficit. This government has achieved six shameful records just in the last few weeks: a record foreign debt of $354 billion, a record current account deficit of $33 billion, a record trade deficit of $3 billion in one month, record household debt, record credit card debt and record low savings—not just low savings but no savings, negative savings—as revealed in the national accounts yesterday. Australians are living off the credit card and, as a consequence, Australia is living off the credit card.

This government is putting Australia into hock in a most dramatic way and, in so doing, it is giving our economic sovereignty to the foreign bankers of the world. It is returning Australia to a farm and a quarry. Now that seasonal conditions have turned down, the government says that it is all the fault of the drought, but it is all the fault of the government for exposing Australia to fluctuations in seasonal conditions and primary commodity prices. The current account deficit, as a proportion of GDP, is now 6.2 per cent. On the government’s own definition, that is a very high level—6.2 per cent. During the balance of payments crisis of 1986 the current account deficit, as a proportion of GDP, was 6.4 per cent. Again, this government says, ‘Our current account deficit is a good current account deficit; Labor’s current account deficit was a bad current account deficit.’

We have the trade minister actually welcoming a record trade deficit of $3 billion. He says, ‘This is a sign of investor confidence in the Australian economy,’ and he says that that is because Australia bought four planes. If you went to an airport, you would swear that these were the first four planes that Australia had ever bought. Labor bought planes when it was in office; both Qantas and Ansett bought planes. This is the seventh birthday of this government and, yes, some planes were bought—but you would swear these were the first four planes ever bought in Australia. ‘But the news is good,’ says the trade minister, ‘because this is a sign of investor confidence in the Australian economy.’ If the trade deficit were to double from $3 billion to $6 billion, I suppose that would indicate a doubling of investor confidence in the Australian economy.

Ms O’Byrne—What if we got eight planes!

Dr Emerson—Yes, that would be marvellous. We have a delusional trade minister; we have a delusional industry minister and we have a delusional government. The Australian economy is heading into difficult times. We warned that, if the government failed to invest adequately in the sources of future productivity growth in the 21st century, this would happen—and it is happening. The Australian economy is being driven overwhelmingly by consumer spending. The fact is that consumers, Australian families, cannot make ends meet. Consumer debt is now 129 per cent of household disposable income. What does 129 per cent of household disposable income indicate, along with record credit card debt? It indicates that families are struggling to make ends meet. Because Australian families are struggling to make ends meet and because they have no savings—they cannot afford to save; they have to live for the day, trying to pay their bills—and because there are no new savings going on in this economy, today we are effectively borrowing from overseas to fund present consumer spending.

One reason Australian families cannot make ends meet is the high cost of medical care. The government is presiding over plummeting bulk-billing, a doctor shortage and increased private health insurance premiums. Further, the government has hammered the public education system and made everything in relation to education more costly. The government introduced the GST and said, ‘This is not really a Commonwealth tax; we just brought it through the parliament.’ Of course it is a Commonwealth tax. When that GST is added back in to the government’s phoney figures, it is irrefutable that this is the highest taxing government in Australia’s history—higher taxes, fewer services; higher taxes, more expensive services. As a consequence, Australian families cannot make ends meet. Because Australian families cannot make ends meet, Australia cannot
make ends meet—that is why we now have a foreign debt of $354 billion.

If you look at the composition of our exports, it reflects the failure of this government to invest in the right industries and in the future sources of productivity growth. We have been overwhelmingly dependent on primary commodities. When primary commodity prices were high and seasonal conditions were good, I went through Hansard looking for perhaps some acknowledgment from this government that maybe it was riding the crest of a wave in terms of primary commodity prices and good seasonal conditions but, no, I could find no reference to that. The government was saying, ‘This is all our great work.’ As sure as night follows day, in the end there will be a drought in Australia. As soon as there is a drought in Australia the government says, ‘It is not our fault; it is the drought’s fault.’ We have had 14 successive trade deficits. This must be the first retrospective drought in Australia’s history. The government is blaming the drought for deficits that occurred 14 months ago.

Then the government says, ‘It’s the global economic slowdown,’ to explain the reason for the biggest slump in Australian exports since 1956, when the Melbourne Olympics were held. During the biggest slump in Australian exports in 50 years the government cannot get away with the argument that it has been the drought, so it says, ‘It’s a slowdown in global economic growth.’ Our major trading partner—our dominant trading partner—is East Asia, which grew at nearly seven per cent last year, but our exports to East Asia fell by five per cent. So how does the government explain that?

The future is going to be bleak. The Australian dollar is now rising, the drought will have an impact, and this government has failed utterly in industry policy to do the right thing by this country: move Australia into high value export-oriented industries that provide high wages and high quality work for Australian families. That is what Labor in government will do. We will take Australia down the high road of high skills, high wages and high quality work. The Australian people will not have to wait too much longer—I think two years will do it—before this economy shows a real downturn, the true legacy of the Howard government’s failure to invest in the future of this country but to take us back to a farm and a quarry and to take us down the low road of low skills and low wages. Only a Labor government will take us along the high road—high skills, high wages and high quality work for all Australian families who want work. I move:

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

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

(1) failing to implement an effective industry policy for Australian manufacturing; and

(2) failing to invest adequately in innovation, leaving Australia trailing its main competitors in research and development”.

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

Ms O’Byrne—I second the amendment and reserve my right to speak.

Mr KING (Wentworth) (10.24 a.m.)—The amendments proposed by the Industry, Tourism and Resources Legislation Amendment Bill 2002 have been described variously as technical and, to some extent, minor, but to my way of thinking they deserve support for another reason: they are another important step in a series of measures which are designed to improve innovation in Australian industry. The government’s program for innovation is well known but it is worth articulating again at this opportunity.

The government’s innovation program in industry and commerce in this country has been a very important plank of the whole program of the government. It will be recalled that the initial step made in this regard was the important statement—Back Australia’s Ability—that was issued by the Prime Minister and the then minister involved. The important aspect of that general statement on innovation in industry and commerce is this: it embraces the idea that Australians are an inventive people and that, if their invention and their resourcefulness are backed by government programs and appropriate resourcing through fiscal and other measures, it will lead to an improvement in jobs, new busi-
nesses, new investment and increased productivity in the economy.

So far as the inventiveness and innovation of ordinary Australians is concerned, the history is on the record. Who can forget the contribution we have made in areas such as refrigeration; in motor vehicles, with the first car radio; in agriculture, with the first jump plough and many other inventions such as the combine harvester; in health, with the heart pacemaker and the development of penicillin as a practical drug; and even around the home, with the humble Victa mower and the Hills hoist? There is a sound reason in history and in the experience of Australians in the past for the government to back Australia's ability and, indeed, to invest heavily in innovation programs. These measures before the House are part of that program which is designed to bring about those measures.

Another reason why it is important at this time to continue to invest in and diversify innovation programs is the experience of globalisation. Since the government came to office in 1996, Australia has embraced the challenges of globalisation. We have not run away from them; we have welcomed the new world that globalisation has meant. As a result our economy has prospered. We have not closed down the country, as the opposition would have us do; we have embraced the challenges that in truth the people of Australia wanted us to embrace. Again, as a result the Australian people and the Australian economy have prospered.

But globalisation presents challenges to those who are prepared to innovate. Those who are prepared only to look inwards and not to accept challenges fail. The reason that so many different industries in Australia have prospered in recent years is that we have been prepared to innovate. Hence it is very important that the government's programs in that regard are continued. Let it not be forgotten that in the innovation statement, Backing Australia's Ability, the government invested a further $2.9 billion on top of the existing $4.5 billion per annum in industry programs but redirected those programs and directed additional programs into innovative programs and industries. Now we see the result, with the recent acclamation—if I can put it that way, because it is impossible to exaggerate in economic terms the support given—by commentators such as the OECD for the current good outcomes in the Australian economy. But that did not happen by accident; it happened because the government was prepared to commit itself to innovative programs such as those identified in Backing Australia's Ability.

The bill before the House contains four measures, but I will refer to only three of them. I have put the amendments to the Trade Practices Act to one side because they are of no great moment. The amendments add a defence in relation to misleading and deceptive conduct. The defence existed as a matter of commonsense but, for more abundant caution, it has been placed in the statute. The other measures deserve a little more attention. The first relates to the motor vehicle industry. The act provides incentives for registered organisations to invest in plant equipment and research and development. Currently these incentives come in the form of duty credits, which may be sold or transferred to other people or used to offset customs duty liable on eligible imports. The proposed amendments will ensure that the department is in a position to validate and legitimise the duty credits that have been applied for.

The issue of duty credits for the motor vehicle industry is one of some importance. Duty credits are part of that innovative program to which I made mention. Having listened to the member for Rankin, you would have thought that duty credits were a Labor initiative. In fact, they were a government initiative in June 1997. Following an Industry Commission review, the government announced a framework for post-2000 automotive policy. The main elements of that policy were a pause in the tariff at 15 per cent from 2000-04, followed by a reduction of 10 per cent in 2005 and a commitment to introduce a new assistance scheme upon expiry of the export facilitation scheme. The purpose of the scheme, which was contained in what has become known as ACIS, was to provide transitional assistance to encourage competitive investment and innovation in the auto-
motive industry to achieve sustainable growth. The ACIS, which replaces the EFS, commenced in January 2001 and will run for five years, ending on 31 December 2005. Importantly, a joint ministerial statement issued by the government shortly after the commencement of the scheme said:

The new scheme recognises the realities of international trade liberalisation and the globalisation of the car industry. It has been designed to reward innovative companies that are prepared to back Australia by investing in its future.

Those words, together with Backing Australia’s Ability and the innovation to which I referred in my general opening remarks, are found at the core of the government’s policy approach. They are backed by serious dollars and are of great assistance to the Australian automotive industry. The duty credits system was then set out.

The duty credits system is at the heart of the first leg of the amendments contained in the bill before the House. The purpose is to legitimise and clarify the basis of that system. This is a very important program. It cannot be doubted that the automotive industry has been a tremendous success in the last seven years. The export programs to such places as the Middle East and to our Asian neighbours have been most successful. In another role, before I entered parliament, I had the opportunity to visit parts of Asia, and it was obvious that Australian vehicles were everywhere. The reasons are that they are well built, they are sturdy and they are innovative. Therefore they deserve to be successful in the competitive markets overseas. They are competitive only because of that innovation to which I referred. At the end of the day, that is sourced back to the sound government policy put in place by this government.

The second aspect of the legislation which is worth mentioning concerns the pooled development funds proposals, which relate to the superannuation industry. I will not spend too much time on this aspect of the matter. The bill amends the Pooled Development Funds Act 1992 to correct the definition of a widely held complying superannuation fund to provide that such a fund must have a certain number of members. It is an important reform to ensure that the pooled development funds process continues successfully. It is an innovative program, and the government is proud of it. It gives tax concessions for investment, and this will ensure that those concessions are clarified. It is only through targeted tax relief and through targeted industry programs such as those put forward by the government that Australia’s innovative record will continue.

The third measure that I want to mention concerns ships and seagoing vessels. The shipbuilding bounty provides assistance to shipbuilders registered under the Bounty (Ships) Act 1989 at the rate of three per cent of eligible costs incurred in the construction or modification of bountiable vessels. The ship bounty is being phased out over the period 31 December 2000 to 31 December 2003 but, as part of the phasing out process, a detailed customer information program has been implemented to ensure that builders are made aware of requirements in that regard. In addition, the shipbuilding innovation scheme is aimed at encouraging a strengthening focus on product research and development and design innovation in the shipbuilding industry. Key initiatives taken over the last year include the development of a customer satisfaction action plan, which incorporates an educational information package highlighting examples of eligible research and development activity.

Recently, I was invited to open the AusIndustry conference in Western Australia for the shipping industry, which has a very sound and strong focus in that state. I was pleased to be able to visit the yards to the south of Fremantle. They are a very impressive set of yards and maritime facilities. Indeed, it seems to me that Western Australia has, through initiatives both of industry and government at state and federal levels, obtained for itself a very sound shipbuilding industry. It is sometimes forgotten by those who criticise the maritime industry of this country—and I have heard members of the opposition do that from time to time—that in fact we do have an innovative shipbuilding industry. It is not a large vessel industry as it once was, which was a drain on taxpayers’ resources and produced vessels that were not
always competitive. What it is is a successful building industry based on the innovation of Australian business men and women together with their skilled work force. That is exactly what we need to survive in this globalised economy because we do know that, unless we shape up, we will have to ship out. It is therefore very heartening to see in Western Australia and elsewhere—Tasmania is another place—that this has been successful.

Let me just mention one of the successes that has occurred in this regard. It is referred to on page 69 of the 2000-01 report on Backing Australia’s Ability, which was the first report following the innovation statement to which I earlier referred. It refers to an SIS—Shipbuilding Innovation Scheme—customer, Austal Ships Pty Ltd. That company is one of the largest builders of fast ferries in the world, and both a recipient of the bounty and a customer of the scheme to which I referred. Amongst other innovations, in 2000-01, Austal developed an 86-metre gas turbine powered catamaran passenger and car ferry and a 31-metre round bilge symmetrical hull dive vessel. These projects proved to be highly successful. Austal received a number of awards in recognition of design excellence and engineering innovation, including the Western Australia Design Award for 2000 and, for commitment to excellence in design and environmental benchmarks, Australian Exporter of the Year in that year.

One of Austal’s latest projects is a 101-metre catamaran ferry with the capacity to carry 951 passengers and 251 cars, to operate between Spain and Spanish Morocco. It will be the largest aluminium ferry ever built in Australia and the largest catamaran in the world with diesel propulsion. This highlights Austal’s design innovation because, in addition, the vessel’s garage includes a hoistable vessel ramp to facilitate a mix of vehicle and commercial freight carriage. This is just one example of how, at a practical level, innovation is helping Australian industry, creating jobs for Australians and showing the way for industry elsewhere in this country.

The opposition have put forward an amendment which, with the greatest respect, is not really an amendment at all but just an opportunity to debate the general question of innovation and the opposition’s record. But we are not here to debate the opposition’s record; we are here to debate practical measures for innovation in Australian industry. It says a great deal about the opposition that the only thing they can think to do in a debate such as this is to refer back to the record of the Hawke years and, to some extent, the Keating years. It was suggested in that regard that floating the Australian dollar was something of which the Australian Labor Party and only the Australian Labor Party can be proud. It is acknowledged that that was an important step forward for industry and the economy in this country, but it was supported by the coalition of the time. We cheered from the sidelines and bucked the government in this House. Then mention was made of microeconomic reform and specifically of the motor vehicle industry. But, as I detailed a short while ago, the programs put in place for the motor vehicle industry by the Minister for Trade and his predecessors in 1997 and the years following are the reasons that this country’s automotive vehicle industry is now in such fine shape—not the measures that were referred to by the member for Rankin and others.

The truth is that the opposition has run out of ideas. It cannot put forward any concrete, sensible proposal for reform as a counter to these measures put forward by the government. It can only hark back to the record 15 years ago. It was suggested that the accord with the TCU was in some way or other a response to the challenges facing Australia. It might have been of some assistance in relation to productivity at the time, but one would only need to ask the ordinary worker on the street whether he or she is happier with the record of this government or the record referred to by the previous speaker, happier with mortgage payments being $300 to $400 per month lower—that is a tax-free payment—for every worker with a reasonable sized mortgage. There are 1.3 million additional jobs, and real wages are up substantially. That is the record of the government on the issue raised by the previous speaker from the opposition on this question which, as I have said, really does not come to grips with the questions before the House.
Superannuation was mentioned but was not specifically linked to the matters under debate. It was finally suggested that the government has lived off the hard yards of Labor. That is not the case. That is a tired argument which is not worth even mentioning. You only have to look at the record of the government on innovation—from Backing Australia’s ability, the annual report, the measures that I have referred to and the commitment in dollars and cents to innovation and the innovative programs in Australian industry—to see the merits of the government case. I support the bill.

Mr WILKIE (Swan) (10.44 a.m.)—I rise to support the amendment moved by the member for Rankin concerning the Industry, Tourism and Resources Legislation Amendment Bill 2002. The specific area of the bill that I would like to refer to relates to tourism. It was brought to my attention a few weeks ago by a constituent of mine that there is an increase in military aircraft traffic coming into Perth’s domestic and international airports. This is relevant to tourism because of the threat that it poses to both air safety and the safety of those people working in and living around the airport. I made a number of inquiries into this report and found that the constituent was correct. The constituent was very concerned that the aircraft were coming into Perth but was more concerned by the cargo that they might have been carrying, specifically when the aircraft were flying over the constituent’s house. It seems that military aircraft are using the airport more to load cargo and to take on fuel.

I was extremely concerned when I found out what this cargo was. I made extensive inquiries and unfortunately I was told, ‘You can’t be told all of it because it’s of a restricted nature. They’re military aircraft after all.’ I was able to find out a few other details. To date, I have been able to ascertain that the following military aircraft have been using Perth International Airport on a regular basis: a US C-5A/B Galaxy, which is a very large freight aircraft; and the Australian Boeing 707 refuellers. But, more importantly, a Russian An-124 and an Ilyushin aircraft are using Perth airport. The An-124 is the world’s largest freight aircraft. It is an enormous plane, and here it is using Perth. I have also established that these aircraft often land and load at Pearce air base prior to landing and taking on fuel at Perth. I am told that they have to do that because the aircraft are so large that once they have taken on a full military payload at Pearce they cannot take on a full load of fuel and then reach their destination. So they have to come from Pearce, down to Perth airport, refuel and then take off from our large international runway in order to get into the air. To put that into perspective, a Boeing 747-400B aircraft, which is the largest passenger aircraft to come into Perth, weighs around 374,850 kilos on take-off. That is a very heavy payload. Of that, about 199 tonnes is fuel. The Antonov An-124 has a take-off weight of 405,000 kilos—that is 405 tonnes—and 230 tonnes of that is fuel. That is an enormous amount of plane, cargo and fuel flying over our city and suburbs.

Perth International Airport ranks fourth in passenger traffic volume in Australia and is the principal international, domestic and regional gateway to Western Australia for commercial aircraft and airfreight. The airport has facilities for international and domestic air passenger operations, airfreight operations and general aviation. The airport operates year-round, curfew free, 24 hours a day. The principal aviation related activities at Perth International Airport include a three-runway system capable of handling any existing or planned intercontinental commercial aircraft and weather navigation equipment; an international terminal building with five aerobridges and seven aircraft stands; the domestic terminal complex, with a total of five aerobridges, 18 aircraft stand-off positions and three freighter positions; the airfreight aviation, fuel and in-flight catering facilities; aircraft maintenance hangars and associated infrastructure; general aviation and corporate facilities; and, of course, air traffic control facilities.

In 2002-03, 537,884 passengers came into Perth International Airport from overseas, and 489,185 passengers went out through Perth International Airport to overseas destinations. That is a total of 1,027,069 passengers actually using the international airport.
facility. In the same period, the domestic airport had over two million passengers go through that facility. Between the two terminals, that is a total of over three million people. This equates to an average of 8,723 passengers per day. If we assume, for argument’s sake, that each passenger has one person to see them off or meet them on arrival, then we have 17,447 people through the two terminals each day. Add to that the number of staff: approximately 7,300 people work at the airport. So I am talking about approximately 20,000 people a day using the two terminals.

In the airport alone, there is potential for an unmitigated disaster if one of these military aircraft has an accident on take-off or landing. Add to this the location of the airport. It is located close to Cannington, Kewdale and Belmont, which are densely populated industrial and residential areas complete with schools, child-care facilities and recreational facilities. The area boasts a number of large shopping centres and hospitals. The flight path of most international aircraft also includes other highly populated parts of my electorate. Whilst the department of transport would tell you that aircraft are supposed to use a flight path along the river and then head off out to sea, in reality many of those aircraft fly over heavily built-up residential areas.

It is not unreasonable to be nervous at the use of Perth airport by our military and by US military aircraft, given that in recent times we have had three military incidents in the Perth region. Firstly, on 2 October 2001, a Marchetti S211 trainer crashed and exploded on the Pearce air base. This was a military flight with a trainee pilot. The pilot was from the Republic of Singapore Air Force. Secondly, on 17 January this year, a F/A-18 Hornet belonging to the US Navy ran out of runway and crashed into bush at Pearce. Thirdly, a bushfire in the Lancelin region of WA was started when a F/A-18 Hornet dropped non-exploding bomblets in a practice run.

Notwithstanding these incidents in Perth, I have details of numerous recent air disasters involving the Antonov An-124 and the Ilyushin IL-76 TD, which is also an aircraft that comes into Perth. I will give you some examples of the types of incidences involving the An-124. On 13 October 1992—and remembering that this is the world’s largest aircraft—an An-124 aircraft was in a high-speed descent as part of a test flight when the nose door broke free. It resulted in a loss of control and the crashing of the aircraft. On 15 November 1993, an An-124 aircraft crashed into a mountain while in a non-standard holding pattern for a runway approach. On 8 October 1996, an An-124 aircraft—built in 1993—was flying into Turin to collect luxury cars for delivery to Brunei. After initially failing to land, the plane struck trees and houses in a small town outside the airport as it was attempting to go around, at a height of 15 metres, for a second attempt at landing.

Most worrying, on 5 December 1997 the aircraft—built in 1986—was leased from the Russian air force by a cargo company to transport several jet fighters to Vietnam. Shortly after take-off from Irkutsk airport at an altitude of approximately 100 metres, two of the plane’s engines failed and the plane crashed into a residential area. That is particularly worrying when you consider the world’s largest aircraft is 405,000 kilograms. If that were to happen at Perth, it would be an unmitigated disaster. In terms of the Ilyushin, on 31 January 2003 the Euro Asia Aviation aircraft crashed short of the runway while attempting to land in Baucau in East Timor after a flight from Macau in China, killing six people. To date, this aircraft model has had 13 crashes and I can table the appendix listing those particular incidents.

In recent weeks, Westralia Airports Corporation received a request for 10 tonnes of explosives—that is 10,000 kilograms—to be loaded on to an Antonov An-124 at Perth airport. This request was refused. However, what I found was that you can load, without any request at all, up to 3,000 kilograms of explosives at any one time. So it does not seem that loading explosives is an issue at Perth; the only problem is that if you exceed 3,000 tonnes then you have to go off and get a permit. I believe that is the same elsewhere in Australia.
I have been trying to establish whether security at our airports has been upgraded to protect our tourists and to protect our people in and around Perth. Representatives from both the Department of Transport and Regional Services and Perth International Airport have advised that security for military operations is the responsibility of the Department of Defence, and as such they could not offer any information to the current security arrangements. I am hoping there are some, but I cannot actually get any information. It was, however, suggested that some private security might also be contracted to assist with guarding and patrolling planes and their cargo whilst they are on the ground. Defence officials at the RAAF Base Pearce were, as I said previously, reluctant to discuss security arrangements for any of the military flights.

Although not directly related to the current military operations, the 2001-02 annual report of Westralia Airports Corporation, which owns and operates Perth International Airport, describes the additional security measures implemented at Perth International Airport following the 11 September 2001 terrorist attacks in the US. In response to a directive from the Department of Transport and Regional Services, Perth International Airport now prohibits parking in the vicinity of any airport terminal, other than in allocated spaces of the public car parks, and restrictions to air side access have been strengthened. Australian Protective Service patrols were also increased and a number of additional staff were posted to the airport. But this is not enough. Essentially, there has been little increase in security beyond taking nailfiles off passengers prior to them boarding flights and harassing disabled passengers or pensioners when they park their cars near the airport. This is not good enough. Given the appalling safety record of at least two of the aircraft being used by the military, they should not be landing at and taking off from a civilian airport in such a vulnerable area—not to mention the added risk to the users of the airport terminals from the cargoes and the threat of terrorism.

When we talk about terrorism and hijacks we tend to think it only happens overseas. But this is not the case. On 19 February this year a light aircraft was hijacked in Northern Queensland. Thankfully, no-one was hurt and the hijacker was arrested. In this particular incident, the pilot of a single engine Cessna 210 aircraft was forced to fly 300 kilometres before landing. The 90-minute drama ended well, but the scenario could have been very different. The hijack, in this case, was in Northern Queensland and was apparently of a criminal rather than a terrorist nature. But it shows that aircraft can be hijacked and people put at grave risk. Now that the government seems intent on joining the US and going to war in Iraq, and using our civilian airports as loading and transit points for military aircraft, what guarantees is the government prepared to give people living close to, working at or transiting through our civilian airports in relation to their safety and security? I am sure this is not occurring in the US. I can almost guarantee that they would use military bases for military flights. I do not think these aircraft would come to Sydney or Melbourne, because we have large military facilities in the eastern states. Why is it happening in Perth? It is not good enough.

The points I have raised today may sound like science fiction or fantasy, but I can assure you that what I am talking about is reality. The reality is that this government is prepared to put the general population at risk of accidents or acts of terrorism by allowing civilian airports to be used by the military to ferry unsafe cargoes on aircraft with dubious safety records. The reality, too, is that they have a choice. In Western Australia, if the aircraft cannot carry enough fuel and payload to get off the ground at Pearce then they can carry enough fuel to get to Exmouth or Learmont, which have runways of sufficient length to actually carry the weight and size of the aircraft with payload and fuel. Of course there is an option. I challenge the government to take that option for the good of the people of Western Australia.

Mr BAIRD (Cook) (10.58 a.m.)—It is my pleasure to rise to support the Industry, Tourism and Resources Legislation Amendment Bill 2002 today. The bill is predominantly of a housekeeping nature. It covers a number of
issues of a technical nature regarding certain bills, both in tourism and other areas. I will speak regarding the tourism issues, as I believe they are the most important aspects of what we are considering here today. The technical changes made are in several areas. Firstly, the legislative authority to provide credits to vehicle firms under the Automotive Competitiveness and Investment Scheme is clarified under this bill.

The Trade Practices Act is also amended to ensure that companies being prosecuted for providing misleading information about a good’s country of origin are able to defend themselves under section 53A. Obviously it is in the interests of people that they do know the country of origin. The outline of the basis of defence here clarifies the issue for those involved in importing. A drafting error in the Pooled Development Funds Act 1992 is corrected to ensure its proper operation. Two acts which are no longer required are repealed so they do not unnecessarily clutter the statute books: the Management and Investment Companies Act 1983 and the Aluminium Industry Act 1960, which oversaw the Commonwealth’s interest in the aluminium smelter at Bell Bay in Tasmania.

We have come a long way since those days and we have moved very much into the privatisation era, although the Labor Party, and particularly the left wing of the Labor Party, are still stuck in the good old days of the Eastern bloc. In my role as chairman of the trade subcommittee, I have found it interesting to examine the trade prospects with the former Eastern bloc. It is interesting to see how the changes are continuing apace in those countries, which know what the shackles of the former communist rule were all about and how they retarded economic development. They are now moving forward with an aggressive program of contracting out and privatising the old state-owned organisations and moving towards a market driven economy. The results in those countries can be seen in the growth of the economies and the increased employment. Obviously, there have been some redundancies in particular areas of the economy, but overall the growth is considerable and the investment is growing.

It is amazing that, when we have the example of the former Eastern bloc and what is happening in those countries, the ALP are still debating and are still stuck in the rhetoric of 1950s Eastern bloc propaganda, instead of recognising that the more we remove the shackles of unnecessary regulations from companies and the more we move the government out of involvement in corporations the more vibrant our economy will be. There were some brief periods when the ALP moved to that in floating the dollar and deregulating the banks to allow foreign banks to enter Australia, but if you mention the word ‘privatisation’ they still come back to their normal rhetoric.

It is interesting that this bill has some vestiges of the Aluminium Industry Act 1960. It has taken us a while but it is symbolic that in the year 2003 we are moving into a much more market-driven economy where the less that the Commonwealth is involved in taking partnerships in industry the better off we all are for it. An example of that is the microcosm you can see in the former Eastern bloc. If the ALP want to find out what has retarded the economies in the former Eastern bloc then they should look no further than those economies. You will find that the more they privatisate, the more strongly the economies grow, the more vibrant they become, the greater the lift in real wages and the greater the growth in economic performance.

This bill deals with tourism. The role that tourism plays in the modern Australian economy is particularly interesting. It is the largest provider of jobs in the country, providing some 650,000 direct and 350,000 indirect jobs in the Australian economy; just on one million jobs around Australia. The significance of the industry should not be underestimated. Tourism directly contributes 4.3 per cent of total gross value added, 4.7 per cent of total gross domestic product, six per cent of total employment and 11.2 per cent of total exports. If you aggregate the mining industry’s total export earnings and value of foreign exchange then the tourism industry comes second with some $16 bil-
lion. If you look at the minerals industry in sectors then the tourism industry is larger than any individual sector of the minerals industry. It is larger than the individual coal, iron ore, alumina or mineral sands industries. It is a very significant, important and vibrant industry that is growing strongly and providing a wide range of both unskilled and skilled jobs, and the other industries that depend on the industry are significant. It is estimated that indirect activity resulting from tourism is so significant that, if you add the two together, they account for approximately 10 per cent of the total economy. Tourism's direct contribution to employment is higher than its contribution to the GVA, reflecting its relatively high labour intensity.

A week ago I was in Bali at the invitation of the Indonesian government as part of the Australia-Indonesia tourism dialogue. It was quite interesting to see the impact the blasts in Bali have had on employment. Employment has just been scuttled, with 160,000 people in Bali losing their jobs and more to follow. Hotel occupancy is down to 30 per cent, having been as low as five per cent immediately after the blasts. There are 3½ million people in Bali and most are employed in tourism. Tourism is a significant job creator not only in Australia but also in Asia. We wish the Balinese well as they attempt to rebuild their tourism economy. It is a wonderful location and a great island with wonderful people.

The increase in tourism’s direct contribution to Australia’s GDP in the latest figures reflects the effects of the GST in this mainly service related sector. Domestic tourism makes up three-quarters of tourism’s direct and indirect contribution to the Australian economy; the domestic component of tourism is worth some $45 billion and the international component about $16 billion in foreign exchange earnings.

We often look at the glamour end of the tourism sector and that includes international visitors. We are glad to see that despite September 11 and October 12 in Bali the number of international visitors continues to grow, albeit at a much slower pace. But it is also important to recognise that domestic tourism is significant, and that is why the government has put money into the See Australia campaign—in fact, it was this government that brought forward the concept of that campaign, which encourages people to see their own country. In the past all the focus has been on international travel, which is a valid pursuit. This government puts almost $100 million each year into the Australian Tourist Commission, which does a magnificent job internationally by creating Australia’s tourism image. Australia is ranked as the No. 1 preferred destination in the world by Conde Nast and Travel Leisure magazines. That does not happen by accident. It is about creating the image of an exotic location, which the Australian Tourist Commission does very well.

The See Australia campaign, which features the media personality Ernie Dingo and is funded by this government to the tune of $10 million, has been successful by not only encouraging Australians to take regular holiday breaks but to also see their own country. The theme of the campaign is ‘Go on: get out there’, because we want to encourage Australians to see their wonderful country. We are all very proud of Australia and all that it offers, from Western Australia to Tasmania, the Great Barrier Reef, the wonder of the Outback, the wonderful cities that we have and the vibrancy of the restaurants—it is all there. We are saying to Australians: ‘We think it is great to go overseas, but before you do that, discover your own country. Put money back into the Australian economy. See Australia and discover its richness.’ That See Australia campaign has worked very well. It has been $10 million well spent.

It is great to see the Minister for Small Business and Tourism, Joe Hockey, doing such a great job in leading the Australian tourism industry and showing its potential. He has been giving many speeches around the country to the tourism industry and others, pointing out the importance of the industry to the Australian economy—and he has produced the white paper. It was not an easy task talking to the whole range of industry sectors across the nation: the Australian Tourism Export Council, the Tourism Task Force, caravan tour operators, the Hotel and Motel Association, the Restaurant and Caterers Association, people from airports corpo-
The minister has been meeting a myriad of people involved in tourism and asking them about the issues they are concerned about and how they feel we can improve tourism—for instance, by removing some of the regulatory impediments—and what we need to do to provide the right incentives. Do we need to put money into the infrastructure of key tourism areas? Should we be spending more on tourism promotion or less? Are there better ways of doing it? Should we do it through promotional ads of tours operating in Australia or generic ads? Should we be putting money into business conferences? There have been many recommendations that cover issues such as business travel visas and short-term holiday visas.

The white paper is a comprehensive document. A range of members from both sides of the House has contributed significantly and has done much for the Australian tourism industry. I have never seen such a comprehensive document as the white paper on the tourism industry that the Minister for Small Business and Tourism has put forward. He needs support for the promotional package to go out and see Australia but also in encouraging more international visitors to Australia. It is a more difficult time. There is greater uncertainty in the world because of September 11 and October 12 and, of course, the possibility of armed conflict in the Middle East. The industry is saying that it needs more support. I think there is a role for the government to play but it is also about making a strong, vibrant tourism economy so that those in the industry are not just putting their hand out for the government to meet their needs but are out there solving their own problems, with the government out of the way and removing some of the impediments.

If we look at some of the World Tourism Organisation estimates during the period 1990-2001 there was an annual rate of increase in tourism around the world of three per cent. That increased, up until September 11, to an average annual rate of 5.1 per cent. Visitor arrivals worldwide reached 693 million in 2001. If we look at what actually happened during the 2001 period, there was a decrease of 0.5 per cent over the previous year and there has been an overall slowdown. In some areas, such as travel to California, there was a drop of 25 per cent; and other countries have experienced significant falls. We have done relatively well, as the fall in Australian tourism from international travel has been modest. Receipts by international tourism fell by an estimated 2.6 per cent in 2001. Australia’s share of the global international visitor numbers is 0.7 per cent, and that can always grow. The Asia-Pacific region performed well overall, with an increase of nearly eight per cent.

The tourism industry remains strong and vibrant in Australia, despite the difficulties we have had with external factors affecting the demand for international travel. People are concerned about making long international trips. They are concerned about leaving their own countries. They are concerned about being stranded in far-off international places. Nevertheless, the Australian tourism industry performs well and the fact is that it has grown in the last 12 months by 0.5 per cent. That is not huge, but the forecast through to the year 2012 remains strong. It does depend on which figures you read; a figure has been cited that by 2010 we are going to be around the eight million a year figure, up from five million today. We are moving towards almost half of the Australian population being represented by tourists. That brings its own infrastructure requirements, and Joe Hockey in his white paper has attempted to reflect the infrastructure needs around Australia.

The domestic tourism forecasts have been revised downwards. The expectation is that they are going to be relatively flat. It would be great to see a higher level of investment by those involved in Australian tourism. We need new products, new hotels and new resorts to encourage people to travel both within Australia and into Australia from overseas.

I am also pleased that the Friends of Tourism within the government remain strong and vibrant. We have an average of 40 members who attend, which shows the strength of the commitment to tourism within the government. It is not just lip-service; we have
people, many of whom have a tourism background, within the coalition who are committed. Many have strong tourism representation within their own area. We have people from the Gold Coast, Margaret River, Cairns, Townsville, the Northern Territory, and Tasmania. It is very important that we should hear the views of people in the tourism industry. There is a regular forum to which we invite leading participants in the industry to brief members of the coalition, and it is strongly supported.

This government is strongly committed to tourism. This government believes in its importance as the largest provider of jobs in the Australian economy. This government also believes in tourism because of its significance as a generator of international exchange of $16 billion a year and also some $45 billion from domestic tourism. It is important that the government is committed to tourism. The minister does an excellent job, and I commend this bill to the House. The technical aspects of it will continue to improve tourism in this country.

Ms JANN McFARLANE (Stirling) (11.18 a.m.)—I rise today to speak about several things. Ultimately, one of the less glamorous jobs we as parliamentarians have is to make sure the laws of this nation are still relevant, and that ultimately means housekeeping. One such piece of housekeeping is embodied in the Industry, Tourism and Resources Legislation Amendment Bill 2002. This legislation seeks to make several obligatory changes to a number of acts that fall under the portfolio of the Minister for Industry, Tourism and Resources.

The nature of the laws amended is relatively unrelated, and for the most part the changes are insignificant to the running of the industry in this country. This bill is essentially a technical bill to modify imperfect laws and repeal legislation that is no longer relevant. The first amendment made by this act is to finetune the Automotive Competitiveness and Investment Scheme Administration Act 1999—ACIS. The Australian automobile industry utilises the Automotive Competitiveness and Investment Scheme to obtain assistance from the government to support innovative research and development within Australia. The act in its current form uses duty credits as a payment transfer incentive. These credits can be used to offset customs duty liability on relevant imports for firms. Additionally, these credits can also be transferred from one person or firm to another. The spirit of the act is such that these credits are used to represent currency specifically for customs duties. However, the act is vague when specifying whether or not these credits can be used in exchange for a refund on already paid customs duties.

The first technical task of this bill is to clarify this discrepancy and, in the spirit of the bill, allow the people and firms participating under ACIS to get a refund on duties already paid. This will allow the scheme to function without the problems caused by poor drafting in the 1999 act. Another task this legislation undertakes is to amend the Pooled Development Funds Act 1992—the PDF Act. This legislation primarily places restrictions on who can and cannot hold pooled development funds. One of the definition criteria in this act relied on the term ‘excluded superannuation fund’ from the Superannuation Industry (Supervision) Act 1993. However, the definition referred to by this particular bill was repealed in 1999 thus rendering the PDF legislation inoperative. These amendments before the House today seek to replace the reference to the repealed definition. In place of the now inoperative reference, there will be a definition that retains the intention that the relevant superannuation fund will have at least five members. Incidentally, included with this technical adjustment is a clause ensuring companies considered to be widely held superannuation funds are not liable for the interim period from 8 October 1999 to the commencement of the proposed amendments.

Beyond the aforementioned amendments, the bill also seeks to address certain issues within the Trade Practices Act 1974 with relation to product identification. The 1974 act puts forward protection for representation of a product’s origin, providing certain guidelines are met. This is to allow companies to use product appropriate descriptors to sell their products, without fear of litigation. However, the issue was confused by the
Trade Practices Amendment (Country of Origin Representations) Act 1998, as new definitions and guidelines were introduced. Clarification was made on the most common terminology, such as ‘made in’ and ‘product of’. The subsequent amendments in the legislation currently before the House are to ensure a continuity of standard throughout the Trade Practices Act in its entirety.

In addition to these tasks, the amendments also seek to remedy the presence of several obsolete references in the States Grants (Petroleum Products) Act 1965. This bill makes reference to the chief executive officer of Customs, a position which is no longer relevant. As such, a replacement term has been included in this amendment that makes reference to the secretary of the department. Also included in this legislation is another component: the Petroleum (Submerged Lands) Legislation Amendment Act 2001 amendments. As well as these changes, several other acts are being repealed on account of their obsolescence.

While I appreciate the minister’s responsibility to maintain the smooth running of legislation within his department, I am greatly concerned that issues relevant to the minister may not necessarily gain the attention they deserve. Tourism is of particular relevance in this instance, and I support the comments made by the member for Cook about both the interest many members on both sides of the House have in tourism as a portfolio and the importance of building the tourism environment and assuring people that Australia is a safe and stable environment for both international and domestic tourists to visit.

The Stirling electorate is a prime example of an area not getting the attention it deserves from this government. I say this with reference to the Sunset Coast—the area from Leighton Beach to Two Rocks, and in particular the Scarborough beachfront—which is an area of great cultural, historical and tourist significance to the city of Perth, to the people of WA and to the many tourists from interstate and overseas who visit. Renowned for its pristine shores, Scarborough Beach is a place that embodies the tourist values of Australian cities: a busy, cultural place with the relaxation and serenity of the beach only moments away. The government should support Scarborough to develop its potential. The Stirling City Council have shown their commitment to improving the tourist destinations within their boundaries by initiating the Scarborough Environs Area Strategy, or SEAS. It is time the Howard government did the same. This project aims to emphasise Scarborough’s value as a tourist destination whilst maintaining the clean sand and wholesome atmosphere that makes the beach popular with locals and tourists. To accomplish such a visionary goal, a multifaceted approach must be taken. In the case of the City of Stirling, they looked at the key weaknesses and strengths of the Scarborough beachfront as it stood.

I feel this story may ring true with many of the members here. It is a story of unrealised potential and largely contradictory planning from generation to generation. In the case of the infrastructure, transport has been recognised as a hurdle by the SEAS study. As such, recommendations have been made for increases in late night transport to improve accessibility to the area and to minimise the impact of Scarborough’s nightlife on residents.

The aesthetic appeal that Scarborough has always held has been under threat from overdevelopment of the beachfront for many years. The council’s coherent vision for the future of the area has addressed this concern, however, taking great care when examining the environment of the area via SEAS. The integrity and long-term viability of the dunes at Scarborough has been of particular concern, but threats of overdevelopment have been remedied by the SEAS recommendations. The study has established the need for a coherent grand vision when rezoning individual parts of the beachfront area. This approach to any environmental concerns is logical, feasible and, most of all, reasonable. The environmental concerns do not mean that Scarborough’s potential will not be improved upon. Several café nodes are in the pipeline for the beachfront area, creating an environment that rivals Perth’s other main recreational beach, Cottesloe. The City of Stirling has gone to great lengths to ensure
that Scarborough walks the very fine line between economic and environmental viability.

The City of Stirling is being truly long term in planning the development of the beachfront. The social impact of an already busy cultural epicentre becoming busier can be significant. However, SEAS has stressed the need for research into crime in the area, with an emphasis on a crime prevention strategy, to ensure that residents and tourists are not denied the peaceful atmosphere that first attracted them to the beachfront—in some cases, 50 years ago. Community input has been a vital part of the SEAS process, and local constituents have been active in contributing to discussion about the future of the area.

I hope I am stating the obvious when I say that the City of Stirling takes tourism development very seriously. Such a massive project demonstrates commitment from any level of government, but local government taking this sort of initiative demonstrates just how important Scarborough is to them—and should be to us at the federal level. However, federal interest is totally lacking. Despite the City of Stirling’s best intentions—and serious financial commitment—it still finds itself struggling for funds. Right now, the City of Stirling is unable to conduct a more specific social and environmental study on the area, purely because the money has not been made available. The state government has been approached, but the onus should remain within the federal domain as Scarborough is attracting people to Australia, not just Perth.

Initial estimates of the costs for this project are well above $20 million. I challenge the minister to find a local council in the nation that could spare that kind of money. Before Scarborough can realise its true potential as a jewel in international tourism, the government must show it is committed to metropolitan tourism development. Despite the sparse support the City of Stirling has contended with on this project, Scarborough still has 760 holiday rooms and units on the beachfront. By anyone’s counting, this makes Scarborough a significant tourist destination. Despite over three years of research and planning, the City of Stirling is still unable to get a grant from other tiers of government. Only now is the state government contributing but this contribution, not surprisingly, is limited as tourism in WA, like elsewhere, has a regional emphasis.

I implore the government to stand up and take notice of the chance we are letting go by overlooking developments such as the Scarborough beachfront. As a member, and as a proud sun-loving Australian, I see the virtue in encouraging the positive development of our beachfront. The City of Stirling has been quick to recognise the unique geographic gifts that our cities have, and parliament should come to the same conclusion and support this project and others like it.

I am pleased to say, however, that the Labor Party has taken up the challenge of developing the obvious potential of Scarborough beachfront and is committed to working cooperatively with the City of Stirling. When my right honourable colleague Gavan O’Connor, the shadow minister for regional services, territories and local government, visited Stirling electorate in January this year the Mayor of Stirling, Tony Vallega, and I arranged a briefing for Gavan on SEAS. Gavan was quick to realise the widespread appeal to both interstate and international tourists. Gavan is very impressed with the vision expressed by SEAS and stated in the Stirling Community Times that he is sure—as I am—that the SEAS project will deliver ‘economic benefits to state and federal economies’.

The federal Labor Party is committed to developing a multifaceted partnership with all levels of government and the private sector to develop an environmentally sustainable tourist strategy. Such a strategy would not just benefit Scarborough beachfront but many other potential tourist destinations, which Australia has in abundance. I am looking forward to working, in a Labor government, with my local council in realising the vision laid down by SEAS and making the Sunset Coast, and especially Scarborough beachfront, one of the premier tourist destinations for Australian and international visitors.

I support the comments of the member for Cook that we should encourage all Australians to look around Australia before they
take the big trip overseas. Several Stirling councillors also hold this view. I would like to especially mention Councillor Bill Stewart and the Mayor of Stirling, Tony Valletonga, as these two hardworking councillors have been instrumental in making SEAS a reality. They, like I, feel that metropolitan tourist destinations such as the idyllic Scarborough beachfront deserve substantially more assistance from government, especially federal government, in order to develop.

To make my point, I will provide you with the proof of the pudding, which, as they say, is in the eating. Tourism development dollars are fundamental to getting tourist centres off the ground, and tourism as an industry is something Australia excels in. However, I am telling the minister nothing he does not already know. Tourism grant programs exist; however, the emphasis is on regional tourism—for example, the Regional Tourism Program. Regional tourism is as important as it is fragile and it does need nurturing from the minister’s department. However, I hold a grave fear that the needs of metropolitan tourism are being overlooked. The issue here is not urban versus rural but rather whether or not the minister is allocating sufficient resources to all aspects of his portfolio.

I am sure every major city in the nation has hidden gems like Scarborough; gems with unlimited tourist potential that, like Scarborough, need nurturing. Just as my state colleague John Quigley, the MLA for Innaloo, said recently, the people of Perth should be proud of places like Scarborough. Equally, the federal government should demonstrate the pride they have for urban tourist destinations by giving them the time and money they deserve in order to keep Australian tourism thriving.

In the parliament, the Labor Friends of Tourism is a rapidly growing group, because members realise that, if you do not put time and energy into issues such as tourism, they just sit on the backburner and not much happens. We are very committed to building up the Australian tourism industry, both for international tourists and for domestic tourists. We need no reminding of the importance of bolstering tourism. In the turbulent times that we live in, overseas people need every motivation we can give them to visit Australia. The relative safety that places like Scarborough and other urban gems can offer should be highlighted as much as possible. I hope that the minister will take up the challenge being issued by local councils throughout our major cities to support locations like Scarborough beachfront and the rest of the Sunset Coast and to help them join the list of premier tourist areas. I commend the bill to the House.

Mr TICEHURST (Dobell) (11.32 a.m.)—I am delighted to be speaking in support of the Industry, Tourism and Resources Legislation Amendment Bill 2002. The bill will correct out-of-date references and technical errors that have occurred as a result of drafting and clerical mistakes and will also clarify provisions to ensure that they operate in the way that was intended. The bill will also repeal two acts that no longer have any legal operation and that are redundant.

The Automotive Competitiveness and Investment Scheme, ACIS, was established to provide transitional assistance to encourage competitive investment and innovation in the Australian automotive industry. The act provides incentives to registered organisations for eligible production, investment in plant and equipment, and research and development. Currently these incentives come in the form of duty credits that may be sold or transferred to other people or used to offset customs duty liability on eligible imports. At present, it is not clear whether there is authority for those duty credits to be used for refunds on duties that have already been paid. This amendment will make specific provision in the act for this use of the ACIS duty credits. ACIS participants will benefit from this amendment as it effectively increases the flexibility of ACIS duty credits. The intention is to deliver the same level of benefits to the industry so that there will be no budgetary impact.

eral test for country of origin representations, it cannot be subject to litigation for misleading or deceptive conduct. Where suppliers respond to consumer demand for information about the country of origin of the goods that they buy, the provisions of the Trade Practices Act provide a framework to ensure that the information provided to consumers is accurate.

