**INTERNET**
The Votes and Proceedings for the House of Representatives are available at:

Proof and Official Hansards for the House of Representatives, the Senate and committee hearings are available at:

### SITTING DAYS—2003

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

### RADIO BROADCASTS

Broadcasts of proceedings of the Parliament can be heard on the following Parliamentary and News Network radio stations, in the areas identified.

- **CANBERRA**: 1440 AM
- **SYDNEY**: 630 AM
- **NEWCASTLE**: 1458 AM
- **BRISBANE**: 936 AM
- **MELBOURNE**: 1026 AM
- **ADELAIDE**: 972 AM
- **PERTH**: 585 AM
- **HOBART**: 729 AM
- **DARWIN**: 102.5 FM
HOUSE HANSARD

Ministerial Statements—
Royal Commission into the Building and Construction Industry .................. 13499
Defence Legislation Amendment Bill 2003—
  First Reading .................................................................................................. 13505
  Second Reading ......................................................................................... 13505
National Health Amendment (Private Health Insurance Levies) Bill 2003—
  First Reading ............................................................................................. 13506
  Second Reading ......................................................................................... 13506
Private Health Insurance (ACAC Review Levy) Bill 2003—
  First Reading ............................................................................................. 13507
  Second Reading ......................................................................................... 13507
Private Health Insurance (Collapsed Organization Levy) Bill 2003—
  First Reading ............................................................................................. 13507
  Second Reading ......................................................................................... 13507
Private Health Insurance (Council Administration Levy) Bill 2003—
  First Reading ............................................................................................. 13507
  Second Reading ......................................................................................... 13507
Private Health Insurance (Reinsurance Trust Fund Levy) Bill 2003—
  First Reading ............................................................................................. 13507
  Second Reading ......................................................................................... 13507
Energy Grants (Credits) Scheme Bill 2003...................................................... 13508
Energy Grants (Credits) Scheme (Consequential Amendments) Bill 2003—
  Second Reading ......................................................................................... 13508
  Third Reading ............................................................................................ 13531
Energy Grants (Credits) Scheme (Consequential Amendments) Bill 2003—
  Second Reading ......................................................................................... 13531
  Third Reading ............................................................................................ 13531
Family and Community Services Legislation Amendment (Disability Reform) Bill (No. 2) 2002 [No. 2]—
  Second Reading ......................................................................................... 13531
Questions Without Notice—
Iraq .................................................................................................................. 13556
Iraq .................................................................................................................. 13556
Defence: Anthrax Vaccinations ................................................................. 13557
Iraq .................................................................................................................. 13557
Distinguished Visitors ................................................................................... 13558
Questions Without Notice—
Iraq .................................................................................................................. 13558
Iraq .................................................................................................................. 13559
Iraq .................................................................................................................. 13560
Foreign Affairs: Zimbabwe ...................................................................... 13560
Iraq .................................................................................................................. 13561
Trade .............................................................................................................. 13562
Distinguished Visitors ................................................................................... 13563
Questions Without Notice—
Iraq .................................................................................................................. 13563
Iraq .................................................................................................................. 13564
Iraq .................................................................................................................. 13565
Defence: Security .......................................................................................... 13565
IRAQ: 13565
IRAQ: 13566

Questions Without Notice: Additional Answers—
IRAQ: 13567
IRAQ: 13567
Defence: Anthrax Vaccinations: 13568

Personal Explanations: 13569

Questions to the Speaker—
Parliament: Question Time: 13570

Personal Explanations: 13571

Auditor-General's Reports—
Report No. 35 of 2002-03: 13571

Papers: 13571

Matters of Public Importance—
IRAQ: 13571

Industry, Tourism and Resources Legislation Amendment Bill 2002—
Report from Main Committee: 13580
Third Reading: 13581

Corporations Legislation Amendment Bill 2002—
Report from Main Committee: 13581
Third Reading: 13582

Corporations (Fees) Amendment Bill 2002—
Report from Main Committee: 13582
Third Reading: 13582

Corporations (Review Fees) Bill 2002—
Report from Main Committee: 13582
Third Reading: 13582

National Blood Authority Bill 2002—
Report from Main Committee: 13582
Third Reading: 13582

Committees—
Privileges Committee—Report: 13582
Corporations and Financial Services Committee—Report: 13583
Public Works Committee—Report: 13583

Proposed select committee on Australian Bushfires: 13584

Migration Legislation Amendment (Further Border Protection Measures) Bill 2002 [No. 2]—
First Reading: 13586
Second Reading: 13586

Transport Safety Investigation Bill 2002—
Consideration of Senate Message: 13587

Transport Safety Investigation (Consequential Amendments) Bill 2002—
Consideration of Senate Message: 13589

Workplace Relations Amendment (Prohibition of Compulsory Union Fees) Bill 2002 [No. 2]—
Consideration of Senate Message: 13592

Family and Community Services Legislation Amendment (Disability Reform) Bill (No. 2) 2002 [No. 2]—
Second Reading: 13592
Third Reading: 13593
HANSARD CONTENTS—continued

Business—
Rearrangement........................................................................................................ 13593
Australian Security Intelligence Organisation Legislation Amendment
(Terrorism) Bill 2002 [No.2]—
Second Reading........................................................................................................ 13594
Veterans’ Affairs Legislation Amendment Bill (No. 3) 2002—
Report from Main Committee.................................................................................. 13622
Third Reading.......................................................................................................... 13622
Adjournment—
  Shortland Electorate: Veterans.............................................................................. 13623
  Moran, Mr Paul ..................................................................................................... 13623
  Iraq ......................................................................................................................... 13624
  Harmony Day........................................................................................................ 13625
  Work for the Dole Achievement Awards .............................................................. 13625
  Corporate Governance.......................................................................................... 13626
  Paterson Electorate: Weakley’s Drive ................................................................. 13627
  Bruce, Mr Peter ................................................................................................. 13628
  Colston, Former Senator: Criminal Proceedings................................................. 13628
Notices...................................................................................................................... 13629
MAIN COMMITTEE
Statements By Members—
  Education: Literacy and Numeracy..................................................................... 13630
  Forde Electorate: Achievements.......................................................................... 13630
  Education: Outside School Hours Care.............................................................. 13631
  Fuel: Ethanol Content.......................................................................................... 13631
  University of Queensland: Enterprise Competition........................................... 13632
  Concord Garden Club.......................................................................................... 13633
  Northern Territory: Internet Service Provider.................................................. 13633
Industry, Tourism and Resources Legislation Amendment Bill 2002—
  Second Reading.................................................................................................... 13634
  Consideration in Detail....................................................................................... 13637
Corporations Legislation Amendment Bill 2002.................................................... 13639
Corporations (Fees) Amendment Bill 2002............................................................. 13639
Corporations (Review Fees) Bill 2002—
  Second Reading.................................................................................................... 13639
  Consideration in Detail....................................................................................... 13649
Corporations (Fees) Amendment Bill 2002—
  Second Reading.................................................................................................... 13651
Corporations (Review Fees) Bill 2002—
  Second Reading.................................................................................................... 13651
National Blood Authority Bill 2002—
  Second Reading.................................................................................................... 13651
Veterans’ Affairs Legislation Amendment Bill (No. 3) 2002—
  Second Reading.................................................................................................... 13670
Terrorism Insurance Bill 2002—
  Second Reading.................................................................................................... 13692
  Consideration in Detail....................................................................................... 13729
Questions On Notice—
  Transport: Roads of National Importance Program—
    (Question No. 103)............................................................................................. 13732
Education, Science and Training: Program Funding—
(Question No. 721) ............................................................................................... 13732
Centrelink: Overpayments—(Question No. 1000) ........................................... 13734
Transport: Roads to Recovery Program—(Question No. 1317) .................... 13735
Nuclear Energy: Lucas Heights Reactor—(Question No. 1355) ..................... 13735
Education: Islamic Schools—(Question No. 1375) ........................................... 13737
Social Welfare: Age Pensions—(Question No. 1386) ........................................ 13737
Shipping: Foreign Seafarers—(Question No. 1438) ......................................... 13737
Shipping: Foreign Seafarers—(Question No. 1440) ......................................... 13738
Health: Suicide Prevention—(Question No. 1516) ........................................... 13741
Taxation: Family Payments—(Question No. 1578) ........................................... 13741
The SPEAKER (Mr Neil Andrew) took the chair at 9.00 a.m., and read prayers.

MINISTERIAL STATEMENTS
Royal Commission into the Building and Construction Industry

Mr ABBOTT (Warringah—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (9.01 a.m.)—by leave—The Royal Commission into the Building and Construction Industry was established in August 2001 to examine and report on the extent of coercion, collusion and intimidation in the commercial construction industry. This followed claims by the national secretary of the Construction Division of the Construction, Forestry, Mining and Energy Union that organised crime elements were infiltrating his union, a series of violent invasions on Perth building sites, allegations of corruption by a sacked New South Wales CFMEU official and an Employment Advocate report that the problems of the industry were beyond his office’s power and capacity to handle. In addition, as indicated by Australian Bureau of Statistics figures, the industry’s strike record was bad and getting worse. Construction comprises nearly six per cent of GDP but accounts for about a quarter of days lost through strikes.

This has been a model royal commission: swift, thorough, efficient and, above all, fair. It conducted public hearings from October 2001 till October 2002. There were 171 public sitting days, including 58 examining the state of the industry in Victoria, 34 in New South Wales, 29 in Western Australia, 28 in Queensland, seven in Tasmania and two days each in South Australia and the Northern Territory. Some 16,000 pages of transcript were taken from 765 witnesses. Some 1,900 exhibits and 162,000 documents were tendered. Of the 7.2 million pages of documentation received, 1.6 million were placed on the commission web site. Interested parties made 29 general submissions to the commission and 140 formal responses to the 18 discussion papers which the commission issued last year. Over the life of the commission, nearly 1,500 summonses and 1,700 notices to produce were issued. In addition, the royal commission conducted 22 days of private hearings where 48 witnesses were examined.

Commissioner Cole has produced a final report of 23 volumes. It is the definitive study of the industry and its workplace culture. Today I am tabling volumes 2 and 12 to 22 of the commission’s report, which provide numerous case studies and extensive analysis of the industry’s operations in every state and territory. I regret to say that Commissioner Cole’s report reveals an industry which all too often operates as a kind of conspiracy by big unions and big business against small business and consumers. Typically, fixed price contracts are signed between head contractors and their clients. Head contractors then engage a series of subcontractors to perform the myriad special tasks integral to a construction project. Head contractors usually face specific monetary penalties for failure to meet construction schedules. This makes them especially vulnerable to work stoppages and inclined to lay off ‘industrial risk’ to subcontractors. While the industry is characterised by dozens of large contractors and thousands of subcontractors—all of them operating under standard competition principles—workers belong to two or three key unions, whose workplace activities are generally not covered by the anticollusion provisions of the Trade Practices Act and which have a tendency to ‘hunt as a pack’. This means that on large building sites the CFMEU, which superseded the old Building Workers Industrial Union and the Builders Labourers Federation, is a quasi-monopoly supplier of labour.

The CFMEU, often in alliance with the Communications, Electrical and Plumbing Union and the Australian Manufacturing Workers Union, can only maintain this dominant position by enforcing a ‘no ticket, no start’ rule. As the commission’s report makes abundantly clear, maintaining a closed shop routinely involves unlawful coercion and intimidation backed by threats of violence. Breaking agreements, ignoring previous undertakings and flouting industrial commission and court orders are all part of maintaining the ‘union rules’ culture of the
industry. Officials of the CFMEU, particularly in Victoria and Western Australia, act as if the law does not apply to them.

The most notorious incident of industrial lawlessness occurred at the National Gallery of Victoria, a project which was supposed to finish in 2001 but which is still not completed and is currently about $13 million over budget. A subcontractor working on the site was in dispute with the CFMEU because some of its employees had joined the rival Australian Workers Union. When the Victorian government initially refused to strip the company of its contract, a mob rampaged through the site on 10 August 2000 causing at least $150,000 worth of damage. CFMEU officials boasted that they had organised this invasion. Even so, no-one was ever charged and the company in question duly lost its contract.