The criteria for what can be described as ‘made in’ and ‘product of’ are intended to protect the consumer from misrepresentations regarding the origin of goods and to enable the consumer to make an informed choice about their purchases. The criteria set out in the Trade Practices Act is as follows. To be made in a country, the goods must have been substantially transformed in that country, and 50 per cent or more of the cost of producing or manufacturing the goods must be attributable to processes that have occurred in that country. For goods to be a product of a country, the country must be the place of origin of each significant ingredient or significant component of the goods, and all of the processes involved in the production or manufacture must have happened in that country.

For example, consider a lawnmower that was assembled entirely in Australia from parts that were prefabricated in the USA. Assume that the cost of assembling the lawnmower in Australia is negligible. If the lawnmower is subsequently sold with the claim that it was ‘made in’ or a ‘product of’ Australia, it would clearly breach both tests. Alternatively, assume that the mower was assembled in Australia from parts that were manufactured in Australia but it still contained a substantial amount—say, 20 per cent—of components that were produced in the USA. In this situation, the goods could certainly be labelled as being ‘made in Australia’. A claim that the country of origin of the goods was misrepresented would fail because the claim ‘made in Australia’ falls within the defence provided by section 65AB of the act.

These defences currently apply only with respect to representations as to the place of origin of the goods. However, claims can also be made that the history of the goods has been misrepresented. For example, selling a flower described as ‘grown in New Zealand’ would be a representation as to the history of the goods. However, a representation like this could also refer to New Zealand as the country of origin of the goods. By extension, the terms ‘product of’ or ‘made in’ can also imply facts about the history of the goods.

As a result, it is possible to make a claim that there is a misrepresentation as to the history of the goods even if the terms ‘made in’ or ‘product of’ are used. Because the ‘made in’ and ‘product of’ defences only apply to representations about the country of origin’s goods, the defences could be circumvented by making a claim with regard to the history of the goods. Also, the history of the goods is an unlikely basis for making a claim as to country of origin. It is a legislative oversight which amendments in the bill are intended to fix. The amendments would extend the defences of claims under both country of origin and history of the goods. The legislation also protects vendors who are labelling their goods correctly, enabling them to gain whatever marketing advantages arise from labelling goods with the country of origin or information about the history of the goods. These amendments close an oversight in the drafting of previous amendments and will protect vendors from claims which were unintentionally made possible under the legislation as it stands.

The bill also amends the Pooled Development Funds Act 1992, the PDF Act, to correct a drafting error which rendered section 4A inoperative. Section 31 of the PDF Act restricts certain persons that are not widely-held complying superannuation funds from holding more than 30 per cent of a pooled development fund, subject to the approval of the PDF Registration Board. Subsection 4A(1) of the PDF Act defined a widely-held complying superannuation fund as one that was not an ‘excluded superannuation fund’ under the Superannuation Industry (Supervision) Act 1993, provided it met certain tests. From 8 October 1999, the definition of an excluded superannuation fund was repealed under the Superannuation Industry (Supervision) Act. This meant that the defini-
tion of a widely-held complying superannuation fund became inoperative. This bill amends the PDF Act to correct the error by amending the definition of a widely-held complying superannuation fund to provide that such a fund must have a minimum of five members.

The bill also repeals two acts that are no longer relevant. The Aluminium Industry Act 1960 provided the legislative approval to allow for the Commonwealth’s interest in the Bell Bay smelter in Tasmania to be sold to Comalco Limited. The Management and Investment Companies Act 1983 established a scheme that ceased to operate in 1991, with the related clawback provisions—protective refund clauses—becoming inactive in 1995-96. These acts have served their purpose but are now redundant. The Howard government has a commitment to remove from the statute books unnecessary business legislation. The other amendments are technical in nature and involve no change to the substance of the law, so I will not speak on them today. I believe the bill will serve to clarify provisions to ensure they operate in the way that we intended, and I commend these amendments to the House.

Mr ZAHRA (McMillan) (11.40 a.m.)—We are talking about important matters in the consideration of the Industry, Tourism and Resources Legislation Amendment Bill 2002. Industry, tourism and resources are particularly important in the electorate of McMillan. In particular, I want to address some of my remarks to the importance of tourism in West and South Gippsland. In particular, I want to address some of my remarks to the importance of tourism in West and South Gippsland within the electorate of McMillan. In particular, I want to address some of my remarks to the importance of tourism in West and South Gippsland within the electorate of McMillan. Mr Deputy Speaker Wilkie, you would not be too familiar with the electorate of McMillan, but West and South Gippsland are amongst the most physically beautiful places in Victoria. We have incredibly important tourism assets there—the beautiful rolling hills of the Strezleckies and the magnificent wilderness of Wilsons Promontory National Park. These are incredible areas and beautiful districts with a long history of being the playground of people from right across Victoria and from right across Australia.

Increasingly, such are the tourism assets in West and South Gippsland that they are becoming internationally renowned and we are seeing an increasing number of people coming to West and South Gippsland from overseas. This is all good news for us in West and South Gippsland. We recognise the importance of this industry, and we welcome people to come and visit. Increasingly—this is another issue which is important for West and South Gippsland—people are wanting to stay and enjoy the lifestyle they can get from living in West and South Gippsland.

I want to pay tribute to a web site which promotes tourism in South Gippsland: promaccom.com.au promotes Wilsons Promontory in particular but South Gippsland more generally. People who visit that web site are provided with details in relation to accommodation, the history of the district, touring maps, information on places to dine in South Gippsland and information on people who provide guided tours. The web site also provides a stripped-down version of a local newspaper called the Mirror. It is an outstanding web site, and I must admit that I have used it myself to source accommodation. I found that the web site was very easy to use, very practical and that it contained a lot of useful information.

Not all web sites can claim to be all of those things, but promaccom.com.au can, and it has been recognised in our region for the important role that it plays. It was the winner in 2001 of the Federal Health Gippsland Business Awards Tourism Section, a finalist in 2002 of the Federal Health Gippsland Business Awards Tourism Section and received a certificate of merit in the 2002 Phillip Island and Gippsland Tourism Awards. So the region recognises the important work of the people who put together promaccom.com.au. The people mostly responsible are John Todd, Kate Fooke and Blair Donaldson. On behalf of our community, I thank those people for putting that site together, for having the initiative and a bit of dash and for seeing and understanding how important it was for our region to have a presence on the World Wide Web.

I find that my friends are increasingly using the Internet to do a bit of research before they go on holidays. You used to have to rely heavily on pamphlets and on other people...
telling you where a good or bad place was. Nowadays you can get on the Internet and search for what you want. Because of the good work of Internet sites like promaccom.com.au, you can get good information to help you make a decision about where you want to go and how much that might cost—and maybe you can get a bargain. These are important services. In particular, I think that for people of my generation—for people in their twenties, thirties and forties—this is an incredibly useful resource. It is very important for our region to have an Internet presence of this calibre that provides a level of excellence in customer service and readability, and the promaccom.com.au website does that. I say 'well done' to all involved in that.

I know that the legislation that we are considering also deals with resources. Resources are a public policy area, and they are particularly important to people in the Gippsland region and, more particularly, in the Latrobe Valley. You would be aware that the Latrobe Valley has vast brown coal deposits. In fact, it has the greatest brown coal deposits in the world. Many people are unaware that, even if we continue to use our brown coal deposits in the Latrobe Valley for power production at the rate that we have been using them for the past 50 years or so, we will still have enough brown coal in the Latrobe Valley for another 950 years, so they will not be running out at any time soon. It is a vast scene and an incredible resource that has driven development in the Latrobe Valley and the rest of Gippsland for the past 50 years.

We understand how important brown coal is, as do the state government, which is why in the last 12 or 18 months they have completed a process associated with the brown coal tendering process. They have issued a series of exploration licences to certain companies which meet state government criteria to begin the exploration process with a view to profitably using that brown coal reserve owned by the state government. The criteria include environmental sustainability of the access to or the use of that coal, and also the number of jobs that would be created from the development of that coalfield.

One of the important manifestations of the use of brown coal in the Latrobe Valley is the Energy Bricks Australia plant in Morwell. This is an incredibly important facility, and it has a very important place in the history of the Latrobe Valley. It has always been known to us as the Morwell briquette factory. My dad, in fact, was one of the people who worked on the construction of the briquette factory in the 1950s, along with many other migrant workers who were employed by private contractors. It is a place where thousands of workers have been employed, and those people—such as my dad, in the construction phase—worked really hard. There were also people employed in the production of briquettes. It has a very important place in the history of Morwell, in particular, although workers from right across the Latrobe Valley were employed there. It was an exciting place to work. My dad tells me that it was 'teeming with working men' and that people there worked very hard.

In 1992, when Jeff Kennett was elected as Premier of Victoria, the briquette factory was privatised. It was not making a profit at the time it was privatised and, as I understand, it has not made a profit for most of the time since then. I am pleased to report that, because of the hard work of the people who were employed there and their commitment to the success of the business, the factory has been able to move towards profitability. I think that is a real achievement on behalf of those people employed. The briquette factory at Morwell employs, I think, about 200 or 250 people. In many ways, it is the only business in the Latrobe Valley that value adds brown coal. The coal is not just taken out of the ground and shipped. It is 'readily gettable coal'—as the people in the coal industry refer to it. The coal is turned into briquettes.

For those of us who grew up in the Latrobe Valley, briquettes were everywhere. They were on the trains, as people moved briquettes out of the Latrobe Valley towards Melbourne where they were used by people for general heating of their homes. Of course, briquettes were largely used in boilers in hospitals, and in other large workplaces. As a young kid going from our house
on Bank Street Hill, I remember seeing briquettes on the railway line when crossing it. When crossing over the Princess Highway to the other side of Traralgon towards the north side, you would see briquettes on the highway as well. When I used to ride my bike, I used to cut through the old Latrobe Regional Hospital in Traralgon, and I would see briquettes out the front of the boiler. Briquettes were absolutely everywhere when we were growing up. It used to be a bit of a joke that we used to eat briquettes in the Latrobe Valley, but of course that was not true.

Briquettes have been a big part of our history. The briquette factory has been a big part of our history and is a business which has shown a lot of gutsiness in the way that it has not been prepared to just lie down and die. The employees have shown a lot of guts and courage, and the work force have been incredibly cooperative. At one point, they were criticised for being too cooperative because people were prepared to take personal losses, such as forgoing pay increases, in order to try and make the business a success. I know a lot of the people who are employed there. They are good, hard working people who have a real commitment to the Latrobe Valley, but of course that was not true.

I want to place on the record my admiration for the people employed at the old Morwell briquette factory, as we think of it; it would describe itself nowadays as the Morwell production facility of the Energy Bricks Australia Corporation. Good luck to those people involved over there and well done on their incredibly hard work. It was a real thrill for me to get back out there. I had not been out there for some years. It was great for me to see the changes, improvements and cooperation taking place and to see what people were up to. It has always been an important place to me and my family because of my family’s involvement in contributing to the building of the place.

I often say to people in small country towns in my electorate that country towns are either dying or thriving and that people have to make up their minds which of those two camps they want to be in. Not too many country towns are slowly doing the same thing that they always did; that does not happen anymore. In today’s world, country towns are either slipping away and losing their relevance or, like Yarragon, saying that they are going to choose their own future—a
positive future which involves new jobs and new opportunities for local people. That is what Yarragon has been about, and I congratulate it on that. It is often hard to say this to country towns—I always feel that not to say it is to be dishonest—but people need to know that to decide to do nothing is to decide to do something. The result of a decision not to do something is to slip behind and to let go of an opportunity. Yarragon made the decision to go ahead and to try something and it has been an incredible success.

Yarragon is fortunate in that it is based in West Gippsland, which is a natural tourism district, as is South Gippsland. Those places are incredibly beautiful. We have in the area a nice suite of tourism businesses which complement each other. In our district they come together through the Gourmet Deli Trail, which is great, and a thriving tourism association as well. You can come to West Gippsland and go to some of our fantastic wineries up at the Ada River or elsewhere. You can visit the Piano Hill Cheese Factory, which is run by a group of incredibly dedicated and hardworking people. It is a family enterprise which makes biodynamic cheese, which is a very strict organic classification. People come from Melbourne and all parts of Gippsland—they go all the way out to the factory, just north of Warragul—to buy its product. You can go up to the Tarago River Cheese Factory up in Neerim South, which is a fantastic facility run by Laurie Jensen. It employs 25 to 30 people who are famous for making the Gippsland blue cheese. When I speak to people in Sydney or Melbourne they know that we in Gippsland produce the Gippsland blue cheese, it is so well regarded. We also have in my electorate the Jindivick cheese factory, which was recognised just last year as producing the best brie in Australia. It also won international recognition for its brie. We have the Drouin West Berry Farm in West Gippsland. People can go there for locally made ice-cream, pick their own berries and take punnets of strawberries and other berries back to Melbourne or wherever else they come from.

We have a great suite of tourism businesses, and to complement them we have a great range of B&Bs and other types of accommodation in West Gippsland and South Gippsland. If you look at a map of West Gippsland and South Gippsland you will see an incredible range of tourism activities to enjoy—from the mountains up past Noojee, all the way down to Wilsons Promontory in the south. You can drive along the Grand Ridge Road. Take your time, because it is a windy road, but get yourself there and enjoy the view.

We are very fortunate to have such beautiful places in our region. Increasingly, local people are realising just how fortunate they are. They are going to these places and enjoying them in a way that perhaps years ago they might not have done. That is a great development for our district. We welcome visitors to our district. As the local member, let me say in this place how proud I am to represent an area with so many go-ahead people and so many go-ahead businesses. These people are prepared to take risks to develop our region and create jobs and new opportunities for people in the tourism sector. (Time expired)

Mr HARDGRAVE (Moreton—Minister for Citizenship and Multicultural Affairs) (12.00 p.m.)—Duty is taking me elsewhere, but I could not leave before listening to the member for McMillan. All of the contributors to this debate have underscored that Ernie Dingo’s position is under threat, because they are all wanting us to get out there. Sadly, the potted tour of Australia needs to be adjourned.

Debate (on motion by Mr Hardgrave) adjourned.

BILLS REFERRED TO MAIN COMMITTEE

Mr McARTHUR (Corangamite) (12.01 p.m.)—by leave—I move:

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

Industry, Tourism and Resources Legislation Amendment Bill 2002

Question agreed to.
TAXATION LAWS AMENDMENT BILL  
(No. 4) 2003
Second Reading

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

That this bill be now read a second time.

Mr COX (Kingston) (12.02 p.m.)—The Taxation Laws Amendment Bill (No. 4) 2003 has schedules dealing with seven separate sets of issues. Labor will support the first schedule but will move an amendment to backdate the start date for the relevant measures. Labor will support schedules 2, 3 and 4. Labor will support the fifth schedule but will move a second reading amendment critical of the Howard government’s slow and inadequate response to noncompliance with Australia’s tax law by foreign entities operating here and the use of foreign entities by Australian residents to avoid and evade tax. Labor will support schedules 6 and 7 but will refer the bill to a Senate committee to examine the possible need to move amendments to them.

The first schedule deals with internal rollovers. It follows a tax ruling that exposed an inconsistency in current legislation between the tax treatment of internal and external rollovers. Currently there is no legislative provision for a superannuation fund or an annuity provider to report internal rollovers to the Australian Taxation Office. Internal rollovers typically occur where a fund member retires but subsequently decides to return to paid employment. The effect of not reporting rollovers is that they are then double counted for the purpose of calculating the reasonable benefits limit. As a result of the double count, an amount paid as an eligible termination payment may be assessed as having an excessive component that would then be taxed at 48.5 per cent. External rollovers—those between funds and annuities—are reported and therefore avoid the double count.

Schedule 1 provides for internal rollovers to be reported to avoid this double count. Labor will support this measure. The ATO does not know how many taxpayers have been caught by the lack of provision for rollover relief. The government proposes that the measure be backdated to 1 July 2001 to coincide with the exemption of superannuation from the assets test. The tax commissioner has apparently withdrawn the ruling and indicated that he will administer the law having regard to the government’s intention, presumably by issuing amended assessments.

The government could have provided more certainty by backdating the measure to the date when the 15 per cent rebate for pensions and rollover annuities started applying to the whole amount of a pension or annuity included in the assessable income up to the RBL amount. That was in July 1994. In the committee stage I will move an amendment backdating the effect of this measure to 1 July 1994 so that taxpayers will have a legal right to have their internal rollovers reported to the ATO to avoid any double counting in calculating their RBLs and will not have to rely on the discretion of the tax commissioner. Because, for cost reasons, superannuation funds and annuity providers will not want to examine all rollovers between 1 July 1994 and 1 July 2001 to see whether they are internal and must be reported—particularly given that only a small number of them are likely to involve an excessive component that would be subject to the reasonable benefits limit—the proposed amendment requires the taxpayer to initiate the process. I hope the government will support this amendment to give affected taxpayers more certainty.

The second schedule relates to some defects in the current legislation in relation to the new uniform capital allowance system. When the uniform capital allowance system was introduced, transitional provisions were enacted for the mining industry that were intended to preserve the arrangements for division 330 treatment that were available for mining rights issued before 1 July 2001. Those transitional provisions failed to properly mirror division 330, resulting in a number of those tax arrangements not being preserved. Schedule 2 corrects rather a large number of defects in these pieces of legislation with the following provisions. CGT rollover relief will apply where pre-1 July 2001 mining rights are transferred between associated entities. Where contracts were signed pre 1 July 2001 for eligible expendi-
tecture that occurred after 1 July 2001, deductibility will be allowed under the old regime. Where, in a series of transactions, a mining right is disposed of outside a wholly owned group, the previous purchase price will be able to be included as a balancing item by every seller in the train of transactions. At the moment, by legislative inadvertence, at least one entity in a train of such transactions would be denied that ability.

Assets which are receiving division 330 treatment can get CGT rollover relief when transferred within a group of associated entities. Balancing relief will be available where an asset was involuntarily disposed of, such as by fire, flood or disaster pre 1 July 2001 but not replaced until after 1 July 2001. There will be provision for a balancing adjustment for a notional asset where the taxpayer has disposed of the underlying property that is not a depreciable asset and where the mining capital expenditure related to that property was fully deducted before 30 June 2001. Write-offs of expenditures on cash bids for exploration acreage which were inadvertently left out of the transitional provisions will be restored. Limited write-off of some pre 1 July 2001 expenditures will be restored in accordance with division 330 treatment. Accelerated depreciation treatment will be able to be retained for that part of an asset that continues to be held by a taxpayer following a split or merger. Labor recognises that, to provide the best environment to encourage mining and petroleum companies to invest in capital intensive projects, they need as much certainty as possible about the taxation regime that will prevail over the life of the project at the time they invest. For that reason, Labor will support the restoration of these provisions for pre 1 July 2001 investment decisions.

The uniform capital allowances legislation has also been found to have some other defects and omissions, and these have been corrected. A deduction cannot be claimed for exploration expenses where the income from the activity is exempt—in particular, offshore petroleum exploration by a branch of a foreign entity. Obviously, this will protect the revenue. There will be a balancing adjustment on a pro rata basis for notional assets under the uniform capital allowance system where assets are split or merged. Under the uniform capital allowances regime, when a non-depreciable asset is disposed of, the division 330 treatment of carrying forward a net figure for expenditure claimed and consideration received will be restored instead of carrying forward two separate figures, as inadvertently provided by the new legislation. Labor will support these provisions in relation to the uniform capital allowances regime.

The third schedule establishes a framework for dealing with non-assessable non-exempt income. The framework identifies three types of income. The first is assessable income that is taxable income; the second is exempt income which is not taxed but does reduce tax losses; and the third is non-assessable non-exempt income which is not taxed and has no effect on tax losses. The framework is designed to prevent any overlap of the three types of income. Labor supports this improvement to the drafting of tax law. There are three reasons that income is classified as non-assessable non-exempt. A policy decision was made to prevent the income having any tax effect on the taxpayer. The amount is already taxed and, if it were assessable, it would be subject to double taxation. The amount has the form of income but does not really represent a gain to taxpayers. The bill identifies 20 areas which may involve non-assessable non-exempt income: alienated personal services income, bonds, dividends, firearms surrender arrangements, foreign aspects of income tax, GST, life insurance, companies, mining, non-cash benefits, notional sale and loan, offshore banking units, related entities, repayable amounts, securities, small business assets, social security or like payments, tax loss transfers, trading stock, trusts and windfall amounts. Probably the simplest of these to use as an example to explain the concept of non-assessable non-exempt income is payments under the firearms surrender arrangements, which are compensation paid by the Commonwealth when a weapon is handed in in circumstances where the Commonwealth would not want the transaction to have any effect on the tax affairs of the recipient of the payment.
The fourth schedule establishes a priority for dealing with tax offsets, which, pre the Income Tax Assessment Act 1997, were referred to as rebates. I still cannot think of them in any other sense. The purpose of establishing an order of priority is to maximise the benefit to taxpayers from tax offsets. For that reason, Labor will support the measure. Refundable offsets will be dealt with first. Other offsets are then dealt with to the extent that taxable income is available. Excess non-refundable offsets will be carried forward.

Schedule 4 corrects deficiencies in the treatment of excess imputation credits and offsets for private health insurance, films, research and development and the first child. It also corrects a deficiency in the law that allows both a trustee and a beneficiary to access private health insurance rebates in respect of the same payment. It will stop that happening. Schedule 4 amends the treatment of tax offsets to reflect the simplified imputation system. Corporate entities will not be entitled to a refund of excess imputation credits in accordance with previous treatment. Life insurance companies will be eligible for a refund of excess imputation credits. Under SIS, the intercorporate dividend rebate has been replaced by a tax offset for franked dividends. Only individuals, complying superannuation entities, certain charities and gift deductible organisations are entitled to refunds of excess imputation credits.

Schedule 5 provides new arrangements for foreign resident withholding. The Ralph review identified high levels of noncompliance by foreign residents who do not have a permanent presence in Australia with their Australian income tax obligations. The Ralph review recommended a uniform withholding regime on all taxable Australian source income and capital gains derived by foreign residents. Schedule 5 is a watered-down response enabling the government to make regulations to require withholding to be paid by foreign residents for certain as yet unspecified payments. The government says the regulations are to be made where there is a demonstrated compliance risk. However, no decisions have been made about the types of payments withholding tax will apply to. Any withholding taxes imposed under the regulations will not affect foreign entities’ other Australian taxation obligations. If a regulation is made, withholding taxes would be applied where a payment is made to a foreign resident and where the payment is made to an entity acting on behalf of a foreign resident.

A deficiency of the proposal is that taxpayers may not know the tax status of the foreign entity. Where there are reasonable grounds to believe the recipient is an Australian entity, withholding is not required. Where there is a foreign address or the payment is to be made outside Australia then withholding tax must be paid. Withholding tax is not required from payments to the extent that the payment is a living away from home allowance benefit or an expense payment benefit. That may be some comfort to expatriates working in Australia, but I would point out that this is an area of identified tax risk and it is one of the areas the government is presently ignoring. The tax commissioner may grant an exemption from withholding if he is satisfied the entity has a track record of compliance and, consistent with the recommendations of the Ralph review, a permanent presence in Australia. Current PAYG withholding obligations will have priority over foreign resident withholding. These measures are an inadequate response in light of the Ralph review recommendations. As inadequate as they are, particularly with no indication of the extent to which these measures will be applied and given the lack of any decision to actually prescribe any types of payments to be subject to withholding under them, Labor will support them because they will provide a vehicle for a more robust compliance regime when Australia has a government with the inclination for enforcement. I will move a second reading amendment critical of the government’s failure to take adequate action against tax risks by and using foreign entities.

Schedule 6 defines the geographic area to which PAYG withholding where no ABN is quoted applies as the same geographic area to which GST applies—specifically, Australia, excluding the external territories and offshore installations. The explanatory memorandum to the bill notes that PAYG withholding where no ABN is quoted arguably only
applies to business to business transactions. As a result of this narrow definition, non-business enterprises, such as governments and nonprofit organisations, are not required or able to withhold from their payments when a supplier fails to quote an ABN. This is contrary to the policy intention of the PAYG no ABN withholding event. This is an anti-evasion measure that is not having its safeguard effect, yet there is no amendment in the bill. I asked Treasury whether there was evidence of any systemic exploitation of this gap in the law. I was told there was no such evidence. I suspect that if something is not done such a situation may quickly develop. Labor will support schedule 6, but we will examine the need for an anti-evasion measure when we refer the bill to a Senate committee.

Schedule 7 deals with the fringe benefit tax treatment of the payments by employers to worker entitlement funds. Four years ago the tax commissioner issued a ruling, TR1999/5, that will apply FBT worker entitlement contributions to worker entitlement funds from 1 April 2003. The ruling was part of an attempt by the ATO to crack down on aggressive tax schemes using employer benefit trusts that featured in the Petroulias case, one part of which ended this week. For legitimate schemes, the ruling would result in double taxation as the payments to workers are also subject to income tax when workers receive them. The commissioner anticipated the government would move to change the law for legitimate schemes and that is why the ruling provided a four-year gap before it would take effect. It is typical of the poor tax administration of the Howard government—and the revenue minister, Senator Coonan, in particular—that this proposed change to the law was not introduced until February 2003 with the expectation that it would be passed by 1 April. The government has had four years to deal with it and we now find that there is evidence that the law will simply not work in its present form. Phillips Fox partner Peter Charteris has told me he has not seen a single registered agreement that would comply with the legislation. No unregistered agreement complies and, while it might be open to a very generous interpretation, no award complies. He has written to Treasury and provided advice on this, but so far it has been totally ignored.

Apart from the fact that the legislation is flawed and simply will not work, it has been found that some worker entitlements will be adversely affected by other provisions in the bill. These issues have to be addressed, so Labor will refer the bill to a Senate committee for appropriate scrutiny. That means this legislation will not pass before the 1 April deadline when double taxation commences. I want to make a request to the tax commissioner that he extend the operative date for the ruling to come into force beyond 1 April 2003 to give the parliament sufficient time to properly deal with the legislation. That would be likely to imply a 1 July 2003 start date. However, it is likely that whatever law is ultimately passed there will be a need to alter industrial agreements and awards and to alter trust deeds to comply with the new requirements, whatever they turn out to be. For those things to be done, a 1 January 2004 start date may be more realistic.

What schedule 7 does is provide an FBT exemption to approved funds in two sets of circumstances. The first of those is if the fund is established under Commonwealth, state or territory law for the purpose of ensuring that long service leave is paid and the fund is operating under that law. The second is if the fund has been prescribed in regulations under the provisions provided by schedule 7. They require the tax commissioner to determine, before the government makes a regulation, that prudential standards are satisfied, there is appropriate record keeping and the contributions to and payments from the fund are for the prescribed purpose. On the face of it that seems quite straightforward, but there is also a provision that the Treasurer can make a written declaration, which is a disallowable instrument, that a fund is not an approved fund. Why the Treasurer would need to do that in a situation where to become an approved fund the fund must pass certain objective tests to the satisfaction of the tax commissioner seems extremely odd and in fact very dubious. The only explanation is that the government wants a means by which it can get rid of a fund it does not like without due process. It
will allow the government to disallow an FBT exemption for a fund for political reasons when it objects to a legitimate, industrially negotiated employee entitlement protection scheme. This is something that needs examination by a Senate committee.

Another issue that needs examination is what are the appropriate limits that should be put on approved funds for the way they dispose of any surplus. The most obvious of these is when employer organisations and unions use fund income to pay for training programs. This is the case with state based redundancy trusts in South Australia, Western Australia and Queensland. Some funds use their surplus for a much wider range of purposes. Incolink is a very good example. It is a joint enterprise of employer associations and unions in the building and construction industry. It provides not only redundancy benefits but also portable sick leave payments, free personal accident insurance, free emergency transport benefits, free dental accident benefits, income protection, lump sum trauma insurance, financial counselling, personal counselling, an alcohol and drug program, discount hospital cover, funding of training, career counselling and employment services. Incolink is currently managing more than $200 million in funds, so it is performing these functions with its surpluses on a fairly large scale.

Before I go any further, I would point out that I did ask the revenue minister’s office whether any issues in relation to the operation of these types of funds had been raised in the Cole royal commission, and I was told they were not aware of any. The related issues that I have been made aware of that came up during the Cole royal commission are: commissions being paid to industrial organisations for insurance premiums; manufactured terminations to give employees access to benefits; and some possible breaches of privacy. We will see whether there are adverse findings in relation to any of these issues when the royal commission’s report is released. I understand that it is currently with the government. If there are adverse findings, there may be issues that need to be dealt with elsewhere.

We are here to consider the tax issues relating to the operation of these funds for legitimate purposes. The law needs to be designed so that there is no scope for tax avoidance or evasion and so that the money, to the extent that there is an FBT exemption or any other tax benefit, is used for appropriate employment related purposes and not for what are essentially private purposes. Some uses of surpluses from some funds may cross that line.

There may also be some complexities where appropriate employment related functions, particularly training, are being carried out using money paid from worker entitlement funds to tax exempt entities but the specific purpose it is being used for is not expressly contemplated by this legislation. This legislation would make these funds not approved if money was used for these purposes. The funds, as well as some providers of legitimate employment related functions—like training—that are being funded by them, may need the opportunity to rearrange their activities so that payments for legitimate employee entitlements are not subject to double taxation. It may be that some of the current activities of some funds should not be afforded an FBT exemption. That is something that needs to be examined by the Senate committee. I suspect that there will be some significant need for legislative amendments to these provisions that the government has presented here today. A fair amount of effort will be required of funds and unions in renegotiating awards and other industrial agreements so that they fit within this legislation.

It is very interesting that after four years to work up this legislation—and the government has not exactly been beavering away on this—it did not come up with some transitional provisions that might have helped deal with these problems. One would have hoped that, if it had done so, those provisions would have been more carefully crafted than the transitional provisions for division 330—which are dealt with in another schedule in this bill. It seems that the government has proceeded with a great deal of arrogance and has been very cavalier about how it is treating these funds. Incolink are not the only...
example of funds with more than $200 million under management. They are quite significant in their size and scope of activities. It is going to be a very significant expense for employers in the building industry to have FBT imposed on them if they have to contribute to funds after 1 April of this year. I would have thought the government would have been much more careful about that than it obviously has been.

I hope the tax commission is going to be more flexible and more sensible than the government has so far been. Everybody who has spoken to me who has made representations to the government feels that the revenue minister and the Minister for Employment and Workplace Relations have basically listened politely but ignored them and given them fairly negative responses to the concerns that they have been raising. We have the capacity to refer this to a Senate committee. There are an awful lot of people who want to present evidence and make arguments to that Senate committee. We will be making sure that all of these issues are absolutely and thoroughly ventilated and that we do indeed get some redress. I want to turn now to the second reading amendment that has been circulated in my name. I move:

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

whilst not declining to give the Bill a second reading, the House condemns the Howard Government for its totally inadequate response to dealing with tax avoidance and evasion using foreign entities operating outside Australia and by foreign entities operating inside Australia. Because it has allowed tax avoidance and evasion to proliferate the tax burden borne by ordinary taxpayers will increase. The government already has a poor record on financial management, in that:

(1) it is the highest taxing government in history;
(2) without the additional revenue provided by bracket creep the budget would be in deficit this financial year and in 2005-06;
(3) it will be unable to return to taxpayers the more than $6 billion in additional tax as a result of bracket creep that it will receive in 2005-06 without going into deficit; and
(4) it continues to take new policy decisions that spend the proceeds of additional taxation collections and reduce its capacity to provide tax relief.”

Earlier this year, I was in receipt of the answers to some Senate estimates questions from November last year that I had asked my colleague Senator Sherry to ask, which were about flows of funds from Australia to foreign tax havens. Those flows of funds amounted to about $5 billion in 2001-02. Because of the lengthy nature of the bill, I am not going to be able to traverse all the issues I would like to. Suffice to say that the Standing Committee on Economics, Finance and Public Administration has made available time on either the 20th or 27th of this month to obtain a private briefing from the tax office in relation to the use of foreign tax havens by Australians to avoid and evade Australian tax liabilities. I will be pursuing this issue extremely vigorously, and I look forward to another opportunity when I have the time to go into much more detail about the minister’s non-performance in this area.

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

Mr Zahra—I second the amendment.

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

Ms JULIE BISHOP (Curtin) (12.32 p.m.)—Listening to the member for Kingston just then and reading his proposed amendments, it seems that he had a speech prepared on the Taxation Laws Amendment Bill (No. 4) 2003 and then thought, ‘Well, I’d better say something rotten about the government’s record on financial management.’ He conveniently overlooks the fact that this government has made significant and rewarding reforms to taxation and, indeed, to federal-state financial relations since coming to office in 1996. So, in this week of the occasion of the seventh anniversary of the election of the Howard government, it is worth recalling our track record in taxation reforms in the context of the bill before the House today, which adds to the reforms to existing taxation legislation.
The member’s amendment refers to the tax burden on ordinary taxpayers. On coming to office in the first instance, our priority was the alleviation of the taxation burden on Australian families. It seems it is easy for the member to forget that, in Labor’s last term, overall tax levels increased by some $10 billion, with much of that taxation impacting hardest on low- or middle-income families. As a result of that, the centrepiece of the coalition’s family tax package in its first term was the family tax initiative of 1997. The member also overlooks in his amendment that, building on the success of the family tax initiative, the centrepiece of the coalition’s family tax package in its second term was the fundamental change to family tax benefits as part of the broader new tax system strategy. The fact is that family assistance has been substantially increased, helping to free many low- to middle-income families from poverty traps.

Quite frankly, it was ungracious of the member to overlook other important coalition tax reform successes, including the largest personal income tax cuts in Australia’s history. While the member laments the tax burden on ordinary taxpayers, he reveals his hypocrisy. He was a member of a party that rejected the income tax cuts that this government proposed for middle-income earners. We have introduced the 30 per cent tax rebate for those Australians making provision for their own health insurance. Again we hear of the tax burden on ordinary Australians, yet the opposition wants to take away this tax rebate.

The coalition’s reforms have extended beyond families and personal taxation to the taxation of business and, in contrast to Labor—who saw fit to dump the 1993 l-a-w tax cuts and added insult to injury by actually increasing taxes like sales tax and fuel tax and then introducing the fringe benefits tax and capital gains tax—this government has sought to reduce the impact of taxation on Australian businesses. The member for Kingston refers to the Ralph review. Since the report of the Ralph Review of Business Taxation in 1998, we have slashed company tax from 36 per cent to 30 per cent, we have effectively cut capital gains tax in half, we have simplified and extended small business capital gains tax rollover relief and retirement exemptions, we have promoted venture capital investment, we have introduced a simplified tax system for smaller businesses, we have reformed consolidation, we have improved the fairness of the system with much-needed integrity measures and the list goes on. Members will be aware that last year’s federal budget continued those reforms, making important and—I must say—much-awaited changes to the taxation of superannuation, particularly as it affects those on lower incomes and the self-employed.

It is a terrible shame that the member did not turn his attention to the governments of the states and territories, particularly the Western Australian government. They certainly do not share this commitment to reform. I will leave aside the premium property tax debacle of 2001 and I will not mention the crushing new taxes placed on Western Australian business since Labor’s election. I would simply note that the failure of the state government to genuinely reform stamp duties is regrettable. Quite frankly, the federal government has come to the party on this issue. It has ensured that GST is not applied to stamp duties levied by the state government, on the principle of avoiding taxation on taxation. Yet the state government in our state continues to levy stamp duties on GST-inclusive insurance premiums without regard for the burden this places on Western Australian families and businesses. So much for the opposition amendments.

Against that background, the Taxation Laws Amendment Bill (No. 4) 2003 before the House today offers a variety of reforms and revisions to existing taxation legislation from the treatment of certain superannuation actions to worker entitlement funds. Schedule 1 deals with rollover transactions undertaken within, rather than without, a superannuation fund. Under the present law, superannuation benefits—and as a result, adverse tax consequences—are effectively double counted when internal rollovers are made. By correcting this anomaly, the bill will ensure that transactions occurring within a superannuation fund are treated similarly to a rollover from one fund to another. Further-
more, so as to coincide with the 2001 federal budget measure for the exemption of superannuation assets from the social security means test for those aged between 55 and age pension age, this particular measure will be backdated to 1 July 2001. The present anomaly will therefore not apply to retirees who may have taken the opportunity in 2001 or 2002 to commute a pension and roll the proceeds back to the accumulation phase within the same fund.

The second schedule deals with the uniform capital allowance system and makes various technical amendments where the law does not accurately reflect the intentions of the federal government, particularly in relation to the mining industry. Mr Deputy Speaker, it is a truism that Western Australia is a miner’s state, and you and I would both take a particular interest in this amendment. As Western Australian members we are aware of just how important that particular industry is to our state’s present wellbeing and future prosperity. Mining accounts for almost a quarter of all income generated in the west and the industry directly employs some 40,000 Western Australians; in 2001 minerals and energy production totalled $26.8 billion. The mining industry in Western Australia is dynamic too. The Chamber of Minerals and Energy of Western Australia estimates that industry production has more than doubled over the past 12 years. Mining is, in the words of the chamber, the ‘bedrock of the state’s economy’.

It is noteworthy from a Western Australian perspective then that this bill will ensure that the treatment of mining rights acquired before 1 July 2000 is retained; that the extension, renewal or conversion of a mining right will be treated as the continuation of the original right, where it is sufficiently related; that mining rights first held after 1 July 2001 are written off over the effective life of the mine to which the right is related; and that cash bidding payments are written off over the effective life of the mining right from the time that the right was granted. A further measure ensures that in circumstances where a plant, or an interest in a plant, acquired before 21 September 1999 is split or merged, the portion of the asset retained continues to be written off at the accelerated rate. Importantly, there will be no revenue impact as result of amendments, as the uniform capital allowance system would operate as intended and as originally costed.

That brings us to the third schedule of the bill: the provisions dealing with standardising the taxation treatment of what is known as non-assessable, non-exempt income—that income that is not counted in the calculation of taxable income and which, unlike exempt income, has no effect on tax losses. While outcomes are unlikely to change significantly as a result of this particular schedule, the amendments will ensure that the law is improved. Currently there are some 15 different amounts stated in our taxation laws as exempt income amounts that do not reduce tax losses, but they are described in various ways. This measure will apply a single coherent treatment to them.

Schedule 4 makes amendments to those provisions of the tax law that relate to refundable tax offsets. Members will be aware that offsets reduce a person’s taxation liability. Where certain offsets exceed a person’s tax liability for an income year, those offsets may be carried forward to the next income year or simply refunded. The bill therefore corrects the tax offset carry-forward rules so taxpayers always receive the maximum benefit from refundable tax offsets. Consequently, the bill amends these rules to reflect the simplified imputation system that commenced on 1 July 2002. It also corrects the rules so that double claiming of the private health insurance tax offset, in respect of the same private health insurance premiums by both a trustee and beneficiary, will not be possible.

Schedule 5 relates to the withholding obligations applying to foreign residents. This is essentially a compliance measure that will introduce new withholding obligations on certain payments to foreign residents made from 1 July 2003—and those obligations will be prescribed by regulation. While payments of dividends, interests and royalties to non-residents are already subject to withholding requirements, there is not yet a specific provision for the withholding of other payments. The amounts withheld in this way will be
available to foreign residents as a credit against their income tax assessment. Where a foreign resident already has an established history of compliance with Australia’s taxation authorities, the Commissioner of Taxation may grant an exemption from withholding. Such a decision will be reviewable.

Schedule 6 relates to withholding requirements, in this instance pay-as-you-go—PAYG— withholding in the absence of an Australian business number, the ABN. In the first instance the bill will ensure that such withholding applies to not only business-to-business transactions but also enterprise-to-enterprise transactions that are carried out in Australia. The practical effect is to make sure that the law, which in this case is the Income Tax Assessment Act 1997 and the Taxation Administration Act 1953, includes non-business enterprises—for example, government or nonprofit organisations—within the withholding rules, as was the clear intention of the PAYG system.

In the second instance the bill amends the rules so that they have the same geographical application as the ABN law, which is a law that applies a narrower definition to the application of withholding. In effect, the withholding rules will apply where payments are made in the course or furtherance of an enterprise on an installation but not where the enterprise is carried on in an external territory of Australia.

Finally, schedule 7 concerns worker entitlement funds and their role in the taxation system. From 1 April 2003 a fringe benefits tax exemption will apply to certain payments made to approved worker entitlement funds. The exemption will apply where such funds are required under an industrial instrument and where the payments meet the purpose of ensuring that associated obligations, for leave payments or payments made in the event of cessation of employment, are in fact met. As such, employers will not be subject to a taxation penalty that might otherwise have arisen in these circumstances as per the ruling of the Australian Taxation Office. This is good for employers, employees and Australia. Furthermore, a capital gains tax rollover will be provided automatically in the event that a worker entitlement fund amends or replaces its trust deed for the purposes of approval under the fringe benefits tax legislation. Practically, this means that a capital gains tax liability will not be incurred in these circumstances.

In summary, the FBT exemption applies to benefits provided on or after 1 April 2003 and the capital gains tax rollover applies to capital gains tax events that happen on or after 1 April 2003. There is a financial impact in the first year—that is, 2003-04. There will be a cost to revenue of the FBT but worker entitlement funds that are not long service leave funds established by or operating under the Commonwealth, state or territory legislation are going to have to satisfy the commissioner that they meet certain criteria before they are approved. The compliance costs that might be associated with that will be offset by the benefits of prescribing the funds by regulation. Prescribing the funds will provide the certainty to the funds, to the employers and to the workers. This omnibus bill will improve and refine Australia’s system of taxation. In that regard it deserves the support of this parliament. I commend this bill to the House.

Mr ZAHRA (McMillan) (12.48 p.m.)—The Taxation Laws Amendment Bill (No. 4) 2003 is an important piece of legislation which deals primarily with issues to do with tax avoidance. In particular, it deals with matters to do with tax evasion using foreign entities operating outside Australia. The government is not doing enough in relation to this particular area of public policy. From our side of the House, we approach it from the viewpoint of where the tax burden should lie in Australia. We think that ordinary families should not bear the bulk of the tax burden in Australia. Many Australian families are doing it tough, finding it difficult to get by and paying too much tax, especially when you consider how much tax is avoided by big corporations increasingly using foreign entities operating outside Australia. The government is not doing enough in relation to this particular area of public policy. From our side of the House, we approach it from the viewpoint of where the tax burden should lie in Australia. We think that ordinary families should not bear the bulk of the tax burden in Australia. Many Australian families are doing it tough, finding it difficult to get by and paying too much tax, especially when you consider how much tax is avoided by big corporations increasingly using foreign entities outside Australia to minimise, or in many cases to completely avoid, their tax.

In my electorate, as in most country electorates, we do not have a lot of millionaires. We do not have a lot of people who have huge incomes. We have a lot of people on pensions who are struggling to get by. These
people have contributed enormously to Australia’s success over the years through their hard work, their labour and the contribution they have made in vital industries. In my electorate we have people who are on pensions today but who have contributed and worked for 30, 40 or, in some cases, 50 years in the power industry, in the construction industry or in the dairy manufacturing or other industries related to the rural sector in my electorate. These people have worked hard all their lives and they should be entitled to a pension which will enable them to live their lives with some dignity. Increasingly these are the people who are paying more and more in tax through indirect taxes such as the goods and services tax introduced by the government.

We have a rough contract in rural communities which we enter into with the government when we pay our tax: we pay the tax and we get the services back. In country districts we pay tax—the GST and income tax—and we pay the various other levies which the federal government imposes. In return we expect to get some services. We are living up to our end of the deal—we are paying our taxes, which are often paid by people who can hardly afford to pay them—but the federal government is not living up to its obligations and its part of the bargain. We have seen this in the withdrawal of services by the federal government in key sectors of our community. We have seen the withdrawal of Commonwealth support for important areas of service delivery right across the region. In particular, we have seen the Commonwealth government stepping back from its contribution to important services like bulk-billing. We are very concerned about that in my electorate. It is very hard to find a doctor who will bulk-bill. There are some doctors who bulk-bill and I congratulate them, but there are not enough of them in my electorate. That is for a lot of different reasons.

It is a tragic situation in a lot of respects, because in many parts of my electorate people cannot afford to see a doctor unless their doctor bulk-bill. But because we do not have enough doctors who are available to provide services to local people, there is often not much in the way of choice. There is not too much competition because we just do not have enough doctors. As you would know, Mr Deputy Speaker Causley, from representing a country district, it is very hard to get doctors to go to the country in the first place. Often you are lucky just to have one, and you are really lucky if you have a doctor in a country district who bulk-bills.

We think that the Howard government has been letting us down in relation to bulk-billing. We think there should be a bigger effort by the Howard government in ensuring that country people have access to bulk-billing and to the same rates of bulk-billing as people who live in Sydney and Melbourne. I know that the Prime Minister’s electorate has a much higher rate of bulk-billing than my electorate. The tragedy here is that people in the Prime Minister’s electorate can better afford to pay for medical services than people in my electorate. There are a lot of millionaires in the Prime Minister’s—

The DEPUTY SPEAKER (Hon. I.R. Causley)—Order! I realise the member for McMillan has tried to tie this discussion about bulk-billing to the bill, but he has now been going for some minutes on bulk-billing and the bill is not about bulk-billing; it is about taxation amendments.

Mr ZAHRA—It is about taxation—you are spot-on, Mr Deputy Speaker—and taxation is about the provision of services, as you know. That is why we tax people. We tax people so that we can have services, and if we are not providing services there is no point in paying taxes. This is a fundamental idea. We discuss nothing more basic, either in state parliaments or in federal parliaments, than the idea of what we are about when we tax people. If the two are not related, then we have been involved in a great lie for 100 years. But I do not think that is true. I think that there is a direct correlation between taxation and the services you get through taxation. But I accept your point, Mr Deputy Speaker, and I will try to address my comments more directly to the issues of taxation and the burden of taxation on the people who have to pay tax, be they ordinary pensioners or people who are at the top end of town. I
will try to direct my comments more precisely to that in deference to you, Mr Deputy Speaker.

It is important that we take seriously how we tax people in the country. It is important that we understand that not everyone in the country has the same capacity to pay tax. We have a view on our side of the House that for people on low incomes the taxation burden should not be as high as for those people who can better afford to pay tax. This was our concern in relation to the imposition of the GST, and in my electorate many people tell me how profoundly that has affected their lives in terms of what they are able to afford.

Any consideration of the Australian taxation system needs to bear in mind the burden of tax and how it falls across the range of people in the Australian population. People in my electorate—and I am sure it is also true for your electorate, Mr Deputy Speaker—do not mind paying the tax as long as they get something back and as long as they know that everyone else is paying the tax too. This is a really important point, and I know that the amendment which has been moved by my colleague and friend the member for Kingston tries to point out where the burden of tax is increasingly falling in Australia. This is the highest-taxing government in history. This point has been agreed to, admitted and talked about by people such as John Stone, former head of Treasury in Australia and someone who is not known to be a rabid supporter of the Labor Party and who was a National Party senator for at least a little while in the parliament. He is hardly a Labor sycophant—hardly someone who can be relied on to mouth a line for the Labor Party—but it is his view that the Howard government is the highest-taxing government in history.

On this side of the House we believe in trying to share the burden of tax and trying to make sure that the burden of tax does not fall to ordinary wage and salary earners. We want to share the burden of tax right across all parts of the Australian community. In particular, we want to ensure that big corporations are unable to avoid paying tax by getting themselves involved in tax avoidance and evasion schemes using foreign entities operating outside Australia. We are concerned about foreign entities operating inside Australia, as well. We are keen to see a proper distribution of the tax burden.

One of the things that I have been concerned about in relation to this was the question that was asked yesterday in the parliament by the member for Fraser, the shadow Treasurer. The question was in relation to corporate packages which have been paid to people as they have been leaving their employment—golden handshakes, as they have been called—and how we as taxpayers end up funding a third of those packages because businesses are able to claim the cost of those packages as an expense. This is outrageous and I think that most ordinary people in Australia would agree with me that it is outrageous. It is an outrage that someone gets a $30 million package when leaving their employment—often because they have stuffed something up and the board of directors or the shareholders are keen to get rid of them—and that $10 million of that package essentially comes from the Commonwealth. This is an outrageous situation and I think it is really up to the government to try to take some action to stop this happening.

I do not want to stray too far from the topic, Mr Deputy Speaker, in deference to you, but this is an important point because we are talking about taxation and the tax implications of these enormous corporate payouts. It is more money than I can imagine—
$30 million as a payout, as a pat on the back, ‘See you later, thanks for giving us your five or 10 years service; here is 30 million bucks’—and more money than I think anyone in my electorate could imagine. That is a lot of kanga in anyone’s money. And $10 million of that $30 million comes from taxpayers, and that is not right. The government really does need to do something about that.

It is not an ordinary expense—not by any stretch of the imagination, not even by the most generous interpretation by people who might be seen to be pro-business or supportive of the corporate world. It is an incredible amount of money. It really is a disgrace, a filth-ridden rort, that that money ends up costing taxpayers, and not just shareholders. It is important that we make sure not only that these big corporations do not avoid tax and use taxpayers’ money to fund their generosity towards each other but also that they pay their fair share.

It is important for members of parliament to get out and talk to ordinary people in their electorates. I spend a bit of time doing that. I know that many colleagues on both sides of the House do this too, to be fair. One of the things I do probably two or three times a year is go to the Combined Pensioners and Superannuants Association meeting in Morwell. It is a pretty good group of people—people who have worked hard all their lives, paid taxes their whole lives and contributed a lot to the Latrobe Valley, to the state of Victoria and to Australia.

One of the things that the people at the Combined Pensioners and Superannuants Association group in Morwell regularly tell me is just how hard it is for people to get by on a pension and, in particular, just how hard it has become as a result of the GST, because people have to pay more for ordinary things, like their energy bills, and to feed and clothe themselves and look after their families. That is the word from the people who are affected, the people who have to live from week to week, from fortnight to fortnight. It is important to never lose sight of that. We hear the Treasurer come up here, stand at the dispatch box, yell a bit, carry on and talk about how well things are going. He would do well to have a talk to the Morwell sub-branch of the Combined Pensioners and Superannuants Association and explain why they are so much better off thanks to him. I do not think they would take too kindly to his yelling or his trying to tell them why they should be grateful to him and his government.

Ordinary people are paying the most tax and taking on the greatest burden of the government’s taxation policies. People on low incomes feel that they are paying all of this tax. They feel that people with smart corporate lawyers, with lots of money to pay specialist advisers, get out of their taxation obligations. It really makes you feel sick. It makes you feel that maybe this country is not for you but for them. I do not want people feeling that way, because, if Australia is about something, it is about giving people opportunity—the opportunity to make sure that they are treated the same as everyone else.

We have this great streak in us that makes us acutely feel unfair situations. We feel on behalf of other groups too. We feel on behalf of people overseas from time to time that their circumstances are not right; we feel sorry about their circumstances and we want to do something about it. In the same way, ordinary Australians, when they see pensioners paying the most tax and suffering under the greatest tax burden, do not think that is right. We think it is not fair that the people with the least have to suffer the greatest burden. When we see some of the excesses from corporate Australia and see these people with their smart lawyers and advisers—people with lots of money to pay these professional accounting firms and others to work out how to get out of paying tax—we do not think that is right.

We in the Labor Party think that is profoundly wrong. We stand against that kind of behaviour and we stand against that type of taxation regime, where people with smart lawyers and advisers who can afford to pay all these corporate types heaps of money to tell them ways to avoid tax can get out of paying tax. People in the Combined Pensioners and Superannuants Association branch at Morwell cannot afford those smart lawyers and advisers; they just pay their tax. They just pay their tax when they buy something
at the supermarket, pay their energy bills and go about their ordinary business, because they cannot avoid it.

I applaud the efforts that are being made by people like Mr David Cox, the member for Kingston and the shadow Assistant Treasurer, to try to bring some accountability to some of this excess in corporate Australia by people who think they can avoid tax in this country. These people need to understand that ordinary people in Australia do not have much tolerance for this type of behaviour. We do not have too much tolerance for people who think they can pull the wool over our eyes and get some benefit that ordinary people cannot. We do not like to see the government pass a law and then find that the people who are rich and powerful get around having to stay within that law which is passed by this place. They do not like to see smart alec behaviour where people think there are really two laws in Australia—the law which we pass here, which is for everyone, and the law which exists in the land of accountants, advisers and corporate lawyers which tells them whatever rate of tax they can get away with.

In conclusion, we need to make sure that the taxation burden in Australia falls fairly across the populace and is not falling more heavily on those who can least afford to pay it. The government should do more to make sure that corporate Australia pays its fair share. We in the Labor Party recommit ourselves to making sure that we have a fair taxation system in this country. (Time expired)

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (1.08 p.m.)—I am particularly pleased to be summing up the Taxation Laws Amendment Bill (No. 4) 2003 on behalf of the government. There has been a good debate here and I thank those honourable members who made a contribution.

In many respects this is an omnibus bill. It covers a range of matters which some might say are only connected by the name of the bill—the Taxation Laws Amendment Bill (No. 4) 2003. But it is a convenient way of making a number of important changes to the legislation. This bill contains a number of measures that correct the operation of the tax law to remove anomalies and to ensure that the law fully reflects the intent of the government. The member for Kingston has moved a second reading amendment. He will not be shocked to know that the government does not accept the amendment and will certainly be opposing it.

Mr Cox interjecting—

Mr SLIPPER—My friend ought not to interject, because when he held the position of shadow assistant treasurer in the past, he moved similar spurious amendments to important government legislation. I accept his interjection in the good natured way that it is offered.

Mr Cox—Tell us how much bracket creep there is.

Mr SLIPPER—We will come to bracket creep. The ALP do not have a policy on what they would do with respect to bracket creep in the unlikely event that it were to crawl into government. We would be very interested to get some sort of statement from the Australian Labor Party on what attitude they would have. The member for Kingston, in his second reading amendment, claimed that this government is the highest taxing government. We are indebted, as always, to the honourable member for Curtin for reminding the opposition of their hypocrisy on this point. It was the Australian Labor Party that
broke their promise for I-a-w tax cuts. It was the Australian Labor Party that opposed this government’s tax cuts during the introduction of the new tax system.

**Mr Cox**—We did not!

**Mr SLIPPER**—You did. The member for Kingston, in his second reading amendment, also claims that in some way, shape or form the government has been inactive in the area of tax avoidance. The member for Kingston has jumped on the bandwagon of Senator Conroy, hysterically pointing to what he claimed was a $5 billion movement of funds offshore. This $5 billion does not represent taxes due to Australia, nor does it represent taxable profits. It refers to the gross flow of funds that do not, of themselves, represent any avoidance issues. Nevertheless, the Commissioner of Taxation has outlined his actions to crack down on the improper use of tax havens in the compliance plan of 2002-03 of the Australian tax office.

A moment ago the member for Kingston referred to bracket creep. The opposition point to bracket creep; they talk about the government’s approach to bracket creep. But, as I said just a moment ago, they simply do not say that they support the indexation of tax brackets. Once again, it demonstrates what an incredible policy vacuum we have on the opposition benches. What I would say about bracket creep is that good economic management by the government has resulted in low levels of inflation that could only be dreamt of during those 13 dark years of the Hawke and Keating governments.

The member for Kingston also suggested that the date of effect for the internal rollover measures should be backdated to 1 July 1994. I just want to place some facts on the record for the benefit of the honourable member for Kingston. The government will not be supporting Labor’s amendment to make the internal rollover measure effective from 1 July 1994. The government understands that the vast majority of internal rollovers will have occurred since the government’s preferred start date of 1 July 2001. In any event the Commissioner of Taxation has undertaken to administer this measure to ensure that taxpayers who rolled over before this date are not disadvantaged. The member for Kingston accepts that this will happen; he appears to be nodding quite enthusiastically. This amendment, therefore, will have no practical effect.

**Mr Cox interjecting**—

**Mr SLIPPER**—You are not being verbally at all, my friend. Nevertheless, the government will give further consideration to the proposed amendment prior to debate in the Senate. This amendment that will be moved in the consideration in detail stage by the member for Kingston does not affect the situation. I suspect that probably eight minutes of the House’s time will be wasted as we have a division on this particular point, but at the end of the day the Commissioner of Taxation has outlined what is going to happen and so the amendment which will be moved by my friend will be all froth and bubble. The member for Kingston also claimed that allowing the Treasurer to remove a fund from being approved does not follow due process. The facts are that the Treasurer may declare in writing that a fund is not approved and that this is a disallowable instrument and will be subject to parliamentary process.

**Mr Cox**—What is the process for making a decision?

**Mr SLIPPER**—All decisions are made thoughtfully, my friend. This process ensures that where a fund changes its processes and should not any longer be approved, that it is able to be removed. This provides certainty to employers as it ensures that they know a fund’s status is approved or not approved as soon as possible. The member for Kingston also claimed that no registered instrument will conform to the requirements of the legislation to access the FBT exemption. The government considers it appropriate that the FBT exemption apply to those contributions to worker entitlement funds that are required by an industrial instrument.

The issue raised with the member for Kingston by Mr Peter Charteris of Phillips Fox was raised with Treasury at a consultation meeting held with representatives of the funds on 21 February. I am advised that Treasury is consulting with the Australian Taxation Office and has undertaken to re-
spond to Mr Charteris’s concerns following proper consideration of the issues. That should reassure the honourable member for Kingston.

The member for Kingston also claimed delay in introducing the FBT exemption for contributions to worker entitlement funds. The member for Kingston would understand that members of this government, unlike our predecessor, take very great pride in our ability to consult with interest groups to make sure that we get our legislation right. Consultation is a hallmark of this government’s approach to law development. Consultation with relevant groups provides an opportunity to ensure that the law covers everything that it should cover, that it has no unintended consequences and that those that the law aims to help are familiar with it and are comfortable that it will do the job properly. So we are not going to apologise for being a consultative government. We are not going to apologise for going out there and talking to people who are affected by legislation. We believe this is beneficial, whereas the ALP wants to use the parliament like a sausage machine to pump things through without due consideration and due process. That is really quite sad.

The member for McMillan referred to big business and tax evasion. The facts are that the government have demonstrated their commitment to ensuring that all Australians pay their fair share of tax and that ordinary, honest, decent taxpayers do not suffer the burden of tax cheats. The government have demonstrated this in a number of legislative measures. We have addressed, for example, noncommercial losses, alienation of personal services income, loss duplication and artificial loss creation, and the use of tax shelters in prepaid expenses. If you listen to Labor members—and, Mr Deputy Speaker, I suspect that you would not be convinced and neither will the Australian people—they obviously have an approach that this government somehow support tax evasion and avoidance. That is clearly not the case. We have the runs on the board to disprove that fallacious allegation and we reject absolutely any suggestion from those opposite that the government have not taken tax evasion and tax avoidance as matters of great moment and importance.

The member for Kingston also claimed that the government has been slow in addressing the double taxation of payments into worker entitlement funds. The government was first approached by employers and worker entitlement funds in late 2001. That is not very long ago. If the member for Kingston is in any way reasonable, he will consider that that is not a long time ago. The Treasurer announced that the government would move to address double taxation in October 2002, which is not very long at all for the consideration of this important matter. This issue required the proper consideration of government to ensure that no tax avoidance opportunities were created by removing the double tax. That is an appropriate response to the point made by the member for Kingston.

Since then, for the elucidation of the member for Kingston, the funds have been consulted and every effort has been made to introduce the legislative amendment before 1 April 2003, by which time the Commissioner of Taxation has said FBT would apply. The member for Kingston also queried why the FBT exemption does not permit income of the fund to be used for industry-wide training. The intention of the fringe benefits tax legislation is to ensure that such payments are not taxed twice. The FBT exemption is designed to apply only to those payments where the use of a separate fund is necessary in order to provide for the protection and portability of employee entitlements. That is, the FBT exemption will apply where a payment has to be made to a separate fund in order to provide for its protection and as a result two taxing points would have arisen. The need to remove double taxation does not apply in the circumstances of industry training or other industry-wide programs. Separate funds for industry training or other industry programs could be established and employers could contribute directly to those funds.

The member for Kingston also queried why regulations are being used for the foreign resident withholding measure. I am happy to advise him of the situation in rela-
tion to this point. The regulations are an appropriate place for the fine detail about collection arrangements, such as the pay-as-you-go withholding arrangements. There are several precedents for this approach. Under both this government and previous Labor and coalition governments, for example, the current pay-as-you-go withholding rules about payments for work or services include a provision that broadly requires withholding from payments to an individual that are for work or services and that are of a kind prescribed by the regulations. The prescribed payments system provisions, which were enacted to counter evasion in the tax economy, required the withholding from payments for work that was of a kind prescribed by the regulations. The PPS was announced by the Fraser government but the legislation was introduced by the Hawke government. The PPS was closed down on 30 June 2000. The reportable payments system, which imposed reporting and withholding obligations, also applied to payments of a kind prescribed by the regulations. The RPS legislation was introduced by the Keating government and closed down on 30 June 2000.

The changes contained in the legislation are important initiatives to prevent the double counting of superannuation benefits which will ensure that the tax system delivers fair and equitable outcomes. The amendments to the uniform capital allowances system will ensure it operates as it was always intended and interacts appropriately with related provisions. The measure that formalises the treatment of income that is neither assessable income nor exempt income will for the first time bring them together in a single coherent treatment simplifying and improving the presentation of the law.

I would like to take this opportunity to shadow some minor technical amendments to this measure. Those parliamentary amendments, which I gather will attract the support of the opposition, will correct cross-references to provisions that are being amended by this bill. The bill also contains minor corrections and consequential amendments to the rules concerning tax offsets in the income tax law that will ensure that these rules operate as intended.

The new obligations to withhold from certain payments to foreign residents will improve the compliance by foreign residents with their Australian tax obligations—and that is something that all honourable members ought to applaud—while minimising the compliance burden on Australian businesses. The changes to the ABN rules will make corrections to ensure that the law operates as intended. Finally, the bill will ensure that there is no potential for double taxation when contributions are made to funds that are needed to preserve workers’ entitlements.

This is important legislation, and I commend the bill to the House. As I said a moment ago, we oppose the second reading amendment. We do intend in the consideration in detail stage to oppose a Labor amendment. We are moving a number of government amendments which I gather will have the support of the entire chamber.

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 Kingston has moved as an amendment that all words after ‘That’ be omitted with a view to substituting other words. The question now is that the words proposed to be omitted stand part of the question.

Question agreed to.
Original 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 COX (Kingston) (1.24 p.m.)—I move the amendment circulated in my name:

(1) Schedule 1, item 18, page 7 (line 28) to page 8 (line 3), omit the item, substitute:

18 Application

(1) Subject to this item, the amendments made by this Schedule apply to commutations occurring, and residual capital values becoming payable, on or after 1 July 2001.
If a person became entitled to receive payment of an ETP between 1 July 1994 and 30 June 2001 and elected to make an internal rollover of the whole or a part of the ETP, the person may request the payer of the ETP to notify the Commissioner of the details of the rollover. If so requested, the payer of the ETP must prepare and give to the Commissioner a notice under section 140Q in such form and within such period as approved by the Commissioner, and the ETP and the notice are to be treated as if the amendments made by this Schedule had been in effect at the time the original commutation occurred or residual capital value became payable.

This amendment is a very simple amendment. The parliamentary secretary at the table has just told the House that the tax commissioner has given an undertaking that he will administer the legislation in a manner which is entirely consistent with this legislation. I do not see any reason why taxpayers should not have the certainty of this legislation that that will be the case, rather than having to rely on the commissioner’s discretion. Therefore I commend the amendment to the House.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (1.24 p.m.)—I thank the member for Kingston for his unaccustomed brevity. He has outlined the position of the opposition. The amendment of schedule 1 of the bill, which would effectively backdate the application of the provisions to 1 July 1994, is what is contained in the opposition amendment. The start date proposed by the government is 1 July 2001. The rationale for the opposition amendment appears to be a concern that those who had internally rolled over superannuation benefits before 1 July 2001 would not be covered by the new provisions in this bill which are beneficial to taxpayers.

Mr COX interjecting—

Mr SLIPPER—I can see the member for Kingston has interjected to that effect. I would like to outline to members the rationale behind the proposed 1 July 2001 start date. First, the 1 July 2001 start date was chosen because it coincides with the start of another government measure which has already been legislated. That measure ensured that superannuation benefits are not counted in the social security means test for those aged between 55 and age pension age. When combined with the internal rollover changes, this means that individuals could stop their super pension and roll their super back into the accumulation stage in the same fund, rather than be effectively forced to rely on their super as an income source. Secondly, the government has been advised that it is likely that the vast majority of those who have internally rolled over superannuation would have done so since 1 July 2001. Indeed, during confidential consultations with the superannuation industry on this measure, concerns were not raised with the government with respect to the start date.

Thirdly, while it is possible that some taxpayers internally rolled over before 1 July 2001, the Commissioner of Taxation has indicated that he will administer any such cases as they arise to ensure that there is no disadvantage to taxpayers. I mentioned that in my earlier speech and I have raised it privately with the member for Kingston, and I think he probably accepts that the Commissioner of Taxation will indeed carry out what he has actually said that he will do. In this regard, I note that the ATO interpretative decision ID 2001/802, which gave rise to this issue, has now been withdrawn. The Commissioner of Taxation has stated that he will administer the law relating to internal rollovers consistent with the government’s announced change. Given this commitment by the commissioner, the amendment moved by the opposition is not expected to provide any practical benefit to taxpayers. For these reasons, the government—

Mr COX—Just the uncertainty.

Mr SLIPPER—You ought not to comment or interject in this regard. I am just saying that, for these reasons, the government is not minded to support the opposition amendments in this place.

Question negatived.
Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (1.28 p.m.)—I present a supplementary explanatory memorandum to this bill and seek leave to move government amendments (1) to (8), as circulated, together.

Leave granted.

Mr SLIPPER—I move government amendments (1) to (8) together:

(1) Clause 2, page 2 (after table item 5), insert:

5A. Schedule 3, item 46A Immediately after the commencement of Schedule 27 to the New Business Tax System (Consolidation and Other Measures) Act 2003

(2) Clause 2, page 2 (table item 8), omit the table item, substitute:

8. Schedule 3, items 59 to 70 The day on which this Act receives the Royal Assent

8A. Schedule 3, item 70A Immediately after the commencement of Schedule 3 to the Taxation Laws Amendment Act (No. 1) 2003

8B. Schedule 3, item 71 The day on which this Act receives the Royal Assent

(3) Clause 2, page 3 (table item 12), omit the table item, substitute:

12. Schedule 3, items 91 to 128 The day on which this Act receives the Royal Assent

12A. Schedule 3, item 128A Immediately after the commencement of Schedule 3 to the Taxation Laws Amendment Act (No. 1) 2003

12B. Schedule 3, items 129 to 132 The day on which this Act receives the Royal Assent

(4) Schedule 3, page 31 (after line 31), after item 46, insert:

46A Paragraph 177EA(15)(b)

Repeal the paragraph, substitute:

(b) paragraph 320-37(1)(a) of the Income Tax Assessment Act 1997 (segregated exempt assets) or paragraph 320-37(1)(d) of that Act (income bonds, funeral policies and scholarship plans).

(5) Schedule 3, page 39 (before line 1), after item 70, insert:

70A Paragraph 15-60(3)(b)

Omit “exempt income of the company under paragraph 320-35(1)(f)”, substitute “non-assessable non-exempt income of the company under paragraph 320-37(1)(d)”.

(6) Schedule 3, page 50 (after line 29), after item 128, insert:

128A Paragraph 320-112(3)(b)

Omit “exempt income of the company under paragraph 320-35(1)(f)”, substitute “non-assessable non-exempt income of the company under paragraph 320-37(1)(d)”. I will try to emulate the brevity of the member for Kingston. Section 320-35 of the Income Tax Assessment Act 1997 lists amounts that are exempt income of life insurance companies. The bill splits that section into two sections, one dealing with amounts that will stay as exempt income and the other dealing with amounts that will now be described as non-assessable, non-exempt income. Other provisions in the tax laws refer to amounts of exempt income under section 320-35. Amendments (4) to (6) ensure that, where appropriate, those other provisions will instead refer to amounts of non-assessable, non-exempt income under the correct new provision. Amendments (1) to
(3), (7) and (8) ensure that amendments (4) to (6) commence at, and apply correctly from, the appropriate times. I commend the amendments to the House.

Question agreed to.

Bill, as amended, agreed to.

Third Reading

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (1.30 p.m.)—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

BUSINESS

Rearrangement

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (1.30 p.m.)—by leave—I move:

That business intervening before notice No. 2, Government Business, be postponed until a later hour this day.

Question agreed to.

BILLS RETURNED FROM THE SENATE

The following bills were returned from the Senate without amendment or request:

Migration Legislation Amendment (Contributory Parents Migration Scheme) Bill 2002

Migration (Visa Application) Charge Amendment Bill 2002

PARLIAMENTARY ZONE

Approval of Proposal

Mr TUCKEY (O' Connor—Minister for Regional Services, Territories and Local Government) (1.31 p.m.)—I move:

That, in accordance with section 5 of the Parliament Act 1974, the House approves the following proposal for work in the Parliamentary Zone which was presented to the House on 6 February 2003, namely: Public artwork to celebrate the centenary of women's suffrage in Australia.

Section 5(1) of the Parliament Act 1974 provides that no building or other work is to be erected on land within the Parliamentary Zone unless the minister has caused a proposal for the erection of the building or work to be laid before each house of the parliament and the proposal has been approved by resolution of each house. A steering committee was appointed by the Minister Assisting the Prime Minister for the Status of Women, Senator Amanda Vanstone, in June 2002 to select a public artwork to celebrate the centenary of women's suffrage in Australia.

In November 2002 the committee met to consider submissions and selected the winning design, a public artwork entitled Fan, by Jennifer Turpin and Michaelie Crawford. The Turpin-Crawford Fan is a kinetic sculpture, powered by the wind. The sculpture rests in an open fan position until engaged by the wind, when the individual blades move. The sculpture celebrates the history, achievements and contemporary legacy of the women's suffrage movement. The proudly feminine form of this personal object, a fan, becomes the subtle political symbol in a sculpture that literally and conceptually engages the wind to fan change. The blades are lightweight steel of a red ochre colour. There is a lock-down device on either side of the sculpture to hold the tips of the blades firmly in very high winds.

The proposed sculpture is to be a maximum height of 21 metres, with a maximum blade span of 24 metres. Through their design, the artists seek to address the vast openness and monumental scale of Canberra's land and water axis. The artwork will be cradled within the land axis from Capital Hill to Mount Ainslie, and its ever-changing movement aligns it with the fluidity of the water axis. The site selected by the steering committee and supported by the National Capital Authority for the artwork is at the northern end of the Federation Mall between Queen Victoria Terrace and the Old Parliament House. As the parliament house vista is located on the Register of the National Estate, the Australian Heritage Commission has been consulted.

The commission expressed its in-principle support for the proposed works in its letter of 4 December 2002. The approval of both houses is sought pursuant to section 5 of the Parliament Act 1974 for the design, siting and construction of this artwork within section 43, Parkes part of the Parliamentary Zone.
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Zone. The National Capital Authority has advised that it is prepared to grant works approval pursuant to section 12(1)(b) of the Australian Capital Territory (Planning and Land Management) Act 1988.

Question agreed to.

PARLIAMENTARY ZONE
Approval of Proposal

Mr TUCKEY (O’Connor—Minister for Regional Services, Territories and Local Government) (1.34 p.m.)—I move:

That, in accordance with section 5 of the Parliament Act 1974, the House approves the following proposal for work in the Parliamentary Zone which was presented to the House on 3 March 2003, namely: Design and content of the sixth sliver for Reconciliation Place.

Section 5(1) of the Parliament Act 1974 provides that no building or other work is to be erected on land within the Parliamentary Zone unless the minister has caused a proposal for the erection of the building or work to be laid before each house of the parliament and the proposal has been approved by resolution of each house.

Reconciliation Place has been constructed in the Parliamentary Zone at the junction of the land axis and creates and incorporates the pedestrian cross-axis between the National Library of Australia to the west and the High Court of Australia to the east—section 56, Parkes. On 27 September 2001, approval was granted under section 5 of the Parliament Act 1974 for the general siting of six slivers and the design and content of five slivers. At the time of tabling the proposal, the former Minister for Regional Services, Territories and Local Government, Senator the Hon. Ian Macdonald, advised that further approvals would be sought for the text and images to be incorporated in the sixth sliver.

The Reconciliation Place Steering Committee met on 21 July 2002 and considered the sixth sliver, which is proposed to recognise Indigenous leaders, including Neville Bonner and Vincent Lingiari. The committee was satisfied with the design concept and, in particular, its strong focus on images rather than words. Consultation with Indigenous groups and individuals, including Mrs Bonner and descendants and family of Mr Vincent Lingiari, has been undertaken. Works approval is now sought for the sixth sliver. The sixth sliver will be approximately 2.5 metres long and 2.8 metres high. The sliver has been designed to meet the Australian standard for visual access, which is AS1428.1, and its height will be consistent with the existing constant horizontal visual line along Reconciliation Place.

As Parliament House Vista is located on the Register of the National Estate, the Australian Heritage Commission has been consulted. The commission expressed its support for the proposed works in its letter of 27 August 2002. The Joint Standing Committee on the National Capital and External Territories has been advised about the proposed works. The approval of both houses is sought, pursuant to section 5 of the Parliament Act 1974, for the design and siting of the sixth sliver at Reconciliation Place, section 56, Parkes, ACT. The National Capital Authority has advised that it is prepared to grant approval for the works, pursuant to section 12(1)(b) of the Australian Capital Territory (Planning and Land Management) Act 1988.

Question agreed to.

SPECIAL ADJOURNMENT

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (1.38 p.m.)—I move:

That the House, at its rising, adjourn until Tuesday, 18 March, at 2.00 p.m., unless the Speaker or, in the event of the Speaker being unavailable, the Deputy Speaker fixes an alternative day or hour for the meeting.

Question agreed to.

DAIRY INDUSTRY SERVICE REFORM BILL 2003

Report from Main Committee

Bill returned from Main Committee without amendment, appropriation message having been reported; certified copy of the bill presented.

Ordered that this bill be considered forthwith.

Bill agreed to.
Third Reading

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (1.39 p.m.)—by leave—I move:
That this bill be now read a third time.
Question agreed to.

Bill read a third time.

PRIMARY INDUSTRIES (EXCISE) LEVIES AMENDMENT (DAIRY) BILL 2003

Report from Main Committee

Bill returned from Main Committee without amendment; certified copy of the bill presented.
Ordered that this bill be considered forthwith.
Bill agreed to.

Third Reading

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (1.39 p.m.)—by leave—I move:
That this bill be now read a third time.
Question agreed to.

Bill read a third time.

ENERGY GRANTS (CREDITS) SCHEME BILL 2003

Cognate bill:
ENERGY GRANTS (CREDITS) SCHEME (CONSEQUENTIAL AMENDMENTS) BILL 2003

Second Reading

Debate resumed from 13 February, on motion by Mr Slipper:
That this bill be now read a second time.

Mr McMULLAN (Fraser) (1.40 p.m.)—I rise to speak on these two cognate bills, the Energy Grants (Credits) Scheme Bill 2003 and the Energy Grants (Credits) Scheme (Consequential Amendments) Bill 2003. These bills establish a new, unified scheme to replace two existing subsidy schemes: the Diesel Fuel Rebate Scheme and the Diesel and Alternative Fuels Grants Scheme, which cover off-road and on-road fuel usage, respectively. As far as these bills go, the opposition will be supporting them. The rationalisation of the two existing schemes is a worthwhile move, and it is sensible to take this opportunity to do it. We will be seeking to examine the detail of the proposals more closely through a Senate committee process, but on the reading so far—and assuming that the bills do what they say they do and what they appear on the surface to do—we will be supporting them.

However, everyone knows that the real story in this legislation is not what is in the bills but what is not in the bills. It is what is not included. The parliament—the people—were promised that this reform would address the pressing issue of incentives for cleaner fuel use, but there is barely a mention of that in the bills before us. What we have here is, in effect, a legislative doughnut: there is a big hole in the middle where the policy substance should have been. So, while we are supporting these bills so far as they go, I foreshadow that I will be moving a second reading amendment at the end of my speech along the following lines:

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 gross mismanagement of fuel tax policy, in particular:
(1) its failure to deliver measures to promote cleaner fuels, despite its explicit promise to do so in the agreement with the Democrats leading to passage of A New Tax System through the Parliament;
(2) its overall policy paralysis and deception, shown most starkly by its decision to dump all the Fuel Taxation Inquiry recommendations even before the report was released; and
(3) its inexcusable delay in finalising even the limited set of measures included in this Bill and the Energy Grants (Credits) Scheme (Consequential Amendments) Bill, which has left the transport industry with an extremely short timeframe to prepare for the new scheme before it comes into operation on 1 July 2003.”

I turn now to the substantive issues of these bills. Every Australian who has looked at these sorts of issues knows that the area of fuel tax is extremely complex. It is so com-
plex, in fact, that you would have thought it would not have been a bad idea to launch a comprehensive inquiry, and get that inquiry to document the history of this complex area, analyse the current state of play and what the circumstances are and make some recommendations about future directions. If you had decided to have such an inquiry, you might have equipped it with an oversight committee, a secretariat and a budget—maybe even as much as $4 million—and asked it to take submissions, hold public hearings around the country and then prepare a detailed report on these issues. That would have been quite an intelligent thing to do.

The bizarre situation is that all this was done. The Trebeck fuel tax inquiry did all those things; it did prepare just such a report, which stretched to over 250 pages of detailed analysis and recommendations. I do not agree with all of the recommendations of the Trebeck fuel tax inquiry—it would be extraordinary if one did, because this is a very big and complex issue and some of the recommendations are quite controversial. But I do consider that Mr Trebeck’s report is a valuable contribution to the debate, and I particularly value the extensive background analysis that was set out in the report. So $4 million has been spent on an inquiry, there are 250 pages of detailed analysis and recommendations, and a lot of individuals and organisations have gone to great trouble in making submissions. Many people who contribute to inquiries such as this travel a long way to make their submission, commission experts to help them write their submission and spend money doing so. Why do they do this? Because they think this is a worthwhile contribution to better public policy in our country and, obviously, because they have some vested interest in that they hope the final report will lead to some changes that will be beneficial either for the country, their industry, their organisation or themselves.

So we had this complex inquiry. Many people have gone out of their way and spent their time, money and effort making submissions, the taxpayers have contributed $4 million and Mr Trebeck has written a 250-page report. What did the government do? Did they take a thoughtful and considered view and say, ‘We don’t agree with all the recommendations but we think we should have a public debate about these important public policy issues; let’s see if we can get the response right.’ No, of course they did not. This is the Treasurer we are talking about. He does not give that sort of detailed consideration to anything. It is just too hard; it is just too difficult. In the typical manner of the Treasurer, as in so many different parts of his portfolio responsibilities, he just arrogantly dismissed the whole thing.

He just dismissed it from his view and did not give a damn about the very real consequences that this dismissal would have for those in the community—let alone the disappointment for those who made the submissions and put in all the effort. Because there is a more important point: the fuel tax system affects almost everyone in Australia. All Australians have an interest in it being well managed and well conducted. Making the fuel tax system simpler, more efficient and more effective is not some simple little debate for us here in the parliament or for a few interested academics and policy wonks to get enthusiastic about in a backroom. It is crucial to underpinning a healthy and sustainable Australian economy into the future. So the Treasurer’s arrogant dismissal of the Trebeck report on budget night last year amounted to yet another dismissal of the concerns of ordinary Australians. It confirmed again that people were absolutely right to be cynical about the real reasons behind setting up the inquiry—that it was set up purely to extricate the government from a tight political corner’. I do not think the inquiry was a whitewash. It made a very good analysis; it made a good contribution to the debate; and a set of recommendations—some of which, as I said, I disagree with—could well have served as the basis for a reasonable public debate about how we get the fuel tax system right instead of contin-
uing with this patchwork quilt of unsatisfactory regulation that we have. To the great disappointment of Mr Trebeck, to the great disappointment of all those who made submissions and to the great disappointment of the opposition, it turned out that the cynics were right. There never was any intention to conduct a genuine review of fuel taxation issues. But, however much the Treasurer might wish it to be so, the substantive policy issues in this area will not go away. They have not disappeared, and they will not disappear. Instead, they have become more urgent as the government has continued to procrastinate. Now the government are approaching another crisis point: the Treasurer, true to his usual form, has wheeled out another second-best patch-up solution.

Let us have a look at the new scheme proposed in this legislation. The new Energy Grants Credits Scheme is intended to replace two existing schemes. The off-road scheme, known as the Diesel Fuel Rebate Scheme, was established in the early 1980s. It provides a rebate of fuel excise for diesel used in certain off-road business activities, including mining, primary production, electricity generation, hospitals and nursing homes, rail and marine transport. The on-road scheme, known as the Diesel and Alternative Fuel Grants Scheme, was established as part of new tax system changes in July 2000. You would have to say that just getting rid of those two acronyms is a very good reason to change the legislation and pass this bill—we will at least never have to deal with those disastrous acronyms again. The rebates for the off-road scheme are called grants for the on-road scheme. So we have rebates on one hand and grants on the other—just to make life even more confused for people trying to access these schemes. Grants are made for diesel and alternative fuels, such as ethanol, compressed natural gas and liquefied petroleum gas, to maintain previous price relativities with diesel. But it gets even more complicated: all vehicles over 20 tonnes are eligible for the grant, however vehicles between 4½ and 20 tonnes are only eligible if they meet certain types of transport service and they are not eligible for grants if they are making journeys solely within major metropolitan areas.

I understand the intellectual rationale for this last point: it is meant to address concerns about air quality in cities. But it has certainly added to the complexity of the scheme. The stated intention of the government was that the design of the Energy Grants Credits Scheme would—you guessed it—be dealt with by the fuel taxation inquiry. Indeed, the inquiry did considerable work on this issue, little knowing at that time that its efforts would be so contemptuously dismissed by the government that they made no impact on the reform of these schemes. It was clear from the submissions to the inquiry that the primary concern amongst industries and businesses was that entitlements under the DFRS and DAFGS schemes be maintained under the new Energy Grants Credits Scheme, or EGCS.

I note that the government claims that this condition has been met in the limited proposals we have before us today. As foreshadowed, we will seek to check the detail of this claim in due course through a Senate committee process, but on the advice to date—and assuming it has been met—we will support the limited rationalisation of the schemes proposed today. Such rationalisation is long overdue. The report of the fuel tax inquiry sets out in some detail the extent of problems with the eligibility conditions of the existing schemes. With regard to the DFRS, the main issue seems to be why:

... only some off-road diesel uses should be eligible under the DFRS—

when, and I quote again:

Often, eligible and ineligible activities used very similar production processes and served very similar markets.

The report set out an example that would be Pythonesque in its humour if it was not actually dealing with a real situation and real people trying to make a living. The report noted:

Diesel used to power the refrigeration unit of a refrigerated transport container is eligible for a rebate under the DFRS only while the container is being transported by rail or ship. Diesel used while the container is awaiting transportation or being transported by road is not eligible.

Estimating the amount of diesel that is eligible under the DFRS can be complex, as eligibility of
the diesel used can change as the container makes its way from, say, Brisbane to Hobart. That is one trip—the same container, the same process—but, as it makes its trip from road to rail or to ship, the scheme changes. Again, we can find a similar level of complexity with regard to the DAFGS. In this case the inquiry reported:
The major concern about the DAFGS centred on geographic boundaries that limit the eligibility of diesel used in 4.5 to 20 tonne vehicles in urban areas.
In this case the report noted:
Road transport operators may be required to allocate their fuel use into three categories of vehicle: less than 4.5 tonnes, 4.5 to 20 tonnes, and more than 20 tonnes. In addition, the amount of fuel used in 4.5 to 20 tonne vehicles needs to be allocated between trips carrying non-agricultural products solely in defined urban areas and other trips.
The need to estimate the amount of fuel used in these urban trips has added considerably to the complexity of the DAFGS. This can be particularly difficult when the travel of a vehicle contains both urban and non-urban elements.
It is very clear that these complex eligibility prescriptions for the existing schemes have been a compliance nightmare. You would have expected that, after a long review, years of waiting and delay, this new scheme would have provided the opportunity for reforming this mess and that the government would have seized it with alacrity. But what have we seen instead? We have seen the merest tinkering around the edges—some tidying of on-road conditions here, some clarifying of off-road definitions there, but basically business as usual.
Frankly, it is astonishing to me that the government would have made no effort to address the reasonable concerns in this area. But I probably should not have been surprised. After all, this involves the Treasurer who arrogantly refused to acknowledge that the business activity statement was a compliance nightmare. In fact, it is totally consistent with their refusal to hear the continuing dissatisfaction out there in the community regarding the overall administration of the tax system. Nevertheless, in the interests of good public policy, I was hoping that, on this occasion—just this once—they would do better than this damp squib of an attempted reform.
Let me make it very clear: we are not interested in and will not support amendments to this legislation to try to smooth out any of these eligibility anomalies. In opposition, we are simply not in a position to assess the technical merits and flow-on consequences of the panoply of claims in this area and we have no wish to be involved in that sort of auction. That is the government’s job. The research that can back up the clearing up of these anomalies needs the resources of government. It cannot be done like a patchwork quilt by the parliament and from the opposition or the minor parties. The government had an opportunity for meaningful reform in this area and they have squibbed it.

In my opening remarks I noted that the government had presented us with a doughnut of a reform proposal. The matters I have been discussing so far have been concerned with the solid part of the doughnut, which is, sadly, insubstantial. Now I would like to turn to the even less substantial parts of the reform—the big hole in the middle of the doughnut. The Energy Grants Credits Scheme was originally mooted in the agreement reached in May 1999 between the government and the Democrats to secure the passage of the GST. The paragraph from the statement issued at that time by the Prime Minister makes for interesting reading. It is a four-sentence statement by the Prime Minister, based on an agreement which he and the Treasurer made with the Democrats. They came to a four-sentence agreement, and not one of those four sentences has been honoured—not one. The first sentence regarding the alternative scheme stated:

This scheme will be developed jointly by the Government and the Australian Democrats.

There is not the slightest sign of that in this proposal. I have not noticed the Democrats claiming any ownership. The second sentence stated:

It will replace the diesel fuel credit scheme on 1 July 2002—a deadline which was missed by a year—... by a jointly sponsored bill—
which of course this is not. The third sentence read:
The existing diesel fuel credit scheme will have a sunset clause expiring on 30 June 2002.
That deadline was not met. The final sentence said:
The Energy Credit Scheme will provide price incentives and funding for conversion from the dirtiest fuels to the most appropriate and cleanest fuels—
The Democrats were duded again.

The SPEAKER—Order! It being 2 p.m., the debate is interrupted in accordance with standing order 101A. The debate may be resumed at a later hour, and the member for Fraser will have leave to continue speaking when the debate is resumed.

MINISTERIAL ARRANGEMENTS
Mr HOWARD (Bennelong—Prime Minister) (2.00 p.m.)—I inform the House that the Minister for Foreign Affairs will be absent from question time today. The minister is travelling to East Timor to sign the international unitisation agreement for the Greater Sunrise field. The Minister for Immigration and Multicultural and Indigenous Affairs will answer questions on his behalf.

I also inform the House that the Minister for Trade will be absent from question time today. The minister is travelling to Vietnam to co-chair the Australia-Vietnam Joint Trade and Economic Cooperation Committee, as well as to discuss other trade related issues. The Deputy Prime Minister and Minister for Transport and Regional Services will answer questions on his behalf.

QUESTIONS WITHOUT NOTICE
Business: Executive Remuneration
Mr McMULLAN (2.01 p.m.)—My question is to the Treasurer in his own right and as Minister representing the Minister for Finance and Administration. Given the public outrage at excessive golden handshakes for executives and given your urging of shareholders to take an active role in scrutinising golden handshakes, I ask the Treasurer again the question he could not answer yesterday. Treasurer, isn’t it the case that the government is the major shareholder in Telstra? Isn’t it the case that Telstra uses some of the practices which have been exploited in the recent flood of excessive golden handshakes, including fixed-term contracts which would be paid out in full if terminated early and special options for senior executives and directors? As the majority shareholder in Telstra, why isn’t the government taking its own advice and taking action to ensure that contracts for Telstra directors and senior executives do not contain provisions which have the potential to lead to excessive payouts?

Mr COSTELLO—I fully answered this question yesterday but obviously the member was not listening, so I will take him through it again. The government—not exclusively but along with other shareholders—are responsible for the appointment of the directors. The directors who are operating Telstra have the confidence of the government. We believe that they are reputable and are properly managing the affairs of the company. The directors in turn, in compliance with the law, are responsible for remuneration. They have to disclose that remuneration because Telstra is a listed company.

Incidentally, if Telstra were not in the private sector, you would not have to disclose the salaries under the Corporations Law. I mention in passing that, if the Labor Party had had its way, Telstra would not be subject to those requirements, because the Labor Party opposed the equity in Telstra and bringing it onto the Stock Exchange. The Stock Exchange is currently negotiating, I believe, with its members for heightened disclosure, and the government are proposing infringement notices for failures in relation to disclosure. If the Labor Party wants to allege that any particular contract is wrong or contrary to the law, we would be happy to receive that information and we would pass it on to the directors.

Middle East: Israeli-Palestinian Conflict
Mr ANTHONY SMITH (2.03 p.m.)—My question is addressed to the Prime Minister. Would the Prime Minister outline to the House the government’s reaction to the horrific suicide bombing which occurred overnight in the city of Haifa in Israel?

Mr HOWARD—I am sure I speak for all members of the House in saying that this
horrific and inexcusable terrorist act, which claimed at least 15 Israeli lives and injured at least 40 Israeli citizens, should be condemned without reservation by all people of goodwill, not only in the Middle East but here in Australia. The Australian government continues to hope that both sides involved in the Israeli-Palestinian issue will exercise restraint. Australia remains a strong and unwavering supporter of the right of Israel to exist secure and unmolested behind properly supervised boundaries. Australia also recognises the right and aspirations of the people of Palestine to an independent state.

I hope that, as expressed in my statement to parliament, the re-elected Prime Minister of Israel grabs the opportunity of his new mandate so as not to leave unturned any stone that might produce peace in that troubled part of the world. But a prerequisite to that response by Israel must be an end to the inexcusable suicide bombings. It is worth observing that it has been part of Saddam Hussein’s promotion of terrorism beyond the borders of Iraq to pay $US25,000 to the families of all suicide bombers who cause death and destruction in Israel.

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Mr CREAN (Hotham—Leader of the Opposition) (2.05 p.m.)—On indulgence, Mr Speaker: I join with the Prime Minister in that part of his statement that condemns the suicide bombing in Haifa this morning and the wanton taking of lives in this unresolved conflict. It is incumbent on all of us to ensure that we find the way to peace in the Middle East, and that can only be effected by the parties engaging in that debate in goodwill while being supported by international efforts through the multilateral forums that engage in the peace process. Australia has a key role to play in that regard, and I hope that this government, rather than going down the path of unilateralism that it seems to be heading down, will get behind the multilateral effort and engage in the peaceful resolution of these conflicts. We seek a peaceful outcome for the situation in Iraq and peace for the Middle East as well.

Mr TANNER (2.07 p.m.)—My question is to the Treasurer representing the Minister for Finance and Administration. Is the Treasurer aware that Telstra Chief Executive Officer, Dr Ziggy Switkowski, is the star attraction at a fundraising function organised by the Liberal Party’s Higgins 200 Club on 12 March? Treasurer, is it appropriate that the chief executive of Australia’s largest majority government-owned enterprise is speaking at a function organised to raise campaign funds for you?

The SPEAKER—I would remind the member for Melbourne that, from my perspective, the use of the word ‘you’ is inappropriate.

Mr COSTELLO—I must make a special effort to get to the function, because I am sure I would enjoy it very substantially. I have always found Ziggy Switkowski to be a very interesting speaker, and I have no doubt that he will have an interesting speech to make. Incidentally, I also enjoy the privilege of having Ziggy as a constituent.

Mr Sawford interjecting—

Mr COSTELLO—It is obviously a deep conspiracy, isn’t it, that he is a constituent of mine! How outrageous that a constituent of mine would speak at a function in my electorate. He has every right to speak at such a function. I dare say that, if the Socialist Left controlled Melbourne FEC of the ALP invited him to give a speech, he would probably go there too. I would not have any objections if he were to do that. Ziggy Switkowski is a man who is of age and who can make his own decisions, and I have every confidence in the decisions that he makes. Can I say to any members of the Labor Party that, for a fee, you would be entitled to come along, but I think we would have to charge you double to get in there at the time.

Mr Tanner—Mr Speaker, I seek leave to table the flyer for the fundraiser that the Treasurer is so totally unconcerned about.

Leave granted.

Mr BRUCE SCOTT (2.09 p.m.)—My question is addressed to the Treasurer. Would
the Treasurer advise the House of progress in the negotiation of the Timor Sea Treaty? What are the economic benefits of the treaty for Australia and for East Timor?

Mr COSTELLO—I think all members of the House will realise the importance of the Timor Sea Treaty and its ratification to bring benefits both to Australia and to East Timor. This is a treaty which governs the orderly development and exploration of the petroleum resources in the joint petroleum development area. The ratification will allow the peoples of both East Timor and Australia and the companies operating within the JPDA to develop those resources in the interests of both nations. Australia has concluded negotiations in addition to the treaty on an international unitisation agreement for the Greater Sunrise field. This apportions the Greater Sunrise resource to Australia and 20.1 per cent to the JPDA. Within the JPDA, 10 per cent of revenues accrue to Australia and 90 per cent to East Timor.

It is important to bear in mind that the gross value of the Sunrise field over the life of the project is expected to be in the order of $30 billion to $40 billion. Can I indicate that the benefits downstream in the Northern Territory arising from Bayu-Undan in the JPDA will be substantial. The Northern Territory government has been very active in pursuing its interest, as has Mr Tollner, the honourable member for the area, who is currently in East Timor in relation to this matter. The benefits of the treaty to Australia and East Timor are significant. It will strengthen our relationship with East Timor and it will increase economic activity in both Australia and East Timor. The Bayu-Undan development will involve an LNG processing plant in Darwin to receive LNG from Bayu-Undan, and it will provide development opportunities in the Northern Territory to strengthen its economy.