What follow are some further emblematic examples of the conduct which infests the industry, drawn from dozens contained in the commission’s report. In the late 1990s, Woolworths commissioned two almost identical buildings in Melbourne and Sydney. The Sydney warehouse was completed on time and $5 million over budget. The Melbourne warehouse was seven months late and $15 million over budget because of industrial practices including routine breaches of certified agreements, chronic failure to observe safety dispute settlement procedures, the use of three different workers from three different unions to operate machinery usually operated by two workers, demands to employ union nominated activists and illegal picketing. Despite obtaining a Supreme Court injunction against a picket line, the head contractor, Hansen Yuncken, had to make a $50,000 payment to a Victorian Trades Hall trust account before the picket was eventually withdrawn.

In 1998 in Victoria, a union activist tried to force his employer to hire as a painter a particular associate with a colourful past but with no relevant qualifications or experience. After a few days, the subcontractor company refused to continue the associate’s employment. The activist then directed workers to leave the site and subsequently told the manager: ‘I’ll kill you and your family. No-one crosses me. This is the last job site you work on. You are finished.’ When the head contractor, Hansen Yuncken, tried to remove the activist, the CFMEU brought proceedings on his behalf because he was supposedly the site occupational health and safety representative. Despite the failure of these proceedings, the activist, as well as his brother, continued to visit the site, threatening and harassing workers and managers. After seven weeks of this, the head contractor successfully sought restraining orders against the brothers, who ignored them, and they were arrested and briefly gaol. After further CFMEU intervention, Hansen Yuncken requested that the charges of criminal trespass be dropped. Eventually, Hansen Yuncken paid $15,000 to the brothers as ‘compensation’, which company lawyers lamely justified as ‘likely to achieve a greater cost saving to the company overall’ because, they said, it might prevent the recipients from further ‘harass(ing) and interfere(ing) with operations’.

The Saizeriya project at Melton is another illustration of the pitfalls of ‘chequebook industrial relations’ in the Victorian building industry. The initial dispute arose because the AMWU objected to National Union of Workers coverage of the plant once operational. Construction commenced in May 2001 and was scheduled to finish by December of that year. Commissioner Cole found that AMWU, CFMEU or CEPU bans were imposed on 20 June; 12 and 18 September; 9, 12, 17 and 18 October, 2001; and 4 June, 2002. The plant is still not fully operational and costs have blown out from $40 million to at least $52 million. Commissioner Cole found that a senior CFMEU official threatened one of the companies to have proceedings under the Trade Practices Act withdrawn. He also found that the Victorian government has ended up paying wages on site to make up for losses caused by protracted stoppages and orchestrated various ‘fixes’ which usually ended up making bad situations worse.

In November 2001, as part of a long-running dispute over a subcontractor’s unwillingness to sign the union endorsed enterprise bargaining agreement, painters left the Burswood site in Perth after a furious argu-
ment between their manager and union officials threatening violence. The next day union officials again visited the site and tried to disconnect the tools of tradesmen who continued work. Later that day, the CFMEU’s state secretary led an invasion of 150 people, none of whom were site workers, in support of a payment of $25,000, allegedly a ‘completion bonus’.

‘Casual tickets’, or payment for ghost workers, are a feature of the Perth building industry. The commission found that recent casual ticket payments amounted to some $397,000—paid by companies including Broad Constructions, Multiplex, John Holland, Q-Con, Key West, Walters, and Cooper and Oxley. These payments, derived from guesstimates of non-union workers on site, were often invoiced as ‘training’ even though no training had taken place. Companies told the commission that payments were justifiable ‘commercial decisions’ to ‘purchase peace’. In fact, these quasibribes show the insidiousness of a corrupt industrial culture where decent people, on both sides of the workplace fence, find themselves participating in practices they would reject as wrong in any other context.

In the mid-1990s, a NSW concrete pump operator was told by the local CFMEU organiser that he had to join the union. The organiser attended a meeting at the premises of De Martin and Gasparini, Sydney’s largest concrete placer, at which the company told the pump operator that he would never be engaged again or work on any other Olympic site unless he agreed to the union enterprise bargaining agreement. In 1998, after a visit from the organisers in question, the operator was not allowed back on an Olympic site, despite having $8,000 worth of work to complete. Last year, the same organiser stopped the same operator’s concrete pour, citing safety reasons. The then head contractor purported to find a number of safety issues with the pump but admitted that the real problem was the union organiser.

It ought to be clear from these examples, of which there are dozens more in the volumes of the commission’s report released today, that this is a largely lawless industry operating on the principle of might is right and subject to commercial and sometimes physical intimidation and blackmail. Union organisers and associates try to track people who do not play by their rules in the confident expectation of driving ‘troublemakers’ out of the industry. This sort of behaviour is a travesty of unionism.

This near anarchy in the commercial construction industry ultimately impacts on everyone. An Econtech report published last week shows that commercial construction tasks typically cost 10 per cent more than comparable tasks in domestic construction. Labour productivity in commercial construction is some 13 per cent lower than in home building, mainly because of overmanning, demarcations and frequent work stoppages. Most importantly, this research showed that housing industry standard labour productivity in commercial construction would produce a one per cent boost in GDP, a one per cent cut in inflation and $2.3 billion worth of benefits to consumers every year. Workers in the commercial construction industry often earn $100,000 a year, with overtime and allowances, but such a fair day’s pay requires a fair day’s work; otherwise it turns into a rip-off ultimately borne by consumers, taxpayers and other workers.

From the evidence gathered during the hearings and investigations, the royal commission has made findings of about 392 separate instances of unlawful conduct by individuals and organisations. These include unlawful industrial action, failure to follow dispute resolution procedures, demand for unlawful payments, abuse of right of entry provisions, fabrication of safety issues to advance industrial demands and widespread breach of freedom of association laws.