Can I reiterate that the JPDA is split 90-10 in East Timor’s favour—that is, the revenues coming out of the JPDA are entitled to taxation split 90 per cent under the East Timor taxation regime and 10 per cent under the Australian taxation regime. From the development of that field, East Timor stands to receive tax revenues of some $5 billion over the life of the project. This is a ratification and a treaty in the interests of both countries—in the interests of Australia and in the interests of East Timor. It fairly divides that resource. It allows for the resource to be developed. It provides economic benefits to the Northern Territory. It provides benefits to the national economy. I congratulate the Minister for Foreign Affairs, who is up there signing at the moment; the Minister for Industry, Tourism and Resources, who has been part of the negotiations; and other ministers—including myself—who were part of it. The government recognises that this is an important development for Australia and East Timor and that it is in both our national interests.

Business: Executive Remuneration

Mr McMULLAN (2.13 p.m.)—My question is addressed to the Treasurer. Can the Treasurer confirm that companies making golden handshake payments claim them as an expense and receive a full tax deduction for them? Doesn’t this mean that taxpayers foot $3 million of every $10 million paid by a business? Does the Treasurer recall claiming yesterday that the government could not or would not act on this matter because all such payments are tax deductible by companies? Treasurer, isn’t it true that there are already laws that do not allow some payments such as entertainment, corporate yachts and corporate club membership as tax deductions? Isn’t it also the case that, for many years, under the existing taxation law excessive employer contributions to superannuation funds for directors and senior executives have not been tax deductible? Why won’t the Treasurer apply the same principle to excessive executive handshakes?

Mr COSTELLO—The information which I also gave yesterday was, of course, correct. The statement misrepresenting it and claiming to the contrary by the member for Fraser today is false. The taxation law provides that ‘expenses necessarily incurred in the conduct of a business are tax deductible’. If it is an expenditure of a private nature, it is not necessarily incurred in the carrying on of a business. So to say that, in relation to private memberships or private yachts, they are not tax deductible is merely to illustrate the
point that they are not expenses necessarily incurred in the conduct of a business. The general law—it used to be section 51; it has a different number under the new tax act—provides that ‘if it is necessarily incurred it is tax deductible, but not if it is of a private nature, or not if it is carved out for some other reason of public policy,’ as occurs from time to time in relation to amendments to the tax law, ‘but absent any specific provision, the fact that it is necessarily incurred in the conduct of carrying on a business makes it tax deductible’.

That was the case yesterday, that was the case under 13 years of Labor government, that has been the case since the Income Tax Assessment Act was written in 1936, and that is the principle underlying Australia’s taxation law: companies are taxed on profits being income after expenses. As I said yesterday, if the Australian Labor Party believes that payments to employees, which are fully taxable at the full marginal rate of 48½ per cent in their hands, should also be taxable in the company’s hands—that is, one should bulk up the 48½ per cent plus the 30 per cent company tax rate and have a marginal tax rate on employee remuneration of 78½ per cent—and if it wants to support a 78½ per cent taxation rate, then it should say so. It is entitled to do that. It is entitled to support 78½ per cent taxation rates.

But what we do not believe the Australian Labor Party is entitled to do is to slip around with the suggestion that maybe it is in favour of that but, every time it is pinned down, deny that that is its policy. If the Australian Labor Party wants to come out and support 78½ per cent marginal tax rates, let it say so, and we will engage it in that debate. The people of Australia will be entitled to determine it. But let us not have this slippery, slidy opposition coming around, trying to walk both sides of the fence, trying to hold one thing out but never actually announcing a policy. Let me ask this question: does the Australian Labor Party support a 78½ per cent taxation rate or does it not? Would it please inform the public what its position is, and would it clarify the matter? This side of the parliament does not support it, as Labor did not during 13 years, as has not been the case throughout the course of the Income Tax Assessment Act 1936 and as has not been the case since income tax has applied to companies.

Indigenous Australians: Employment

Mr HAASE (2.17 p.m.)—My question is addressed to the Minister for Employment and Workplace Relations. Would the minister inform the House of any achievements in providing assistance to Indigenous job seekers within the government’s Indigenous employment policy? What does this success mean for job opportunities for Indigenous people?

Mr ABBOTT—I thank the member for Kalgoorlie for inquiring about a good news story for Indigenous Australians. Certainly, this is good news about more jobs for Indigenous people. One of the reasons for the very high level of unemployment amongst Indigenous people is their general lack of paper credentials and qualifications, and risk-averse employers’ standard reluctance to give Aboriginal workers a chance to have a go. I can report that, with respect to the Argyle Diamond Mine in the Kimberley region of Western Australia, the percentage of Aboriginal workers has gone up from under four per cent—

Mr Latham—We can feel another footnote coming on!

The SPEAKER—The member for Werriwa!

Mr ABBOTT—to over 14 per cent in just two years. The member for Werriwa is putting his foot in it! At Rio Tinto, the parent company, the number of Indigenous workers has increased from under 100 to nearly 500 in just six years. There are two factors in this success: first, the local Aboriginal community has nominated suitable candidates for the jobs available; second, and most importantly, rather than consider formal resumes, the company has employed all the Indigenous candidates on a trial basis to give them a chance to demonstrate what they can do in the workplace. I would certainly encourage other employers to study and copy this approach. It is true that Australian business is keener than ever before to help Aboriginal people. Already,
some 64 significant Australian businesses have joined the government’s Corporate Leaders for Indigenous Employment program. I would encourage more to do so and to take advantage of assistance of up to $10,000 per worker per year for Indigenous traineeships.

It is hard to truly participate in modern Australia without a job. If businesses want to help in the task of practical reconciliation, here is a very simple and straightforward way to help. Argyle mine and Rio Tinto, more generally, are showing Australian business how to succeed.

Medicare: Bulk-billing

Mr STEPHEN SMITH (2.20 p.m.)—My question is to the Prime Minister. I refer to reports this week of a $1 billion government plan for bulk-billing, and the Prime Minister’s assertion yesterday that bulk-billing will not be means-tested. Does the Prime Minister recall, when opposition leader, saying:

We’ll get rid of the bulk billing system. It’s an absolute rort…

and—

Prime Minister, is it not the case that the government proposes to pay GPs more for bulk-billing pensioners than other Australians? Isn’t this means-testing by the back door the same back door you are using to destroy Medicare?

Mr HOWARD—I thank the honourable member for Perth for his question. The government has no plans at all to means-test or restrict bulk-billing. We have no intention of dismantling Medicare. The statements I made as Leader of the Opposition in January 1995, which clearly followed earlier statements I had made as opposition leader, stand. We remain committed to Medicare. We have enhanced Medicare. You are in favour of a massive tax increase to fund your health policy.

Wool: Tariffs

Mrs HULL (2.22 p.m.)—My question is addressed to the Minister for Agriculture, Fisheries and Forestry. Would the minister advise the House of benefits to woolgrowers in my electorate of Riverina and across Australia from India’s decision to cut the basic tariff on wool from 15 per cent to five per cent?

Mr TRUSS—I thank the honourable member for Riverina for the question. This decision by the Indian government to reduce the tariff on wool will be a major boost to the Australian wool industry. There are some 40,000 producers in this $3.6 billion industry, with many of the best of them in the honourable member’s electorate. They will be particularly interested in this new market opportunity that is opening up.

Already, India is Australia’s fifth biggest wool market. The market increased by 7½ per cent in 2002 to $189 million, but this announcement to reduce tariffs will certainly open up the opportunity for significant additional sales into India. The tariff cut comes upon the concerted efforts of the government and the Australia-India Joint Business Group on Natural Fibres and Textiles to put downward pressure on tariffs, and there have been a number of reductions over recent times which have helped to encourage this very important trade. The reality is that, having lower priced wool available to the Indian industry will make Indian woollen goods more competitive on the Indian domestic market and internationally, and that will translate into larger and more significant sales for the Australian industry. India has a population of one billion people already, and it is growing rapidly, so it is a very important market for Australia. We warmly welcome this tariff reduction. It demonstrates that building a strong bilateral relationship with our trading partners can indeed achieve worthwhile results. I am sure that the wool industry will benefit greatly from the Indian government’s decision, which we warmly welcome.

Iraq

Mr RUDD (2.24 p.m.)—My question is addressed to the Attorney-General. Can the Attorney-General, as the first law officer of the Commonwealth, provide the House with a formal assurance that any decision taken by the government to deploy Australian military forces in a combat role in Iraq, in the absence of a further resolution by the Security Council authorising military action against
Iraq, will be in full conformity with international law?

Mr Abbott—I rise on a point of order, Mr Speaker. I am sure that the Attorney is more than capable of giving a good answer, but it ought to be pointed out that under the standing orders it is not permitted to ask for a legal opinion, and plainly that is exactly what this question does.

Mr Rudd—On the point of order, Mr Speaker, there was nothing in my question which requested a formal legal opinion from the Attorney-General. I asked him to provide the House, the parliament and the people of Australia with an assurance. There is a difference between the two.

The SPEAKER—I will allow the question to stand and listen to the Attorney’s response.

Mr WILLIAMS—I do not think there is any possible way of answering that question without effectively giving a legal opinion, but the Prime Minister has already given the assurance publicly that no further resolution is required. In case members opposite are relying in any way upon a recently published view of 43 international law experts, let me offer some comments on it. The statement from those 43 experts is, in my view, political in nature and it uses exaggeration and selective quoting of the law to achieve conclusions that are both wrong and offensive. The statement places qualifications on the ability of the Security Council to authorise the use of force which simply do not exist.

Mr Rudd—I raise a further point of order, Mr Speaker. The question was not faintly predicated on the opinion of—

The SPEAKER—The member for Griffith will resume his seat.

Mr Schultz—Sit down—

The SPEAKER—The member for Hume will withdraw that remark.

Mr Schultz—I withdraw, Mr Speaker.

Mr WILLIAMS—In the statement there is not one mention of Iraq’s conduct over the past 12 years. There is not one mention of the over 25 United Nations Security Council resolutions since 1990 that directly and continuously condemn the action or inaction of Iraq in strong terms. There is not one mention in the letter of the innumerable uses by the United Nations Security Council over the past 12 years in relation to Iraq of terms like ‘condemn’, ‘material breach’, ‘flagrant violation’, ‘totally unacceptable contravention’ and ‘grave concern’. Those resolutions also condemn the repression of the Iraqi civilian population and refer to grave breaches by Iraq of the Geneva conventions.

The 43 experts predict the future on the basis of exaggerated accounts of what could happen. The suggestion in the letter that the International Criminal Court would have jurisdiction over the legal basis for any future use of force is simply wrong. The conclusion that Australians would be involved in war crimes is not only wrong but also offensive. The Australian defence forces are trained in the law of armed conflict and would conduct themselves in accordance with that law. Since publication of the statement, the flaws it contains have been highlighted by a number of distinguished commentators. Professor Ivan Shearer, Challis Professor of International Law at the University of Sydney and a distinguished Australian international lawyer, referred to aspects of the statement as being not only offensive but also wrong. I remind the member for Griffith that the government has not taken a decision to commit troops.

Mr Rudd—Could I ask the Attorney to table the document from which he was referring?

The SPEAKER—Was the Attorney-General quoting from a document?

Mr Williams—I was quoting from a document.

The SPEAKER—Was the document confidential?

Mr Williams—The document was confidential.

Education: Apprenticeships

Mr FARMER (2.29 p.m.)—My question is addressed to the Minister for Education, Science and Training. Will the minister advise the House of new initiatives that will make it even more attractive for employers to take on a new apprentice? Is the minister
aware of any other statement or policies about this vital employment area?

*Mr Crean interjecting—*

**The SPEAKER**—The Leader of the Opposition understands his obligations, as do all members of the House. Members are entitled to be heard in silence.

**Dr NELSON**—I thank the member for Macarthur for his question. I was joined by the member for Macquarie and the member for Ryan on Tuesday morning at a wonderful event: a breakfast to celebrate the changes in the lives of eight young Australians. The NRMA have offered eight scholarships to young people in the ACT—and they have been running this program for three years in New South Wales—to support them in taking up apprenticeships in the motor body repair and spray-painting industry. Kegan Settree, a young bloke there, told me he had left school at the end of year 10. He said that, for the last two years, his life had been relatively aimless but that he had finally found something that he really wants to get into. His parents are as proud of his achievement in getting this scholarship as any one of us would be if they were getting a PhD from a university.

The member for Macarthur, himself one of seven children, left school at the age of 15. He spent two months walking from industry to industry, from workshop to workshop, trying to get an apprenticeship. Today, thanks to this government, apprenticeships and training are much easier to acquire.

*Ms Burke interjecting—*

**The SPEAKER**—I warn the member for Chisholm!

**Dr NELSON**—In the member for Macarthur’s day, it was a lot harder to get an apprenticeship. His father said to him, ‘Son, if you want to set yourself up for life, you’ve got to get a trade.’ Today, thanks to the policies of this government, there are 200,000 young Australians who are doing vocational education and training at school.

*Ms Gillard interjecting—*

**The SPEAKER**—I warn the member for Lalor!

**Dr NELSON**—In the automotive industry, in retail, hospitality, horticulture and a whole range of areas. There are 368,000 Australians, half of them under the age of 25, doing apprenticeships and training. That represents a 13 per cent growth on the year before and, most importantly, our completions have increased by 27 per cent in the last year. Importantly, there are benefits for companies taking on apprentices in the automotive industry. Kids are doing automotive courses in school. They have already done a little training at school, which is recognised, and they can then take up the apprenticeship.

**Mr Latham**—Go, the rain man!

**The SPEAKER**—The member for Werriwa is warned.

**Dr NELSON**—As a result of the incentives put in place by this government, if an employer—for example, Peter Donnelly Automotive, in Campbelltown—takes on a school based apprentice, the employer will get $1,375 from this government, an extra $825 for keeping the young person at school and another $825 when that young person completes his apprenticeship having remained at school until the end of year 12.

This is about making sure we live in a country where young people have access to apprenticeships and training and that it is as highly valued as any educational or training outcome. The Labor Party, which says that it stands for training and apprenticeships, is completely obsessed with higher education, with universities. We have the collective work of the member for Jagajaga on training. Every statement or media release put out in 15 months by the member for Jagajaga on training fits into a manila folder. These reforms mean that employers find it easier to take on—

*Opposition members interjecting—*

*Mr Albanese interjecting—*

**The SPEAKER**—The member for Grayndler is warned!

**Mr Farmer**—Mr Speaker, I rise on a point of order. I asked a question of the Minister for Education, Science and Training that was of interest to people on this side of the House and I am sure of interest to most—
The SPEAKER—The member for Macarthur must have a specific point of order under the standing orders.

Mr Farmer—Under the standing orders of this House, I cannot hear the answer because of the noise and the interjections from the other side. I need to hear the answer to this question.

The SPEAKER—The member for Macarthur will resume his seat. The minister has the call.

Dr Nelson—There are some people in the Australian Labor Party who do care about apprenticeships and training—the member for Port Adelaide, the member for Greenway, the member for Banks and some others. I can only imagine what they think about the derision about apprentices from the chardonnay set on the frontbench of the ALP. This government is interested in training and giving young people a chance as apprentices. As far as the ALP is concerned, it hit rock bottom when, in 1995, only 1.1 per cent of young people in this country were apprentices in training. Today, one in three young people in full-time employment are young 'Pat Farmers' of the modern Australia who are training to be apprentices, training for careers and training for jobs that are going to transform this country.

Education: Higher Education

Mr Zahra (2.35 p.m.)—My question is to the Minister for Education, Science and Training, and it refers to the answer on Tuesday when he praised the higher education policies of Robert Menzies and said that Gough Whitlam had stuffed it up. Minister, if Gough Whitlam 'stuffed it up', why did you say in this place in 1997:

I certainly was privileged to be the product of a tertiary education system where I did not have to pay anything for it other than to try to put something back into the system.

Minister, as a privileged product of Labor policies, is it a fact that all you are planning to put back into the system is $100,000 degrees and massive student debt?

Mr Bevis interjecting—

The SPEAKER—The member for Brisbane is warned!

Mr Latham—It's the earring.

The SPEAKER—I name the member for Werriwa!

Mr Abbott (Warringah—Leader of the House) (2.37 p.m.)—I move:

That the member for Werriwa be suspended from the service of the House.

Question put:

That the motion (Mr Abbott's) be agreed to.

The House divided.

Ayes………….. 77
Noes………….. 58
Majority…….. 19

AYES

Abbott, A.J. Anderson, J.D.
Andren, P.J. Andrews, K.J.
Anthony, L.J. Bailey, F.E.
Baird, B.G. Baldwin, R.C.
Bartlett, K.J. Billson, B.F.
Bishop, B.K. Bishop, J.I.
Brough, M.T. Cadman, A.G.
Cameron, R.A. Causley, I.R.
Charles, R.E. Ciobo, S.M.
Cobb, J.K. Costello, P.H.
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.
Hartseyker, L. Hawker, D.P.M.
Hockey, J.B. Howard, J.W.
Hull, K.E. Hunt, G.A.
Johnson, M.A. Jull, D.F.
Kelly, D.M. Kemp, D.A.
King, P.E. Ley, S.P.
Lindsay, P.J. 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.
Scott, B.C. Secker, P.D.
Slipper, P.N. Smith, A.D.H.
Somlyay, A.M. Southcott, A.J.
Ticehurst, K.V. Thompson, C.P.
Tuckey, C.W. Truss, W.E.
Vale, D.S.

NEES

Wakelin, B.H.  
Williams, D.R.  
Worth, P.M.  
NOES
Adams, D.G.H.  
Albanese, A.N.  
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.  
Hoare, K.J.  
Irwin, J.  
Jackson, S.M.  
Jenkins, H.A.  
Kerr, D.J.C.  
King, C.F.  
Latham, M.W.  
Lawrence, C.M.  
Macklin, J.L.  
McFarlane, J.S. *  
McLeay, L.B.  
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.  
Pilbersek, T.  
Price, L.R.S.  
Ripoll, B.F.  
Roxon, N.L.  
Rudd, K.M.  
Sawford, R.W.  
Sciaccia, C.A.  
Sercombe, R.C.G.  
Sidebottom, P.S.  
Smith, S.F.  
Swan, W.M.  
Tanner, L.  
Thomson, K.J.  
Wilkie, K.  
Zahra, C.J.  

* denotes teller

Question agreed to.

The SPEAKER—Order! The member for Werriwa is suspended from the service of the House for 24 hours under standing order 303.

The member for Werriwa then left the chamber.

Dr NELSON—I thank the member for McMillan for his question. University education is a privilege. In the fifties and sixties there was a merit based scholarship system which operated to provide access for Australians to higher education. The advent of the Whitlam government in 1972 brought a number of changes, and one of those was to make university education available at no cost to all of those who were privileged to receive it. What the Whitlam government did was herald an era in which Australians raised their expectations of what governments would and could provide. The price that was paid for an entirely free university education was that the men and women who were working as apprentices and mechanics were paying for the university education of a group of people frequently from middle and upper income groups. As the former Prime Minister Bob Hawke told Radio 2GB, only yesterday, in response to a question:

Let’s make the point very simply and this is not a shot at Gough or anyone else, there is no such thing as free education.

He went on to say:

And when I was talking about it one of the things that struck me, I was talking to a friend of mine who was extraordinarily wealthy and he said “this is crazy”, he said “my wife is going back to university and the workers of Australia are paying for it.”

Ms O’Byrne—The problem is that you don’t know anyone who isn’t wealthy.

The SPEAKER—I warn the member for Bass!

Dr NELSON—Hawke made the point that the Labor government in 1988-89 recognised, as the member for Brand said at the time:

There is no such thing as free, universal education.

In 1989, 19 per cent of the poorest students, socioeconomically, in the country were in higher education at the age of 18. Today, it is 25 per cent and growing.

Environment: Alternative Energy

Mr NEVILLE (2.49 p.m.)—My question is addressed to the Minister for Environment and Heritage. Would the minister advise the House of progress in moving Australia’s energy supply to a more sustainable basis? Is the minister aware of any alternative policies?

Dr KEMP—I thank the honourable member for Hinkler for his question. It is appropriate that he asks this question today about sustainable energy, because today is World Sustainable Energy Day. There is a great deal of confusion in the minds of some about sustainable energy, sustainable resources and environmental matters. In Sydney yesterday, a new shop called Relish...
opened up, specialising in Tasmanian products. The opening was disrupted by demonstrators from the Australian Greens demanding that Tasmanian forestry operations be halted to save the koala. There was even someone dressed in a koala suit. There is just one problem with this: there are no koalas in Tasmania. The Tasmanian koala dwells entirely in the cloud cuckoo land of the Australian Greens. This deluded demonstration symbolises the growing confusion in the policies of the Australian Greens. It is the sort of confusion to be expected when science plays no role at all in policy, when all that matters is the ability to marshal a demonstration. The Australian Greens are now campaigning against wind farms in Tasmania. They say they compromise the RFA, the regional forest agreement, against which they have campaigned for years. They are currently campaigning against Australia providing clean coal technology for developing countries, which defeats both environmental and social justice objectives.

This government is strongly promoting the science and technology to clean up our vast coal reserves and to put in place sustainable energy as a realistic clean energy option. Because of the Howard government’s world leading program to establish a guaranteed energy market for renewable energy, we will see wind farms in every Australian state supplying some 250,000 megawatt hours of power annually. About 20,000 Australian homes are now using solar energy and generating over 600,000 renewable energy certificates into the bargain. Under the Renewable Remote Power Generation Program, remote communities are now replacing diesel generators with renewable energy. This government’s energy policies are based on sound policy and sound science, unlike those of the opposition and the Australian Greens.

Suspension of Standing and Sessional Orders

Mr ANDREN (Calare) (2.52 p.m.)—I move:

That so much of the standing and sessional orders be suspended as would prevent the Member for Calare moving forthwith:

That the House:

(1) recognise that President Bush has flagged 14 March as the deadline for a decision to be made on an invasion of Iraq;

(2) recognise that such a decision could well be taken in defiance of a veto by any permanent member of the UN Security Council;

(3) recognise that such a strike could constitute a breach of international law;

(4) recognise that chief UN weapons inspector Hans Blix said overnight that Iraq is cooperating proactively;

(5) recognise that today is the last sitting day until 18 March 2003 and Australians wish their Parliament to debate our role in any pre-emptive strike as the UK Parliament and US Congress have done; and

(6) immediately consider government business order of the day No. 43 and that the question be put forthwith.

Mr Schultz interjecting—

The SPEAKER—The member for Hume!

Mr ANDREN—This is a motion from the Australian people, concerned at this likely illegal war.

Mr Schultz interjecting—

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

The member for Hume then left the chamber.

Mr ANDREN—Everywhere I have gone in recent months I have been accosted by people wanting to know why their representatives have not been given a chance to vote on arguably the most important military engagement ever contemplated by this nation. Why is it the most important? Because it is the first time our nation’s leader has so brazenly contemplated assisting in an attack on another state in the absence of any overt attack by that state on a neighbour. Vietnam might be a precedent, but it could be argued that we got engaged in that messy civil war at the behest of the South Vietnamese government, however corrupt that regime turned out to be. We celebrate with deep pride the enormous courage and sacrifice of our service personnel against the invading enemy in two world wars and in Korea, but there is a deep unease in the military ranks today about
this rush to war to support a tenuous American agenda that links Saddam Hussein with global terror.

Australia is about to join the British and American administrations in a new and frightening military strategy—the so-called pre-emptive strike. Such pre-emptive action, as opposed to self-defence, is the new military doctrine. A doctrine that any country in the world could take up using this seemingly inevitable Iraq invasion as the precedent—China against Taiwan, North Korea against South Korea or Japan, Pakistan against India, Israel against an Arab state or an Arab state against Israel. This American obsession with regime change and redrawing the geopolitical landscape in the Middle East is about to plunge the world into international lawlessness.

As Australia prepares to join a coalition of the so-called willing in defiance of any Security Council veto by France, Russia or China, this parliament stands mute. The so-called debate on Iraq has ground to a halt, buried on the Notice Paper with the government and opposition combining with the most abject cynicism to ensure it does not reappear. Two weeks ago there were howls of protest that I had gagged debate in this chamber when, the day before Hans Blix presented a crucial weapons inspection report to the Security Council, I sought to have this House vote on my amendment that there be no Australian military engagement in Iraq without a unanimous vote of the five permanent members of the Security Council. That is the position of most Australians. Thirty per cent do not want war against Iraq under any circumstances as things currently stand. Eighty per cent of people in my electorate say no to war without the specific UN mandate. When questioned further, they mean the support of all five veto bearing members of the Security Council. That is the position of most Australians. Thirty per cent do not want war against Iraq under any circumstances as things currently stand. Eighty per cent of people in my electorate say no to war without the specific UN mandate. When questioned further, they mean the support of all five veto bearing members of the Security Council. That is the position of most Australians. Thirty per cent do not want war against Iraq under any circumstances as things currently stand. Eighty per cent of people in my electorate say no to war without the specific UN mandate. When questioned further, they mean the support of all five veto bearing members of the Security Council. That is the position of most Australians. Thirty per cent do not want war against Iraq under any circumstances as things currently stand. Eighty per cent of people in my electorate say no to war without the specific UN mandate. 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When questioned further, they mean the support of all five veto bearing members of the Security Council. That is the position of most Austr
Australian Financial Review of 15 January
saying:
There is no case in which we would support US
unilateralism.
But the public read the fine print and the ca-
veat:

The exception to this position might occur in
the case of overwhelming UN Security Council
support for military action, but where support for
such action was subject to veto ...

In other words, we might need to assess such a
situation in light of the circumstances of the veto.
For all the brave words, for all the sprinkling
of UN-like sugar throughout the Labor rheto-
ic, the government and opposition are sing-
ing from the same song book. From weekend
statements, it also appears that the opposition
leader and his cohorts are not prepared to
now even countenance the recall of Aus-
tralian forces in the event of a criminal defiance
by the US and Britain of any veto vote from
the Security Council. That is what the people
who gathered in the streets in their tens of
thousands a fortnight ago recognise

Mr Bevis—You voted against us!

Mr ANDREN—Let me say on their be-
half they totally support my comments here.
The Greens member goes one step further,
with his party against war under any circum-
stances. I agree with him that conflict pre-
vention should be achieved through effective
diplomatic intervention, with preventative
peacekeeping deployments in the form of
monitors, police aid and assistance personnel
under international agreement. I also agree
with him that Australia’s foreign and security
relations should be built on three pillars:
peace building, peace making and peace-
keeping. Indeed, this government has dealt
Australia out of any independent role in
world conflict resolution in this crazy rush to
pre-emptive action in likely defiance of any
Security Council veto. We could have been,
and should have been, an agent for world
peace and not a provocateur. Like New Zea-
land and several other countries, including
Scandinavian ones, we had a chance of bro-
kering peace; now we are part of breaking it.

Mr WINDSOR (New England) (3.02
p.m.)—I second the member for Calare’s
motion and I urge the Prime Minister to al-
low the parliament to express a view on this
very important issue. I think all of us in this
House understand the pressure that the Prime
Minister is under, but we all should agree
that—particularly with 2½ weeks of debate
on the motion that was put by the Prime
Minister—there should be an expression
from this House to assist the Prime Minister
and the cabinet to make the decisions they
may have to make over the next few weeks.
The parliaments of the United Kingdom and
the United States of America have allowed
an expression of view in relation to this very
important decision. The Prime Minister
moved that motion essentially to allow us all
to make a contribution in relation to the way
our constituents viewed this dilemma that the
world faces and that the leader of our gov-
ernment faces in making the decision to ei-
ther attack Iraq or negotiate in other ways. I
think it is imperative that members of the
parliament—the people’s representatives—
articulate the concerns of the people within
their electorates so that the decisions made
by the executive government are made in
concert with the views of the people.

In my electorate of New England, like in
many townships and cities, a rally was held.
Some 5,000 people turned out in the city of
Armidale—that is a quarter of the popula-
tion—to articulate their views in relation to
this issue. I believe they represented the ma-
jority of Australians, particularly country
Australians, when they expressed the view
that Australia should not engage in conflict
without the full support of the United Nations. Therein lies the process that this nation should follow. I think it is unfortunate that the Prime Minister does now have himself in a very difficult position, where it seems that there may be only two or three countries in the world who are interested in a pre-emptive strike on Iraq. I believe that, if we breach the normal processes of international law for the engagement in war with other nations, we may be starting something that explodes right across the world. It is important that this chamber expresses its view in relation to the war.

Mr Billson—Talk about Saddam Hussein!

Mr WINDSOR—I hear some interjections from the government side. Yesterday in this House the member for Fraser was asking the Treasurer about some economic news in relation to his portfolio when one member of the House, who happens to be here now—and whom I will not name—yelled out to the member for Fraser, ‘What about the war?’ As one of our learned friends in the gallery noted this week, this place has been a little bit like Fawlty Towers. One of the most concerning issues of our time—a war with Iraq—has hardly been mentioned in this House. In closing, it is imperative that this House endorses the motion moved by the member for Calare; that we support and finalise the debate initiated by the Prime Minister that we spent two weeks on; and that, in doing so, we give a clear expression to what our constituents feel in relation to this potential conflict.

Mr HOWARD (Bennelong—Prime Minister) (3.06 p.m.)—I would like to reply to the member for Calare and the member for New England in relation to this matter. This issue is, of course, of enormous importance to the world and to Australia. Let me make it clear to both men that although my views may be different from theirs—or different from those of at least one and perhaps not quite so different from those of the other—I nonetheless believe it is not appropriate for the House to suspend standing orders, in the manner sought by the member for Calare, for a number of reasons. The first and most important reason is that there are a number of propositions contained in the motion that are either inaccurate or completely unverifiable. For example, the first claim made in the motion is:

... President Bush has flagged 14 March as the deadline for a decision to be made on an invasion of Iraq.

There is no clear evidence for that of any kind. There are press reports to that effect. There is speculation to that effect. But I can certainly state that I have not been told in any kind of authoritative way by the American administration that that is the case. The suggestion that that is the case is incorrect. The motion asks that the House:

... recognise that such a decision could well be taken in defiance of a veto by any permanent member of the UN Security Council.

It is premature for this parliament, or indeed premature for anybody, to reach conclusions about the use of a veto in the Security Council. A resolution has been tabled by the British, the Americans and the Spanish in the Security Council. There is plenty of rhetoric and there is a great deal of diplomatic pressure being exerted, but at this stage it is altogether too early for this parliament to suspend standing orders based on an assumption that cannot be demonstrated to be correct—and it is basically just an assumption. Part (3) of the motion states that the House should:

... recognise that such a strike could constitute a breach of international law.

Let me make it very clear to this parliament that this government will never act in breach of international law. I want to make it clear that any action we take will be action that we regard as being consistent with international law. I also want to make it clear to the member for Calare and to others that there is in fact ample legal authority for force to be used against Iraq contained in existing resolutions of the Security Council. The purpose of the United States, the United Kingdom and other countries seeking a further resolution is not that the belief is held that it is required by international law but because of the self-evident strategic, international, diplomatic and political advantages in having a further resolution.

Can I also put to the honourable member that an even better reason for a further resolution being carried is that, if all the mem-
bers of the Security Council got behind that resolution and voted for it and if the world, through that act, spoke with one voice towards Iraq, there would be more likelihood of peace being achieved in that way than by any other possible route. It is a regrettable reality that at the present time the prospects of avoiding the use of force without an unacceptable betrayal of the interests of the world in disarming Iraq lies in all of the members of the Security Council getting behind the resolution presented by the United Kingdom, the United States and Spain. If that were to occur, and the sort of pressure that ought to be exerted by the Arab states that surround Iraq was exerted, I believe that we would have a better chance of achieving peace than by any other route that is currently available. It would also be a peace that would ensure the necessary disarmament of Iraq. It would not be a peace that would leave the Middle East and other countries—and, with the prospect of chemical and biological weapons falling into the hands of international terrorists, the rest of the world—exposed to all the horrors that that would involve.

Let me make it very clear to the House that if a decision is taken by the executive government of the day through a decision of cabinet, as is proper in our system of government, to commit the military forces of this country to a conflict involving Iraq, that decision, having been taken, will be presented to this parliament for debate with the minimum possible delay. But that presentation, and the willingness of this government to seek an expression of view from this parliament, will not in any way abrogate the right of the executive government of the day to take that decision. The constitutional processes of this country in relation to these matters were well set out by my predecessor but one, Bob Hawke, when he explained in 1991 in relation to the first Gulf War that a decision had been taken by the executive government of the day, as is appropriate under our constitutional arrangements. But I want to make it clear that if a decision of that kind were to be taken when the parliament was not sitting, I would certainly give serious and urgent consideration to parliament being called back for the purposes of debating the issue. It may well be, as we all hope, that no decision has to be taken; but I have absolutely no intention of following a course different from that which was followed by the Labor government, quite properly, in 1991.

I also want to make another point very plain to the member for Calare. There has been a determination by this government to allow extensive debate on this issue. We have had two very extensive debates—one of them on a statement presented by the Minister for Foreign Affairs and another on a statement I made immediately parliament resumed on 4 February. This parliament, and the Australian people, knows exactly where I stand and where the government stands on this issue. There is no ambiguity about the position of the Liberal and National parties. The Liberal and National parties believe that the disarmament of Iraq is in the interest not only of world security but also of the security of Australia. The Liberal and National parties believe that if Iraq is allowed to retain her chemical and biological weapons, there is not only the possibility that they may be used against a neighbouring country but that other countries will believe that they can also obtain those weapons. If the Security Council does not discipline Iraq, what earthly hope does it have of disciplining North Korea? If the Security Council walks away from its responsibilities to discipline Iraq and if the Security Council walks away from its responsibilities to enforce its previous 17 resolutions then great and possibly irreparable damage will have been done; not only to the authority of the Security Council but also to the authority of the United Nations. That is why, in relation to this issue, we have persistently argued the case that we have.

In the end, the rights and wrongs of this issue are matters for decisions by governments and individuals. The rights and wrongs of this issue do not entirely rest upon the decision of the United Nations. There have been examples in the past where action has been taken—most recently in relation to Kosovo and the defence of its Muslim people against the depredations of the Serbs. That action was taken without the authority of a decision of the Security Council of the United Nations and I did not hear many peo-
ple at the time saying that it was wrong. Ultimately a judgment was made by the nations of the world—in particular by the nations of the North Atlantic Treaty Organisation—that right rested on the side of the action that they believed should be taken and that was in fact taken.

This matter will come to a head. The resolution will be resolved at some time, I guess, over the next couple of weeks. I repeat my assurance. The government will then respond in an appropriate fashion and a very early and expedient opportunity will be taken for the parliament to consider the matter and in those circumstances we oppose the suspension of standing orders.

(Time expired)

Mr Crean—I seek leave to move a motion to suspend standing orders to allow this debate to run beyond 25 minutes.

The SPEAKER—There is a dilemma for the chair, when it has one resolution to suspend standing orders, in dealing with another. It would be helpful if I were to deal with this resolution to suspend standing orders which would then give the Leader of the Opposition an opportunity to once again move the suspension should he so desire.

Question put:

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

The House divided. [3.21 p.m.]

(The Speaker—Mr Neil Andrew)

Ayes.......... 60
Noes.......... 75
Majority....... 15

AYES

Adams, D.G.H. Albanese, A.N.
Andren, P.J. Beazley, K.C.
Bevis, A.R. Berelon, 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. Griers, S.J.
Griffen, A.P. Hall, J.G.
Hatton, M.J. Hoare, K.J.
Irwin, J. Jackson, S.M.
Jenkins, H.A. Katter, R.C.
Kerr, D.J.C. Lawrence, C.M.
McFarlane, J.S. * McMullan, R.F.
Mossfield, F.W. O’Byrne, M.A.
O’Connor, B.P. Pilbear, T.
Ripoll, B.F. Rudd, K.M.
Sciaccia, C.A. Sidebottom, P.S.
Swan, W.M. Thomson, K.J.
Windsor, A.H.C.

NOES

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. Causley, I.R.
Charles, R.E. Ciobo, S.M.
Cobb, J.K. Costello, P.H.
Draper, P. Dutton, P.C.
Elson, K.S. Entsch, W.G.
Farmer, P.F. Ferguson, M.J.
Gallus, C.A. Fitzgibbon, J.A.
Gash, J. Giles, N.
Haase, B.W. Good, B.J.
Hartsuyker, L. Gough, R.
Hockey, J.B. Gowanlock, C.
Hull, K.E. Haese, B.
Johnson, M.A. Katter, J.
Kelly, D.M. Kenyon, S.
King, P.E. King, S.
Lindsay, P.J. Koutsantonis, K.
May, M.A. Kirk, B.
McGauran, P.J. Kristensen, P.
Nairn, G. R. Lambie, B.
Neville, P.C. Lambie, P.
Pearce, C.J. Leeder, C.
Pyne, C. Little, A.J.
Ruddock, P.M. Lord, C.
Secker, P.D. Mack, B.
Smith, A.D.H. Main, P.
Southcott, A.J. Martin, M.
Thompson, C.P. Massie, J.
Truss, W.E. Matheson, R.
Vale, D.S. Matters, G.
Waher, M.J. Matters, G.
Worth, P.M.

King, C.F.
Macklin, J.L.
McLeay, L.B.
Melham, D.
Murphy, J. P.
O’Connor, G.M.
Organ, M.
Price, L.R.
Roxon, N.L.
Sawford, R.W.
Sercombe, R.C.G.
Smith, S.F.
Tanner, L.
Wilkie, K.
Zahra, C.J.

* denotes teller
Thursday, 6 March 2003

Representatives

Mr CREAN (Hotham—Leader of the Opposition) (3.25 p.m.)—I move:

That so much of the standing and sessional orders be suspended as would prevent the Leader of the Opposition from moving forthwith:

That the House:

(1) be immediately recalled upon any decision taken by the Government to commit Australian troops to a war against Iraq;

(2) declares its opposition to a unilateral military attack on Iraq by the United States; and

(3) insists that the disarmament of Iraq proceed under the authority of the United Nations.

It is very important to understand at the outset of this debate that we have a resolution on Iraq on the books which the government will not bring on for resolution and determination by this parliament. We have supported measures to have that motion brought on for determination in this House, and the government has rejected it. Indeed, it is the reason that we just supported the previous suspension motion. So let us not suggest, for any moment, that we on this side of the House have been trying to avoid that debate and that determination by the parliament.

Our motion is on the books. It is on the Notice Paper and we want it determined. We supported the last suspension because it would have had the effect of bringing it on for a vote and determination by this parliament.

The next point I make in response to the member for Calare is that I have always said that, if indeed the parliament is not sitting, the parliament needs to be recalled upon any decision the government takes to commit our troops to war. I said it in September, and I repeated it in February. I have consistently said it; I have reported it in my caucus on every occasion on which this debate has been held. We do live in troubled times at the moment and we do not know how this issue will unfold. There is speculation that we could be at war next week. If that is the case, in circumstances in which the parliament is not sitting—

Government members interjecting—

The SPEAKER—Order! The members for Mitchell, Fadden, Mallee and Kalgoorlie.

The Leader of the Opposition has the call—I was not seeking to interrupt him.

Mr CREAN—You just did, Mr Speaker. If they cannot—

The SPEAKER—I was being consistent with what I always expect of members.

Mr CREAN—Our position is this: if indeed there is to be any decision taken by this government next week to commit our troops to unilateral action against Iraq, led by the United States, this parliament must be recalled immediately. Indeed, it must be recalled in any circumstances, even if the UN carries a decision authorising the action. That has been Labor’s position consistently throughout this debate.

I go to the question of the issue that we confront at the moment—because Labor’s position is clear cut and unequivocal, and has been consistently stated by us. We say that we will not support unilateral action—an attack by the US—against Iraq. We will not support it and we say to the government that it should not support it. At the time the troops were deployed, I argued that they should not have been deployed into the theatre. It was precipitous and it undermined the authority of the United Nations. It should not have been done. I made the point at the time that, whilst Labor did not support the deployment of the troops, we did support our troops. I made the point that the action, the energy and the opposition would not be directed to the troops; it is directed to the government. We still hold very firmly to that view.

The next point we strongly make is that the disarmament of Iraq must happen under the authority of the United Nations. We do not want war and we can avoid war. There is the capacity for a peaceful resolution to the Iraq situation. Look at what Dr Blix has been saying today: progress has been made, under the authority of the weapons inspectors. He gave a report last week and he is due to give another report on Saturday, but already he has said that significant progress has been made since his last report. If the weapons inspectors are doing their job, they should be allowed to complete it. What we say is that the United Nations alone should be deter-
mining the next course of action. On the basis of the evidence that comes before it from Dr Blix, the United Nations should be determining the next steps.

Already we know that countries such as France, Germany and Russia are proposing an alternative route to the motion that is currently sponsored by the UK, the US and Spain. This alternative route effectively argues that either you put more weapons inspectors in or you send in the United Nations blue helmets to support the existing weapons inspectors. It may be that it is difficult to get additional weapons inspectors into the field quickly, but it should not be difficult, if the United Nations were of a mind to do it, for the blue helmets to go in to support the existing work of the weapons inspectors. We know that progress has been made on the dismantling of missiles, in particular the al-Samoud missiles that were identified by Dr Blix. He wrote to Iraq and insisted that they disarm them because they were in breach of the ceasefire arrangements made in 1991. It is a clear-cut case. We have said consistently that those missiles need to be disarmed, and they are being disarmed. Dr Blix has confirmed today that important progress has been made in that regard. There are still two other areas that have been identified by Dr Blix, nerve gas and anthrax, and Dr Blix is to report on them on Saturday.

We are poised at a very delicate stage of this situation, and we are fearful of the fact that the government, because President Bush said so, is part of the coalition of the willing. It would appear, in the current circumstances, that the US are losing support for the motion they want endorsed by the United Nations and that we are on the precipice of their pulling out of the United Nations and going it alone. It would be absolutely tragic if Australia went down that route with them, and we must not do it. If the government does commit our troops in those circumstances, we will oppose their deployment. It is the wrong way to resolve this issue. War is not the solution while peace still remains a clear option. The government’s decision in these circumstances is too precipitous and is wrong. More time is needed and more time should be given by the United Nations.

Significantly, this government should not be taking decisions that go outside the authority of the United Nations. What happens to the authority of the United Nations in those circumstances? I heard the Prime Minister talk about having to do something about North Korea. Is that going to be another unilateral attack on the basis of the model he is getting behind now in terms of the US in Iraq? The only way we can get North Korea back into the fold and into the direction of disarmament and nonproliferation is to get them back into the United Nations and under the authority of the International Atomic Energy Agency, from which they have withdrawn. That can only happen if we as a nation take a very strong stance and say that these matters of disarmament and conflict have to be determined through the United Nations. There are only two choices in this: doing it under the authority of the United Nations or doing it unilaterally. We must say no to the unilateral approach and we must say yes to doing it with UN authority, because UN authority is the only basis by which we can achieve a peaceful outcome. If we want to avoid the war, we must secure the peace, but that can only be done if we proceed through the United Nations. Any action by the government outside that authority is sending this country in a dangerous direction in terms of its future. (Time expired)

The Speaker—Is the motion seconded?

Mr Rudd (Griffith) (3.35 p.m.)—It gives me great pleasure to second the motion by the Leader of the Opposition because the motion goes to the great questions before our parliament and our people today—namely, the recall of the parliament to debate the great questions of war and peace and our participation in them if and when a decision is made for war, as we fear it has been, by the government of this country. I rise also in support of the motion because it goes to the heart of our party’s opposition to a unilateral military attack on Iraq and our party’s support for the disarmament of Iraq under the authority of the United Nations. The core of our policy when it comes to the question of Iraq is that, when we deal with this, we are not dealing with a function
of the ANZUS alliance. We are not dealing with a function of the 1951 ANZUS Treaty. That treaty has two provisions within it. It says that, if there is an attack on the metropolitan territory of Australia or the metropolitan territory of the United States, we shall act to meet the common danger. No such circumstance arises in the case of Iraq. The second provision of the ANZUS Treaty says that, if there is an attack on the armed forces of Australia or the armed forces of the United States in the Pacific area, we shall act to meet the common danger. No such relevance arises in the case of Iraq. The ANZUS Treaty is not germane or relevant to the entire debate on Iraq, which is why we have said from the beginning that this debate lies properly within the context of the United Nations.

The United Nations Security Council is vested by the UN charter with responsibility for handling this. There are two provisions of the charter under international law which hold how action can be engaged in lawfully internationally. The first is article 51, the right of self-defence. The right of self-defence, even the right of anticipatory self-defence, fails to be met as a test when it comes to the question of Iraq. No link has been established between Iraq and the events of September 11, and we have yet to find—from the weapons inspectors or anyone else—evidence which suggests that the weapons of mass destruction in Iraq represent a real and present danger to the immediate security of this country or to our allies.

Article 51 of the charter is not a live concern for you. It provides you with no basis. We are therefore left with the only other provisions of the UN charter and international law which provide any foundation for action—namely, articles 41 and 42. They are the collective action provisions of the charter, under chapter 7. That is why we are now in the process of examining Security Council resolution 1441. That is on the table of the UN Security Council at present. It has been adopted. That is why we on our side of the House say that the 1441 process has to be concluded. The Attorney-General’s response today was that 1441 set a final test for Iraq for its disarmament but we—Australia, America and the United Kingdom—will make a unilateral judgment as to whether or not it has met the test set for it. That is not consistent with international law. International law says that it is a matter for the world community, through the United Nations Security Council, to determine whether Iraq’s final test for disarmament has been met, what action shall then be authorised by the council—not by any country deciding on behalf of the council—and how in fact that matter is then to be proceeded with. Therefore, what we have before us today, through the Attorney-General’s own mouth, is an exposition of a doctrine of unilateralism which finds itself fundamentally lacking in support of the most elementary principles of international law.

Why do we on our side of the House advocate the United Nations? It is not just a fact of our history because Labor foreign minister Evatt had so much to do with the crafting of the UN charter; it is because it is a very fundamental element of the current international security system. We oppose military pre-emption. Why do we oppose military pre-emption? Because, if you legitimise that doctrine, you legitimise the attempt by any state at any time to invoke it to attack another state. That is why we have the provisions of collective security in the UN charter after the horrors of the 1930s and the 1940s. But there is a further reason why we have this, and it comes to our own immediate security here in the Asia-Pacific region. If you legitimise regional military pre-emption globally or regionally, what happens is that any state in our neighbourhood can invoke that doctrine in the future to threaten the security of the Commonwealth of Australia. You are rewriting this nation’s adherence to international law by the doctrine you expound in this parliament, and you do not know that in doing so you are exposing our national security to such fundamental, unthought of vulnerabilities in the future. It is a grave step you are taking. You should reflect on it thoroughly, because the security of this nation and its people are at stake and it seems that your government is not mindful of that in the slightest. (Time expired)
Mr ABBOTT (Warringah—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (3.40 p.m.)—You can accuse the government of many things, but one thing we cannot justly be accused of is trying to gag debate on the question of Iraq. We have had days and days of debate in this House and in the Main Committee, and it has consistently been the position of this government in its management of the House that everyone who wishes to make a position known, who wishes to place a view on the record on the question of Iraq, should be given every opportunity. In fact, this government has consistently adopted the position of Voltaire, who said, ‘I may or may not agree with what you have to say, but I will defend to the death your right to say it.’ As I said, we have had more hours and days spent debating Iraq in this parliament than any other topic in recent parliamentary history.

What we do not believe is that this is the time to put the matter to a final vote on its merits. We do not believe that the parliament should have a final vote on the merits of the situation at this time. It would be premature to have a vote on the rights and wrongs of the situation in Iraq now. It would be premature to do this before the UN process is complete. This government has consistently taken the position that the substantive question should not be put to a vote, because we do not wish to divide this parliament, we do not wish to divide this country, without the deepest need.