In Western Australia, Commissioner Cole made 230 findings of unlawful conduct against two unions, 28 representatives of three unions, three companies and one representative of a company. In Victoria, Commissioner Cole made 58 findings of unlawful conduct against one union, 18 officials and stewards representing three unions, six companies, two representatives and three employees of five companies and one individual. In Queensland, he made 55 findings of unlawful conduct against five unions and
eight representatives of three unions. In New South Wales, he made 25 findings of unlawful conduct against one union, 14 representatives of two unions and two companies. In Tasmania, he made 13 findings of unlawful conduct against one union, four companies and two representatives of two companies. In the Australian Capital Territory, he made one finding of unlawful conduct against a union organiser.

Commissioner Cole found that South Australia and the Northern Territory generally experience less industrial disruption than the other states and territories. He found that freedom of association is generally respected. Even so, he made eight findings of unlawful conduct in South Australia against two unions, three representatives of one union and one company, and two findings of unlawful conduct in the Northern Territory against two companies.

These 392 instances of unlawful conduct are contained in the volumes released today. It is necessary that these matters be published so that the problems of the industry can be more widely understood and improved. In addition, Commissioner Cole has produced a confidential volume of matters to be referred for prosecution. This volume, which the government will not publish—with Commissioner Cole’s recommendation—identifies 26 incidents involving possible criminal offences. Commissioner Cole has found that 23 union officials and eight employer or employer organisation officers might have breached criminal laws. Of these individuals, 12 are from Western Australia, eight are from Victoria, seven are from New South Wales and four are from Queensland. He also identified 66 incidents of unlawful but not criminal conduct to be referred for prosecution. The Attorney-General or the Minister for Justice will refer these matters to the appropriate state and federal authorities. Launching prosecutions and securing appropriate convictions is necessary if the rule of law is finally to be established in this industry.

Commissioner Cole’s desire to avoid trial by media and the associated presumption of guilt where possible criminal prosecutions are concerned is typical of the scrupulous fairness with which he has conducted his inquiry. Tomorrow, I will table the remaining volumes of analysis and the recommendations for reform. This national royal commission is our last best hope for a clean industry and everyone who values civil society should take its report seriously. I present copies of volume 2, Conduct of the Commission, and volumes 12 to 22, State findings and administration, together with a copy of my ministerial statement, and I move:

That the House take note of the papers.

Question agreed to.

Mr Abbott (Warringah—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (9.18 a.m.)—by leave—I move:

That so much of the standing and sessional orders be suspended as would prevent the honourable member for Barton speaking for a period not exceeding 16 minutes.

Question agreed to.

Mr McClelland (Barton) (9.18 a.m.)—Australians are becoming weary of conflict. As they watch images of war every night on their TV screens, they do not want this report of the Royal Commission into the Building and Construction Industry to be used as a weapon for yet another divisive industrial relations agenda. Australians are people of commonsense. They know the building industry is a tough industry and that it probably has more than its fair share of undesirable characters. It is common understanding that cash payments and tax evasion are rife in the industry and that it presents many opportunities for money laundering. Anyone involved in supplying the industry with products or providing services to it knows how difficult it can be to get paid, whether you are a small business owner or an employee. Indeed, it is probably the industry that presents the most examples of phoenix companies, where businesses are placed into insolvency to avoid obligations to workers and small businesses, only to rise from the ashes in another guise later on.

Australians also know that in some areas there is widespread use of illegal immigrant
labour, with associated safety and social problems. Australians are understandably deeply disturbed by horrific accidents that all too frequently still occur in this industry, with one worker killed almost every week. The unfortunate reality is that, more often than not, that worker is a young trainee. For $60 million, Australians are entitled to expect that these issues would have been addressed in some detail in the report. From the instalment tabled today, they would be disappointed, if not somewhat astonished, that so many of these issues have remained unaddressed. We await the further instalment later this evening.

This first instalment reveals a staggering statistic: 87 per cent of the royal commission’s specific findings of unlawful conduct are against workers and unionists and, by contrast, just 13 per cent concern employers. It beggars belief, quite frankly, that any fair and balanced inquiry into the building industry could decide that workers and unionists are responsible for 87 per cent of unlawful conduct in the industry. Yet, when you add up the specific findings, that is exactly what this inquiry suggests. As I mentioned, this is an industry in which a life is lost in the workplace to accidents almost every week, yet this report makes only two specific findings of breaches of health and safety laws by employers. Incredibly, there is not a single specific finding of unlawful conduct relating to underpayment of workers’ entitlements, debts to small businesses, avoidance of tax, sham subcontracting or phoenix company restructuring in the building industry. As I said, Australians know the building industry is a tough industry, and they expect their government to be an appropriate regulator, not an agitator or provocateur.

While fair-minded Australians cringe at some of the behaviour of both sides in this industry, I think they recognise that the industry would be far worse if there were no union presence. At the end of the day, Australians recognise that effective and decent union conduct can be a civilising influence with respect to fairness, accountability and safety. Insofar as there are problems, Australians expect the government to be diligent and genuine but not partisan and political when inquiring into unlawful conduct in the building industry or, indeed, any other industry. Australians will rightly be outraged if they think that the Howard government has spent $60 million just to bash building unions while ignoring corporate misbehaviour. The opposition has always said that anyone found to have committed illegal or criminal acts must face the law. We stand ready to consider any genuine proposal to address criminality or corruption in this or any other industry, but we will not see this report used by the government as a political tool to advance a divisive industrial relations agenda. Such an agenda is fundamentally shortsighted and will not achieve long-term productive outcomes.

I believe that few objective commentators would agree with the minister’s statement:

“This has been a model royal commission: swift, thorough, efficient and ... fair.