Mr Gavan O'Connor—Nobody believes you, Tony, when you speak such nonsense.

The SPEAKER—I warn the member for Corio!

Mr ABBOTT—In his contribution to this debate, the Leader of the Opposition highlighted the ALP’s support for Calare’s motion to suspend standing orders. If the Leader of the Opposition chooses to do so, it is only right that I should remind the House that this was not the Australian Labor Party’s position yesterday and it was not the Australian Labor Party’s position the day before. Members opposite voted against a gag but they voted against the suspension, and what they are trying to do today by adopting a different approach is to try to avoid being upstaged by Independents and by Greens who, whatever the rights and wrongs of their position, at least know where they stand in a way that the opposition does not.

As the Prime Minister has made abundantly clear inside this House today and outside the House on other occasions, this parliament will have a vote before Australian armed forces go into action in Iraq, if that is ever to be the case. He has committed the government to recall the parliament to put this great question of war or peace to the vote if that is what it comes to. I want to make it very clear that there is no-one on this side of the parliament who is racing towards military conflict. Everyone who has considered this matter at all understands that war is a dreadful thing. Everyone understands that in war innocent people are killed. Everyone understands that in war horrible mistakes are made. The best that can be said of military conflict is that occasionally it might be the lesser of two evils, that occasionally it might be necessary at the uttermost end of need.

What we also need to understand in this debate is that Saddam Hussein is the world’s most oppressive tyrant. Saddam Hussein has poisoned his own people. He has tortured and murdered tens of thousands of his own people. He has caused the deaths of hundreds of thousands of people in other countries because of his aggression, his ambition and his utter disregard for any reasonable notion of human rights and human decency. A peace which leaves Saddam Hussein in possession of weapons of mass destruction would be no peace. It would be—a ‘peace that passeth all understanding’ to leave Saddam Hussein in possession of his weapons of mass destruction. Let the government’s position be very clear: Iraq must be disarmed to comply with United Nations resolutions, preferably by peaceful means but, if necessary, by force.

I can fully understand, as all members of this House can understand, the deep desire of hundreds of thousands of Australian people not to contemplate the horrible possibilities that loom before us. All those people who have marched for peace in our cities are de-
cent, sincere people; they are good Australians and they are trying to do the right thing. But what they need to understand is that their actions are, in fact, giving aid and comfort to the world’s worst tyrant. We all wish that people in positions of power in other countries would adhere to the dictates and the standards of sweet reason. But the bitter truth that should be understood by all members of this parliament is that some people do not respond to reason, some people do not respond to decency, some people do not respond to the arguments for human rights and some people, alas, only respond to force. It is interesting that it is only since the threat of credible force—backed up by the deployment of military forces—has been in place that Saddam Hussein has at last begun begrudgingly to pretend to comply with some of the United Nations repeated resolutions.

We have heard the cry, again and again, from the Leader of the Opposition that there should be more time. As far as the Leader of the Opposition is concerned, it is never time for a decision. The Leader of the Opposition is incapable of making a decision, because those behind him are incapable of coming to a unified position. I am not criticising members opposite for this; I am simply pointing out the facts. Members opposite repeatedly have adopted different and irreconcilable positions on this great question. Members opposite are divided into pacifists, patriots and internationalists. Firstly, there are the pacifists, people who will not accept military force regardless of the circumstances. Secondly, there are the patriots, people who believe—as one would expect—that Australia’s national interests come first, that our values, our interests and our friends should be supported and protected. Thirdly, there are the internationalists, who believe that the interests of this country should be made subordinate to the decisions of the United Nations.

Today the Leader of the Opposition put two choices to us: we could either support the UN or support a unilateralist position. But there is a third option: to stand beside our traditional friends and allies, to stand in support of the great values that we have always supported, to stand up for decency and human rights and to stand up for the oppressed people of Iraq, for the Kurds and the Marsh Arabs who have been so shamelessly oppressed for so long by this terrible tyrant. When all is said and done, the Iraqi government is an evil regime. It must be disarmed of its weapons of mass destruction. A peace without justice is no peace whatsoever. This country and this government will take its stand for justice, as it always has in the past.

Mr SWAN (Lilley) (3.49 p.m.)—Mr Speaker, those thugs have gagged debate on the most important question before the people of this country. They have gagged debate in this parliament and they are going to do it again.

The SPEAKER—The member for Lilley will resume his seat. The member for Lilley will withdraw that first statement, just as I required the member for Hume to withdraw the comment he had made earlier in the debate.

Mr SWAN—Mr Speaker, it is political thuggery and I will not withdraw it.

The SPEAKER—If the member for Lilley persists in defying the chair, I will deal with him. He will withdraw the statement or he will be dealt with.

Mr SWAN—Mr Speaker, which statement?

The SPEAKER—I have already indicated to the member for Lilley that his opening remarks were as unacceptable as the remarks made by the member for Hume, and I ask him to withdraw them.

Mr SWAN—Mr Speaker, the government has gagged debate twice in here on motions about the most important factor affecting—

The SPEAKER—The member for Lilley is named!

Mr ABBOTT (Warringah)—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (3.50 p.m.)—I move:

That the member for Lilley be suspended from the service of the House.

Question put.

The House divided. [3.55 p.m.]
<table>
<thead>
<tr>
<th>AYES</th>
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</thead>
<tbody>
<tr>
<td>Ayes</td>
<td>76</td>
<td></td>
</tr>
<tr>
<td>Noes</td>
<td>56</td>
<td></td>
</tr>
<tr>
<td>Majority</td>
<td>20</td>
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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. Causley, I.R.
Charles, R.E. Ciobo, S.M.
Cobb, J.K. Costello, P.H.
Draper, P. Dutton, P.C.
Elsom, K.S. Entschi, W.G.
Farmer, P.F. Forrest, J.A. *
Gallus, C.A. Gambian, T.
Gash, J. Georgiou, P.
Haase, B.W. Hardgrave, G.D.
Hartsuyker, L. Hawker, D.P.M.
Hockey, J.B. Howard, J.W.
Hull, K.E. Hunt, G.A.
Johnson, M.A. Jull, D.F.
Kelly, D.M. Kemp, D.A.
King, P.E. Ley, S.P.
Lindsay, P.J. Macfarlane, I.E.
May, M.A. Moyle, J. E.
McGauran, P.J. Moynan, S.
Nairn, G. R. Nelson, B.J.
Neville, P.C. Panopoulos, S.
Pearce, C.J. Prosser, G.D.
Pyne, C. Randall, J.D.
Ruddock, P.M. Scott, B.C.
Secker, P.D. Slipper, P.N.
Smith, A.D.H. Sonomy, A.M.
Southcott, A.J. Stone, S.N.
Thompson, C.P. Ticehurst, K.V.
Truss, W.E. Tuckey, C.W.
Vale, D.S. Wakefield, B.H.
Washer, M.J. Williams, D.R.
Windsor, A.H.C. Worth, P.M.

NOES
Adams, D.G.H. Albanese, A.N.
Bevis, A.R. Breerton, 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.

* denotes teller

Question agreed to.

The SPEAKER—Order! The honourable member for Lilley is suspended from the service of the House for 24 hours under standing order 303.

The member for Lilley then left the chamber.

The SPEAKER—Order! The time for the debate on the motion to suspend standing orders has expired. The question therefore is that the motion be agreed to.

Question put:
That the motion (Mr Crean's) be agreed to.

The House divided.  [4.00 p.m.]

AYES
Adams, D.G.H. Albanese, A.N.
Bevis, A.R. Breerton, 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. Hoare, K.J.
Irwin, J. Jackson, S.M.
Jenkins, H.A. Kerr, D.J.C.
King, C.F. Lawrence, C.M.
Macklin, J.L. McFarlane, J.S. *
McLeay, L.B. McMullan, R.F.
Melham, D. Mossfield, F.W.
Murphy, J. P. O'Byrne, M.A.
O'Connor, G.M. Pillerseck, T.
Organ, M. Pollitt, B.F.
Price, L.R.S. Rudd, K.M.
Roxon, N.L. Sciaccia, C.A.
Sawford, R.W. Sidebottom, P.S.
Smith, S.F. Swan, W.M.
Tanner, L. Thomson, K.J.
Wilkie, K. Zahra, C.J.

Thursday, 6 March 2003
Mr Howard—Mr Speaker, I ask that further questions be placed on the Notice Paper.

PERSONAL EXPLANATIONS

Mr Howard (Bennelong—Prime Minister) (4.06 p.m.)—Mr Speaker, I wish to make a personal explanation.

The SPEAKER—Does the Prime Minister claim to have been misrepresented?

Mr Howard—Yes.

The SPEAKER—The Prime Minister may proceed.

Mr Howard—Yesterday, in another place, allegations were made by Senator Brown that I had sought to intimidate or strongarm the East Timorese leadership over the Timor Sea negotiations. Those claims are totally false. I did call the Prime Minister of East Timor yesterday to ask whether East Timor’s formal approval of an international unitisation agreement could be completed in time for a visit by the Minister for Foreign Affairs today to sign that agreement. Negotiations on the key elements of the agreement were completed last Sunday. My call to Dr Alkatiri, which was totally civil and cordial in accordance with our close relationship, related solely to formal processes and not to any of the substance of the negotiated package. Might I add my very warm personal congratulations to the Minister for Foreign Affairs on his skilful guidance of this matter.

Mr Murphy (Lowe) (4.07 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Mr Murphy—Mr Speaker, I have been mauled.

The SPEAKER—I will take that to be a simple yes and allow the member for Lowe to proceed.

Mr Murphy—On 12 February this year, in this House, I spoke on the Migration Legislation Amendment (Contributory Parents Migration Scheme) Bill 2002 and the Migration (Visa Application) Charge
Amendment Bill 2002. Yesterday, in the Senate, the leader of the Democrats said:

The member for Lowe, Mr Murphy, spoke in the lower house about his strong support for family reunion. In natural law alone it is intrinsic that parents be cared for by their children, and this is done through family reunion. Not only is he preventing family reunion by opposing this bill but also the Labor Party supported the government’s introduction of the temporary protection visa, specifically aimed at keeping families separated—and not just parents from their children, but spouses from their partners and their children.

The leader of the Democrats has misrepresented me by totally confusing the policy distinction between the purpose of the humanitarian stream and family stream visa programs and by falsely accusing me and the ALP of not supporting family reunion in that bill. He should—

The SPEAKER—The member for Lowe has made the point on which he has been misrepresented.

Mr Fitzgibbon—In the light of the Prime Minister’s personal explanation, I seek leave to table a transcript of a meeting between Minister Downer, Minister Macfarlane and Prime Minister Alkatiri in November of last year, in which Mr Downer describes himself as ‘very tough’ and offers Mari Alkatiri a tutorial in politics.

Leave not granted.

QUESTIONS TO THE SPEAKER
Parliament: Behaviour in the House

Mr ALBANESE (4.10 p.m.)—Mr Speaker, I refer to House of Representatives Practice page 482, which refers to the displaying of signs not being permitted. I refer to it in the context of the member for Werriwa being named in this House for disorderly conduct. My question to you is: will you give consideration to the provocation that occurs from ministers and, in particular, the Minister for Education, Science and Training, who stands up here day after day, brings in stunts and, when people respond, they are excluded from participating in the House?

The SPEAKER—I would remind the member for Grayndler that the chair, no matter who occupies it, has, for the last decade, I would guess—and possibly longer, with reference to the member for Watson—ensured that, while members do sometimes raise graphs or advertisements, that is done in a very discreet way. I intervened on the Minister for Education, Science and Training when I thought he had gone beyond the normal tolerance expected. Do I exercise some restraint in disciplining members if I think they have been provoked? With great respect, member for Grayndler, everyone in this House knows that I exercise that tolerance, and even those behind you acknowledge that that is the case. Will I continue to do so? Of course I will, just as my predecessors have. What I expect members to do is heed the words of the chair and, when they fail to do so, consistent with my predecessors, I take action. One of my predecessors is seeking the call, and I recognise him.

Parliament House: Nurses Centre

Mr LEO McLEAY (4.12 p.m.)—Mr Speaker, on Monday, I asked you where we were up to with the discussions about the Nurses Centre. Are you able to tell the House the outcome of that ridiculous proposal from the Joint House Department?

The SPEAKER—I am able to partially report to the House in that, as I indicated on Monday, neither the President nor I had had an opportunity to consider the recommendations from Health Services Australia. We have considered those recommendations, and I believe it happened yesterday at about mid-day. We made a recommendation that, while there are changes that will be necessary following the Health Services Australia recommendations, it is not intended that the Nurses Centre should close but there will be changes in the way in which the service is delivered.

Parliament House: Security

Ms KING (4.13 p.m.)—Mr Speaker, in question time today, a member of the public interjected from the public gallery. Whilst the security guards responded appropriately by asking that person to leave, I felt that a hand being placed over that person’s mouth to stop them speaking perhaps overstretched the mark a bit. I wondered if the propensity of the government to gag debate in this chamber is being extended.
The SPEAKER—Let me simply indicate to the House and to the gallery that I have every confidence in the way in which the professional security team in this parliament go about doing their job. I intend to do nothing but reinforce them until I see any evidence to the contrary.

PAPERS

Mr ABBOTT (Warringah—Leader of the House) (4.14 p.m.)—A paper is tabled as listed in the schedule circulated to honourable members. Details of the paper will be recorded in the Votes and Proceedings, and I move:

That the House take note of the following papers:


Debate (on motion by Mr McMullan) adjourned.

Mr ABBOTT (Warringah—Leader of the House) (4.14 p.m.)—I present papers, being petitions which are not in accordance with the standing and sessional orders: one, from the member for Newcastle, opposing military involvement in Iraq, and another, from the member for Melbourne Ports, calling on the government to introduce a plastic bag levy.

MATTERS OF PUBLIC IMPORTANCE

Howard Government: Economic Policy

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

The Government’s seven year legacy of economic management resulting in record taxes, record debt and families under financial pressure.

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

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

Mr CREAN (Hotham—Leader of the Opposition) (4.15 p.m.)—This week has been a very instructive one. Through the fog of war we have really seen the domestic—

Mr ABBOTT (Warringah—Leader of the House) (4.15 p.m.)—I move:

That the business of the day be called on.

Question agreed to.

PARLIAMENTARY ZONE

Approval of Proposal

The SPEAKER (4.15 p.m.)—I have received a message from the Senate acquainting the House that the Senate approves the following proposals for works within the Parliamentary Zone:

Erection of public artwork to celebrate the centenary of women’s suffrage in Australia;

Installation of temporary vehicle barriers and permanent CCTV cameras, and

Design and content of the sixth sliver for Reconciliation Place; and

BILLS RETURNED FROM THE SENATE

The following bills were returned from the Senate without amendment or request:

Petroleum (Timor Sea Treaty) Bill 2003

Petroleum (Timor Sea Treaty) (Consequential Amendments) Bill 2003

Passenger Movement Charge (Timor Sea Treaty) Amendment Bill 2003

New Business Tax System (Consolidation and Other Measures) Bill (No. 2) 2002

New Business Tax System (Venture Capital Deficit Tax) Bill 2002

Snowy Hydro Corporatisation Amendment Bill 2002

Maritime Legislation Amendment Bill 2002

ENERGY GRANTS (CREDITS) SCHEME BILL 2003

ENERGY GRANTS (CREDITS) SCHEME (CONSEQUENTIAL AMENDMENTS) BILL 2003

Second Reading

Debate resumed.

The SPEAKER—Before debate is resumed on this bill, I remind the House that it has been agreed that a general debate be allowed covering this bill and the Energy Grants (Credits) Scheme (Consequential Amendments) Bill 2003. The honourable member for Fraser is in continuation, if my memory serves me well.

Mr McMULLAN (Fraser) (4.16 p.m.)—It does, Mr Speaker. Before I was so rou-
tinely interrupted by question time, I was speaking about the Energy Grants (Credits) Scheme Bill 2003 and the Energy Grants (Credits) Scheme (Consequential Amendments) Bill 2003.

Mr Sidebottom—You were speaking very well.

Mr McMULLAN—Why do you sound surprised? I was speaking about the hole in what I called the doughnut of this legislation. There is a part of this legislation that is reasonably insubstantial—a very minor modification and amalgamation of two pre-existing fuel grant schemes—but, minor and insubstantial as it is, it is positive in a small way and therefore has the support of the opposition. But it has a profound gap. When the government agreed with the Democrats to pass the GST package, the Prime Minister made the following statement:
The Energy Credit Scheme will provide price incentives and funding for conversion from the dirtiest fuels to the most appropriate and cleanest fuels.

That promise has been broken. There is nothing in this legislation that provides price incentives or funding for conversion to clean fuels. In my view, the government never intended to honour its agreement with the Democrats.

I am not really critical of the Democrats. Their only mistake was to shake hands with the Prime Minister and the Treasurer and not count their fingers afterwards, because they came out of this deal politically damaged by having agreed to the GST. I am now not going in to the merits. Obviously, we in the opposition strongly opposed the agreement and deplored its consequences. But what we are now dealing with is the Democrats, having made that agreement, taking the political damage and not getting the benefit, because the Prime Minister and the Treasurer have ratted on the agreement. They have not supplied the environmental measures that were part of the package. They have made it clear by this legislation that their agreement that the energy credits scheme would provide ‘price incentives and funding for conversion from the dirtiest fuels to the most appropriate and cleanest fuels’ was never a promise they meant to keep. It was a non-core promise.

The government has made no attempt to address this issue in these bills. It expects us—not just us, the opposition, but us, the rest of the Australian people—to be happy with a bland reassurance that the government is:

... committed to pursuing options to achieve this...

and that it is:

... examining the issue as part of the consideration of alternative fuels within the Energy Task Force.

I have seldom heard such a pathetic ‘dog ate my homework’ excuse—or, I suppose these days we should say, the ‘my mother gave it to me’ excuse—for an explicit broken promise.

Mr Wilkie—Are you saying Costello ate the homework?

Mr McMULLAN—No; he dogged on the deal. Of course, we know that the government holds its promises very lightly, both when made to the Australian community at large and when made to those in this parliament. We know about ‘never, ever’ promises on the GST. We know about that politically demeaning concept of core and non-core promises. And we know that in the tax area even an exchange of letters cannot be relied upon.

The opposition, in a fit of enthusiasm, exchanged letters with the Treasurer. My predecessor as shadow Treasurer—the now Leader of the Opposition, the member for Hotham—and the Treasurer agreed to a series of measures that would be introduced by the government and supported by the opposition. The two most important propositions were either never introduced or so watered down as to be rendered meaningless, and the core agreement, which was for revenue neutrality in the business tax reform package, was never honoured. Now we have another promise—an exchange of letters, a public commitment, an agreement before the television cameras of the nation between the then Leader of the Democrats, now Independent Senator Lees, and the Prime Minister—explicitly broken. Perhaps the Democrats will finally figure out that the government never had any real commitment to the environmental parts of the GST deal, known as Measures for a Better Environment. All they
wanted was whatever it took to get the GST passed, and then they would scrap the commitments subsequently.

After all, this is just the latest in a series of measures for a better environment on which the government has backtracked. Spending on some measures seems to be continually rephased for no apparent reason, and other measures have not got off the ground at all. This energy grants scheme is just another example. It was originally intended to start in July 2002. But as it became clear that there was no chance that the government could meet that original deadline, Labor reluctantly agreed to an amendment to the pre-existing schemes, to extend their sunset date to 30 June this year. Despite this extension, the government has still shown extraordinary tardiness in bringing this new scheme forward. It is making things very difficult for the transport industry because they cannot prepare for this necessary change until they know what the form of the legislation is. It is only now going through this House; it still has to go to the Senate and have a committee investigation. It is making life very difficult for the transport industry. The new scheme is due to come into effect in under four months.

Representations have already been made to me and many in the opposition regarding how difficult it will be for transport organisations to adapt their systems to deal with this new scheme within the time limit. It seems incomprehensible to me that a change that was first flagged nearly four years ago, and that has already been granted a 12-month extension, would still only be produced right at the last minute like this. Yet again, in the face of a need for real substantive reform, the government has failed to deliver the substantial reform, prevaricated until a crisis has hit and then produced a patch to try and tide it over the crisis. Once again, industry and businesses will not be granted the opportunity to test their new systems before they are required to be operational. We should not be surprised if, like the business activity statement, this careless inattention to detail which is becoming so characteristic of the Treasurer comes back to bite the government—although as usual it is the Australian community and the business community in particular that will bear the cost.

The only thing that may save the government on this occasion, ironically, is the in substantial nature of the reform that they have laboured for four years to produce. Such minor changes should reduce the scale of required changes to computer programs and systems in the transport industry. When I say the government is to blame, I am making a presumption—that is, that the Democrats were not actually party to these bills. They were promised that they would be joint bills, but I am presuming that the Democrats were comprehensively dunned; otherwise how could the Democrats have agreed to such a proposition? They did say that the scheme would be developed jointly and that there would be a jointly sponsored bill, but I assume this is not it. I will give the Democrats the benefit of the doubt; I cannot see their name anywhere on the bill, so I will presume they had nothing to do with it. Perhaps the parliamentary secretary, when he replies to the second reading debate, would be so good as to enlighten the parliament as to whether this is indeed the joint effort that the Prime Minister promised and the jointly sponsored bill the Prime Minister gave a written commitment to.

Nowadays, people think that the collapse in the support of the Democrats is mainly due to their support for the GST. While that is undoubtedly a large part, the problem for the Democrats has been reinforced by the fact that the price extracted for selling out the much vaunted Measures for a Better Environment has been such a fizzle. The cleaner fuels part of this scheme has been even less than a fizzle—it has failed to turn up at all.

These bills are remarkable as much for what they do not contain as what they do. Despite explicit promises to the contrary, they contain nothing whatsoever regarding incentives for cleaner fuels. Despite the overwhelming evidence suggesting that the current diesel schemes impose excessively high compliance costs, the government has decided to continue, basically, on an unsatisfactory and inadequate business as usual path.
The opposition will support these bills, but we will support them subject to a second reading amendment, of which I gave notice earlier in my speech and which I now formally move in the terms circulated:

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 gross mismanagement of fuel tax policy, in particular:

(1) its failure to deliver measures to promote cleaner fuels, despite its explicit promise to do so in the agreement with the Democrats leading to passage of A New Tax System through the Parliament;

(2) its overall policy paralysis and deception, shown most starkly by its decision to dump all the Fuel Taxation Inquiry recommendations even before the report was released; and

(3) its inexcusable delay in finalising even the limited set of measures included in this Bill and the Energy Grants (Credits) Scheme (Consequential Amendments) Bill, which has left the transport industry with an extremely short timeframe to prepare for the new scheme before it comes into operation on 1 July 2003.”

We will support these bills subject to that second reading amendment, since they at least represent some minor rationalisation at the edges of the current system and because otherwise the current system will run out in June this year without any replacement. We will seek to refer this bill to a Senate legislation committee, but, assuming that the bills do what they claim, we will eventually vote for them. We maintain that the government has missed an opportunity for real and significant reform in this area, which is a burden that will now undoubtedly fall to future governments to fix.

The SPEAKER—Is the amendment seconded?

Ms Ellis—I second the amendment and reserve my right to speak.

ADJOURNMENT

Mr ROSS CAMERON (Parramatta—Parliamentary Secretary to the Minister for Family and Community Services) (4.28 p.m.)—I move:

That the House do now adjourn.

Disability Discrimination Act 1992

Ms ELLIS (Canberra) (4.28 p.m.)—This week we celebrate the 10th anniversary of the Disability Discrimination Act, which was introduced under the federal Labor government in 1992. The Human Rights and Equal Opportunity Commission launched the celebration last Saturday and during this month will hold forums across Australia which I hope many Australians will attend. The Disability Discrimination Act aims to eliminate, as far as possible, discrimination on the grounds of disability. This relates to a range of areas, including employment, education, public transport, access to buildings, goods and services and of course harassment. I believe there is cause to celebrate the Disability Discrimination Act. For example, the Human Rights and Equal Opportunity Commission’s report on the 10-year anniversary states:

- Thousands of disability discrimination complaints have been dealt with.
- Standards for accessible public transport have been adopted and already widely implemented.
- Telecommunications access has improved for deaf people and other people with disabilities.
- Captioning of television programs has increased ...
- There has been widespread adoption by the banking and financial service industry of standards for disability access to ATMs, internet banking, EFTPOS and phone banking.

We should celebrate these important achievements. However, there is still much more that can be done to improve the quality of life for people with disabilities, and I am pleased that the human rights commission report actually acknowledges this. I am also pleased that the Productivity Commission is holding a public inquiry to determine the social impacts of the legislation on people with disabilities and on the community as a whole. I was, however, appalled recently that the Howard government discriminated against the visually impaired by not making the antiterrorist kit available in large print format. The kit was printed in braille and
produced on audio cassette, but not all visually impaired people are able to read braille, and this kit had a large amount of information within it that could not be memorised. If this information is so vital for all Australians, why was it withheld from the visually impaired in that way?

There are several policy areas in the disability sector generally which also cause me concern. The first is the number of people with disabilities and their families that need but do not have access to accommodation, respite care and day care services. The Australian Institute of Health and Welfare found that there are 12,500 people with disabilities across Australia who cannot get any accommodation or respite places. In the meantime, the federal government has been not been able, or willing, to sign the next Commonwealth State Territory Disability Agreement, which should have commenced in July 2002. Consequently, the Howard government has withheld additional funding for unmet need during this financial year. To make matters worse, in Senate estimates recently Senator Vanstone threatened to withhold funding by not back paying the additional funding when that agreement is eventually signed. Senator Vanstone’s threat to reduce the Commonwealth’s already inadequate offer by failing to pay the full $15 million promised for the 2002-03 financial year is offensive to the thousands of people with disabilities and their families who are currently missing out on services.

My second major area of concern relates to the disability employment sector. Major reforms in this sector, which I support in principle, have been forced upon the sector within a very short time frame. These reforms include quality assurance reforms and the introduction of case based funding to business services. Employers, employees and their families have all raised their concerns with me about how these reforms will result in the possible closure of some business services and loss of employment for some people with disabilities. I have heard little from the Howard government about what it will do to ensure minimal closures and to protect the working rights of people with disabilities. It is extremely important in my view that those people currently employed in those business services who are working in the disability sector, as they are, have every protection possible to allow them to continue that employment into the future. In conclusion, it is fair to say that we have a great deal to celebrate on the 10th anniversary of the Disability Discrimination Act 1992. That celebration gives us the opportunity to reflect on how much more there is to do on behalf of all those people within our community with disabilities.

Bushfires

Mr JOHN COBB (Parkes) (4.33 p.m.)—

Last week, a group of Rural Fire Service volunteers from Parkes announced that they will no longer fight fires in national parks. This is the protest of a group of people who are fed up with the mismanagement of national parks and the Carr government’s inability to implement practical bushfire mitigation plans. Their frustration stems from the Goobang fire, which broke out in the week before Christmas 2001. It is believed that the fire was the result of back-burning initiated by the National Parks and Wildlife Service, an action locals—and especially the Washpen Rural Fire Brigade, which was the brigade in the area—did not agree to. The fire blackened 14,000 hectares of good farmland, killed more than 5,000 sheep and destroyed an estimated 140 kilometres of fencing. The Parkes Rural Fire Service volunteers, who were at that fire, are demanding the National Parks and Wildlife Service produce a fire management plan that meets with their approval.

Senior Captain Peter Cannon, who led a protest last Friday outside the entrance to Goobang National Park, said that it was no longer safe for him and his colleagues to fight fires under the current National Parks and Wildlife fire management plan, which he claimed was basically non-existent. In a media statement, Mr Cannon said:

Following the Goobang National Park Fire in December 2001, lessons have not been learnt by the National Parks and Wildlife Service. It is apparent that this park has lost most of its funding, down by 40% of its original budget. The NSW Government and Minister Debus have not been prepared to change necessary legislation to give
authority to the Rural Fire Service. Minister De-bus, who is NSW Minister for the Environment, and also Emergency Services, has a conflict of interest. This conflict of interest being that he is responsible for National Parks and the Rural Fire Service.

The Parkes Rural Fire Service volunteers feel their lives are being placed in the hands of incompetents. They feel there is no allowance for local knowledge when it comes to fighting fires and that firefighters are constantly up against what they see as the arrogance of those in charge of the national parks and the rural fire services. The Parkes Rural Fire Service volunteers are calling for each national park in New South Wales to have a fire management plan in place. They are asking for management plans to cut national parks into sections with fire trails so that entire parks are not in danger of being totally destroyed, along with the many threatened species within them.

At the Western Division Shires Association conference last week, I backed—and I back now—Wilson Tuckey’s call for a national independent inquiry into bushfire mitigation and prevention measures. In my electorate, people are sick to death of watching the state government bow to environmental correctness and the green vote and fail to make hazard reduction and bushfire management a priority. Lives have been lost, homes destroyed, stock burnt to death and thousands of acres wiped out. When will it stop? When will the state government realise that their lack of action is continuing to threaten our rural communities, as it has done since the rural fire service legislation of 1997? There is no such thing as bushfire management, but there are practical measures that can be taken to limit the incidence and severity of bushfires. There are mitigation and hazard reduction steps that can be implemented in the national parks to protect the rural properties that surround them. I think they have to learn to use common-sense, not environmental correctness, to protect people’s lives and their property in front of threatened species.

**Sculin Electorate: Migrant Resource Centre**

**Sculin Electorate: Janefield**

Mr JENKINS (Sculin) (4.37 p.m.)—The electorate of Scullin is a diverse and multicultural community. It takes in the southern end of the city of Whittlesea, the north-western corner of the Shire of Nillumbik and the south-western corner of the city of Banyule. Over 37 per cent of the population of the electorate of Scullin was born overseas, and if you take into account those from non-English speaking backgrounds, it is something like 35 per cent by birth—and the figure is much higher if you include the families. The major supplier and coordinator of services to migrant and ethnic communities to my electorate is the Migrant Resource Centre North-East of Melbourne. The Migrant Resource Centre North-East services the municipalities of Whittlesea, Nillumbik, Darebin, Yarra and Banyule—a very large area of the Melbourne metropolis. For many years I have argued that there needs to be a sub-office or an outreach service of the MRC North-East, probably in Whittlesea, that services the whole of the electorate of Scullin.

For the period of 1998-99 there was a trial to get the statistics of the number of people who were using services. Across all aspects of the work of the MRC, it was in the vicinity of between five and over 20 per cent of the services. If we look at the statistics for 2002, the MRC informs me that some 20 per cent of clients serviced by the Migrant Resource Centre North-East are from the municipality of Whittlesea. As I said, I have believed for many years that there is a caseload that justifies having an outreach service. For a short period there was an outreach service at Community Information Whittlesea, later located at the Plenty Valley Community Health Centre. Regrettably, the MRC made a decision to withdraw this service and the only services are supplied from the main centre for the MRC in High Street, Preston. I regret that that occurred. It occurred because of a failure of not only the MRC but the community and, to a certain extent the government—by not making the suboffice work.
As the situation now becomes more crystal clear, I am pleased that the MRC itself has seen the need for a suboffice. I understand that the regional office of the department sees that need. I hope that we can come to some solution to provide services directly to my electorate and, as I see the honourable member for McEwen is at the table, to service the shared communities that we represent in this place. I think it is a worthwhile initiative to try to ensure that in the urban fringe we have the same types of services that we see in the more established communities. That is what this argument is really about. Over 20 years ago this MRC commenced, and it was only servicing a small portion of the then city of Preston. It was described as the Reservoir MRC and it really only serviced the suburb of Reservoir. Slowly but surely, the catchment area to be serviced by this MRC has increased and we now have the five or six municipalities that it is to serve. I call upon the department and the government to assist the Migrant Resource Centre to ensure that such a sub-office is put in place.

I want to briefly touch on a second subject that I have raised on a number of occasions in this House: the future use of the former Janefield site, which is presently owned by the RMIT. Because of the difficulties that RMIT are experiencing, it has come to the decision that it will be selling this parcel of land. This parcel of land presently is zoned in a way that would lead to employment generation. But, as part of the discussion about the sale of the land that is being contemplated, there is some suggestion that there may be a move to rezone it residential. The last thing the area needs is more residential land. Between the electorates of McEwen and Scullin in the city of Whittlesea there is plenty of residential land already available. We need to ensure land remains that we can use for employment generation. In a letter from the Victorian Minister for Innovation, John Brumby, he indicated that he would ask his department to ensure that this land will stay as a significant employment generating precinct. It is identified in the Department of Infrastructure’s Melbourne 2030 document that the site be listed as a specialised activity centre. As such, the strategic planning section of the local council and the government will consider that as being the primary purpose of that land when looking at its development. I hope that will continue.

### Internet: Censorship

**Ms Ley (Farrer) (4.42 p.m.)**—I rise tonight to speak about the issue of Internet censorship and the all too easy availability of pornography and of violent and unacceptable words and images on the Internet. The effect that this can have on our children, particularly children who are already anxious and vulnerable, cannot and should not be tolerated. I think it was Alexander Solzhenitsyn who said that the line dividing good from evil cuts through the heart of every man. But no-one from either side of this House could possibly consider that that line exists in the heart of a child. That is what this issue is really about. We have to protect the vulnerable and the innocent. Children and young adults are so worldly wise these days—they have such knowledge and opportunities—but their childhood is to be protected for as long as it takes us to educate them enough to be able to tell the difference between good and evil.

There is no doubt that children in schools, on television and in society generally have much more accessibility to sexual references and in some cases explicit sex. That does not mean they understand all of what underpins those images in terms of values and society. It is the responsibility of members of this place and of the other place—particularly of the other place, where who knows what loopy ideas the Greens may have on this issue, given their recent pronouncements about drugs and children—to build on the good work that has already been put in place by this government. This material is now accessible and it is a form of child abuse. Child psychiatrists have no doubt about this.

Children place great faith and great value in the Internet. It is closely associated with their schools, their teachers, the assignments they write and the need for them to get good marks, to get a good job and to make their way in the world. They have grown up with computers in homes, schools, offices and workplaces. There is something sinister about the fact that, in the same setting as
they do their homework, they have such easy access to the dark and ugly side of life. The regulation of Internet content has been topical for some time. Internet censorship raises issues of freedom of speech, morality and the role of government. The debate is marked by a deep difference of opinion because the Internet is an interactive medium in which freedom of speech is regarded as paramount. But the future health and wellbeing of our children must go beyond the argument that we have the freedom to say anything.

Many users of the Internet value its unfettered and somewhat chaotic nature—the way that it does not have borders and does not appear to have regulation. The fact is that we do live in a regulated world and laws must be upheld in all sorts of other areas of life to keep the peace and to hold steady the values that we all know are sacred. This is the reality. It has worked for other mediums, so we have to bring the Internet in line with other available media. Unfortunately, the Internet is quickly becoming a significant cause fueling child pornography. But the government has been proactive in its endeavours to protect the community from child pornography, sexual violence, racial hatred and many other criminal activities. We recognise that there is a responsibility that lies with parents and with the industry itself.

This government has never taken the view of the opposition, which is that it is all too hard and therefore it cannot be tackled under any circumstances. We know that it is difficult and we know that there is work to be done, and we will tackle it. I have every confidence. We have always taken a proactive approach. We passed the online content scheme in 1999, which specifically targets illegal or highly offensive online material. We are working together with industry to promote the use of filter technologies. The material that children and teenagers are exposed to from the Internet does give them a distorted view of the world, particularly if they are vulnerable or sensitive to outside influences.

Children, as we know, place a great deal of faith in the Internet for information, education and entertainment. In many ways it defines their world and their concept of it. When you add issues such as pornography and this sort of graphic material, children tend to believe it is normal. Therefore, there is a danger that they are going to gain the wrong understanding of what life is about. They may be unable to distinguish between what is normal and what is not normal. They may think—and this horrifies me as a mother—that this is what awaits them in adulthood and that they will be called upon to participate in a life that somehow treats this sort of behaviour and these sorts of images as normal. I know that each technological development has brought its own challenges for the censorship regime of the day. Without a doubt regulation of the Internet for the Australian regime, as for all other censorship regimes, is the most problematic of all developments. (Time expired)

**Defence: Antiballistic Missile System**

Mr MURPHY (Lowe) (4.48 p.m.)—I wish to express my concern about the Prime Minister’s latest attempts to create public fear, by which I mean his extraordinary statements about the need to involve Australia in the development of an antiballistic missile system. Speaking on national television with the fervour of a newly converted member of a fundamentalist sect, the Prime Minister—without any debate, discussion or consultation—has attached Australia to the American-sponsored development of an antiballistic missile system. While the Prime Minister is unwilling to sign the Kyoto protocol, in opposition to the best scientific advice, he now appears to be willing to commit Australia to a ballistic missile defence system, once again against well-founded scientific arguments that say such a system will not work.

Ballistic missiles have been with us since the Second World War when the Germans fired over 1,000 short-range ballistic missiles—otherwise known as V2s—onto London from Northern France and the Netherlands. The British were able to observe the flight of these missiles with radar. They considered firing volleys of anti-aircraft shells into the path of the missiles but soon found that, aside from preventing their launching, nothing could be done to stop the V2s once they had been fired. Although the range and
accuracy of ballistic missiles has increased tremendously since the 1940s, they still remain unstoppable once dispatched. What is worse is that, although the V2s carried a one-ton, high-explosive warhead, modern missiles can be equipped to carry multiple warheads equipped with nuclear bombs or chemical or biological agents.

A meaningful Australian participation in the development of an antiballistic missile defence system would require the labour of thousands of scientists and engineers on an extremely expensive, long-term and most likely unfruitful project. Not only would our best young scientists and engineers be drawn away from working on more practical and useful objectives but our higher education system—already disrupted by the government’s anti-intellectual policies—would be very hard-pressed to provide the numbers of skilled workers required. It is, after all, rocket science. University physics departments—and I am familiar with the work of the School of Physics at the University of Sydney—are suffering from the government’s funding cuts and would find it very difficult to train the number of new graduates that the Prime Minister’s ballistic missile defence plans would seem to require.

The Americans have been working on ballistic missile defence systems for decades and during Lyndon Johnson’s presidency were on the threshold of deploying the Safeguard ABM—antiballistic missile—system. Safeguard was designed to track incoming intercontinental ballistic missiles by radar and destroy them with nuclear armed, long-range Spartan and short-range Sprint missiles. Although the Safeguard system was, by negotiation with the USSR, limited to two sites, many scientists were convinced that the system would not have worked, not least because of the relatively simple countermeasures that the Russians could have deployed to defeat the ABM defences. These concerns persist, since the technology of the latest systems uses radar tracking and interceptor missiles and is in many ways similar to the earlier Safeguard ABM system.

Despite the Prime Minister’s assurances, it is inevitable that any Australian interceptor missiles would be armed with nuclear warheads since conventional explosives have, as we know, far less destructive power than nuclear bombs. A powerful explosion in the vicinity of an incoming missile is the only way to guarantee that the warhead is destroyed or disabled. Even if an effective ABM system could be deployed, it is impossible for such a system to intercept 100 percent of incoming missiles. When these incoming missiles have nuclear warheads, only 10 percent or less need to get through in order to make any kind of ABM system irrelevant. The only way to prevent an attack, as the British discovered in their attempts to stop the V2s, is to prevent the missiles being launched in the first place.

Mr SCHULTZ (Hume) (4.52 p.m.)—Yesterday in the ACT Legislative Assembly the opposition asked a question of the Chief Minister relating to the availability of significant firefighting capacity in the form of fixed-wing aircraft which sat on the ground in the crucial days of 17 and 18 January this year. In his reply, the Chief Minister said, in part:

I would be interested to know if you can say from where you gathered your information. It does surprise me that the New South Wales Rural Fire Service would have left a whole raft of firefighting aircraft on the ground when, in an arrangement consulted on with the ACT Emergency Services Bureau, it had agreed that it would accept full responsibility for fighting and containing the MacIntyres Hut fire—a fire, Mr Cornwell, which you know was burning in New South Wales across the ACT border. The fire that caused the devastation that befell the ACT, particularly citizens of Weston Creek and Tuggeranong, on the 18th was a fire which came from MacIntyres Hut.

It is a serious suggestion you make that the New South Wales Rural Fire Service was so uninterested in the obligation and responsibility it had accepted in consultation with the ACT to contain the Maclntyres Hut fire that it left aircraft scattered all around the place—aircraft that were under its control and direction and aircraft that it could have used to put out the MacIntyres Hut fire, the fire which in the event was the fire that crashed into Duffy.

On 24 February, in a press release, I highlighted this particular situation. I said:
Whilst fixed wing aircraft which met all the NSW Rural Fire Service aviation section minimum pilot, operations and equipment requirements were ignored by the NSW Rural Fire Service, inexperienced pilots flying aircraft which did not meet these requirements were used in fire bombing roles in the January fires.

I further said:

Dromaders and Airtractors 802’s each with approved fire doors capable of dropping 2000 plus litres of water/retardant/foam in 1.5 to 3 seconds were available from the 8th January 2003 to be used to bomb fires but were ignored by the NSW Rural Fire Service.

At the same time that fixed wing aircraft which met the requirements were being ignored, aircraft which did not have the capacity to carry 2000 litres of water/foam etc and did not have the dump capacity required for the Australian bush were used by the NSW Rural Fire Service to fire bomb.

I went on to ask these questions:

- Why were these aircraft used?
- Why did the NSW Rural Fire Service Aviation Section ignore its own firebombing requirements for pilots and equipment?
- Why did the NSW Rural Fire Service Aviation Section ignore aircraft which met all the requirements and were on their own register of available aircraft for the weeks leading up to serious fire breakouts?

Some of these aircraft were available from the time fires broke out at Brindabella, Bookham, Burrinjuck, Wee Jasper and Kosciuszko National Park. All of them were certainly available from the 8th January 2003.

I will go back to the comments made by the Chief Minister with regard to the McIntyre’s Hut fire. On Wednesday, 8 January 2003, a lightning strike started a fire in the McIntyre’s Hut area near the Goodradigbee River. On Thursday, 9 January, bushfire brigade members deployed to a spot fire on Baldy Range adjacent to that fire but were unable to take a stand due to the lack of support or direction from authorities in charge. On Friday, 10 January, bushfire brigade members were not given any further direction. On Saturday, 11 January, nothing further was done at that stage. On Sunday, 12 January, the brigades were sent back to the same spot fire, which had grown significantly by that time. The fire had been water bombed by helicopters, and brigades were then deployed to contain the area. On Monday, 13 January, members of three brigades commenced back-burn operations from the Goodradigbee River.

From Tuesday, 14 January to Wednesday, 15 January, more brigades were involved to get containment lines completed, during which time a number of spot fires from the back-burn were attended to as quickly as possible. The containment line was completed by late Wednesday. On Thursday, 16 January, the fire was considered to be contained but still burning within the containment line. On Friday, 17 January, several spot-outs into the Two Sticks area just south of Allen Blundell’s were attended to and contained. On Saturday, 18 January, the brigades were deployed to contain the fire on Doctors Flat Road west of the Blundell’s property but, as the day progressed and weather conditions worsened, the fire started spotting everywhere—and the rest is history. I make these comments because seven aircraft were available that could have gone in to suppress that fire. Those aircraft met all the requirements, but they were ignored. (Time expired)

Health: Lymphoedema Awareness Month

Ms GAMBARO (Petrie) (4.57 p.m.)—In the short time I have available, I would like to put on the record that March is Lymphoedema Awareness Month throughout Australia. In Queensland, the Lymphoedema Association is conducting information booths to raise awareness of this condition and the treatment that can help sufferers to lead normal lives. As the patron of the Lymphoedema Association of Queensland, I support them in their campaign to educate undetected sufferers across Australia and Queensland.

Lymphoedema is a condition that is sometimes misunderstood. It is a chronic swelling in the arms and legs called oedema, and it results from an accumulation of lymphatic fluid. There are two types of lymphoedema: primary and secondary. Primary occurs when the lymphatic system is inadequate. The lymphatic system effectively works by draining away excess protein and water, which continually escapes from the blood, plus substances made in the tissues and foreign substances that may have entered those tissues.
Recently, Neil Piller of Flinders University in South Australia called lymphoedema a hidden epidemic. He stated that current figures indicate that close to 350,000 Australians are living with the symptoms of lymphoedema.

I am very pleased to endorse the lymphoedema awareness campaign, particularly the efforts of the Queensland branches. They are conducting information booths across Brisbane from 10 a.m. to 2 p.m. at the following locations: Toowong Village on 12 March; Westfield Strathpine and Logan City Hyperdome on 13 March; and Stafford City, in my electorate, on 19 March. They are doing wonderful work. They recently received a $10,000 bequest, which will go towards the purchase of a scanning laser machine for the Royal Brisbane Hospital. I want to congratulate the Lymphoedema Association of Queensland on the wonderful work that they are doing for so many people.

Health: Northern Hospitals Initiative

Mr JENKINS (Scullin) (4.59 p.m.)—As I indicated, I have contiguous boundaries with the honourable member for McEwen. I ask, through you, Mr Speaker, whether the honourable member for McEwen might like to become familiar with the northern division of general practice in the northern hospitals initiative on after-hours GP care, which needs the assistance of us as local members to make sure that it is achieved. I hope that if she is contacted by the division she will be able to give them a positive response.

The SPEAKER—Order! It being 5 p.m., the debate is interrupted.

House adjourned at 5.00 p.m.

NOTICES

The following notices were given:

Mr Martin Ferguson to move:

That this House:

1. condemns the Howard Government’s seven years of disinterest and denial on public transport as evidenced by its:
   a. decision to add a Goods and Services Tax to fares;
   b. failure to address the FBT disincentives on public transport fares;
   c. failure to give urban buses a fair go under the Diesel and Alternative Fuel Grant Scheme; and
   d. stated denial of any responsibility or consideration of public transport in the Auslink Green Paper that purports to lay the groundwork for a national transport plan;
2. notes with concern the impact of increased congestion in urban and outer urban areas on quality of life, health and access to jobs and services for Australians;
3. emphasises the environmental gains to be made through policy measures that reduce transport emissions, especially by reducing car dependency;
4. stresses that access to public transport is an issue in all regions, including regional towns and cities, impacting daily on access to jobs, education and services for Australians;
5. calls on the Howard Government to release any policy option and research papers commissioned or undertaken by the Commonwealth that canvass policy measures and costs associated with tax and regulatory barriers to increasing public transport usage, including the “Cost Benefit Analysis Study for Exempting Employer-Provided Public Transport from Fringe Benefits Taxation” conducted by the Australian Greenhouse Office in 2002; and
6. calls on the Howard Government to accept a role for the Commonwealth in relation to public transport and declare that role in the Auslink White Paper due to be released this year.

Mr Anthony Smith to move:

That this House notes:

1. the history of violence and civil dispute in parts of Indonesia against Indonesian Christians;
2. the impact of threats and intimidation towards individuals, families and local communities that have not provoked or initiated conflict;
3. past incidents of terror and religious violence, along with the potential for further terror arising from the extreme views of some individuals and extremist Islamic organisations; and
4. the significant humanitarian effort being undertaken in Indonesia through Australian based organisations.

Mr King to move:
That this House:

(1) notes the widespread use of mobile phones in Australia, with subscriptions now at approximately 12 million;

(2) commends the Commonwealth Government and Australia’s telecommunications carriers for their cooperative action in developing measures to address the problem of loss and theft of mobile phones, including:
   (a) carriers implementing IMEI (International Mobile Equipment Identification) number blocking technology, which can render a lost or stolen mobile phone inoperable;
   (b) examination of regulatory reform to support IMEI blocking; and
   (c) encouraging greater public awareness of this problem and recommending action consumers can take to protect themselves in the event of the loss or theft of their mobile phone; and

(3) notes the success of these measures to date and the recently reported falls in the level of mobile phone theft in Australia.