It is well known that 90 per cent of public hearing time was dedicated to anti-union subjects—indeed, around 81 per cent to attacking the CFMEU in particular. Only three per cent of hearing time was occupied with subjects that might have adversely reflected on employers. Just seven hours were spent with a worker in the witness box, while employers or their representatives were in the witness box for about 293 hours. Counsel assisting took evidence from employers on 663 occasions but from workers on only 34 occasions. Is it any wonder that detailed findings on broader issues confronting the industry are lacking? I appreciate that we are here involved in a political debate, but I think any fair-minded observer would reach the same conclusion. I note, for instance, comments by the well-known radio broadcaster Alan Jones, reported just a few weeks ago in the Sydney Morning Herald. The report read:

“It’s an enormous waste of public money,” he said of the $60 million royal commission which investigated corruption in the building industry. He described it as a cynical political attack on the powerful Construction Forestry Mining and Energy Union.

The report continued:

The Workplace Relations Minister, Tony Abbott, is a “good friend”, but Jones said: “I’ve told
him to his face 100 times, ‘Tony, you’ve simply got it wrong’.

I note that the minister referred to commission evidence that some workers in the commercial construction industry can earn $100,000 per year with overtime and allowances, but what was not referred to was the fact that the great majority of workers in this industry work in a dangerous occupation, often in extremely poor conditions, earning considerably less than $20 per hour. While a number of officials have been singled out for criticism, we believe it is grossly unfair to sheet their conduct home to the 700,000 workers who are engaged in the building and construction industry and who built, for instance, the Sydney Olympics venues on time and under budget.

When it comes to rackets, I have got some idea what the average Australian would think of lawyers who assisted this commission trousering some $21 million from this royal commission budget, some at the rate of almost $20,000 per week—the senior counsel allocated to assist the commission. The minister frequently uses the expression ‘rip-off’, but I will leave it to the taxpayers of Australia to decide whether they have got value for money from this commission.

As for the fairness of this commission, there has been widespread criticism of the procedures adopted by it. A number of potential witnesses who were prepared to give evidence about broader problems facing the industry were overlooked as counsel assisting the commission focused primarily on those who were prepared to attack the building unions. The commissioner himself frankly admits in his report:

... some of the material that was led during hearings would not have been admissible in either a civil or criminal trial.

That is not uncommon with respect to commissions of inquiry but, despite this, in this particular royal commission the opportunity to cross-examine commission witnesses was severely limited—even where serious allegations had been made by those witnesses against certain individuals. Anyone wanting to cross-examine was first required to submit their own statement, on which they were cross-examined by counsel assisting before any determination was made to allow them to cross-examine the primary witness. Even the Star Chamber did not come up with such a complex procedure in respect of the examination of witnesses.

The commission was conducted by way of careful selection of information. Regrettably, it is clear from the report that selection had a predetermined focus—and that was to attack building industry unions rather than address the broader issues facing the industry. Let me give a couple of examples of that. With respect to Western Australia, the commissioner on a number of occasions attacked the union for disregarding contractual arrangements and legislative dispute resolution processes. But an employer who was found to have made secret ‘supplementary’ cash payments to selected employees without providing appropriate employment records or group certificates virtually escaped criticism. In another example, in Victoria, the CFMEU was attacked for overzealous auditing of employer books, yet, when dealing with the fact that these audits showed up unlawful activity by employers, the report simply notes:

... the failure by some employers to comply with the requirements of awards and agreements.

At no stage have we, or will we, excuse any person who is, or has, engaged in criminal activity. We would note, however, that it does not take a $60 million inquiry to refer individuals to prosecuting authorities—at the end of the day, a 25c phone call would have done the trick. As responsible legislators in the 21st century, it is incumbent on us to do something about the fact that there is still one death almost every week on work sites in the building industry involving, as I have said, primarily young trainee workers. Nor can we ignore the extent to which deceitful, taxpaying Australians are subsidising massive tax evasion in the building industry, and the fact that thousands of small business proprietors as well as employees lose millions of dollars each year as a result of the phenomenon of phoenix companies.

These are just some of the issues facing the industry. Regrettably, as a result of the limited focus of the royal commission, there does not appear to be any concerted attempt to address these broader issues. Clearly, if
the government is to have any semblance of balance in its approach, we will be expecting to see appropriate action in these areas as in any other.

Debate (on motion by Mr Barresi) adjourned.

DEFENCE LEGISLATION AMENDMENT BILL 2003

First Reading

Bill presented by Mrs Vale, and read a first time.

Second Reading

Mrs Vale (Hughes—Minister for Veterans’ Affairs and Minister Assisting the Minister for Defence) (9.30 a.m.)—I move:

That this bill be now read a second time.

This bill makes various amendments to Defence legislation. It also makes consequential amendments to other Commonwealth legislation. The amendments indicate the government’s ongoing commitment to the defence organisation and service personnel.

The bill will:

• increase the penalties for breaches of sections 80A and 80B of the Defence Act, relating to persons who falsely represent themselves to be returned service personnel, or improperly use service medals or decorations;

• make various amendments to the Defence Force Discipline Act, including the implementation of recommendations made by Brigadier Abadee, the Deputy Judge Advocate General, in relation to the military discipline system;

• make amendments to modernise the titles of the Cadet Corps;

• clarify the regulation-making powers in relation to Defence inquiries;

• make amendments to the Defence Force (Home Loans Assistance) Act to permit certain classes of ex-members of the Australian Defence Force to apply for a home loan subsidy beyond the current two-year eligibility period for claiming assistance; and

• correct two minor drafting errors.

All the measures are outlined in the bill’s explanatory memorandum.

There are two major measures included in the bill.

The first relates to changes to increase the penalties for improper use of service medals and decorations and for false representation as returned service personnel. These changes reflect the gravity of the concern of the government and the wider community with practices that are unlawful, deceitful and disrespectful of our veterans and service personnel.

The bill increases the penalty for wrongly claiming to be a returned soldier, sailor or airman, or for wearing a medal or decoration to which a person is not entitled, from a $200 fine to a maximum penalty of $3,300 and/or six months imprisonment. The Defence Act already makes it clear that an exception to this penalty is where a family member, who does not claim to have been awarded the medal or decoration, is wearing the medal or decoration. The bill also increases the penalty for destroying or defacing a medal or decoration from a fine of $200 to a maximum fine of $6,600 and/or 12 months imprisonment.

Persons falsely claiming defence service they did not undertake or complete, or medals or decorations they were not entitled to, are disrespectful to real veterans and defence personnel. Our veterans and serving personnel are held in the highest regard by our community. Their service and sacrifice deserves strong protection from those who wrongly seek to claim the same honour and respect. The government delivers this protection through these increases in penalties.

The second measure deals with changes to the Defence Force Discipline Act. The most significant changes to the act give effect to the recommendations of Brigadier Abadee, who is also a justice of the Supreme Court of New South Wales. Brigadier Abadee was commissioned by the Chief of the Defence Force to make recommendations to ensure that the military discipline system satisfies contemporary standards of judicial independence and impartiality. The changes to the Defence Force Discipline Act implement the necessary measures to achieve that aim.
The bill will eliminate the multiple roles of convening authorities to ensure that the officer who convenes a court martial, or refers a charge to a Defence Force magistrate for trial, has no role in the subsequent review of the outcome.

The bill will also provide that the Judge Advocate General will be responsible for nominating officers to act as judge advocates for courts martial and for nominating officers as Defence Force magistrates for trials, rather than the current procedure which involves such appointments being made by the military chain of command.

In addition, the bill will enable the Judge Advocate General to appoint the president and members of courts martial as opposed to the chain of command, and create the statutory position of Chief Judge Advocate. The Chief Judge Advocate will assist the Judge Advocate General in the execution of the functions and powers of the Judge Advocate General’s office. This will be in addition to the Chief Judge Advocate sitting as a Defence Force magistrate or a judge advocate at a court martial. I commend the bill to the House and present the explanatory memorandum to this bill.

Debate (on motion by Mr Cox) adjourned.

NATIONAL HEALTH AMENDMENT (PRIVATE HEALTH INSURANCE LEVIES) BILL 2003

First Reading

Bill presented by Ms Worth, and read a first time.

Second Reading

Ms WORTH (Adelaide—Parliamentary Secretary to the Minister for Health and Ageing) (9.35 a.m.)—I move:

That this bill be now read a second time.

In this package, the four ‘levy’ bills reimpose four private health insurance levies and the National Health Amendment (Private Health Insurance Levies) Bill 2003 provides for matters ancillary or consequential to the reimposition. The four levies being reimposed are:

- the Council Administration Levy, currently established via subparagraph 82G(1)(h)(i) National Health Act 1953;
- the Collapsed Organization Levy, currently established via subparagraph 82G(1)(j) National Health Act 1953;
- the Acute Care Advisory Committee Review Levy, currently established via subparagraph 82G(1)(h)(ii) National Health Act 1953; and
- the Reinsurance Trust Fund Levy, currently established via section 73BC National Health Act 1953.

The four levies are essentially being reimposed in response to the Australian National Audit Office Audit Report No. 32 1999-2000: Management of Commonwealth Non-Primary Industry Levies.

This report identified issues with the Private Health Insurance Administration Council (Council) administration levy, established via subparagraph 82G(1)(h)(i) of the National Health Act 1953, having regard to the operation of section 55 of the Constitution with a view to removing any doubt regarding the technical validity of the levies.

Section 55 provides that laws imposing taxation shall deal only with the imposition of taxation, and any provision therein dealing with any other matter shall be of no effect.

This bill, together with four other bills, reimposes four health insurance industry levies, and validates previous impositions of the levies, having regard to section 55 of the Constitution with a view to removing any doubt regarding the technical validity of the levies.

The reimposition effects a technical change in process. The changes effectively repeal the existing levy mechanisms replacing them having regard to section 55 of the Constitution. While the council will still administer the levies, the money collected under the levies will be placed into the consolidated revenue fund and then appropriated for the purposes of those levies.

These levies only apply to the private health insurance industry. Only registered health benefits organisations are required to meet liabilities imposed via the levies. The purpose of the reimposition of the levies is
not to increase the financial burden on the private health insurance industry. This proposal does not involve a change in policy but rather corrects a technical defect to ensure that the legislation functions as intended.

Doubt in relation to the validity of these levies has the potential to substantially reduce or impede council in undertaking its functions including the prudential regulation of the private health insurance industry. Given the role of the council its financial basis should not be compromised by doubt in relation to section 55 of the Constitution. I present a signed explanatory memorandum.

Debate (on motion by Mr Cox) adjourned.

PRIVATE HEALTH INSURANCE (ACAC REVIEW LEVY) BILL 2003

First Reading

Bill presented by Ms Worth, and read a first time.

Second Reading

Ms Worth (Adelaide—Parliamentary Secretary to the Minister for Health and Ageing) (9.40 a.m.)—I move:

That this bill be now read a second time.

The Private Health Insurance (ACAC Review Levy) Bill 2003 reimposes the Acute Care Advisory Committee, ACAC, review levy—currently established via subparagraph 82G(1)(h)(ii) of the National Health Act 1953—having regard to the requirements of section 55 of the Constitution. I commend the bill to the House and present the explanatory memorandum.

Debate (on motion by Mr Cox) adjourned.

PRIVATE HEALTH INSURANCE (COUNCIL ADMINISTRATION LEVY) BILL 2003

First Reading

Bill presented by Ms Worth, and read a first time.

Second Reading

Ms Worth (Adelaide—Parliamentary Secretary to the Minister for Health and Ageing) (9.41 a.m.)—I move:

That this bill be now read a second time.

The Private Health Insurance (Council Administration Levy) Bill 2003 reimposes the Private Health Insurance Administration Council administration levy, currently established via subparagraph 82G(1)(h)(i) of the National Health Act 1953—having regard to the requirements of section 55 of the Constitution. I commend the bill to the House and present the explanatory memorandum.

Debate (on motion by Mr Cox) adjourned.

PRIVATE HEALTH INSURANCE (REINSURANCE TRUST FUND LEVY) BILL 2003

First Reading

Bill presented by Ms Worth, and read a first time.

Second Reading

Ms Worth (Adelaide—Parliamentary Secretary to the Minister for Health and Ageing) (9.44 a.m.)—I move:

That this bill be now read a second time.