Ms George to move:

That this House:

(1) acknowledges the vital contribution that unpaid workers make to our economy and our society;

(2) acknowledges that the contribution of unpaid workers is not adequately recognised in GDP measures;

(3) calls on the Federal Government to ensure that the 2006 Census includes a question relating to unpaid work; and

(4) calls on the Federal Government to ensure that future Census include questions relating to unpaid work.
The DEPUTY SPEAKER (Hon. I.R. Causley) took the chair at 9.40 a.m.

STATEMENTS BY MEMBERS

Family Services: Child Care

Ms ROXON (Gellibrand) (9.40 a.m.)—I present a petition relating to child care, which has been signed by 1,090 people across New South Wales. I table a second petition, which also relates to child care, which has been signed by 997 people across Queensland. These petitions deal with an important issue. Such large numbers of community members have signed these petitions because of the great concern in the community about inadequate funding in the child-care area.

The petition from Queensland relates to a decision by this government to slash $500,000 from the training budget for Queensland child-care workers. It is a cause of great concern that the specialist training that was provided under that program is not going to be available to many child-care centres, particularly in rural and regional Queensland. The Queensland trainers are particularly concerned that they will not be getting the support and information that their colleagues across the country will be receiving.

The second petition on child care is signed mostly by parents and child-care workers in New South Wales who are concerned, in particular, about the low status and standing of those working in the child-care field. I urge the House to pay serious attention to these petitions. It is very important that the views of thousands of parents across the country be heard. People believe that, by petitioning the parliament, the matter can be raised further, the government will pay attention to their views, we will be able to move forward in this debate and, particularly in relation to the decision to slash $500,000 from the Queensland child-care budget, the money will be reinstated. We understand that during this budget process there is an opportunity for that to happen. We urge that it does happen. We urge that the government pay serious attention to looking at any way in which it can participate in raising the status, standing, and pay and conditions of child-care workers across the country.

The petitions read as follows—

To the Honourable the Speaker and Members of the House of Representatives assembled in Parliament:

This petition of citizens of Australia draws the attention of the House to our serious concerns about the current child care system, particularly the low status and standing of workers in the child care field and their appalling wages and conditions. This is despite numerous reports about this issue that the Federal Government has ignored. Qualified child care workers are needed to run quality child care services for our children - our country's most precious resource - and urgent action is required in order to recruit and retain staff in this industry.

Your petitioners therefore request that the House turns its urgent attention to addressing the chronic stage of qualified workers in the industry and ensuring they are given adequate recognition and reward for their important role in caring for our children.

from 1,090 citizens.

To the Honourable the Speaker and Members of the House of Representatives assembled in Parliament:
This petition of citizens of Australia draws the attention of the House to the decision not to provide In-Service Provider training funds to Queensland childcare services. Our opposition to this decision is based on the following—

- The Government has singled out Queensland from any other state by halving by $500,000 in childcare in-service training funds.
- Childcare workers across Queensland will not have the same access to in-service training as in other states;
- This decision is also of concern to children and families across the State who are using childcare services;
- The Government should not be able to axe funding to a program that is currently under review.

Your petitioners therefore request that the House turn its urgent attention to:

1. Seek an urgent review of this decision.
2. To reinstate in-service training funds to Queensland childcare services.
3. To adequately fund the following Queensland childcare training and resource organisations - Lady Gowrie Queensland; QCOSS - Child Care Management Training and Support Unit; Family Day Care Association Queensland Inc.; and. Queensland Children’s Activities Network QCAN Inc. to deliver ongoing quality in-service training to all Queensland childcare services.

from 997 citizens.

**Indonesia: Tourism**

**Mr BAIRD (Cook)** (9.42 a.m.)—I am very pleased to report to the House on the outcome of the Tourism Industry Leaders Dialogue held in Bali from 22 to 25 February this year. Along with the Chairman of the Joint Standing Committee on Foreign Affairs, Defence and Trade, Senator Alan Ferguson, and the chairman of the government’s foreign affairs committee, Julie Bishop MP, I was invited to visit Bali by the Indonesian Cultural and Tourism Agency. The aim of the visit was to discuss initiatives to increase visitor numbers to the island, to inspect improvements to safety, security and health services, and for leading members of the Australian tourism industry to experience Bali for themselves.

In November, I attended a large Christian service in Bali to remember those who were killed in the bomb blast. I was there in my capacity as President of the Parliamentary Christian Fellowship. Some 7,000 to 8,000 Balinese attended the service, and it was particularly moving. At that time, the hotel occupancy rate had plunged below 10 per cent. This was evident in the shops and restaurants and on the beaches, which were almost deserted. Prior to the attack, Bali hotel occupancy rates averaged 70 per cent. Since that time, the level of hotel occupancy has risen to 30 per cent, but the impact on the Balinese economy has been severe. Direct foreign tourist arrivals, which peaked in August at 140,000, dropped in November to 30,000. Arrivals from Australia dropped from 25,000 in September to 3,600 in November.

The effects on the people of Bali have been devastating. The Indonesian Minister for Manpower has assessed that approximately 130,000 hotel and tourism workers have been laid off in Bali. A continued plunge in tourist numbers will devastate the island resort, where almost the entire population of 3.2 million relies on tourism related activities.

_A division having been called in the House of Representatives—_

_Sitting suspended from 9.45 a.m. to 9.55 a.m._
Mr BAIRD—Clearly, the impact of this on the people of Bali will be devastating—some 3.2 million people rely on tourism. Losses to the meetings and conference sector alone in terms of cancelled bookings are estimated to reach $20 million. Indonesia’s Minister of Finance reports that the decline in the tourism sector will reflect on at least 10 sectors, including hotels, land and air transportation, restaurants, entertainment, tours, sightseeing, souvenirs, health, beauty and guarding services. Every two dollars lost from the gross income of the tourism sector would decrease the GDP by around $3 million. It was great to work with the Indonesian authorities in terms of looking at ways of restarting the tourism industry there, and we were given a great welcome. My colleagues and I were happy to work with our Indonesian hosts, who were hospitable and welcoming. We look forward to continuing the dialogue with our Indonesian colleagues and we wish them well in rebuilding the Balinese tourism economy.

Family and Community Services: Assistance Programs

Ms HALL (Shortland) (9.56 a.m.)—As a local member in a Labor-held opposition seat, I tend to have a great deal of difficulty convincing the Howard government that community groups within my electorate should receive funds under specific programs. In particular, a number of groups in my electorate have even been told that they should not put in applications for the Regional Solutions Program, and other groups have struggled to get funding under the stronger families program.

Recently, a Central Coast organisation—or nonorganisation, I should say; it did not exist—received a letter from the member for Robertson. The member for Robertson urged the Drivers Against Roundabout Jungles—DARJ—to put in an application under the Volunteer Small Equipment Grants 2003. This was a purely fictitious group which had been dreamed up by a couple of the journalists on the Central Coast Herald. The program that the member for Robertson was asking them to apply for grants under is an assistance program funded through the Stronger Families and Communities Strategy. They were told that they could apply for a grant of up to $5,000. The thing that I find so offensive is that DARJ was never a proper organisation. The Herald ran a campaign about shrubs obscuring vision on the roundabouts but, in actual fact, the group never existed.

There is a wonderful group in the southern part of the Shortland electorate—the Northern Lakes Family Centre. It received its initial funding under the Central Coast Area Assistance Scheme. It was funded under that for two years. The funding has now run out, and there is no more funding. Luckily, the Carr government has come to the party, giving it a little funding to keep it going. I have given that group information on the Regional Solutions Program and the stronger families program. This is a group that is providing benefit to the community each and every day. It is supporting families in stress and in need. To date, it has not received one cent from the federal government. Here, on one hand, we have a federal member urging a group that does not really exist to apply for funding and, on the other hand, we have a group that is in dire need. I urge the federal government to—(Time expired)

Portman Mining Ltd

Mr HAASE (Kalgoorlie) (10.00 a.m.)—Portman Mining is a small but very successful mining operation in the Yilgarn district of Western Australia. They have applied for a mining licence to continue their operation for approximately 15 years. That will be thwarted because of a plant, tetratheca paynterae—
Cognate bill:

PRIMARY INDUSTRIES (EXCISE) LEVIES AMENDMENT (DAIRY) BILL 2003

Second Reading

Debate resumed from 12 February, on motion by Mr Truss:

That this bill be now read a second time.

Mr SIDEBOTTOM (Braddon) (10.00 a.m.)—I am pleased to rise and address the Dairy Industry Service Reform Bill 2003 and the cognate levy bill Primary Industries (Excise) Levies Amendment (Dairy) Bill 2003. The legislation proposes change to the delivery of dairy industry services including the privatisation of the Australian Dairy Corporation and its registration as a Corporations Law company known as Dairy Australia Limited; the abolition of the Dairy Research and Development Corporation and transfer of its functions to the new Corporations Law company; authority for the Minister for Agriculture, Fisheries and Forestry to declare an industry services body for the purpose of receiving and expending industry levy funds and matching Commonwealth R&D funds; the consolidation of three existing industry levies into a new dairy service levy; and the opportunity for levy payers to participate in periodic levy polls on the dairy service levy rate.

The proposed model for the delivery of dairy industry services is similar to the model adopted in recent years for other rural industries including horticulture, pork and eggs. That is, it combines in one organisation the delivery function of hitherto discrete industry services such as market promotion, and research and development. During debate in this chamber on similar industry changes, Labor has expressed concern about the consolidation of disparate industry functions into one body. Nevertheless, Labor has maintained that where such a change is desired by industry we will not stand in its way.

The reform process was industry initiated and the proposed model is the subject of industry recommendation. That is something that we accept but with one important and responsible caveat. Labor will not agree to a new industry service structure that does not have sufficient regard to accountability for expenditure of compulsory industry levies and Commonwealth R&D funding. It is for very sound reasons that we take this position. When announcing the government’s plan to privatise the Australian Dairy Corporation, the minister said that the new industry services body will manage $35 million in levy funds and $15 million in matching Commonwealth R&D funding each year. It is no small sum of money.

The statutory basis of the ADC and the Dairy Research and Development Corporation provides this parliament with the opportunity to scrutinise these organisations and ensure that they properly account for the expenditure of funds, most especially public funds. Of course the parliament’s capacity to scrutinise a private company is clearly more limited. During a second reading speech on the Dairy Industry Service Reform Bill, the minister talked about some of the accountability measures he proposes. These measures include the requirement that an industry services body enter into a statutory funding contract with the Commonwealth before the minister makes an industry services body declaration. The minister must also approve in writing the constitution of the company and the nomination of inaugural directors.
It is pleasing to note that some accountability measures introduced by Labor in respect to reform of the pig industry service structure have been included in the Dairy Industry Service Reform Bill. I refer in particular to the requirement that a declaration of an industry service body be tabled in each house of parliament and published in the Gazette. During his earlier speech in this debate the minister said the company would receive compulsory levy funds collected by the Commonwealth and matching R&D contributions only 'so long as it remains accountable for them to both levy payers and the parliament'.

In relation to the administration of the Dairy Structural Adjustment Fund the industry services body will be required to present an annual report to the minister and the minister will be required to table a copy of this report in each house of the parliament. But in relation to the expenditure of levy funds and matching Commonwealth R&D contributions there is no reporting requirement to the parliament in the proposal before us. This is a matter of concern to those on this side of the chamber. The opposition received a departmental briefing on these bills earlier this week. The assurances given to this House by the minister were, not unexpectedly, echoed by his department. The department said that the statutory funding agreement between Dairy Australia Ltd and the Commonwealth would impose rigorous planning and reporting requirements.

The department also said that the statutory funding agreement would contain limitations on the form of the company structure beyond those outlined in the Dairy Industry Service Reform Bill. But, regrettably, the opposition was advised that the minister had failed to produce, even in draft form, the constitution of the new company and the contract between that company and the Commonwealth. Along with these foundation documents, the minister has neglected to prepare the subordinate legislation that will allow the new arrangements to function properly. In fact Labor understands that the drafting instructions for these regulations have not yet been prepared. Most extraordinary is the fact that the proposed start-up date for the new company, 1 July 2003, is less than 16 weeks away.

The constitution, funding agreement and necessary regulations should have been ready at the same time as the legislation. On Tuesday afternoon the minister provided the opposition with a document outlining the key provisions in a yet to be drafted funding contract. Thankfully it is a start, but it is not nearly good enough. Members who were in this place during the last parliament will recall the March 2001 debate on the Pig Industry Bill. During that debate my colleague the member for Corio, Mr Gavan O’Connor, and my Tasmanian friend and colleague the member for Lyons, Dick Adams, noted the failure of the Minister for Agriculture, Fisheries and Forestry to provide the opposition with a copy of the proposed Australian Pork Ltd constitution and the funding contract between the new pork industry service body and the Commonwealth. Two years later we find ourselves in exactly the same position—same broad restructure proposal, same minister and, unfortunately, the same disregard for the parliament.

Members on this side of the House have a legitimate concern that public money not be spent without appropriate accountability. One hopes that members of the government share that concern, but I am confident that the serious and serial offence will not be raised by government speakers on this legislation. I wonder why. The reforms proposed in the bills before us did not evolve overnight. I have little doubt that the minister will seek to explain his failure by reference to the passage of the Dairy Industry Legislation Amendment Bill in the last half of 2002, but I implore him, for the sake of his credibility, to resist that temptation. It is always
a mistake for a minister to blame poor timetabling of his own legislation for faults in his administration.

Last year the parliament gave the ADC the authority to fund an investigation of an industry service reform model. The proposed model is no surprise to the minister, no surprise to the dairy farmers and no surprise to the opposition. More than six months ago, on 28 August 2002, the minister told the House:

... the dairy industry has approached the government with a proposal for reform which would see the two statutory service providers merge and become one Corporations Act company, directly accountable to levy payer members.

Labor allowed the bill appropriating funding for development of the reform model a speedy passage through the parliament. During its passage through this parliament, Labor urged the minister to develop this industry model in a considered way. It is disappointing that the minister has failed to do this. Not only have six months passed since the minister acknowledged the industry’s desire for a reform path; more than 18 months have passed since the dairy industry itself proposed the formation of a Corporations Law company to undertake industry services.

I would like to turn briefly to the details of the proposed structure. The Dairy Industry Service Reform Bill 2003 provides for the privatisation of the ADC to a Corporations Law company, Dairy Australia Ltd, and the transfer of all DRDC assets and liabilities to the new company. Dairy Australia Ltd membership will comprise dairy levy payers and peak farmer and industry bodies. Levy payers will not be compelled to join the company, but those who do so will have an opportunity to participate in decision making about its board and the services it provides. All levy payers, whether they elect to join the company or not, will have an opportunity to vote at periodic levy polls on the rate of the dairy service levy.

The new company will deliver services similar to those currently delivered by the ADC and the DRDC and some technical services currently delivered by the Australian Dairy Industry Council. Export control, which is currently administered by the ADC, will not be undertaken by Dairy Australia Ltd but will be administered by the Department of Agriculture, Fisheries and Forestry. ADC staff will continue to be employed by the new company following privatisation. DRDC staff will transfer to the new company and maintain continuity of employment. Labor is assured by the government that employees have been engaged in appropriate consultation on the impact of the proposed changes which, in relation to employment numbers, is expected to be minimal. This is a matter that we on this side of the House will monitor closely, and we will hold the minister to his word.

The Primary Industries (Excise) Levies Amendment (Dairy) Bill 2003 consolidates the existing corporation levy, promotion levy and research levy into a single levy known as the dairy service levy. The maximum rate of the new levy will be the combined maximum rate of the existing levies. The industry argues that the single industry body and the consolidation of three existing levies will provide the new company with flexibility in relation to expenditure, within the parameters of the statutory funding agreement. It is an argument that the government clearly endorses. The dairy industry levy and the levy paid by farmers to the Australian Animal Health Council will not be affected by the proposed levy changes. However, the new industry services body will administer the Dairy Structural Adjustment Fund currently administered by the ADC, but will do so in the form of a trust.
These bills must be considered in the context of changes to the structure and operation of the Australian dairy industry over the past two decades. The industry has changed considerably over that time. Technology and farm management have improved and market changes have also occurred here and abroad. Labor has been a supporter of the dairy industry and a proponent of reform. The Kerin and Crean plans are recognised, even by many of those opposite, as key events in the industry’s development. I have no doubt that the current Minister for Trade will recall his praise for the efforts of the current Leader of the Opposition—in his words, ‘a hell of a lot of work went into this’—and join with him in acknowledging the work of Labor primary industries ministers Kerin, Crean and Collins in supporting the Australian dairy industry. Thank heavens for 13 years of Labor, I say.

Industry change, including deregulation, has not been without cost to many dairy farmers and regional communities, particularly in the old quota states of New South Wales, Queensland and Western Australia—and I know all members in this House are well aware of the challenges and costs to those communities. Farm numbers have fallen, herd sizes have risen and the production sector has undergone an inexorable rationalisation. The initial response of the Howard government to deregulation was belated and inadequate. I know my colleague the member for McMillan was in the House as we urged the minister to act on this very important inevitable restructuring that was required, but the minister belatedly reacted. The eventual package was not driven by any general concern within the government about the impact of deregulation on the industry but by the hard work of industry and the urgings of the Labor Party. The program that emerged under pressure, the dairy industry adjustment package, is not funded by the Commonwealth but by an 11c per litre tax on milk.

As noted earlier, the new industry services body will administer the fund, out of which adjustment package payments are made. The Minister for Agriculture, Fisheries and Forestry will be acutely aware of one component of the package, the Dairy Regional Adjustment Program, because his electorate of Wide Bay has been the biggest recipient of funding under this program. By a remarkable coincidence, the Minister for Agriculture, Fisheries and Forestry has found himself handing out more dairy regional adjustment package cheques than any other member in this place. Even more remarkable is the fact that the value of these cheques exceeds the sum of DRAP grants to any other electorate in the country. As Mel Brooks, as Louis XVI, said, ‘It’s good to be the king.’ This is largesse gone mad—but far be it from me to say it was pork-barrelling!

Another matter worthy of note in relation to the Dairy Structural Adjustment Fund is that the dairy adjustment levy is now likely to linger longer than the original proposed end date of 2008. According to the review conducted by the Dairy Adjustment Authority late last year, the levy—that is, the 11c a litre tax on milk sold off the supermarket or milk bar shelves—will need to remain in place until 2010, two years longer than the original commitment given by this minister. I might add that rural and regional Australia hopes that the coalition government will be but a distant memory by 2010. Nevertheless, it is important to note, in the context of a debate on the administration of dairy levies, another broken tax promise by the Howard government.

The dairy industry has overcome challenges in the past, and I am confident it will overcome the challenges presented to it in the future. Current challenges include the drought, which has significantly curtailed milk production and export income in the current year. An ABARE forecast released at Outlook 2003, which I was able to attend the other day, predicts...
the dairy industry will recover production lost to the drought but recovery will be slow. We on this side of the House have been justly critical of the minister’s inadequate response to the drought that has gripped much of Australia, including our major dairying regions for many months. Labor again urges the minister to address the shortage of feed grain by conducting a national grain audit and reviewing the protocols that apply to the import of feed grain. It is not good enough for the minister responsible for our rural industries to sit back, look at the sky and hope for rain.

Due to the reforms implemented by Labor in the 1980s and the early 1990s and the leadership the industry itself has shown, the Australian dairy industry is an outward looking industry. It is an internationally competitive industry, curbed by the distortions in the international market created by unfair and anticompetitive trade barriers. This week the Minister for Trade announced the government’s negotiating objectives for the proposed US-Australia free trade agreement. Those objectives include the elimination of tariff quota restrictions on Australia’s dairy exports to the United States. Liberalisation of trade in dairy goods is an objective shared by the dairy industry, but not just in relation to the United States. At a time when we are discussing the future of the dairy industry, it is important to note the connection between improved market access and a sustainable future for the industry. The government would best serve the interests of all Australia’s rural industries, including dairying, by putting the Doha Round first.

I have outlined some of the concerns held by Labor about the reform proposal and some of the more general challenges confronting the dairy industry. I have acknowledged the fact that the proposal has had a long genesis, is industry initiated and, indeed, is desired by most industry members. Industry initiated proposals, as all in this House would be aware, are terribly hard to get off the ground. The scope of the current proposal is a tribute to members of the industry who have nurtured the reform proposal and dairy farmers who have participated in consultations. Labor is pleased to acknowledge Mr Pat Rowley, Chair of the Australian Dairy Industry Council and long-time industry leader, and the ADC’s Ms Helen Dornom for their contribution to the reform proposal agreed by the government and now before the House.

The dairy industry wants the proposed new industry service structure in place and operational on 1 July 2003. Unfortunately, the minister has let the industry down by dragging his heels on key aspects of the industry’s reform proposal. I have referred to the minister’s failure to provide the opposition with important details associated with reform of pig industry services. During the debate on the Pig Industry Bill 2000, the same minister said:

I have given an undertaking that documents will be available for the opposition to scrutinise prior to the debate in the Senate.

We demand no less on this occasion. The devil is in the detail. The deadline proposed by industry and agreed to by government is just 16 weeks away. According to the minister, the new company will have responsibility for expending $50 million per annum. The very least the minister can do is inform this parliament of just how the new industry services body will work. I advise the House that Labor will move to defer consideration of this legislation in the other place until the minister accedes to our request.

Mr BALDWIN (Paterson) (10.21 a.m.)—I welcome this opportunity to speak on the these two bills relating to the dairy industry, the Dairy Industry Service Reform Bill 2003 and the Primary Industries (Excise) Levies Amendment (Dairy) Bill 2003, as it again allows me the
time to raise the problems of the dairy farmers in my electorate of Paterson, but first I will speak directly on the legislation before us. The Dairy Industry Service Reform Bill will establish Dairy Australia Ltd as a company limited by guarantee under the Corporations Act 2001 to replace the Australian Dairy Corporation and the Dairy Research and Development Corporation in the delivery of dairy industry services. The Primary Industries (Excise) Levies Amendment (Dairy) Bill 2003 will establish a new levy called the dairy service levy which will replace the current dairy promotion levy, the dairy research levy and the dairy corporation levy.

Dairy Australia will be responsible for the delivery of research and development and promotion services for the dairy industry as well as the administration of the Dairy Structural Adjustment Fund. These new arrangements are the culmination of an extensive legal and financial process undertaken by the Commonwealth and the dairy industry to identify the most appropriate structures to replace both dairy corporations. The arrangement proposed in these bills has the support of the Australian Dairy Industry Council, which has played an integral part in the development of these new arrangements. The Australian Dairy Corporation says:

"The creation of Dairy Australia is an important step toward dairy producers having a more active say in the future development of their industry. From a producer perspective, a key aspect of the new structure is that the company will be industry-owned and farmers will be responsible for contributing to Dairy Australia and the longer term development of the industry. It would deliver a company that could meet the specific needs of a deregulated industry and provide a clear focus on delivering returns from a dairy farmer's levy investment."

So it is important to note that the arrangements in this legislation have the absolute backing of the dairy industry for its future investment, and the future of the industry is something I am deeply concerned about.

In my electorate of Paterson, farmers have been hit hard since deregulation, their situation exacerbated by the current drought. I spoke earlier this year about the plight of dairy farmers in Dungog, Raymond Terrace, Gloucester, Nabiac and the Great Lakes region. The problem they face is that the cost of producing milk far outweighs the price they are receiving for milk. They have also been severely affected by the drought. I met with farmers late last year at a meeting attended by over 300 people at the Dungog RSL Club. I would like to formally thank Bluey Watkins from Dungog and Bob Koopman from Nelsons Plains for organising this meeting. They are absolute champions for the industry and deserve more than they receive. Besides running these meetings, they are running their farms and working extremely hard looking for solutions for their industry.

Mr Deputy Speaker Causley, in your role as the member for Page you would understand that at the time farmers were getting about 30c a litre for their milk, and yet it was costing them around 50c a litre to produce it. With figures like those, farmers are really struggling to stay afloat. They are eating into their cash reserves, using their overdrafts and selling off the bottom paddock just to stay afloat, but they have also been hit by a crippling drought—the worst in over 100 years. Most of my electorate has been relatively drought-proofed over the years but the drought has still had a severe effect.

More recently, dairy farmers have met with the leader of the National Party in New South Wales, George Souris, and this week with New South Wales agriculture minister, Richard Amery. I also congratulate Bob Geoghegan, the Liberal candidate for Maitland, for his work in helping to organise meetings with Bluey Watkins and Bob Koopman. I am also pleased to
say that the message from all sides of politics so far has been clear in relation to these farmers. Politicians are saying that milk processors and retailers—in particular, supermarkets—should be passing on more of their profits to farmers by way of a better farm-gate price. Given the current climate with the drought, it is only fair that processors and supermarkets, who are making the money out of the farmers’ products, should be ensuring that their supply line is intact.

I advise the House that we have had some rain in parts of the Paterson electorate which has brought a great deal of relief for local communities. I was in Dungog last Friday and it amazed me to see the difference that a little rain can make. But it is important to note that, whilst the fields are green, there is very little depth in the feed in the paddocks. It will probably take months for the feed and crops to recover. As farmers know only too well, one day of rain does not break a drought; we need follow-up rain, and plenty of it, to fill the dams and rivers and provide enough feed for stock. From what I hear in the forecasts, rain should be coming in the months ahead, but unfortunately many farmers could not wait for the rain—they have found the situation untenable and have left the land. I have heard heartbreaking stories of farmers who have sold their stock and then the following day the rain has fallen. Some Dungog farmers found that with the drop in milk prices since deregulation and the added blow of a drought their businesses were no longer sustainable.

So the suppliers of milk, the very start of the chain, are doing it extremely tough. The effect this has on the community is tough as well. Young people are leaving the land and do not want to take over the family business. It has an effect on local businesses in the towns as well. If the farmers cannot afford to buy goods, the local shops are affected and then more local jobs are also affected. But the milk processors and supermarkets are the ones making a dollar and they are doing it on the back of very hard work from the farmers.

I also point out that Dairy Farmers corporation took the decision to close down the Gloucester dry milk factory on the basis of financial unviability. That closure started to cripple the town itself. On the back of that, we have now had deregulation, an increase in feed supply costs and a reduction in the amount paid for milk by Dairy Farmers to their farmers. They should be recognising the hardships faced by many communities, such as the farmers in Dungog and surrounding regions, and the fact that their suppliers are leaving the industry under current conditions. To be fair, some companies have recognised the extraordinary circumstances that farmers are in. Bega, for example, on the South Coast of New South Wales, announced a special drought support payment to dairy farmers for the months of November, December and January due to the drought. Chairman of Bega Cheese, Barry Irvin, was quoted in a December media release as saying:

... it was the Board and management’s view that increases in returns of this magnitude were necessary to ensure the local industry did not suffer long term damage as a result of the current circumstances.

Bega Cheese believes that this is an investment in the future of our dairy industry.

This is about investing in the future and is an example of a responsible company ensuring the continuation of the supply chain of its product. As those who come from regional electorates know, dairy cows are not something you can put on the back paddock for a month and then bring back on to produce more milk. Once they go dry through lack of feed or lack of milking, it can take up to 18 months to two years to bring cows back on line to produce milk, particularly quality milk. The cost of the feed and the type of feed being given to these cattle
have also reduced the quality of the milk, and that has further exacerbated the price returns that farmers have been getting for the milk. It is tough on the land, but that is a risk that dairy farmers accept. But when additional pressures are brought to bear on them by those further up the line, such as the processors and retailers, then unfortunately the buck is stopping with the farmers. I think that is an unconscionable action by the lions above.

This is about the future survival of an industry and the survival of dairy farmers who have been on the land for generations. It is interesting to see in the supermarkets the wide range of prices for various brands of milk. In fact, it is not unusual to see differences between various brands of over a dollar in the price of two litres of milk. It is also interesting to see the price that consumers are prepared to pay for a bottle of water and for coke, for example, in comparison to what they pay for milk. For a 600 millilitre carton of milk, you could pay around $1.10. In comparison, consumers will pay around $2 for a 600 millilitre bottle of coke and around $1.25 for a 600 millilitre bottle of water. It is a sad day when consumers will happily pay more for a bottle of water—when they can readily get water out of a tap—than they will for a carton of milk. It takes a great deal of time and labour to produce milk, yet the producers are getting very poor prices for it.

I call on the milk processors and the supermarkets to give farmers a fair go. Give them the prices they deserve and support the industry that supports the jobs and the many families of Paterson. Without the farmers producing the milk, the processors and the supermarkets will have no milk to sell.

Mr Zahra (McMillan) (10.31 a.m.)—I welcome the opportunity to contribute to this debate on the Dairy Industry Service Reform Bill 2003 and the Primary Industries (Excise) Levies Amendment (Dairy) Bill 2003. The dairy industry is no small thing when we talk about Australia’s export performance, the number of people who are employed in the sector and the industry’s importance to certain regional and rural communities which depend very heavily upon the industry for people’s livelihoods. As you would be aware, Madam Deputy Speaker Corcoran, the electorate of McMillan is Victoria’s premier dairy region. We have had a proud association with the industry, which has been to the benefit of the dairy industry, the dairy sector and the people in the electorate of McMillan.

With this debate, we always tend to drift away from talking about the people who make it all possible and end up talking about the big dairy corporations and cooperatives in discussions about the tens of millions or hundreds of millions of dollars that might go through national dairy authorities. But all of that is impossible without the people who are doing the work—the farmers, the people who work in the milk processing facilities and the people who make all of it happen. They are the ones who drive the industry forward.

In my electorate, we have seen a number of very important dairy developments over the last five or six years. In particular, we have seen the development of the Darnum Park facility—the Bonlac milk processing plant in West Gippsland—at a cost of, I think, between $200 million and $300 million. It was an incredible achievement by all of the construction workers involved in building it on time and under budget. The work force that they have over there are incredibly dedicated to the work they do on behalf of the Bonlac Cooperative.

We have also seen further east in my electorate the development of the National Foods yoghurt manufacturing facility at Morwell. Once again, it was a great achievement by the construction workers to build it also under budget and within time frames. We have seen that fa-
facility go from strength to strength over the last few years. I was very heartened to see that around about 18 months ago they reduced the number of casual staff that they had there and employed 30 more people on a full-time basis. This is exactly the type of thing that we want to see. We want to see these full-time, high-wage jobs in country districts.

We have proved in the McMillan electorate that, when big dairy employers want to do business with us, we will support them, make them profitable, deliver good employer-employee relations and cooperate in helping them achieve their objectives. In return, we expect to be treated decently, to have people employed on decent wages and, of course, to have as many full-time positions as possible rather than a heavily casualised work force. The relationship works well between the companies and the work force in the electorate of McMillan. There have been some great success stories, which are really great examples for the rest of the industry about how to go about doing these things.

I heard the member for Paterson talking a little bit earlier about how farmers are finding things right now in the dairy sector. I myself, the member for Blaxland, the member for Braddon and other members of the Labor Party in the House of Representatives talked a lot at the time of dairy industry deregulation about the likely impact on communities and farmers and about the likely consequences. We were not so much concerned for the states that we are from—Victoria and Tasmania in my case and that of the member for Braddon, which have had a very different dairy industry for many years and were better able to cope with the changes brought upon us by dairy deregulation—we were more concerned about how farmers in New South Wales and Queensland would be affected. They had had a very different industry for many years and had come to know the existing arrangements, and we knew the transition would be a difficult one.

It was not easy to get the government’s attention in relation to the likely impact of dairy deregulation on these communities. But we did, and we did it with the help of the dairy industry itself. I remember having many discussions—and I am sure the member for Braddon and the member for Blaxland recall this—with people who were in senior positions within the dairy cooperatives in particular and other dairy corporations in which we appealed to them to join us to try to make sure that communities and dairy farmers were not left behind in dairy deregulation. Out of all of that came the range of compensation measures that were put in place to try to offset some of the likely impacts of dairy deregulation. We welcomed that at the time from the government and, of course, supported it as it went through the parliament.

One part of that was the Dairy Regional Adjustment Program, which my colleague and friend the member for Braddon made some reference to in his remarks today. We have seen some good projects funded and we have seen some appalling projects funded out of that program. The worst one I saw was a wine appreciation room which was funded at an Anglican grammar school in Queensland out of the Dairy Regional Adjustment Program—appalling, disgraceful, a shocking pork barrel and an inappropriate use of taxpayers’ money, especially taxpayers’ money that was supposed to go towards helping dairy farmers and the communities that depend on the dairy industry to cope with this massive change.

At the other end of the scale we have seen some positive things come out of the Dairy Regional Adjustment Program. Some of those things I have been able to negotiate for my electorate directly with the minister—and I place on record my appreciation for the direct discussions I have been able to have with Warren Truss, the Minister for Agriculture, Fisheries and...
Forestry, in relation to those issues. I have been able to talk to him directly about getting funding for Flavourite tomatoes in West Gippsland which has seen them expand their operation in a dairy dependent community, employ more people and expand their business—a great outcome for West Gippsland. I have been able to talk to Warren directly about getting funding for the Tarago River Cheese Company which has seen them expand their business and employ more people. I have been able to speak to him directly about getting support for Jindivick cheese which has seen them expand their business and employ more people.

These are good outcomes, and these are the types of discussions which people in our communities expect us to be able to have with ministers irrespective of what political party they or we might happen to be in. So I place on record my congratulations to the minister on the open way in which he has been involved in discussions with me in relation to those projects. We do not agree all the time—and it will not surprise anyone in this chamber to hear me say that—but on these matters he has been a decent man to deal with and I would like to think that, between the two of us, we have been able to do something good for the community I represent. The dairy industry is much bigger than party politics. I think it is the industry in Australia with the most potential to drive our export performance. In Victoria the state government has a target to substantially increase exports of dairy products over the next 10 years. We will not do that without new investment. We will not do it without a focus on bringing in that new investment, much of which we know is out there looking for a place to base itself. We will not do it without a government that is prepared to be interventionist and work with the big dairy cooperatives and companies to make it happen.

We in my electorate say to the Murray Goulburns, Bonlac Foods and National Foods of the world, and to other big dairy corporations, that we are open for business. We are very interested in working with those big companies and other companies to try to get new dairy investment in our region. We have in South and West Gippsland and the Latrobe Valley dairy farmers who are among the most efficient in the world. We have people who have demonstrated that they are creative and hardworking, and that they can close a deal and make it happen. We have local governments that are engaged in supporting business, and we have a state government in Victoria that is very interested in the dairy industry and very keen to see these types of developments take place in the short to medium term.

I know that the state government particularly wants to see this new dairy manufacturing based in Gippsland. I say to these people that, if they have a proposal, we will make it happen. We will make it happen in the interests of our community—the dairy farmers in our district and the people who will be employed in it—and also because it is in the interests of the state of Victoria and in the interests of Australia. So the dairy industry has a lot of potential. It is an incredible industry that is thriving and growing. There is a lot of new development and there are a lot of exciting things happening in it, but it still has so much more potential.

I want to spend a bit of time talking about the other part of the dairy industry, which we do not tend to see too much of in country districts: the research and development and the science and technology. Too often, that takes place in settings removed from farms and milk processing operations. That is for historical reasons. A lot of this development is linked to big cities and research laboratories, and all sorts of other historical reasons have meant that it is not based where we would like it to be based: in country regions.
I would like to see some interest from the federal government in this. I would like to see them work with the dairy industry and try to get some of this research and development and technology and science based in country districts so that people can get the benefit of having those jobs—those high-tech, high-wage jobs—in our communities. I would like to see people spending money in our towns, investing in our local communities, sending their kids to our local schools, and us getting the benefit of their economic and cultural activities in our communities.

It is of benefit to them, too. It is not just a one-way street. It is not about us saying, ‘We want them to come here so we can get all this stuff from them.’ They also get the benefit of being at the coalface. They get the benefit of being right next to the farm and right next to the milk processing facility. I would like to see the federal government engage in debate and discussion with the dairy industry to see what can be done to get some of that science and technology and research and development associated with the dairy industry relocated—or developed, if it is new development—to country districts, next to those communities that depend on the dairy industry for their livelihoods.

I turn to the Dairy Industry Service Reform Bill 2003 and the Primary Industries (Excise) Levies Amendment (Dairy) Bill 2003 more particularly. Labor is broadly supportive of these steps, as they are initiated by the dairy industry itself. We want to see a bit more accountability from the government in relation to what has been proposed here. We want to see a little bit more detail. We think it is reasonable to expect accountability in the types of arrangements we are talking about. We think it is reasonable to expect some details in relation to the constitution of the organisation that is likely to manage the affairs of the dairy industry. We think it is reasonable to expect that the minister should have done a little bit of work in relation to the nature of the contractual relationship between the Commonwealth and the authority that is likely to manage these operations.

So we say to the government, in general terms: let us work together, let us try to get the best outcome for the dairy industry—let us try to do a good thing for the people in South and West Gippsland and those other parts of Australia that depend on the dairy industry for their livelihoods. But be up-front with us. Give us the detail we are asking for. We are only asking for it because we are interested in making sure that we have the best possible framework and the best possible arrangements for the dairy industry in Australia.

A lot of Labor Party members represent areas with a lot of dairy farmers and a lot of people who are employed in the dairy industry. In the chamber today is my friend and colleague Sid Sidebottom, who represents a very strong dairying district in Tasmania. Dick Adams, the member for Lyons, represents a lot of dairy farmers in his electorate. Michelle O’Byrne also represents a lot of dairy farmers in her constituency. We have a number of other members who are passionately interested in the future of the dairy industry. We are interested in working with a group of people who in the dairy industry define themselves as people who bend their back and work hard; people who are prepared to engage in commonsense rather than ideological discussions; people who are prepared to get an outcome for the communities in which they live.

So we are interested too, and we do not want to see an approach from the government that is all about taking a partisan view and not about working with us and accepting the goodwill that we extend to the government and have extended in the past to the government in terms of
the dairy industry. As I mentioned before, individual members on this side of the parliament have been able to work directly with the minister to get good outcomes for the dairy industry in our local constituencies, and we applaud that. We want to see good things delivered for the dairy industry. We want to see some cooperation between the government and us, and of course between the government, the dairy industry and the people involved in the dairy industry.

It is my passionate belief that there is much more to come in the dairy industry for Australia. This is one of those few industries genuinely orientated towards global opportunities. It is an export-orientated industry, and a large proportion of the jobs in the dairy industry is linked to Australia’s export performance. As we know, any industry that is not faced towards the world is an industry that invariably will be in decline. In the dairy industry we have been fortunate to have had a number of visionary leaders—a number of people who have been prepared to see the potential for the dairy industry and to strive to achieve it. Those people have orientated some of the big businesses involved in dairy towards world markets. In the opposition we applaud them. We applaud their guts, determination and hard work in making that happen. We know that this is the future for the dairy industry and, because it is the future for the dairy industry, it is the future of places such as West Gippsland, South Gippsland, the electorate of Braddon and other areas that have a large slab of the dairy industry in them.

The government must not sit idly by and allow opportunities, in particular for new manufacturing, in the dairy industry to slip through Australia’s fingers. Because it is a global industry in a global marketplace, we do not want to see investment decisions taken by increasingly global dairy corporations result in Australia’s chances of cementing itself as a global leader in the dairy industry slip through our fingers. We want to see companies make decisions to build new factories and new milk processing facilities and to establish new research and development laboratories in Australia. We particularly want to see those new facilities in country districts—places such as West Gippsland and South Gippsland. We want to see those developments in our communities.

The only way that is ever going to happen is if we have a federal government that is actively involved and actively engaged with these companies to try to make sure that that development stays in Australia—and, in particular, that it goes to country districts. We in the opposition will work with the government to try to make that happen and we will work with our colleagues and friends in state and territory governments to try to support those types of initiatives. For too long there has been a hands-off approach taken by the federal government in relation to closing these investment deals. We want to see the federal government actively involved. We think the federal government can play a bigger role in making sure that some of this new manufacturing investment—in particular, in the dairy industry—stays in Australia and goes to regional communities where the dairy industry is strong.

We do not want to be just the place that supplies the milk. We do not want to just have our efficient farmers. We want to have our efficient farmers, our efficient workers in these milk processing facilities and our efficient scientists, research technicians, technical officers and people based at universities as well. We want to have all of those people in our communities, because that is what the dairy industry is. We contribute enormously to it, and we want to get the maximum benefit from our association with the dairy industry. We are happy enough to support this legislation. We have made some reasonable requests of the government. I hope that, in the spirit of goodwill and bipartisanship, they will accept our requests.
Mr SECKER (Barker) (10.51 a.m.)—In rising to speak on the Dairy Industry Service Reform Bill 2003 and the Primary Industries (Excise) Levies Amendment (Dairy) Bill 2003 I note that it was quite nice for us on this side to hear the member for McMillan’s effusive praise for the federal Minister for Agriculture, Fisheries and Forestry, Warren Truss. He noted at one stage that he did not always agree with the minister, but in this case he had worked very closely with him. It may or may not surprise the member for McMillan that we on this side do not always agree with our ministers either. But the fact is that the minister has handled this issue very well.

Just before coming into the chamber I met with representatives of the peak body of the Australian dairy industry to go through the nuts and bolts of how they are going to set up this new corporation. For example, they will have nine members on the board, three retiring every year. We also put to them that at some stage we would like them to look at voluntary levies rather than the compulsory levies that they have. It was very interesting to speak with them. Ninety per cent of South Australia’s dairy industry is actually in my electorate of Barker. I have always taken a pretty keen interest in the dairy industry; in fact, I grew up milking a few cows. Things have changed a lot in the dairy industry. When I was growing up my parents used to milk four cows and do a whole lot of other things. They had a nice little sideline with four cows—making a bit of butter and scalded cream and selling off the milk and the cream. As there were eight kids in the family, we needed a fair bit of milk anyway.

The dairy industry has changed, and there is no doubt that there is no place in the world these days for small dairies. Thirty years ago we had dairies of 30 or 40 cows. They no longer exist. Basically, if you do not have 100 cows you will not exist in dairy farming. In fact, very few dairies are under 200 these days. The changes in the dairy industry have seen some huge dairies with up to 2,000 cows. They have the efficiencies of scales of economy and because of their work force they are not always milking cows every day. They often have one weekend off in two. That makes it much better for family life. So we have seen some pretty big changes in the dairy industry.

I noted that the member for McMillan was almost accusing the government of letting chances slip through our fingers. I have to say that the dairy industry has not been letting things slip through its fingers. The industry has had the help of the federal government through export development grants and the dairy restructure program. As I said to the representatives whom I spoke with before I came into the chamber, no other industry in Australia’s history has received a restructure package as big and as generous as what we had with the dairy restructuring program, which was something like $1.8 billion. That is a lot of money in anyone’s terms. Many great things happened as a result of that and it certainly gave a lot of dairy farmers the opportunity to expand their own set-up or make their milking stuff a lot more modern—bring in computers, increase herd numbers and become more professional.

It also helped add-on industries. I know, for example, at Jervois, just below Murray Bridge in my electorate, I was able to help in obtaining a grant of $660,000 for the whey-processing plant. As many people would know, whey has basically been a by-product that was thrown away. They used to feed it to pigs many years ago, until they decided that was not a good idea for health reasons. They have been able to build a plant that will employ hundreds of people and produce exports worth millions of dollars each year. It is a $30 million development, and the help of $660,000 from DRAP has been an enormous help. I know they were very pleased about the involvement of the federal government in that.
In the end, I do not believe that, as a government, we should be telling the dairy industry what to do or holding their hands all the way along. They have to stand on their own two feet. We do help them where we can, but this idea that we have to be actively involved at every step of every development and business deal is nonsense. It shows the big difference between the way some of the members opposite think and the way we think. We believe that the industry should be looking after themselves—that we help where we can, but do not hold their hands all the way.

I rise today to join the debate on the Dairy Industry Service Reform Bill 2003 and the Primary Industries (Excise) Levies Amendment (Dairy) Bill 2003, because, as I said, my electorate of Barker is home to quite a few dairy farmers. In fact, dairy farmers in the lower Murray region of my electorate—which I will talk about a little later, because of some of the problems they are facing there—are responsible for producing 25 per cent of South Australia’s milk and provide some of the highest quality cheese-producing milk. I know the member for Braddon has some very important industries of a similar kind on King Island in his electorate. The south-east of my electorate is also home to some of Australia’s top quality dairy farmers and very large dairy farms.

These two regions in my electorate certainly have a huge impact on South Australia’s economy. All in all, 90 per cent of South Australia’s milk is produced in the electorate of Barker. Therefore I think it is understandable that I take a pretty close interest in the issues which impact on the dairy industry. Of course, another reason is my own small personal involvement while I was growing up—hand milking cows. I think I could still squeeze a bit of milk out as well as anyone else in this chamber.

Mr Sidebottom—So I have heard.

Mr SECKER—That is right. The Dairy Industry Service Reform Bill 2003 seeks to reform the Australian Dairy Corporation, or the ADC, and the Dairy Research and Development Corporation, which I shall refer to as DRDC, and establish one peak body—that is, Dairy Australia Ltd. Dairy Australia Ltd will be responsible for the delivery of research and development promotion services for the dairy industry, as well as for the administration of the Dairy Structural Adjustment Fund. The company, through the conversion processes, will assume all the liabilities and assets of the current Australian Dairy Corporation and will have the assets—including staff I might add, which is very important in this whole changeover—and the liabilities of the DRDC transferred to it.

The Primary Industries (Excise) Levies Amendment (Dairy) Bill 2003 seeks to establish one single levy—the dairy service levy—to replace the three existing levies. We are getting rid of three levies and bringing in one. The three existing levies—the dairy promotion levy, the dairy research levy and the dairy corporation levy—which are currently being paid in the industry will all be brought into one sole levy. The company will, in keeping with its legislation, maintain a register of all members and levy payers—we are talking about something like 18,000 dairy farmers—and will ensure that a periodic poll of all dairy levy payers is undertaken to determine the rate of the levy to be recommended to the Minister for Agriculture, Fisheries and Forestry and, of course, ultimately the parliament of Australia. I went through a lot of those issues with the representatives before I came into the chamber. The company will receive levy funds, and it will remain accountable for the funds to both levy payers and the parliament.
What I have just presented to this chamber is an overview of what both pieces of legisla-
tion seek to achieve. This is pretty good news for the whole dairy industry—particularly for
the dairy industry in my electorate of Barker, but certainly throughout the whole country. It is
a very appropriate time for me to be speaking on this bill, because the dairy industry in my
electorate of Barker—in the lower Murray in the north and parts of Fleurieu Peninsula, and in
the upper, but mostly lower, south-east and south—is going through pretty tough times at the
moment. So it is pleasing to see that this legislation introduced by my coalition colleague the
Hon. Warren Truss, the minister, seeks to provide this industry with some stability in these
troubled times.

Dairy farmers in these regions are facing some very serious sustainability project problems
and—I have to say this—are having trouble in getting the South Australian Labor government
to provide adequate support to help them through this rough patch. The dairy farmers in my
electorate cannot win. In South Australia, we have a Labor government that thinks that real
South Australia begins at the outskirts of the CBD and stops at the Adelaide Hills. From the
exceptional circumstances application debacle to assisting dairy farmers in South Australia,
these mostly urban based politicians simply have no-one to stand for, and they simply do not
seem to have any concern or respect for what should be a very strong, rural based industry. It
is not only a huge employer in regional South Australia, but it is also a big contributor to the
South Australian economy. In fact, we even had the Premier launch the 20-year dairy plan in
South Australia. It was a visionary document, but I doubt whether he knew or understood
what he was doing and what his government is doing now.