The Private Health Insurance (Reinsurance Trust Fund Levy) Bill 2003 reimposes the reinsurance trust fund levy, currently established via section 73BC of the National Health Act 1953, having regard to the requirements of section 55 of the Constitution.

Debate (on motion by Mr Cox) adjourned.
I commend the bill to the House and present the explanatory memorandum.

Debate (on motion by Mr Cox) adjourned.

(Quorum formed)

**ENERGY GRANTS (CREDITS) SCHEME BILL 2003**

Cognate bill:

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

Second Reading

Debate resumed from 25 March, on motion by Mr Slipper:

That this bill be now read a second time.

upon which Mr McMullan moved by way of amendment:

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

“whilst not declining to give the Bill a second reading, the House condemns the Government for its 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.”

**Mrs DE-ANNE KELLY** (Dawson) (9.49 a.m.)—I rise to speak on the **Energy Grants (Credits) Scheme Bill 2003** and the **Energy Grants (Credits) Scheme (Consequential Amendments) Bill 2003**. These bills honour a commitment made by the government in May 1999. That commitment was to replace the Diesel Fuel Rebate Scheme and the Diesel and Alternative Fuels Grants Scheme with a single mechanism to provide excise rebates to those who had received them under the previous arrangements. Under the provisions of the principal bill, an individual will be entitled to an off-road credit when purchasing diesel fuel for use in eligible activities. Those eligible activities are the same as those currently eligible under the Diesel Fuel Rebate Scheme. Likewise, a person will be eligible for an on-road credit when purchasing fuel for the same activities that currently qualify under the Diesel and Alternative Fuels Grants Scheme. This is sensible legislation that combines two very successful schemes, and it will continue to benefit those who have received assistance from these arrangements in the past.

I note that in his speech to the House the shadow Treasurer, the member for Fraser, raised the issue of incentives for the use of cleaner fuels. I was somewhat bemused by the member for Fraser’s query about incentives for cleaner fuels. Whilst he may see that as gaining some political advantage, the reality is that the member for Fraser’s stance on this bill is in stark contrast to his attitude on the cleanest and greenest of fuels, namely ethanol. However, I will return to that later. I also note that the member for Fraser sought to embarrass the government for not accepting the recommendations of the Trebeck inquiry into fuel taxes. For the edification of the member for Fraser, it is not a prerequisite of the government to simply accept the findings of a report that has been handed down. What the government does is act in the best interests of those who will be affected.

Although I understand that Mr David Trebeck is an economist of some repute and, undoubtedly, did a considerable amount of research and consultation to produce his report, that does not make his report infallible. I read a great deal of that report, particularly with regard to ethanol, and noted that Mr Trebeck made the assertion that ethanol would always have to be subsidised and/or would be a cost to the motorist. The reality is that that is simply flawed. I am afraid the report did not consult adequately. The new processes available for ethanol, such as ZeaChem, should, when the research is completed—and we must say ‘should’ because the research is still in the finalisation stage—
make ethanol directly competitive with petroleum, even with a full excise applied. The report was scathing of ethanol but plainly had not done any homework on the new technologies and processes that are available.

Returning to the member for Fraser for a moment, I notice that in his address he talked a lot about the government and our attitude to fuel taxes. Unfortunately, he also passed over the previous government's approach to fuel taxes. With the record they had, why wouldn't you pass over their approach to fuel taxes? So let us cast our minds back to 1983. When the Hawke-Keating government took office, fuel excise was only 6.15c a litre. 

Mr Cox—Are you going to cut it back to that? 

Mrs DE-ANNE KELLY—At least we stopped indexation. What happened when the Labor Party left in 1996? I note the member for Kingston is interjecting. Let me say this to the member for Kingston: when you left government in 1996, fuel excise was 34.183c a litre, an increase of 450 per cent—that is, in a country as large as Australia, a rate of 35 per cent for each and every year of your 13 years in government. No wonder the shadow Treasurer does not want to talk about fuel taxes under the Labor Party.

What happened under the coalition? To June 2001, the increase was only 2.3 per cent, not the 35 per cent for each year of the opposition's period in government. And what has the rise been since 2001? Zero—because we have scrapped the indexation of fuel, which under the Hawke-Keating government took advantage of people in rural and regional areas and drove this vast country, which is dependent on transport, deeper and deeper into supplying the coffers of the Labor government. What we have done has resulted in savings to motorists and truck operators of $150 million in 2000-01 and $425 million in 2002-03. That means that people in rural and regional areas and cities can get their supplies of goods much cheaper. It also means that when we export we do not have the Labor Party—as they were in government—with their hands in transport operators' pockets. This saving will rise to $785 million in 2003-04 and to $1.135 billion in 2004-05. I will leave it to the House to imagine where fuel prices would have been today under a Labor government. Major fuel users and motorists certainly know the difference.

Mr Cox—Where do people go to get an income tax cut? 

Mrs DE-ANNE KELLY—We are not going to get any cuts under the opposition. In fact, I understand that the opposition is planning to increase the Medicare levy, so there are not going to be any tax cuts under the opposition. And people are fully aware of that; they know what you did with fuel and they know what you will do if you get in again. That is why the Labor Party's arguments about fuel taxes are meaningless. It is the track record that counts and you do not have it. Did the Labor Party, for instance, introduce a Diesel and Alternative Fuels Grants Scheme to benefit the trucking industry hauling freight outside of capital cities? No, it did not. It took a coalition government to introduce this National Party initiative, which has served to benefit those of us who live in rural and regional Australia. It is significant that fuel prices in rural and regional centres have moved much closer to those in city areas.

Mr Cox—They did not.

Mrs DE-ANNE KELLY—Did the Labor Party apply the diesel fuel rebate to marine transport? There was no joy there. They had a standing committee that went around and looked at tourism, particularly, and the impact of taxes on it, but they did not do anything about it. Again, it was left to the coalition government to do what needed to be done. The marine tourism industry in my electorate of Dawson—the largest marine tourism industry in Australia, particularly for charter boat operation—and all the others around the Australian coastline are the beneficiaries of the scrapping of fuel excise on marine operations.