For example, the Lower Murray flat dairy farmers are worse off. The former state Liberal
government identified that approximately $40 million from the state government was needed
for a restructuring and rehabilitation scheme to make the industry sustainable. The scheme
was designed to assist in reducing the run-off of cow manure, chemicals and fertilisers into
the river, thereby improving the environment in the Murray River, which I am sure we all
want to see. It was also about improving the efficiency of the dairy industry with such things
as laser levelling for their irrigation. Despite the fact that this is essential to maintaining both
the environment and the dairy industry in this region, the state Labor government, in its urban
wisdom, decided to cut the allocation of funds to this project by $10 million and only offer
$30 million.

The dairy farmers in the region accept that they need to change their ways and do things
better for environmental reasons and for efficiency reasons in their own industry—they had
agreed to meet new water use efficiency and environmental targets. They are willing to do
what it takes to get the industry and the environment working together but they definitely
need help, and they should get help. It is a wish of the general community to improve the en-
vironment, so it is only fair that they be asked to contribute quite soundly to it. There has been
a policy—certainly in my state—with the rehabilitation areas all along the Murray River that
the funding is 40 per cent federal, 40 per cent state and 20 per cent by the farmers. That has
been the generally accepted model. But, because of the cost to change the way things are done
and the cost to improve the environment, the Labor government has now, in its wisdom, pro-
ceeded to further cut the funding for this project from $30 million to $18 million, with only
$12 million actually being made available for work on the ground and $6 million worth of
bureaucracy and red tape in the departments. This is turning cost shifting into an absolute art
form. We are not seeing the work on the ground and the dairy farmers there will actually be
asked to contribute between 50 per cent and 70 per cent of the total cost—and they simply will not be able to afford it.

We are talking about a $100 million rural industry which employs nearly 2,000 rural South Australians, and they are offering just $12 million to rectify this situation. In doing so, they are forcing dairy farmers to pick up more than half of the projected cost of the scheme, forcing them to pay approximately $8,000 per hectare with very little return. The farmers were probably willing to pay $2,000 a hectare for virtually no return because they wanted to see a sustainable industry in the long term, but the idea that they can somehow afford $8,000 per hectare is just so far over the top—and they are not getting any benefit from it. These are the same farmers who have suffered through the drought and have had to pay higher feed costs and operational costs because of the drought, and now the Premier of South Australia, Mike Rann, wants them to pay $8,000 a hectare as well and get virtually no return. This move will force a large number of dairy farmers out of the industry on the lower Murray irrigation flats, and that will leave many unemployed and a large hole in South Australia’s economy. This whole shemozzle—what they are trying to force through—is putting at serious risk the milk processing plants at Murray Bridge, the cheese factory and the new multimillion dollar whey-processing plant at Jervois that I spoke about earlier.

Unfortunately, these people are not getting any support from their local member, the illustrious Peter Lewis MP, whom I have spoken about before in this House, who hopped into bed with the Labor government after the last state election in exchange for the speakership—not a bad job if you can get it. In fact it has been rumoured, and even quoted in the local newspaper, that he called these farmers ‘whingers who should get out of the industry if they could not hack it’. He has now decided he had better go into damage control about that and is now denying he actually said it, but I assure you that the reporters I have dealt with in the local paper there have never made up stories like that. He also said that there would be a definite funding model of 40 per cent federal, 40 per cent state and 20 per cent farming, only to be told by the relevant minister that that is not the case at all. So he not only calls the local dairy farmers whingers but also does not even know what is going on with the funding model. So much for a great local member!

Instead, these farmers have been trying to get some satisfaction by holding public rallies and getting federal politicians involved to try to make the state Labor government see the error of its ways. I will certainly be out there trying to resolve this issue. Yesterday I had a meeting with Environment Australia to try to work out whether anything can be done to help these two regions, and before I came in here, as I said, I had a meeting with dairy representatives on this very bill.

I am sorry to have spent so long giving background information, but I feel very strongly about this issue. It makes me mad that a bunch of city based so-called leaders can make decisions on issues on which they have absolutely no understanding—isues which affect the livelihoods of hundreds of farmers and countless more workers. It certainly makes me mad and it makes the industry mad. That is why I am happy to be here supporting the pieces of legislation that we are talking about today. This legislation is designed to provide stability and some simplicity to an industry which is suffering at the moment, but which I believe has enormous potential. Having only one peak body looking after this industry will make it easier to administer it and to monitor its progress. It will enable Dairy Australia Ltd to enter into a contract with the Commonwealth so that it can receive the levy payments and be responsible for the
expenditure of these levy payments following the establishment of accountability and reporting requirements. This is good news for dairy farmers in my electorate—and we all know that they need some of that. With the stability that these pieces of legislation will provide, I hope that dairy farmers in the Barker electorate can band together and fight the state government’s mind-set. It will not be easy, but it must be done. I commend this bill to the House. (Time expired)

Mr KATTER (Kennedy) (11.11 a.m.)—The Dairy Industry Service Reform Bill 2003 is setting up a body that will be responsible for marketing—but I do not know what that means because it has no marketing powers whatsoever. So I think that is just pollywaffle. The second aspect of the bill is research and development. A body is to be set up to monitor research and development. I have not gone into all the minute detail in the bill, but it seems that the government intends that growers themselves will control it. But when governments talk about ‘grower control’, it usually means that (a) they are going to appoint their own flunkeys from the industry or (b) they will choose elected officials, and the elected officials always seem to be part of the government set-up. It is amazing how unreactive these groups are to their membership base. So I have some suspicions. An electoral college of the various people in the industry seems to me to be the direction in which we should be travelling.

Let me return to the issue of marketing. I spent 20 years of my life in the state house—for nearly half that time as a minister and for a little bit more than half of that time as a back-bencher. During such a discussion in the state house in Queensland, the head of the department would be sitting here. In that situation the debate is very meaningful because a major decision maker, the head of the department, is present. If he has done the wrong thing then he must sit there and cop the pain. In this place, the head of the department is hiding out in an ivory tower down the road. He is not here at all. In the state house, the minister is also expected to be here so that he can face up to the destructive elements that he has unleashed on an industry such as this. So he will also have to cop the pain. It seems to me that, compared with the state house, what we are doing here is just making a noise in an empty vessel. The people who really matter are not here listening to this, and they will not listen to this. They will be able to hide because of the procedures in this place. So it is very relevant to this debate that no senior departmental officials are here, let alone the head of the department—and the minister is not here either.

Turning to the issue of milk, I had the privilege of listening to Professor Rod Jensen, from the University of Queensland, which has, I think, the biggest economics faculty of any university in Australia—certainly one of the most distinguished. He said that there were three great shames in Australian history: the way we treated the original inhabitants, the way we treated our soldiers when they came back from Vietnam, and the way we treated the dairy producers of Australia in the deregulation of their industry. I put a tick on each of those three items and added the Boer War and the fact that Prime Minister Curtin—the most over-hyped politician in Australian history and a national disgrace, in my opinion—would not allow a significant number of Jews into this country during the period of Hitler’s reign in Europe. Six million Jews died in the gas chambers, and we had the generosity to allow 12,000 of them into this country. So I added those two shames to Professor Jensen’s list, which I think is a fair assessment of the great shames this country has to bear.

To demonstrate what it is like in the dairy industry, after the deregulation I was with one of the Queensland state members, Dr John Kingston, and he said, ‘It had a very bad psychologi-
cal effect upon me.’ That was also true for me. The next morning I lay in bed staring at the ceiling until about 11 o’clock. I just could not bring myself to face the day. I thought that, because I had failed these people, it was my duty to go out and face the music. Unlike in this place, where we have the minister and all of the officials hiding out in coward’s castle down the road, I felt it was my duty to go out and face the music because I had let these people down. So I simply got in my car and went. I had to introduce myself to the people; I didn’t know who they were. I went from dairy farm to dairy farm on the Atherton Tableland, where I have 200 or 300 dairy farmers whom I am paid to look after and whom I had let down so badly.

I got to about 10 farms that day and at every one of those farms there was no employee at all. There were a husband and wife—the kids had grown up and left—and the husband and wife did the milking themselves; they did all of the work themselves. They had no employees. Most of them were in their late fifties. These people had got up at five o’clock in the morning to do their first milking and finished at half past seven at night. I know that for a fact because I arrived at two of the places after seven o’clock and had to wait until they had finished working. Of course, they have a break during the day.

These people are the hardest working people left in Australia today, and what did this government, this parliament, do to them? It took away their right to collectively bargain. We have damaged the right of the worker in this country to collectively bargain—very badly damaged it. I am ashamed to say that I have voted on a number of occasions for legislation which was a lot worse than I thought it would be.

Mr Sidebottom—Hear, hear!

Mr KATTER—I appreciate the ‘Hear, hear!’ from my colleague, who is much respected and one of the better members of this place, Mr Sid Sidebottom. That was in the reign of Paul Keating. We are talking here about the right of the dairy farmers to collectively bargain and we are purportedly putting a body in place here that is going to have something to do with marketing, which is just garbage pollywaffle—there are no marketing powers in this legislation at all; they have all been removed. The Australian Financial Review said that Mr Keating and Mr Hawke’s reign, which Mr Keating dominated, was highlighted by the fact that they had reduced wages in Australia. The Financial Review thought this was a marvellous thing and what a wonderful government it was because wages were dragged down during this period—because real wages fell. And they did fall significantly. Ironically enough, they have risen under the current government. There is no doubt in my mind as to why wages went down, because I saw it happening on the ground. The workers’ right to collectively bargain was badly hamstrung. That was not a good thing and it is one of the many reasons why I am sitting where I am sitting in the parliament today.

Let me return to marketing in the dairy industry, since that is what this legislation is about. The shortcoming of this legislation is that there are no marketing powers, no right to collectively bargain in it. They should be in this legislation because, when the tariffs were taken off us in the sugar industry, the Australian Cane Growers’ Council—the elected body representing cane farmers in this country—said that they would be prepared to give up the benefits of the tariff if, in return, they were not deregulated.

The review said that it was harmful to Australia if this industry is deregulated. So we gave up the tariffs. For the sugar that we sold on the Australian market—about 20 per cent of our
sugar is sold on the Australian market—we lost $112 tariff protection, and all we have been getting is about $250 or $260 a tonne in the period since. You can see the enormous value of $112 a tonne when all you are left with on the sugar you are selling on the Australian market is $250 a tonne! With the abolition of the tariff, we lost almost a third of the income that we were getting off the Australian market. We did that because we had an agreement out of the government that we would not be reviewed until 2006—and what happened? In the year 2002, not three years later, a memorandum of understanding was signed by the Queensland government and the federal government which said that they would deregulate the industry—clauses 8 and 9. That is the way that not only the dairy producers but also other farmers have been treated in this country.

You may ask: who won and who lost? Clearly, the sugar farmers lost—and lost big. They have been on about $260 a tonne and they lost $112 a tonne through the tariff removal. So, clearly, they lost big. But who gained? Did the consumers gain? With the loss of this $112 a tonne, which is 11.2c a kilo, did the consumers gain? No, the price in the supermarkets—surprise, surprise—went up $100 a tonne. The people in the middle, who are principally Woolworths and Coles—they have about 80 per cent of the food market in Australia—picked up $212 a tonne. Since about 800,000 tonnes goes on the Australian market, they picked up $170 million in extra profits. Each and every year they pick up $170 million over the broken backs of the sugar farmers.

Let me turn to eggs. Deregulation occurred on different dates throughout Australia, but I think it is fair to say—most certainly this is the industry claim—that the price farmers were receiving for eggs pre-deregulation was an average of 117c for a dozen eggs. Today farmers receive around 105c for a dozen eggs. So the farmers have had their incomes reduced by 12c a dozen over a 10-year period—and that is not taking into account CPI increases, which have been massive. They have had their incomes reduced by 12c over that period, but did the consumers benefit? No. The retail price for a dozen eggs went from 180c to 293c. So, once again, the people in the middle picked up an extra 115c a dozen. Since there are 240 million dozen eggs sold in Australia, the people in the middle—again, mainly Woolworths and Coles—picked up an extra $300 million out of the deregulation of the egg industry.

Mr Sidebottom—Name them—go on.

Mr KATTER—I do not hesitate to name them. Let me now turn to the dairy industry. ABS catalogue 6403 tells me that the average price for milk pre-deregulation in Sydney was 115c a litre. It is now 154c a litre. So did deregulation help the consumers? Clearly not; there was an increase of almost 50 per cent to the consumers once the brakes were taken off by the government. In Brisbane, the Queensland price went from 116c to 159c. So we had an average price rise to the poor, long-suffering housewife of 41c a litre.

Honourable members interjecting—

Mr KATTER—Let me come to the farmers. Obviously, the prices are all over the place, but let me give you the figures for North Queensland. These are the actual Dairy Farmers figures. They wrote a letter to their farmers and said, ‘You’ll no longer be getting 59c. From now on you will be getting 41c.’ That is a drop of nearly 20c—a drop of 30 per cent in their income for fresh milk. In southern New South Wales on the Murray border, the price went from 52c to 35c. In Taree, it went from 47c to 30c. In South Queensland, it went from 55c to 31c. So we had an average fall for the farmers of 19c a litre. One-third of their entire income was
taken off them by the governments of New South Wales and Queensland and by this parlia-
ment—this parliament that very regrettably played a very sad and sorry part in the deregula-
tion of that industry.

The honourable member for Page is with us, and he was one of the people who stridently
fought against the deregulation and told this government to stay right out of it. He said that, if
those two state governments were determined to destroy their dairy industry, let it be upon
their heads. But he was not listened to. The government proceeded down the pathway of fa-
cilitating deregulation, though I exclude the Prime Minister from these remarks because I
think that he was most certainly heading in the other direction. But the sad fact of the matter
is that the parliament of Australia participated in the deregulation of this industry, and the net
result has been that the farmers have lost a third of their income—19c—and the consumers
are paying an extra 41c.

Without the government intervention that would be an extra 60c. All right, there was gov-
ernment intervention for 11c. Thank you, Mr Government. Thank you for the 11c. But there is
no thank you for the fact that, once again, the people in the middle are enjoying an increase of
near enough to 50c. Nearly 2,000 megalitres—two billion litres—of milk are sold in Austra-
lia. So, if the people in the middle took 19c off the farmers and 40c off the consumer—poor
old Mrs Housewife—there is an extra 60c for Mr Woolworths and Mr Coles, who have 80 per
cent of the food market in Australia. Even allowing for the 11c, they have made an extra profit
of $923 million each and every year, over the broken backs of the farmers.

Do you think that this government or the governments of Queensland and New South
Wales have learned their lesson? No way Jose. At this very moment, a memorandum of un-
derstanding has been signed by the Queensland government and the federal government to
deregulate the sugar industry. Have they learned their lesson? No way Jose. ‘We only half
wrecked the industry last time. We had better go back and complete the job. The fact that we
have flagrantly broken the promises and undertakings given to that industry is neither here nor
there. We do not care about promises or undertakings. We are the government. We can do
what we like.’

This document is very nice, but it is all fairy floss, it is an absolute waste of time and it is a
disgrace, because it contains no marketing powers whatsoever. These poor farmers are not
allowed to come together collectively, yet two organisations, Woolworths and Coles, are able
to take 80 per cent of the Australian food trade—and their share is increasing at the rate of 2.6
per cent each year. In another 10 years, they will have 104 per cent, or something of that na-
ture, of the Australian food market, yet there is nothing that stops them from doing that. We
have a duopoly on one side, met by 10,000 or 15,000 dairy farmers on the other. I want to sue
the University of Queensland for what they did not teach me about economics, otherwise I
would know how the sellers can avoid being utterly destroyed when you have two buyers on
one side and 15,000 sellers on the other side. Of course, that is what has happened here.
Within two seconds this duopoly manifested itself, and within two years we have this abso-
lutely disgraceful condition.

The previous speaker, who comes from South Australia, got up and said that this industry
will now be more efficient. He ran the usual economic rationalist line: we will have big pro-
ducers producing. He said some farmers are milking 2,000 head of cows—and there are about
three or four in that category in Australia. That is how he envisages the industry. He has a vi-
sion for his country of a dozen or so dairy producers making a very sizeable income, and hav-
ing a whole stack of workers who work for nothing—because they have no right to collect-
tively bargain. There were 15,000 proud little Australians who owned their own little blocks
of land and did their own thing in their own time. They worked like dogs, but they were
happy. They had their own businesses; they had their own farms. But they will be reduced to
slave labourers working for very little, I can assure you, and working very hard for the very
little that they will be getting.

The other aspect of this is that we have opened our doors to the foreigners. They can now
bring their milk and dairy products into this country without being assailed in any way, shape
or form. You have long life milk now; it can come in by boat. In an effort apparently to terrify
us into deregulation, Mr Rowley told us all that we are all going to be destroyed by New Zea-
land. (Time expired)

Mr CAUSLEY (Page) (11.31 a.m.)—The member for Kennedy’s is a difficult act to fol-
low. It is also difficult to stick to the bill when you follow the member for Kennedy, but he
raises some interesting points. I am keen to speak on this bill. I have limited time because the
minister has an urgent meeting, but he is not here yet—which gives me an opportunity to say
a few things. Having been the minister for agriculture in New South Wales for a few years, I
suppose I should. There is no doubt that I support the Dairy Industry Service Reform Bill
2003. I congratulate the industry on rationalising the levies and putting forward one single
corporation which will deal with the marketing and the research in the dairy industry. They
are probably falling into line with a lot of other rural industries that have done it before. It is
very important, because there is federal government funding for research as long as those in-
dustries contribute as well. Obviously, the dairy industry will make sure that they can take full
advantage of that.

Research and development is very important. No doubt many of our great rural industries
have managed to stay at the forefront of marketing around the world because of the research
that has been done and the fact that our products are competitive throughout the world mar-
kets. Research is very important to make sure that those markets are maintained and that we
are at the cutting edge of technology not just in production but in the manufacturing of prod-
ucts. Research into some of the products that come from these agricultural areas is important.
There is a lot of research going into many of our agricultural products and what was normally
considered to be the product is no longer the product. In fact, when you break it into its con-
stituent parts you can make very interesting pharmaceuticals and other things out of these
products, which can get a higher price. Many of our agricultural industries desperately need
that niche market, that higher value market, so that they can obtain a better income than they
have at the present time.

The member for Kennedy is quite right: the dairy industry at the present time is doing it
tough. I do not think anyone will deny that. In any deregulation there is always a time when
many of the producers in that industry, unless they adjust, will find it very difficult to con-

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tough. I do not think anyone will deny that. In any deregulation there is always a time when
many of the producers in that industry, unless they adjust, will find it very difficult to con-
tinue. I dare say only time will tell the full extent of the deregulation of the dairy industry. But
there is no doubt that I do agree on one particular point that the member for Kennedy has
raised, and that is the lack of power of the producer in the marketplace. I think it is a very se-
rious situation at the present time because effectively there are only two buyers. You have two
large supermarket chains, Woolworths and Coles, and it is really a take it or leave it situation:
either you accept the price that they offer or you walk away.
The thing that worries me most at present is that if the manufacturers—there are several manufacturers in the industry—continue to miss out on these large contracts, sooner or later they will go under and you will have a lessening of competition in that particular field, which will be of no advantage to the producer and no advantage to the consumer that I can see. I have raised with the Prime Minister before today the need to look very closely at the Trade Practices Act. While there are some very strong clauses in the Trade Practices Act, these two powerful players in the field seem to be able to manipulate the process when it comes to the ACCC. I think that the power of that act needs to be strengthened so that the ACCC does have some ability to put pressure on these players. It seems to me that there is an argument for this, when producers come to me and say, ‘This is what we get and this is what you buy it for on the supermarket shelf.’ There is a huge disparity there and you have to say to yourself, ‘Where is it?’ This applies not just to milk but to many agricultural products. If you look at the beef industry and the lamb and mutton industry you can see these disparities that are very hard to explain. We need to look closely at that, because the industry should not be disadvantaged in that way. I know that the government has moved to try to allow collective bargaining. That is a step in the right direction. There is a need for some power in the marketplace for the producers to help them out in that area.

I want to comment on a couple of things the honourable member for Braddon raised. He was rather uncharitable about the minister on a couple of occasions—and that is unlike him. He said that the minister had ‘sat back and fiddled while the drought raged’. That is a little unfair because, as the member for Braddon would know, in these instances the states have to move before the Commonwealth can get involved in exceptional circumstances relief. I have had some involvement in this. In my own state of New South Wales—and I can only speak for that state—the state government has been very tardy in coming forward with the recommendations for exceptional circumstances, to the extent that the Commonwealth minister had to pre-empt it and say, ‘We will give an interim exceptional circumstance across the state until we can get some of these through.’ I think that the minister has done all he possibly could in this drought situation. The Premier of New South Wales has been running around the state talking about drought—he has made some 50-odd announcements about drought—but he has not spent anything. The last figure I had was that that state has spent about $15 million on the drought. When I was the minister we spent a lot more than that on drought, I can assure you—something like $60 million in a drought of similar circumstances. The Commonwealth has put up something like $560 million for New South Wales alone. So I think it is a little uncharitable to accuse the minister of fiddling while the drought was raging across the country.

Mention was also made of the quota systems in the states. It needs to be put on record that one of the problems in New South Wales is the fact that the state government has refused to recognise quotas as property rights. That was a huge kick in the teeth for the dairy farmers, because that was their asset. The banks accepted it as collateral. Then tens of thousands—up to almost $100,000—of the value of their asset was undermined overnight. All of a sudden the banks were saying, ‘We don’t know whether these people are viable because their asset has just been undermined so much.’ It is absolutely disgraceful that the states run away from their responsibilities. They say that they are not governed by the Constitution, which says that you cannot take away a property right without due compensation; they hide and say, ‘No, we’re an independent state,’ and they refuse to accept that if something is traded in the marketplace it is obviously an asset. If a bank accepts it as collateral, it is obviously an asset. The New South
Wales government just confiscated that, and that has caused a tremendous amount of trouble for the dairy farmers in New South Wales.

I know the minister is busy and needs to sum up, so I will not take any more of his time. I hope to have an opportunity to speak on some of these issues at a later date, because I think it is important that we put on the record some of the issues that I see as being important in this area.

Mr TRUSS (Wide Bay—Minister for Agriculture, Fisheries and Forestry) (11.40 p.m.)—I thank members who have contributed to this debate for their wide-ranging comments in relation to dairy industry issues and—in the case of certain other members—other extraneous matter. Nonetheless I can understand that when legislation associated with the dairy industry is before the House it provokes considerable interest. It is an important Australian industry that contributes enormously to our national economy and our exports. I noticed that the comments of one honourable member suggested that amongst our industries it has perhaps the greatest potential for boosting exports. Other industries would contest that claim. Nonetheless it is certainly a recognition of the fact that the dairy industry has contributed and will continue to contribute significantly to our nation.

It is also an industry that is going through a period of monumental change, and that is certainly having an enormous impact on individual farmers. Especially now, with the impact of lower world prices and drought, the costs and the returns are putting enormous pressure on many individual operators and the dairy industry. The government is certainly conscious of that, and our drought assistance programs are providing enormous assistance to dairy farmers across the nation and helping them through these difficult times. But, ultimately, the only solution is widespread rain and a return to more normal seasonal conditions. Hopefully world prices, which are moving up a little now, will also continue to move up. Those are the best long-term solutions for the industry.

But it has been a tough time. There has been substantial change within the industry. Naturally, that has caused substantial hardship and difficulty for those farmers who are making major decisions about their future in the industry. That is the reason the Dairy Structural Adjustment Program was put in place. Communities were also affected, and that is why the Dairy Regional Adjustment Program was put in place. The last round of projects under the Dairy Regional Adjustment Program should be announced within the next few weeks. I think all of those projects have made a real difference to communities in helping to adjust to the changes in relation to dairy deregulation.

I notice that there have been all sorts of attempts to make claims that Dairy RAP funding has favoured particular electorates. It would not be surprising if it favoured dairy electorates, because that is what it was intended to do. It was intended to provide funding for those areas that have been most adversely affected by dairy deregulation. Therefore, those areas that have a significant dairy industry that has been particularly adversely affected by deregulation are likely to have received larger amounts of money. That will be especially true in New South Wales, Queensland and Western Australia—which were the states that were most affected—and areas where there was a greater concentration on the domestic sector, because that is where a lot of the price impacts have been greatest.

There has been frequent reference to my electorate as one that has received funding under Dairy RAP. That is perhaps not surprising, because three out of the five shires in Australia
where the impact of dairy deregulation was identified as greatest are in my electorate. The other two are in the electorate of the honourable member for Paterson. I might add that considerable funding was devoted to the electorate of Paterson when it was held by the other side, because it was recognised as a priority area. I am also told that in my electorate 56 per cent of Dairy RAP applications received have been successful. That is precisely the national average. In fact, there have been a large number of applications from the region. Some of them have been very worthwhile projects and have, therefore, been funded.

I will also make a couple of comments about drought funding because a number of members have raised it. I have to say that I am amazed that any member opposite could come into the House and seek to defend the performance of the states in relation to drought relief during the current situation. Indeed, I am sure many of them must be embarrassed about the performance of state governments. How could a Victorian member come in here and seek to justify or defend the performance of the Victorian government in slashing drought aid as soon as the election was over? The Victorian government, to its credit, had put in place the best scheme of any of the states. Yet, immediately after the election—in an appalling exercise in cynicism—the measures were axed for those who were worst affected.

In states such as New South Wales and Queensland there have been plenty of announcements but very little real money. Indeed, the overwhelming load associated with helping farmers through this drought is, for the first time, being borne by the Commonwealth. Well over $900 million is already committed, and that number is rising. That compares with less than $50 million—if you add up the total promises of all the states—in measures to provide assistance to farmers through the drought.

A number of issues have been raised in relation to this legislation. I note the comments from the opposition that they have not yet got access to the proposed constitution of the new company and the memorandum of understanding. I acknowledge that. I do not have a copy of it either; it is in preparation. As the shadow minister indicated in his remarks, that is the way in which these sorts of measures have progressed in the past—the legislation is progressing through the House while the constitution and MOU are being developed, and that has pretty much been standard procedure in relation to these matters.

It is our intention, again in common with previous legislation of this nature, to have the draft of those available to the Senate at the time that they are dealing with their inquiry into this legislation. To the best of my knowledge, there are no significant issues but it is reasonable that the House should have access to those sorts of matters in the context of dealing with the legislation, and it is certainly our intention that that would happen. Issues are being resolved with the industry on a day-by-day basis, and I am not aware of there being any matters that are likely to cause substantial controversy in relation to those issues. The House is entitled to a look at those documents, and it is certainly our intention to deliver in that regard.

I noticed some of the comments of the honourable member for Kennedy, who has left the chamber. It was the usual exercise of voodoo economics and distortions of history to support assumptions and outcomes that simply have no credibility whatsoever. Many of the statements he made are simply inaccurate and could not be accommodated with any degree of stretching of a fair-minded imagination. But we have become a bit used to that, and so I will not waste the time of the House in giving a line-by-line critique of his comments, particularly those on economic policy.
This bill, as members have mentioned, is to deliver a conversion of the Australian Dairy Corporation into a company under the Corporations Act and for all the assets and liabilities of the Dairy Research and Development Corporation to be transferred to this new company. The new company, to be known as Dairy Australia Ltd, will, in effect, merge the R&D and marketing arms of the dairy industry. Dairy Australia is to be a Corporations Act company, limited by guarantee with membership comprising voting members drawn from dairy levy payers, group A members and non-voting members made up of the peak dairy farmer and processing bodies, who are referred to as group B members. Dairy Australia will be responsible for undertaking functions on behalf of the dairy industry similar to those currently undertaken by the ADC and DRDC. Levy moneys collected by the Commonwealth will flow to the new company. Matching Commonwealth R&D contributions for eligible R&D expenditure will also be directed to Dairy Australia. The intention of this privatisation process is to hand responsibility for these services to the new company, which will be accountable to its members.

While these levy payments and matching contributions continue, it is appropriate for the government to monitor the expenditure of these moneys. Therefore, the bill provides for a number of mechanisms by which the government will maintain a relationship with the company, including the establishment of a statutory funding agreement between the Commonwealth and the company. The bill provides for the current promotion levy, research levy and corporations levy currently directed to the ADC and the DRDC to be rolled into one levy known as the dairy services levy. The separate Primary Industries (Excise) Levies Amendment (Dairy) Bill 2003 imposes this new dairy services levy.

The advantage of combining the old levies into one is that the industry services body will have greater flexibility in determining its expenditure breakdown but will remain accountable for this expenditure through the statutory funding arrangement. Combining these levies will also facilitate the conduct of future periodic polls of levy payers to determine the rate of the dairy levy. Therefore, farmers will be able to determine for themselves the amount of levy that they believe should be expended on services to the industry and will in broad terms make judgments about the direction of that levy.

Dairy Australia will also administer the Dairy Structural Adjustment Fund, currently administered by the ADC. For this reason, the dairy adjustment levy, which applies to all retail sales of milk, will also flow to the industry services body but will be quarantined from other levy amounts. This is because the DAL is to continue to be used exclusively for making payments into the DSAF for the purposes of funding the dairy industry adjustment package and related matters.

Importantly, the DSAF is to be administered by the industry services body in the form of a trust. The bill makes no substantial change to the operation of the DSAF from its current administration by the ADC other than that it is to be kept and treated as a trust.

The Dairy Industry Service Reform Bill 2003 is the result of a dairy industry and government process aimed at providing the industry with greater ownership and control over dairy industry service arrangements. I would encourage all dairy farmers to examine the benefits of the new arrangements for them and consider becoming active members of Dairy Australia. It will be important for growers to exercise their rights of control over their new company to ensure that it remains close to their needs and aspirations. I commend the bill to the House.

Question agreed to.
Bill read a second time.
Message from the Governor-General recommending appropriation announced.
Ordered that the bill be reported to the House without amendment.

PRIMARY INDUSTRIES (EXCISE) LEVIES AMENDMENT (DAIRY) BILL 2003

Second Reading

Debate resumed from 12 February, on motion by Mr Truss:
That this bill be now read a second time.
Question agreed to.
Bill read a second time.
Ordered that the bill be reported to the House without amendment.

APPROPRIATION BILL (No. 3) 2002-2003

Cognate bill:

APPROPRIATION BILL (No. 4) 2002-2003

Second Reading

Debate resumed from 5 March, on motion by Mr Slipper:
That this bill be now read a second time.
on which Mr McMullan moved by way of amendment:

Upon which Mr McMullan moved by way of amendment:

“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
Mr MOSSFIELD (Greenway) (11.53 a.m.)—When I was speaking on the appropriations in the House yesterday and indicating my support for the amendment moved by the member for Fraser, I raised the point of 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 the Heavily Indebted Poor Countries Initiative. That money was appropriated once before by this parliament in the 2001-02 budget. When legislation is passed in this place one would expect it to be enacted. We have appropriated this money once. Why hasn’t it been spent?

When the parliament approved appropriation bills 1 and 2 in 2001, it voted to spend $350 million on the Heavily Indebted Poor Countries Initiative. It was a commitment this government made; it was a commitment this parliament approved. Yet we find out some time later that the money was never spent. We find out that the government, in contempt of this parliament—which collectively said that this is what it wants to spend the money on—ignored these wishes and that directive and kept the money virtually in its back pocket. Now the government wants the parliament to approve all over again the spending of the money that the government failed to spend the first time around.

Senator Conroy, in the estimates process, raised this issue of so-called rephasing and received an answer that indicated that the great deal of money this parliament approved has not been spent on what this parliament wanted it to be spent on. The issue of rephasing has enormous implications. In the fanfare before an election, the government can make an announcement that it will spend X amount of dollars on a particular project. It can even go so far as to indicate it in the budget papers and say, ‘This is more than just a promise. We’ve already paid for it in the budget; the money is right there.’ The government can turn around after the election and quietly rephase the money to next year and then the year after and the year after so that the project announced with grand fanfare before an election finally gets built—if in fact it is built at all—just in time for the next election. It is mean and tricky. That is how this government has been described—by its own party president, no less. This just goes to show that in stark detail.

This is the highest taxing government in Australian history. There are record levels of money pouring into this government’s coffers not just from the GST but from income tax, the Ansett levy, the sugar levy, the milk levy, the Timor levy and any number of other hidden taxes and charges. Since this government came to office in 1996, the household tax bill of Australian citizens has increased by an average of $7,856—a staggering amount for a government that is supposed to believe in cutting taxes. Just four of the government’s new taxes—the dairy tax, the sugar tax, the wharf tax and the Ansett ticket tax—will raise over $365 million this financial year. Each and every household in this country is now paying almost $8,000 per year more in tax than it did under Labor.

At the same time we are seeing huge cuts in the services that governments provide. Bulk-billing has collapsed; it is only areas in Western Sydney electorates like Greenway that hold the national figures up to some extent. Without the support of doctors in Western Sydney, bulk-billing figures would be diabolical rather than merely disastrous. The University of Western Sydney has seen cut after cut in government funding since 1996. The enrolment
benchmark adjustment scheme, which even the government could not continue to justify, saw millions of dollars taken from public schools. The government refused to pay its share of the wage increase to community workers in New South Wales—the first wage rise in 10 years for these hardworking and vital members of our community—thus leaving many community based social programs in jeopardy. Just one example was in Riverstone in my electorate, where the highly successful breakfast program for disadvantaged young people, run by the Riverstone Neighbourhood Centre, had to be dropped because the funds ran out.

One has to really wonder how the government has managed it. There are record levels of tax income, record cuts in spending and a budget that is still $3 billion in the red. Talk about economic mismanagement. There have been failed and costly outsourcing programs such as the whole of the government information technology outsourcing initiative debacle presided over by the former finance minister John Fahey. That has proved beyond doubt that the public sector can be just as efficient as the private sector, if not more efficient, in delivering services. Damned by the Australian National Audit Office on more than one occasion as well as by their own government appointed inquiry conducted by Richard Humphry, these reports show that millions of taxpayers’ dollars have been flushed down the drain. At the same time as this massive waste of money on outsourcing, the pork-barrelling has grown significantly under this government. One needs only to look at the distribution of money in the Roads to Recovery program or the Natural Heritage Trust grants to see how tasty the pork is in some electorates.

The allocation of funds under the Natural Heritage Trust is a particularly damning example of pork-barrelling. For example, in Western Sydney there are seven Labor electorates: Greenway, Reid, Prospect, Fowler, Blaxland, Chifley and Werriwa. The total funding allocated to all seven electorates combined over the six years of the program is $337,696.

This is barely half the average allocated for electorates in the five Liberal held seats in our region—Macquarie, Lindsay, Mitchell, Macarthur and Parramatta—which received $3,364,432 over the past six years. Five Liberal seats received 10 times the amount of money that the seven Labor seats got. And, of course, that is just in Western Sydney. I do not have time to talk about the $135 million that the top four electorates—all government electorates—got.

There are also ridiculously expensive advertising campaign programs, like the ‘Unchain my heart’ fiasco, and more recently the fridge magnets for salvation—the terror kit that dished out such advice as ‘If a bomb explodes, protect yourself from falling debris’ and ‘If you receive a suspicious package, don’t open it.’ If people followed that advice they would not have opened the terror kit in the first place. The government spent $20 million on getting that piece of advice out to people—reminiscent of the duck and cover stupidity of the 1950s. This government has no clue—none whatsoever. Higher taxation, bigger cuts in services and a deficit—work that one out.

There was some $23 million in these appropriations for the Department of Health and Ageing going towards the meningococcal immunisation program—a very important program. This is indeed a good cause, but it does highlight the problems within the department that the government is not facing up to. I am of course talking about the collapse of bulk-billing and the government’s attempts to destroy by neglect the Medicare system. The government is doing this quite successfully, with over 7.7 million fewer GP visits being bulk-billed this year.
than in 1996-97. If you translate that into the direct cost to the family budget, you can see what a massive financial burden this government has placed on Australian households.

The Prime Minister has hated Medicare since before it was born on 1 February 1984. On 24 May 1983, the member for Bennelong rose in this place and said:

The Government will waste $400m of taxpayers’ money next year through the needless introduction of the new Medicare arrangements.

This Prime Minister believes that Medicare is a needless waste and should never have been introduced in the first place; he says so himself. On 21 August 1986 he promised to abolish bulk-billing. When outlining his party policies for the future government, he said:

... we will allow individual Australians to opt out of Medicare; that is, not pay the levy provided they take out private insurance. Secondly, bulk billing will be abolished except for such people as pensioners who really need it.

He backed that up on 20 November the same year when he said:

We want no more money wasted on things that are not worth the support that this present Government is giving. We want an end to the enormous waste that is involved in Medicare. We want an end to the waste that is involved in bulk billing.

There you have it, from the Prime Minister’s own mouth. He thinks Medicare, particularly bulk-billing, is a needless waste of money and unworthy of the government’s support. I would suggest that a leopard does not change its spots. Of course, he cannot just shut down Medicare— the people will not stand for it— so he simply lets it run down. He ignores it in the hope that it will go away. The Prime Minister believes that, at best, Medicare should be a secondary safety net only for pensioners and the poor—and that is at best. If he had his way it would never have been introduced at all.

Since this government came to office in 1996, there has been a marked fall in bulk-billing numbers. As I have said, in my electorate of Greenway we have a fairly high number of doctors who are still bulk-billing—94.9 per cent. While this is very good, the figure is down from 95.6 per cent two years. But we as members in this place must look beyond our own boundaries to see the bigger picture. While Greenway is a bright spot, the rest of the picture is looking pretty grim.

I wonder if the member for Indi is proud of the bulk-billing rate in her electorate, which now stands at a paltry 30.9 per cent—the lowest in the country. She supports the Prime Minister and the Prime Minister wants to see the end of bulk-billing. I wonder if she is proud of the low rate of bulk-billing in her electorate. The member for Sturt has seen an 11 per cent decline in bulk-billing in his electorate, from about 70 per cent to below 60 per cent, in the last two years. The member for Ryan has seen a 14 per cent drop in bulk-billing in his electorate since coming to office a little over 12 months ago. Rates in Ryan are now set at 54 per cent.

Electorate after electorate has experienced massive falls in bulk-billing rates as a direct result of the neglect of the system by this government. Rates for bulk-billing in my electorate are good, but there is also a concerning trend in the cost for GPs who do not bulk-bill. In Greenway, the average out-of-pocket cost for people seeking a general practitioner who does not bulk-bill has risen over the past two years by a massive 27 per cent and now stands at $16.89. This is the difference between what the doctor who does not bulk-bill charges and
what the patient gets back from Medicare. The charge of $16.89 represents the 11th highest cost in Australia, which is extremely worrying. You have to remember that the Medicare rebate is $25.05. Add that to the average out-of-pocket cost and you get the figure of $41.94. That is what it costs somebody in my electorate to go to a doctor who does not bulk-bill. That is what they have to hand over at the counter at the doctor’s surgery.

A lot of people in Greenway cannot afford $42 every time they need a doctor. Even if they are going to get a touch over $25 back, it is still a huge up-front payment for a family budget. Again, all across the country, in electorate after electorate, the figures for out-of-pocket costs have risen over the past two years. They are up by 30 per cent in Cowper, 31 per cent in Gilmore, 20 per cent in Lindsay, 21.4 per cent in Parramatta and 19.5 per cent in Mitchell. These price rises are far in excess of the CPI increases. When you couple them with falling bulk-billing numbers, you realise the ordinary, average Australian family is now paying out substantially more for medical treatment than it did under Labor.

There is a direct connection between the falling bulk-billing numbers and the increased strain on emergency wards in our state hospitals. For somebody who cannot find a doctor who bulk-bills and cannot afford the $42 up-front charge, the emergency ward at the local hospital is the next best thing. This increases the strain on our hospitals, which are underfunded by this government to begin with. But then of course it becomes a state government problem, according to the Howard government, and the buck is passed. It is undeniable that one of the reasons that state governments are struggling with hospital budgets and increased demand for casualty department services is the decline of bulk-billing and the lack of support for Medicare by the Howard government. What is this government doing about it? Nothing except making noises about destroying bulk-billing further and speeding up the decline by allowing Medicare to be gutted from within.

The core of Medicare is universality: everybody pays and everybody benefits. It is a universal system. When you take away the benefits from one group—that is, anybody who is not a pensioner—you take away the initiative, the incentive and the reasons for others to pay. In other words, you create a two-tier system where Medicare is a safety net and, if you do not have the money, you do not get the proper medical treatment. To support those few statements, I will refer to an article in the Australian this morning by Neal Blewett, who was the health minister in the Hawke Labor government in 1983 and 1987. He was brought into this debate when the Prime Minister referred to him yesterday at question time. In an article, under an editorial introduction of, ‘No, Prime Minister, Medicare was always meant to be universal,’ Neal Blewett writes:

MEDICARE is a universal health scheme that allows public hospitals to provide free services to all Australians, regardless of income. It has also meant that any doctor could bulk-bill any patient – again, regardless of income – at any time. But because of the constitutional provision forbidding the civil conscription of doctors, the Hawke government, which introduced Medicare 20 years ago, could not compel doctors to bulk-bill.

We did, however, provide incentives to encourage doctors to bulk-bill. And we regarded it as an achievement that by the time the Labor government fell in 1996, more than 80 per cent of all GP services were bulk-billed.

He also says:
The Howard Government has already partly achieved a reduction in bulk-billing by allowing the Medicare rebate to fall behind rises in the cost of medical practice.

There is no doubt about it: this government stands condemned for the services that it is taking away from the Australian people. It is totally unacceptable, and no amount of misdirection or spin will cover the facts. The Australian people do not want a war, and they certainly do not want it to be funded at the expense of our schools, our hospitals and our Medicare.

Dr STONE (Murray—Parliamentary Secretary to the Minister for the Environment and Heritage) (12.11 p.m.)—I too rise to participate in this debate on the Appropriation Bill (No. 3) 2002-2003 and the Appropriation Bill (No. 4) 2002-2003. Woolworths is one of Australia’s largest retailers of food, liquor and groceries, and food is its core business. On Monday this week, 3 March 2003, the Australian newspaper published on page 21 an extract from a new book by Robert Gottliebsen, 10 Best and 10 Worst Decisions of Australian CEOs. The article was called ‘Fresh thinking pays off’. Gottliebsen talked in part about Woolworths’s extraordinary financial performance—the fact that in 1996 Woolworths was valued at some $3 billion but by 2002 its market capitalisation had been multiplied by at least a factor of five and it now has a market capitalisation of some $14 billion. This sounds fantastic, and the new CEO, Mr Richard Corbett, was being roundly congratulated. But I have considerable concerns about the impacts of the pricing policies that have delivered such an extraordinary result for Woolworths customers and shareholders. The article states:

In a brief, but breathtaking display of market power, Woolies reworked the entire dairy industry in a matter of months by merely conducting a tender for its house-brand milk.

It wasn’t a deliberate bid to cripple a $2 billion industry, but the drastic economies imposed on dairy farmers and processors were consequences of the predictable behaviour of two powerful duopolists (Coles joined Woolworths) driven by competition to provide low prices to customers and also to pay maximum dividends to their shareholders.

Woolies took $500 million out of the pockets of its suppliers, the milk processors and farmers. It passed some on to its customers and pocketed the rest for its shareholders.

For Corbett, milk is a copybook implementation of his original plan, and the share market has cheered him on. He plans to repeat it in other areas.

In that same newspaper, the Australian, on the same day—Monday, 3 March—there was another article, this time on page 11, which featured the dairy industry. The headline was ‘Plan to drain swamp too costly, say dairy farmers’. Dairy farmers are digging in their heels against the cost of rehabilitating flood-irrigated land in the lower Murray swamp region, 18 months after appearing to accept they had to do something about it.

Irrigators are now saying the cost burden of reducing the run-off of cow manure and fertiliser into the river is too great and might put them out of business.

Lower Murray Irrigation Advisory Board general manager Terry Lee ... warned yesterday that the South Australian dairy industry would be damaged and 1300 farmers put at risk because of the cost. “We do have to improve the environment, there is no doubt about it. There are problems there, but it can’t be at the cost of our industry,” he said.

So here we have a respected newspaper, the Australian, with two separate articles on the same date, one applauding the behaviour of Woolworths—the power of the concentrated ownership...
and the impact of that on the suppliers—and the other spelling out for everybody to see the impact on farmers not being able to afford to do remedial environmental action.

In an article of 8 February, in this case in the Weekend Australian, Robert Gottliebsen again made a comment on Australia’s giant retailers, Woolworths and Coles. He said:

... Woolworths and Coles, have the power to deliver enormous profits in the next few years—and change the face of the local food and beverage industry.

It will be hard for food and beverage companies to survive. Many are destined to become part of international groups.

Further on in the article, he said:

Woolworths’ food strategy is to lock suppliers into one-year price contracts that give them volume. If costs rise during the year because of, say, a drought, then too bad. Some suppliers are close to going to the wall. And when the contract ends, if the supplier can’t match the competition, then it’s off the shelves—which destroys the business.

Of course, I am most concerned about this because my electorate is the food bowl of Australia, but I am also concerned about it for its environmental impacts. On the one hand we have an extraordinary transfer of dollars out of the pockets of the suppliers—who are the farmers—to consumers, who enjoy the cheapest and best food access in the world. We have shareholders also benefiting. However, at the same time our state of the environment report for Australia paints a picture of this continent under extreme natural resource pressure—extreme stress. Urgent remedial action is needed, whether it is reducing high saline water tables through revegetating vast areas of our continent, reducing the nutrient loads in streams by reducing run-off from farms—animal manures, fertilisers or other substances—or addressing the loss of our biodiversity through managing vegetation better, fencing areas and destroying feral pest animals and weeds.

All of this requires significant investment. That investment typically falls onto the backs of private land owners. Seventy per cent of the Australian continent is in private hands, whether they be black or white hands. We expect the land managers to do this remediation work. Indeed, some of us say, ‘Of course, it should be the land manager who foots the bill for this work because, after all, it was typically them or their ancestors who set about farming in inappropriate ways 200 or so years ago.’ I have a different spin on that, perhaps because I am a sixth generation farmer myself and the member for Murray. My spin is that, for a population or a community that rejoices in some of the cheapest and best food in the world, there has to be a change of attitude, based on the understanding that cheap food does come at an enormous price. It comes at the cost of the primary producer, the supplier, not being able to do the environmental remediation that is required.

The dairy farmers at the mouth of the Murray understood only too well that they had to stop some of that nutrient loss into the lower Murray area. The General Manager of the Lower Murray Irrigation Advisory Board, Terry Lee, knew exactly what the problem was and what his irrigators had to do about it, but he puts it quite simply on the table that his dairy farmers cannot afford to do the job. For example, Bonlac, one of the largest dairy companies in Australia, had a 43 per cent drop in profits in this last year. A lot of it has to do with drought—in other words, their reduction in supply—but a lot of their profit margin also dropped as international and domestic wholesale prices crashed. We have to be smarter in this country in understanding the impact of concentrated buying power in our retail sectors. We must not simply
applaud when a pricing strategy transfers income out of the pockets of those who have so much demanded of them and into the pockets of shareholders and customers who, if asked, would probably be concerned about the consequences of that transfer of wealth.

I do not think for a minute that Australians sufficiently understand what is at stake. As we speak, we are looking at a loss of vegetation—the death of red gums—along some 3,000 kilometres of Murray River, from Euston to the sea. We are looking at the death of the red gums along 1,500 kilometres on each side of the river bank and of all the red gums in that sector. The drought has been the final cause, but it is really the result of those red gums not getting the environmental flow—or the flooding—that species requires every couple of years. We have known about the needs of red gum forests for environmental flow for at least a generation. At last, something has been done about the Barmah Forest in my electorate but, unfortunately, in the case of these 3,000 kilometres of red gums from Euston to the sea, it is probably too late. We will also lose hundreds of kilometres of red gums from the bottom of the Darling River system. We have blue-green algal blooms that are poisoning our water supplies all along the Murray and Darling system. We know what is causing all of that.

The federal government is trying to put taxpayers’ dollars back into the system through the national salinity action plan and the Natural Heritage Trust mark 2. Our federal government has put more taxpayer dollars into environmental remediation than any other Australian government since federation. We are trying very hard to educate the public about the need for every individual to take action. But, when we have this concentration of buying power in a sector such as retail grocery—especially the food and beverage lines—it is almost as if the right hand is undoing what the left is trying to do.

We have to be very serious about how we can bring about ethical shareholder contributions to the pricing policies and supply strategies of our companies. We also have to look at better ways for taxpayers’ dollars to be regularly put back into the pockets of those who do the land management in this country. We are going to have to be more committed to programs like the ecosystem or environmental services rendering on farms. I have talked about environmental services like the Bushcare tender in this Main Committee room before. That acknowledges that farmers do not just grow food and fibre, but they also need to sustainably manage parts of their property which might have very important environmental values. This management could be for biodiversity protection, or revegetation for salinity prevention or soil protection. We need to acknowledge that they have to be paid and compensated for not trying to produce food or fibre on every part of their property. So that they can look after the country on behalf of all of us, money needs to be transferred from the public sector into their private pockets as compensation for the income forgone from cash crops or livestock.

Australia, as the oldest and driest continent, is vulnerable. The nutrients of the soil are easily washed away. We already have lost so much of the soil nutrition in our country because of the vegetation loss, our farm practice and the impacts of feral animals like rabbits, with the depredation of species like feral cats compounding the problems for some of our smaller native animals. We are coming to a stage in our life as a nation where we have to understand that you cannot simply ignore what is going on in every part of the value chain. If you are going to squeeze farmers so hard with price they are going to spend less on the farm or leave the industry. They are not going to be able to invest in the remediation works that need to be done.
A sustainable environment depends on the existence of economic and social systems which sustain institutions and a culture that delivers a life worth living to the land managers. Not only are so many of the suppliers to Coles and Woolworths being squeezed so hard that they are impoverished and cannot continue to supply, but many are now also facing a life they do not feel is worth living. Their sons and daughters are choosing not to continue to be suppliers and are leaving the farms. The social system needs to deliver generations of motivated, skilled and committed people who can appropriately manage the land for the lifetime it will take for its recovery. The regions with the most degraded natural capital are the places with the least sustainable communities. As the young leave, the local economy shrinks and the community infrastructure deteriorates or is withdrawn. Calling out a greater voluntary or corroborative effort in these circumstances is simply not effective. This is not to dismiss the extraordinary efforts of the volunteer Landcare and other groups trying to protect land and habitat. However, anyone working with Landcare groups, as I know many in this room are, will know that they report their burnout and their frustration at having too few hands to do the work.

We can give grants to Landcare groups for fence posts, seedlings and wire—all of which are essential for the survival of the groups—but we have to understand that it is just as essential to give funds for their facilitators, their coordinators or their secretaries so that they are paid an acceptable salary over a reasonable period of time. Certainly our NHT mark 2 and our national salinity action plan acknowledge that community facilitation and coordination are as important as the wire, the trees and the seeds collected in order to make sure that we do have a sustainable future.

Addressing unsustainable social systems in regional Australia requires specifically designed programs or adjustments to universal approaches to compensate for the rurality impacts. Some of those impacts are: declining school retention rates; poorer levels of access, participation and completion rates in higher education; poorer health; higher suicide rates; more teenage pregnancies and lower socioeconomic status compared with the total population. If you compound those rurality impacts in areas where farmers face increasingly lower prices and higher costs, you will understand the absurdity of expecting those same people to be delivering a sustainable natural resource future for all of us.

I am calling upon companies like Woolworths and Coles to think very seriously about the long-term impacts of two-year tenders for prices for suppliers and one-year price contracts. Think about how you would exist on a one-year price contract if you were a tomato grower. It takes 18 months to prepare a crop from initial land preparation to picking the final product. That means that you are constantly living on a knife edge in terms of your ability to do the additional work that we know the landscape requires. I do not think I would be proud if I were Richard Corbett announcing $500 million going out of the pockets of suppliers and into the pockets of consumers and shareholders. Instead, I would be looking very seriously at the state of environmental degradation in this country. I would be saying to my shareholders, ‘We can produce profits because of the buying power we have; the suppliers are simply price takers. But we are also an ethical company and we want to ensure that the quality of our food is delivered to you in the long term. We are going to take an ethical approach in the future, so we will take on board the full cost of the production for our suppliers, and that will include the price of a sustainable environmental system for all of us.’

Mr SWAN (Lilley) (12.27 p.m.)—I rise to speak about an important matter that falls within government appropriations. This Appropriation Bill (No. 3) 2002-2003 seeks an addi-
tional $94 million in expenditure for the Department of Health and Ageing, so I think it is appropriate to reflect on one of the areas within the department’s scope: health education and awareness. In particular, I want to focus on the activities of Cancer Council Australia, an organisation which receives assistance from both the Commonwealth Department of Health and Ageing and other sources. In fact, the organisation’s total budget is some $68 million per year. My interest in the activities of the Cancer Council stems directly from my successful fight against prostate cancer just prior to the last federal election and from my participation in education campaigns run by the Australian Prostate Cancer Collaboration in August last year.

What I have learned from my personal experience is that what I do tomorrow is always much more important than what I did yesterday. The experience not only makes you value your family more, but it also underscores the importance of making a difference in the lives of people. That is why I was so disturbed by the comments about prostate cancer made by Cancer Council head Professor Alan Coates in early February. That is why on 23 February I called for his resignation. I did this because Professor Coates’s public airing of his personal views about this terrible disease put him directly in conflict with his public duty as head of a partly government-funded organisation dedicated to early detection and prevention strategies. To put it most simply, Professor Coates does not believe that men should actively monitor their health to determine whether they may have prostate cancer. He argues that, if it were found that he had the disease, he would take no action. He says he believes in choice, but his behaviour is designed to limit the choices available to Australian men. Naturally, I do not agree with this view.

After my call for him to step down, he called me and we had a discussion. On the basis of our discussion, I took some heart because I had believed that Professor Coates and I had reached an understanding that there was some common ground between us on this important issue and that we could work together promoting knowledge and awareness about it. It seems that I was wrong. I was disappointed to watch the ABC’s 7.30 Report last Thursday and see Professor Coates again repeat his original views—views that I regard as detrimental to the health of Australian men and the wider cause of early detection and prevention of cancer and as incompatible with his public role as the head of the Cancer Council of Australia. For all cancers, early detection is the best protection, but now on two occasions Professor Coates has said that he does not want to know if he has the disease. It is completely inappropriate for Professor Coates, as head of the peak organisation in the country, to give his personal views. To the ears of those who do not follow the literature, those views mean that testing is not necessary.

On the 7.30 Report last Thursday he said:

I decided that personally I will not be tested and I’ve held that decision for over 10 years, and I believe for me that’s the right decision.

For Professor Coates ignorance is bliss. That is fine for him—a healthy, elderly, well educated gentleman with lots of knowledge. Sadly for others, many of whom are much younger than he, ignorance is death. Many men are poorly informed about prostate cancer. That is certainly the case until their diagnosis, and then it is often too late for them to learn that early detection is the best hope of cure. The trouble is that the public are entitled to believe that his personal views, when expressed as the head of the Cancer Council, are backed by the weight of medical evidence. But Professor Coates’s views are not backed by the weight of medical
evidence. His views are a bit like those of Mark Twain. Mark Twain was a lifelong cigar
smoker, who would not take medicine and who absolutely loathed exercise. Twain once said:
I have achieved my seventy years in the usual way: by sticking strictly to a scheme of life which would
kill anybody else.
As someone who deals daily with the fears and apprehensions of prostate cancer sufferers and
their families, this public policy vandalism from Professor Coates must be exposed for what it
is: contempt for men and their families for telling them not to seek the information that they
require to preserve their lives and that of their families. His prejudices have caused great an-
ger. A letter I received this week states:
Like you I am absolutely appalled at the views on prostate cancer by Prof Alan Coates ...
My brother ... had died of the disease aged 63 and from then on my GP checked me out every year
until I was diagnosed with it at 62.
He then had surgery. It continues:
At 78 I am fit and well and am sure that I owe my life to the early diagnosis.
These are the views of the medical profession; it is the overwhelming weight of medical evi-
dence. The following are comments on the issue from some eminent doctors in the field. Phil-
lip Stricker, Director of Urological Oncology at Sydney’s St Vincent’s Hospital, says:
The anger in my practice alone is unbelievable, and I think Coates may find that support for the Can-
cer Council will drop ...
He went on to say:
His underlying message that men shouldn’t be tested could result in the death of many young men,
particularly those at high risk, who were considering being tested but are now considering not being tested.
As head of the Cancer Council, he should give a balanced view of a complex issue. If he fails to
meet the responsibilities of his position, many men will ... die.
Anthony Costello, Professor and Director of Urology at the Royal Melbourne Hospital, says
that Coates is ‘preaching a very old dogma and that the debate has moved on’. He says that
Coates is relying on epidemiology, which is not an exact science, and that there is now
enough clinical evidence to show that diagnosing prostate cancer early through PSA testing
does save lives.
I am the first to acknowledge that there is a debate about the effectiveness of the PSA test,
which is used to determine the existence of prostate cancer. However, the larger public health
point is that there is also an appalling level of knowledge in our community about the inci-
dence and impact of this disease. It is true that many men do not know or do not want to
know—40 per cent of men are afraid or embarrassed to be tested; 31 per cent of men lack
awareness and education to allow them to make an informed decision about whether to be
tested or not.
Professor Coates has stepped out wearing his public health hat and fired off the wrong
message—his own personal message—to Australian men. He should have been encouraging
these groups who are reluctant to come forward and to take control of their health and ensure
they are properly informed. His personal views are built on a judgment about the evidence.
Why then would he advise men not to gain a similar level of understanding about the disease
before deciding whether to undergo tests? Coates tried to justify his torpedo by arguing that
men are better off not knowing. What absolute arrogance! Just consider these two facts. An Australian man of 50 whose father died of prostate cancer faces an extremely high risk and probable death if undiagnosed and untreated. While men diagnosed with prostate cancer who are over 70 are unlikely to die from the disease, men aged between 50 and 70 will almost certainly die from the disease if it goes undetected. So why would anyone, given those acknowledged facts—on which there is complete agreement—possibly argue that they would not be tested for detection?

The figures are stark. Every year in Australia around 10,000 new cases are diagnosed and, more importantly, over 2,500 men die from it. Australian men face a one in 10 chance of being diagnosed with the disease. A similar number of women die from breast cancer, tragically, each year. There is no doubt that a handful—and I emphasise, handful—of experts share Professor Coates's view that early prostate testing is not worth the effort, although I am unsure whether anyone would publicly advise men not to seek more information about the disease and the treatments available from their doctor. There is, however, complete agreement among specialists that prostate cancer can be cured if it is treated while it is wholly confined within the prostate. There is also agreement that, once the disease spreads beyond the prostate, it is very hard for there to be a cure. Death from prostate cancer is almost always very slow and very painful—I have seen it with my own father. It is these facts that often result in diagnosed men making the decision to seek treatment, as, indeed, I did in August the year before last.

I want to run briefly through the most common arguments used to support the case for not getting tested for prostate cancer. Firstly, many people hold the view that more men die with prostate cancer than from it. That is completely untrue; it lacks any scientific validity. Men are now living longer, giving the cancer more time to spread beyond the prostate. More men are now diagnosed much younger—even into their 40s—and prostate cancer tends to be more aggressive in younger men. Secondly, the view that you should wait for symptoms to appear before seeking advice is also unhelpful, when the earlier it is detected the better the prognosis. This is particularly the case for men aged between 50 and 70 or aged 40 and over if there is a history of the disease in the family. Thirdly, many argue that tests for prostate cancer give false results. This is simply incorrect. There are two tests: the PSA blood test and the digital rectal examination. Both can alert a doctor to the possibility of prostate problems, but neither can be conclusive. High PSA readings are an indicator that there is a problem, as is the presence of a hardening on the surface of the prostate. It is true that this will not always mean that a person has prostate cancer and it is equally true that a small number of cases will remain undetected due to the fact that they do not produce PSA readings. However, the testing methods are an effective early warning of the disease.

Those who run down the efficacy of the tests available also argue that having a biopsy is unnecessarily invasive. The fact is that it represents an effective and accepted procedure for confirming the indications raised by PSA and DRE testing. A further argument—and one that has been emphasised by Professor Coates—is that there are horrible side effects to treatment for prostate cancer. Coates and his fellow advisers to government stress the negative aspects of treatment for prostate cancer—incontinence, impotence—as harms, using those to justify their view that men should not be tested. Why then is he a passionate advocate of breast cancer screening? It has the same consequences in women. It is simply not logical for him to argue this way in this case.
While arguing that the side effects of successful prostate treatment are harms, Coates and his fellow advocates say nothing of the extended suffering of those undergoing treatment for advanced prostate or even breast cancer—not to mention the agonising death that results from a failure to treat early. The final arguments run by those like Professor Coates who do not believe people should be tested are that, if the disease is detected, there is no way of knowing whether it needs to be treated and, if treated, whether it will increase someone’s life chances. That simply runs in direct conflict with much of the evidence. Of course there are no certainties with any form of cancer diagnosis. People should be able to avail themselves of the best possible advice based on the testing they have received. It is critical that men be given the opportunity to make a decision about their health with the best possible information that is available. This will become even more important in the next five years as improved diagnostic tests become available and as treatments become rapidly more effective.

Now is the time to lay the education foundation. There are side effects in some cases to treatment and this has to be considered. But it can only be considered properly with all the available information. I believe that any public advocate for the prevention of cancer has a duty to argue for informed choice. In fact, I believe this is central to the Cancer Council’s role in our society. It is for this reason that Professor Coates, who sits at the apex of the bodies that spend every day in the fight against cancer, has seriously abused his role. His repeated claim in the press, on radio and the 7.30 Report that he is in favour of public awareness is dubious. He was responsible for the Prostate Cancer Foundation’s $1.5 million awareness program being cancelled when he threatened the Cancer Council would put out a counter message if they went ahead with their program. He and the Department for Health and Ageing argued so strenuously against any awareness program that the sponsor withdrew. This brings me to the Commonwealth’s part in all of this. The fact is that the Commonwealth government has taken no steps to caution, counsel or condemn Professor Coates. Some action is clearly required given that Professor Coates continues to express his personal view in his role as the head of the Cancer Council, and as yet Minister Patterson has not acted.

Mark Twain died in 1910, and 93 years on so too should his head in the sand approach. Australian men cannot afford to be complacent about their health. We should not tolerate people like Professor Coates who hold public positions airing private views that directly undermine the cause for which they are engaged. He should resign and, if he refuses to resign, the government should demonstrate its commitment to the battle against cancer by publicly repudiating his views. He talks about choice but says, as the head of the Cancer Council, the peak body in this country, ‘Don’t bother to inform yourself. I am not going to bother to inform myself.’ If an educated man like that, presumably as knowledgeable as that, says, ‘Don’t inform yourself,’ what sort of message does that send to people in the street? It sends a dreadful message. His decade-old prejudice comes through the personal perspective of an older man and someone who has the luxury of dying in his later years. That is not a choice young men can or should ever contemplate. If they listen to Professor Coates, his choice for many is a death sentence.

Debate (on motion by Mr Danby) adjourned.

Motion (by Mrs Elson) proposed:
That the Main Committee do now adjourn.
Ms PLIBERSEK (Sydney) (12.44 p.m.)—Last Friday I was very privileged to meet a very special group of young people at South Sydney Youth Services. They have done something very brave and very important: they have reached out for help and they have taken charge of their own lives. Last Friday Jane, Matt, Sebastian, Lima, Cornet, Lisa, Vincent, Ben, Alex, Stephen, Tanya, Andrew and Liliana told me just how much the help that they had been given by South Sydney Youth Services had meant to their lives. They told me that with the help of youth workers and their peers at South Sydney they had been able to quit drugs, get help with finding housing and other issues, return to study and even find work.

The program that I was invited to see was one set up to help young people with what is called a dual diagnosis—that means an addiction to drugs and also a mental illness. The young people who spoke to me told me that they had approached mental health services but those services were not able to cope with the drug addiction. When they then turned to drug and alcohol services those services were not sure how to treat their mental illnesses. They had slipped through a gap in the provision of services.

I met South Sydney Council’s young citizen of the year, Jane, who was one of the original participants in this program and who is now working at South Sydney Youth Services and helping other young people. She told me that at one stage she had been so depressed that she did not want to walk out of her front door. She has now been recognised by South Sydney Council as a leader in her community and she is helping other young people overcome mental illness and drug abuse.

I also met Lima, who performed two songs for me. The songs were written by Lima himself. The songs are better than almost anything I have heard on the radio lately. This young man is an incredibly talented musician who sang of things that are happening to him and in his community in the most touching and spirited way. Not only is he a fantastically talented musician but he has overcome a number of disadvantages, including the fact that he is blind. I really cannot speak highly enough of his talent.

Matt and Sebastian both told me what a difference the program had made to them. Not only had they managed to stop using drugs but also, with the help of youth worker Karen Wells, they had managed to find accommodation and were planning to go back to study. Like Jane, Matt and Sebastian are now helping other young people at the service.

The funding for the dual diagnosis program came from the National Illicit Drugs Strategy. I can really say that I have not seen a better use of the funding from that strategy. Almost 200 people have gone through the program so far. Mostly, they come from abusive backgrounds, they have experienced homelessness and they have often had multiple mental health issues such as anxiety and depression, social phobia and borderline personality disorders.

The program focuses on sorting out housing, education and other issues early in the week but sets Fridays aside for some recreation so that the young people can visit restaurants, go to the movies, go to Australia’s Wonderland or go camping—all of the things that help them feel like they are whole people, rather than just being treated as an illness or as a problem. They spoke to me about how much they look forward to these outings. I am very much hoping that they will come down to Canberra some time this year and visit us.

The dual diagnosis team of Karen Wells, Julianne Geddes and Suzie Walker, as well as South Sydney Youth Services Director Shane Brown and juvenile justice worker Tiffany
Cootes must be congratulated on their hard work, the success the program has seen and their dedication. It is obvious that they are an inspiration to the young people they work with, several of whom told me that they are returning to study so that they can become youth workers and go on to help other young people in the way that they had received help.

There was a young man at that program last Friday who was nine days clean. It had been nine days since he had stopped using hard drugs. He was having a tough day that day. I want to say to him that nothing worth having is easy. I hope he is able to take one day at a time and overcome the problems he has. It really is worth putting in that effort. I know the workers there and his peers were very proud of the fact that he had given up drugs.

Moncrieff Electorate: Home and Community Care

Mr CIOBO (Moncrieff) (12.49 p.m.)—I am pleased to stand today to talk about the additional $2.65 million in funding for the Gold Coast through the home and community care package that the federal government recently announced. I am delighted to have played a part in helping to deliver this funding to a number of very deserving and community involved organisations that play a very important role in making sure that older people and their carers, as well as younger people who are disabled, have access to the kinds of services they need to alleviate some of the pressure that falls on carers who are responsible for making sure that those people requiring care are looked after and attended to on a regular basis. A very important aspect of the home and community care funding is the fact that it provides people who are disabled, and the frail aged, the opportunity to remain in their homes and have a notion of independence that is generated by having people come in and attend to them, as well as the opportunities that respite care provides for their carers to have a break from the constant, never-ending demands associated with looking after someone who is frail or disabled. It is very important that the community recognise what an absolutely sterling job carers do.

An important part of this additional $2.65 million in funding for Gold Coast City is the fact that the money will flow directly to a number of Moncrieff based Gold Coast community organisations such as the Nerang Community Respite Care Association, the Multicultural Communities Council, St Luke’s Nursing Service in Nerang and the Greek Respite Centre on the Gold Coast, to name but a few. This money will be used to directly assist the organisations. For the Nerang Community Respite Care Association, the additional funding means that, for example, they have $26,900 in additional funding for domestic assistance. They also have $15,000 in funding for modifications to their buildings, $17,000 available for a bus and funding for landscaping in the vicinity of $1,000. Likewise the Multicultural Communities Council, an organisation I have had a great deal to do with that plays a very important role in the community, will receive a significant amount of recurrent and additional funding as a result of this announcement. That includes, for example, $6,200 for domestic assistance, $13,000 for social support, $30,000 towards a vehicle and utilities and $850 for furniture—again, to name but a few examples. All in all the Gold Coast has been served well by the Howard government. We have a strong belief in the importance of home and community care and I am delighted to see this funding come into my electorate.

Howard Government: Regional Services

Mr MARTIN FERGUSON (Batman) (12.52 p.m.)—As the Main Committee appreciates, Australian taxpayers have always been sceptical of opportunist pork-barrelling by governments. I raise this issue today because, over the seven years of the Howard government, there
has clearly been a perception—and rightly so—in the Australian community that Howard government held electorates and government supporters are favoured when program funds are allocated. This perception and this scepticism are easily understood, because the Howard government has taken pork-barrelling to an unprecedented level. In essence, it has refined it to an art form.

Take my area of responsibility as the shadow minister for transport and regional services. In this area, the Leader of the National Party and his cronies are taking control of vast amounts of regional services funding for their own political pork-barrelling activities. The Leader of the National Party has indicated that he will soon be announcing a new regional program to replace the existing Regional Solutions Program, Rural Transaction Centres Program and Regional Assistance Program. It is interesting to note that these programs together account for more than $52 million worth of expenditure each year. This $52 million, as we all accept, is desperately needed in all of Australia’s regions that are doing it tough, not just in a few seats held by National Party members and friends of the Leader of the National Party.

Unfortunately, the minister’s so-called reform of regional development programs has also gotten off to a very sad start. In a recent announcement, the Minister for Transport and Regional Services took it upon himself to accept sole responsibility to appoint area consultative committee chairs. Since area consultative committees were established in 1995 by the then minister for employment and current Leader of the Opposition, Simon Crean, chairs have been appointed by merit by the secretary of the administering department. Labor put this system in place so as to ensure independence of the area consultative committees and, in essence, to take the politics out of decision making so that regional money was allocated on the basis of need and disadvantage. The minister has clearly thrown independence out.

I have recently been made aware that the minister, in order to immediately make his mark, appears to have identified some area consultative committee chairs who were not toeing the party line. As a result of not kowtowing to the local coalition members, they have now been sacked as area consultative committee members. And what does the minister do? He has clearly gone out of his way to axe them in a disgraceful and, as far as I am concerned, unparalleled political manner. He wrote to them or rang them and told them that, after years of dedication and voluntary service, they were no longer required. No reason or explanation was given. That is an indication of what is to come.

It is interesting to note that a former minister, Mr Somlyay, has made the same complaints as I have with respect to the appointment of these area consultative committees. All area consultative committees are now on notice that they will face the same fate if they dare to not toe the coalition government line. I simply say that Australians will not stand for the blatant pork-barrelling which seems to be supported by some members on the other side of the House and which is being undertaken by a government that is out of touch with the needs of regional Australia, and Australians will not stand for a minister using his position to further his own narrow political agenda.

It is out of hand, un-Australian and unacceptable, but it clearly proves that this government will do anything to shore up its political operations. For what other reason would the electorates of Wide Bay, Gippsland, Lyne, Gwydir, Maranoa, Barker and O’Connor receive more than $6 million each from the regional programs administered by the Department of Transport and Regional Services over the last three years? In the same period, the electorate of Throsby
representatives
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received less than $400,000, even though it is the eighth most disadvantaged region in Australia. The facts speak for themselves. The coalition government is un-Australian. This is about pork-barrelling, division and, in essence, the government going out of its way to line the pockets of its mates by appointing them to area consultative committees and rorting the regional programs of Australia. (Time expired)

Kelly, Hon. Jackie
Sport: Rowing

Mr Johnson (Ryan) (12.58 p.m.)—I had the pleasure last Friday, 28 February, to host a very accomplished, popular and, indeed, successful Australian. I had the pleasure of hosting in my electorate of Ryan the Parliamentary Secretary to the Prime Minister and member for the federal seat of Lindsay, the Hon. Jackie Kelly MP. Her visit was very special because it gave me the opportunity to introduce her to quite a number of residents of Ryan, particularly those with an affinity for and interest in the sport of rowing. Everyone in this parliament knows of Jackie’s sporting background and accomplishments, and many residents of Ryan are also aware of her sporting talents and achievements. Jackie Kelly represented Australia at the under 23s in 1986 and won a national title in 1988. She was awarded a university blue for rowing and has competed in numerous world title and masters games. She is a graduate of the University of Queensland, which is a very esteemed institution in the electorate of Ryan.

I want to talk about rowing at this time. Rowing is a sport that is very popular in the community and, indeed, is very popular in the electorate of Ryan. Participation in this sport provides a healthy lifestyle, helps to develop communities and encourages values that I know every member in this parliament shares: discipline, dedication, teamwork and the making of a contribution to the community. It is also very important for school children, because it brings young Australians together so that they can participate in a team environment and gain sporting and social skills. I myself rowed at Cambridge, and I enjoyed that opportunity very much, so I have an appreciation of the dedication and great discipline that is involved in rowing.

Jackie had the opportunity to speak to the students of two schools: St Peters College, my old school in Indooroopilly; and the Brisbane Boys College, the BBC, in Toowong—two very successful schools in the Ryan electorate. She was able to talk to the young students who are involved in the sporting teams there—and in rowing, in particular—about what is involved in teamwork, what is involved in discipline and what is involved in making a success of their goals and their dreams. I think the students were very grateful for that opportunity.

Rowing Australia has some 40,000 affiliated members. The national championships in 2002 attracted around 3,000 entries. Reliable research shows that some 250,000 people identified themselves as supporters of the sport. In Queensland, there are 30 rowing organisations and 47 schools affiliated with Rowing Australia. Many great associations in rowing include the Centenary Rowing Club, of which I have the great pleasure of being the patron.

It is vitally important that young Australians who participate in rowing appreciate what is involved in it and also have the opportunity of being exposed to those who reach elite competition level. I know that bringing someone who has represented Australia to meet these young people impressed and inspired those young people. It was terrific that the schools put on morning tea and afternoon tea, and staff and parents came along to meet the parliamentary secretary and to gain an idea of her accomplishments and achievements. I want to thank those from St Peters who helped out with the visit, particularly Mr Gary Holley; Stephen Rudolph,
Head of the College; Janelle Anderson, Deputy Head of St Peters; and Ron Lyons, the development officer.

At the Brisbane Boys College, Jackie Kelly spoke very eloquently about the contribution that rowing makes to people’s lives and the great networks, skills and attributes that come from it. She had the opportunity to meet eight distinguished individuals who are associated with BBC Rowing. There were eight sculls named after these individuals, and I pay tribute to their community service. Through their community service they give young children at the school the opportunity to participate in rowing. I want to acknowledge James Wheeler, Dr Peter Britton, Lindsay Mack, Col Fischer, Jackie Muntz, Rob Church, Sandi Harold, Karen Rogers and Roger Witham. The service and the extracurricular time they give to the school give young people the opportunity to participate in a very popular sport. I certainly salute their contribution to the school. (Time expired)

Lalor Electorate: Medical Services

Ms GILLARD (Lalor) (1.03 p.m.)—I rise on this occasion to speak again about a matter of concern to my electorate—that is, the critical shortage of doctors and the lack of bulk-billing. On the last occasion that I raised this issue in the House, I raised it from the point of view of our local aged care providers, who were finding it impossible to get a doctor to attend in the aged care institution for the purposes of seeing sick residents and doing prescriptions for needed medicines and even, on occasions, for the purpose of generating death certificates.

I rise again on this matter, but on this occasion I want to deal with a few individual examples from my electorate—constituents of mine who have faced severe difficulties because of the lack of access to doctors and the lack of access to bulk-billing. Indeed, in question time yesterday, the problem of two of my constituents, Mark and Michelle from Tarneit, was raised with the Prime Minister. These two constituents had to take their two children to the doctor and, without bulk-billing, they were required to find $80 up-front. When this question was raised with the Prime Minister, he did not know where the suburb of Tarneit is, and there was some exchange across the table in the House of Representatives when I tried to indicate to him that Tarneit was a suburb in my electorate.

I am not critical of the Prime Minister not knowing where Tarneit is. It is probably a bit much to expect the Prime Minister to know the location of every suburb in Australia, and, of course, the Prime Minister hails from New South Wales. Less easy to explain, though, was the Treasurer’s reaction—the Treasurer being a lifetime Victorian—who said when the issue was raised about Mark and Michelle in Tarneit that ‘he had never heard of it’. This is very difficult to explain when the Treasurer could come to Tarneit any time he liked by simply driving over the Westgate Bridge and down the Princes Freeway. It is even more difficult to explain in circumstances where the Treasurer would have members of this place and members of the Australian public generally believe that he is a very big wheel in the Victorian branch of the Liberal Party. Someone who was a very big wheel in the Victorian branch of the Liberal Party would know that there is a Victorian state seat called Tarneit, which, of course, is in my electorate.

The issue of Mark and Michelle is one example. Another individual example came to my attention. Constituents of mine who recently moved to the area wrote to me and said:
Having recently moved to Werribee, my family is dismayed by the lack of access to medical practitioners in the area. Seeking attention for a medical condition in mid-December, we visited 5 surgeries before we could receive attention as all the doctors’ patient lists were full.

Between these two examples—the constituents who wrote to me and the example of Mark and Michelle—we see on display the problems facing the electors of Lalor. No. 1 is that there are not enough doctors, and you can go from doctor to doctor trying to get an appointment. Many doctors have full patient lists, and they simply will not take on new patients. What does it cause? It causes a spill-over to the casualty department of the Werribee Mercy Hospital. Problem No. 2 is that, even if you do find a doctor who will give you an appointment and put you on his or her patient list, you will find that that doctor does not bulk-bill and not everybody has the money to deal with paying doctor’s fees for perhaps one or two or more sick children. As we know, when illnesses come to families, they tend to go from family member to family member. Statistically, we know that in my electorate the bulk-billing rate has fallen more than nine per cent since March 2000—and that is the statistical verification of the problem that my constituents face.

I speak today to call on the government to adopt Labor’s plan to do something about the number of doctors in outer metropolitan suburbs, including my electorate. The government promised $80 million in the last budget to fix this problem. The program that the government has implemented has resulted, as at 1 January this year, in two additional doctors being available in outer suburban Australia. That is a complete failure. The government needs to redirect that $80 million into getting something done. People are hurting now, and Mark and Michelle and the rest of my constituents simply cannot wait.

Portman Mining Ltd

Mr HAASE (Kalgoorlie) (1.08 p.m.)—I rise to continue my three-minute statement that was cut short this morning and to continue my explanation as to why the Western Australian EPA report withholding opportunity for mining from Portman Mining Ltd should be reversed by the minister for the environment in Western Australia. Portman Mining, as I said, is a very successful mining organisation operating in Western Australia, albeit a small one. It has a very efficient operation operating out of Koolyanobbing in the Yilgarn. It is extracting iron ore and shipping it via rail through my electorate to the port of Esperance.

The port of Esperance has just justified some $54 million of expenditure to improve their port facilities to handle this iron ore in view of some 10 to 12 years of operations. A sum of $80 million has been spent on upgrading the Koolyanobbing to Esperance railway on the basis of the continuation of this mining operation. All this will count for nothing if the Western Australian government—specifically, the minister for the environment—will not see the sense of overturning the EPA recommendation that the right to mine be withheld simply because of the existence on a lease of what many have referred to as a weed. It happens to be Tetratheca paynterae, which is listed as a rare flora.

It is a rare flora because, with genetic analysis, it proves to be very slightly different from the Tetratheca species that is widespread across the Goldfields. On this particular patch of land, there are some 2,900 of these individual plants, 1,100 of which will be saved under the mining application. However, that influence is enough for the EPA to recommend that mining not go ahead. This will destroy jobs across my electorate. It will put at risk both the expansion of the port facilities in Esperance and the financial wellbeing of the Esperance Port Authority.
It will, therefore, bring into question the upgrading of the Koolyanobbing-Esperance railway, at a cost of $80 million, because the question will rightly be asked, ‘What do we need this upgrade and these facilities for if they are not going to be effectively used by this mining company to create wealth for Western Australia?’ I might add that that wealth amounts to some $10 million per annum in royalties.

If approval is not granted to mine, the Portman mine will shut down in less than three years. One of the hurdles that the EP A is insisting be overcome is that the Portman mining operation prove that this species can be artificially propagated and successfully returned to the wild in other areas. Some $650,000 has been spent by Portman already in proving that this species can be propagated in artificial conditions—and that is easily done and it has been proven that it is easily done. However, for the authorities to then insist that this plant be returned to the wild, having been propagated in artificial conditions, and then be seen to replicate by natural process in the wild in new locations is a process that needs a real-time time line. It cannot be shortened in the laboratory or through modelling. Therefore, they need six years to prove that this will happen naturally in the wild. In three years time, the company will have to close down and be history. The jobs will be history. The wealth created by the mine will be history. It is an absolutely horrendous situation to suggest that the Portman mine should be shut down or that those secure jobs should be affected simply because the EPA wants to propagate a weed.

Forde Electorate: Rotary Clubs

Forde Electorate: Rural Fire Brigades

Mrs ELSON (Forde) (1.13 p.m.)—I would like to take this opportunity in the few minutes left in this debate to bring to the attention of the House some outstanding achievements by the local Rotary clubs in my electorate of Forde. I was pleased to attend the inaugural Beaudesert Rotary Race Day held on Valentine’s Day. The race was organised by the Rotary clubs of Beaudesert, Jimboomba, Boonah and Tamborine Mountain and it was part of a weekend of ‘passion, power and excellence’ to raise funds to assist Rotary in the worldwide eradication of polio. I am pleased to say that Rotary raised an amazing amount of $100,000 over that weekend. I want to publicly announce that achievement—it is absolutely astounding that a small rural town could raise that amount of money over one weekend. I personally thank the Rotary organiser, Mike Morgan, who did a fantastic job, despite the weather. There were very large turnouts and all events were well supported by locals, as well as bringing hundreds of new visitors to our area. Many commented to me on the very professional organisation of an excellent weekend which was coordinated by the Rotary clubs, and they are looking forward to it becoming an annual event.

I would also like to place on the record my thanks to the rural fire brigades throughout my electorate who volunteered to travel to Victoria to help fight the bushfires recently. I especially thank Bernie Savage and Dean Prowse from Jimboomba, Jeff Duke and Paul Williams from Chambers Flat, Gary Marsh from Greenbank and Steve Luckett from Tamborine Mountain. The men were based in Buchan in the Snowy River valley and worked alongside an American fire brigade, the Victorian Country Fire Authority and the Department of Sustainable Environment. I was extremely proud of those men. They did not hesitate to risk their lives to help others, and I am sure you will agree with me, Mr Deputy Speaker, that this is an act of true Australian mateship. I know that many others from around Australia travelled to
help out with those fires in Canberra and Victoria at that difficult time, and I take this opportunity to thank them for their mighty efforts.

Question agreed to.

Main Committee adjourned at 1.15 p.m.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

**Defence: Visiting Warships**

(Question No. 1163)

Mr Kerr asked the Minister representing the Minister for Justice and Customs, upon notice, on 3 December 2002:

1. Is the Minister able to say whether a visit of a US nuclear powered warship proposed for the port of Hobart in or around late December 2002 has been postponed or cancelled.
2. Has there been any recent review of security issues relating to the visit of US warships to Australian ports since the (a) attacks in the USA on 11 September 2001 and (b) targeting and bombing of Australians in Bali on 12 October 2002.
3. Have those events or other events of a similar nature affected the assessment of risk associated with such visits; if so, what is the new assessment of risk.
4. Given Australians’ heightened security concerns since those events, if visits proceed will the docking arrangements remain the same as those applying in the past; if not, what will be the new arrangements.
5. Will the exclusion area around any visiting vessel be the same as in the past; if not, what exclusion area will be established.
6. Will the arrangements for monitoring any exclusion area remain the same as in the past; if not, without disclosure of the detail of operational security matters, what different arrangements will be made.

Mr Williams—The Minister for Justice and Customs has provided the following answer to the honourable member’s question:

I have nothing further to add to the answer provided by the Minister for Defence, Senator the Hon Robert Hill, in response to Question on Notice No.1161 (see Hansard, of 13 February 2003, p 902).

**Defence: Visiting Warships**

(Question No. 1166)

Mr Quick asked the Minister representing the Minister for Justice and Customs, upon notice, on 3 December 2002:

1. Further to questions Nos. 1161 to 1163 asked by the Member for Denision, will the arrangements for shore leave for the crews visiting Hobart remain the same as for recent past visits; if not, without disclosure of any detail relating to operational security issues, how will the arrangements change.
2. Will additional measures be taken that will have an impact on the ordinary activities of residents and visitors to Hobart during any future visit.
3. If so, what will those measures entail and what activities will they affect.
4. Has there been any recent assessment of the availability of appropriate infrastructure and resources to deal with an actual or threatened major terrorism incident directed towards such vessels, or the crew of such vessels on shore leave while the vessels are visiting Hobart; if so, what were the conclusions of the assessment; if not, will an assessment be undertaken.

Mr Williams—The Minister for Justice and Customs has provided the following answer to the honourable member’s question:

I have nothing further to add to the answer provided by the Minister for Defence, Senator the Hon Robert Hill, in response to Question on Notice No.1164 (see Hansard, of 13 February 2003, p 903).

**Foreign Affairs: Islamic Charities**

(Question No. 1264)

Mr Danby asked the Treasurer, upon notice, on 12 December 2002:
Thursday, 6 March 2003

(1) Is he able to say whether the Saudi based charity the Islamic International Relief Organisation (IIRO) has as its regional SE director Jamal Mohamed Khalifa, the brother-in-law of Osama Bin Laden.

(2) Has his attention been drawn to a report titled Tentacles of Terror: Al Qaeda’s Southeast Asian Network, by Dr Zachary Abuza, extracted from a forthcoming book, Terrorism and Radical Islam in Southeast Asia, which claims that Jamal Mohamed Khalifa established other front companies for JI/Al Qaeda, including Khalifa Trading Industries, ET Dizon Travel, Pyramid Trading and Manpower Services and Daw al Iman al Shafee Inc.

(3) Does the Australian Government share the view of Dr Abuza and other analysts that all of these organisations had the real purpose of supporting Al Qaeda/JI terrorist activities in South-east Asia.

(4) Is he able to confirm whether al Qaeda operative Wali Khan Amin Shah established a shell company, the Bermuda Trading Company in Malaysia, and that al Qaeda’s chief representative in Malaysia, Ahmad Fauzi, aka Abdul al Hakim, established companies such as Green Laboratory Medicine SDN BHD, In focus Technology SDN BHD, Secure Valley SDN BHD and Konsojaya SDN BHD in that country for the purpose of supporting al Qaeda/JI activities.

(5) Do any of these businesses or charities operate in Australia, or have operated in Australia over the last decade?

(6) Have any of these ostensible charities had, or have, charitable or tax deductible status in Australia.

(7) If they have operated, or are operating, (a) who are their directors and (b) what was the extent of their tax-deductible claims in every year since 1991 when Mr Abu Bakar Baysar commenced visiting Australia.

Mr Costello—The answer to the honourable member’s question is as follows:

(1) to (4) The answers to these questions do not fall within the responsibilities of the Treasury portfolio.

(5) to (7) I am advised that the Australian Taxation Office has no record of these organisations.

Foreign Affairs: Burma

(Question No. 1315)

Mr Rudd asked the Minister for Foreign Affairs, upon notice, on 4 February 2003:

(1) In regard to Australia’s policy of limited engagement with the SPDC regime in Burma and the consequential international legitimacy implied by this engagement, what was the framework used to develop human rights training with Burma.

(2) What is the evaluation process of this training.

(3) What is the monitoring process of the human rights training.

(4) Who is conducting this monitoring.

(5) What are the expected outcomes.

(6) When will they be delivered.

(7) Is the military the main perpetrator of human rights abuse in Burma; if so, why is this human rights training not including any military personnel.

(8) What is the Australian Government doing to address the needs of the 630,000 plus internally displaced people forced to flee their traditional lands by the brutal SPDC regime.

(9) Further to the report “Licence to Rape”, what is the Australian Government doing to address the systematic sexual violence and abuse committed by the Burmese military against Burmese women on a daily basis.

(10) Further to the assistance provided by the Thai Government towards the 150-200,000 Shan refugees and by the Australian Government to the Mon, Karen and Karenni refugees living in the Thai/Burma border camps, what assistance is the Australian Government giving to the Shan ethnic people also forced to flee the oppressive SPDC regime of their homeland and who are living on the Thai-Burma border.

(11) Further to the answer to a question on notice from the AusAID/Treasury-NGO roundtable of 29 October 2002, where AusAID replied that the Government would be pleased to see the Asian Development Bank (ADB) consider options to establish an operational strategy for Burma in consul-
tation with the Banks Board of Directors, would encouraging the ADB to engage with the SPDC regime extend to that regime a degree of international legitimacy and further entrench the regime rather than encourage pro-democracy reforms as is the oft-stated position of the Government.

Mr Downer—The answer to the honourable member’s question is as follows:
(1) The framework for developing the human rights training was a poor human rights situation in Burma and the objective of making a useful contribution to advancing an understanding and knowledge of what the international community expects of Burma on human rights.
(2) The workshops are assessed each time they are held. This involves participants’ evaluation, a report by the workshop convenors, and an assessment by the Australian Embassy in Rangoon.
(3) and (4) AusAID assesses the report provided by the workshop convenor, the Australian Embassy in Rangoon provides its views, and Australian officials observe some of the courses.
(5) and (6) The expected outcomes of the workshops are improved knowledge and understanding of international human rights norms and standards among participants.
(7) Yes. The Government will consider the appropriateness of human rights training for serving military members during phase two of the Human Rights Initiative.
(8) Some internally displaced peoples receive assistance through Australian NGO projects funded by Australia’s aid program in Burma including through activities to address vulnerability to HIV.
(9) The Government has urged the Burmese authorities to support an international investigation of the rape allegations. The workshops for Burmese officials have included discussion on the Convention on the Elimination of All Forms of Discrimination against Women. The second phase of the Human Rights Initiative will have a particular focus on protecting the rights of women.
(10) The Australian Government provides assistance to refugees on the Thai-Burma border through funding for distance education, health and relief activities managed by Australian NGOs. Australian aid assistance in the border camps does not differentiate between ethnic groups.
(11) No. Providing more flexibility for the operation of international financial institutions (IFIs) in Burma, such as initial program planning, will enable them to be well-placed to respond in the event of movement on political reform.

Education: University Funding
(Question No. 1316)

Mr Rudd asked the Minister for Education, Science and Training, upon notice, on 4 February 2003:
(1) What was the amount of funding from the Commonwealth to (a) Griffith University, (b) the Queensland University of Technology and (c) the University of Queensland in (i) 1996, (ii) 1997, (iii) 1998, (iv) 1999, (v) 2000, (vi) 2001 and (vii) 2002.
(2) Is there evidence that the States had agreed to a cessation of Commonwealth funding in 2002; if so, what is it.

Dr Nelson—The answer to the honourable member’s question is as follows:

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(i) Includes Higher Education Contribution Scheme (HECS) liabilities (advance).
(ii) Note that prior to the year 2000, funding for the University of Sunshine Coast (USC) was included in Queensland University of Technology funding amounts. Funding for USC in 2000 was $19.5m.
(2) I am not aware of any such evidence.
Environment: Lake Cowal
(Question No. 1325)

Mr Kelvin Thomson asked the Minister for the Environment and Heritage, upon notice, on 4 February 2003:

(1) What, if anything, is he doing about the Mooka Traditional Owners’ Council’s application for a section 9 emergency declaration to protect Lake Cowal under the Aboriginal and Torres Strait Islander Heritage Protection Act.

(2) Has he considered the application; if so, what was the outcome of his consideration and on what basis was an outcome reached.

Dr Kemp—The answer to the honourable member’s question is as follows:

(1) I have considered an application from the Mooka Traditional Owners Council under section 9 of the Aboriginal and Torres Strait Islander Heritage Protection Act 1984 for protection from threat of injury or desecration of the Cowal Gold Project area.

(2) After considering the application, I have declined to make a declaration, as I was not satisfied that the area specified by the applicant is of particular significance to Aboriginal people within the meaning of the Act.

Environment: Stuart Oil Shale Project
(Question No. 1424)

Mr Kelvin Thomson asked the Minister representing the Minister for the Environment and Heritage, upon notice, on 6 February 2003:

(1) Is the Government assessing a proposal by Southern Pacific Petroleum (SPP) to develop Stage 2 of the Stuart Oil Shale Oil Project in Queensland and has SPP reported that it has provided an Addendum Report to the Government as part of the Stage 2 assessment process.

(2) On what date did the Government receive the Addendum Report.

(3) Is the Government still reviewing the Addendum Report; if not, what is the status of the report.

(4) Has the Government requested further information from SPP subsequent to receiving the Addendum Report; if so, what further information has been requested.

(5) On what date did the Government inform SPP of its response to the Addendum Report.

(6) Has the Government received any further communication from SPP on this matter after receiving the Addendum Report; if so, what was the content of that communication.

Dr Kemp—The answer to the honourable member’s question is as follows:

(1) Yes.

(2) The Commonwealth received the SPP Addendum Report on 27 November 2002.

(3) The SPP Addendum Report has been examined against the matters which were identified as requiring further information in the letter of 8 February 2002 from Environment Australia.

(4) Yes. The information sought includes additional technical information on the following matters:

- Additional information on air toxics, in particular, an explanation of the methodology used for assessing the impacts arising from the emissions of polycyclic aromatic hydrocarbons and hexachlorobenzene.
- Results from additional leachate testing, including the supporting report and any validating review that may have been undertaken.
- Details of program design to achieve reduction in dioxin generation in the process.
- Technical details on the methodology used, the assumptions made and references used relating to the calculation of greenhouse gas emissions and data on emissions from the experience of the running of Stage 1. The provision of full fuel cycle analysis for the Stage 2 plant.
- Details to enable verification of claims made in relation to reduction of emission intensity and a comparison of greenhouse emissions with other industries or counties using similar technology.
• Provision of referenced groundwater modelling.
• Further information on measures to compensate for the potential loss of habitat for the vulnerable Squatter Pigeon.
• Individual hydrocarbon compounds should be identified and their impact assessed. Results of ambient monitoring for hydrocarbons and a discussion of chronic health effects of hydrocarbons.

(5) 17 December 2002.
(6) SPP e-mailed Environment Australia on 3 February 2003 to advise that the company is progressing the information requested on 17 December 2002.