If you are running a charter boat operation out to the reef—and, of course, fishing operators have always enjoyed this, as they should—and you are in the marine tourism industry, it is a huge boost. When, unfortunately, tourism was down, one of the charter boat operators in my electorate said that his
only opportunity to remain in business that year was the fact that he did not have the fuel excise imposed on his business. Fortunately, things are looking up in charter operation, but this was of significant assistance to the marine tourism industry. They remember who did it and they remember who did not do it—and let me tell you, they love the coalition’s record. I remind the charter operators of what we did whenever I go down to Airlie Beach. They are very grateful, and they will not be voting for you lot again. So the Labor Party cannot hide. They cannot hide from their history with farmers, motorists and others when they increased the diesel fuel rebate by 35 per cent every year and never let the tourism industry have a go.

I would like to return to my earlier remarks in this address about the shadow Treasurer talking about cleaner fuel use. This appears to be largely an attempt to discredit the Treasurer’s decision to defer the excise surcharge to encourage the use of low sulfur diesel. The Treasurer has quite rightly deferred this measure. It was due to be introduced on 1 January 2003. In case the member for Fraser has not got around much lately, there is a drought in Australia, and it is extremely expensive for people to transport stock, stockfeed and water to their properties.

While the government has given significant drought relief—the greatest that has ever been delivered by any government—the drought is by no means over. It is creating a huge impost on some, particularly those in western New South Wales and south-west Queensland. To introduce the measure from 1 January would have compounded the pain and the difficulties of those living in rural and regional areas. It certainly would have increased grossly the transport costs of those hard-pressed folk living in drought stricken centres. Plainly, the Treasurer understood this and acted accordingly. The sensible nature of this decision has obviously escaped the member for Fraser as he wants to score some cheap political shots rather than give credit to a government that has understood the difficulties and the constraints of one of the worst droughts in living memory.

However, the cheap shots do not stop there. Just as it was in the debate over the low sulfur diesel excise surcharge, the Labor Party, through the shadow Treasurer, has been complicit with some of the major oil companies and some elements of the media in attempting to kill off ethanol as a fuel additive. One major casualty has been the cancellation of the ethanol trial in Brisbane being run by BP Australia and funded by a Commonwealth grant. To be fair to BP, they have been strong proponents of ethanol and I believe they were sincere in finishing their trial. However, Labor in New South Wales ran a dishonest campaign, particularly during the by-election for the seat of Cunningham. It did not do the opposition much good. I might add, to run that scare campaign in the seat of Cunningham, as we have seen, because that seat went to the Greens. The result of that was not only not winning a seat, because people plainly saw through the scare campaigns, but also that public confidence in a green, renewable fuel that will be competitive with petroleum has been severely impaired.

I do not know where the opposition get their information. Perhaps they are aware that ethanol is a major component of fuel in the United States where soon their production will increase to 19 billion litres a year. Brazil uses fuel blends of up to 85 per cent ethanol—all with no ill effect. The opposition ignores the fact that Holden—the great Australian car, and I like driving a Holden—exports vehicles, with very minor modifications to the fuel system, to Brazil where—guess what? They operate very well on a 22 per cent ethanol blend. But you know what? You cannot do that in Australia. So the question is: are the vehicles in Australia that could be modified or that run on a 10 per cent blend inferior—and I do not believe they are—to our export vehicles? Or is it simply a matter of bureaucracy, Labor opposition, oil companies and some of the major motoring organisations conspiring with fossilised thinking to keep out a renewable fuel.

They have ignored the fact that the Australian Service Stations Association has been running a progressive trial, which commenced in 1994, on four vehicles using a 20
per cent blend—much more than has been proposed as a mandated amount in Australia. Those vehicles have travelled somewhere between 76,000 kilometres and 282,000 kilometres and they cover everything from sedans to the well-loved Australian ute. Guess what? There are no adverse effects. But that is lost on the opposition. These vehicles have run on a 20 per cent ethanol blend for up to 282,000 kilometres with no adverse effects. So when the shadow Treasurer talks about the use of cleaner fuels he should stop speaking with a forked tongue and start promoting the use of cleaner fuels in Australia.

There are very few fuels that are as clean, green and renewable as ethanol. If Australians were given a choice, through labelling, of which blend of fuel they wanted, if they knew that the fuel they bought as an ethanol blend was renewable and if they were given the opportunity in the future to have a fuel that was directly competitive with petroleum, I do not believe that Australians would choose to drive on imported oil when they could drive on the grain or cane paddock down the road. Provided all other factors were equal and the tests had been done to show, as we know from the United States and Brazil, that there are no adverse effects from ethanol blends, I do not think that motorists would choose to travel on an imported oil extract when they could use the cane or grain paddock down the road.

In closing, I will say that the new Energy Grants (Credits) Scheme has the support of Australian farmers, who see no practical change from current arrangements. Likewise, the Australian trucking industry see no practical change. In the *Australian Financial Review* of 21 February 2003, the chairman of the Australian Trucking Association, in referring to the Energy Grants (Credits) Scheme, said:

This will assist the trucking industry to service Australia's growing domestic and export freight task in an efficient and safe manner.

Clearly that is someone who understands the issue and appreciates what the government has done. I am afraid there is very little hope for the fossilised thinking on the opposition benches as they deal with a fossilised fuel. However, I trust that these bills will enjoy a speedy passage through the House and the Senate. I commend the bills to the House.

Ms KING (Ballarat) (10.06 a.m.)—I rise to speak on the Energy Grants (Credits) Scheme Bill 2003 and the Energy Grants (Credits) Scheme (Consequential Amendments) Bill 2003 which seek to bring the existing Diesel and Alternative Fuel Grants Scheme and the Diesel Fuel Rebate Scheme into one bill. The bills seek to streamline the two pieces of legislation in order to be more workable for industry. As such, the major changes in the bills are largely about the administration of the scheme and not about the substance of the scheme. We have heard, during the now ditched fuel inquiry, of the problems that industry experienced with the compliance requirements of the two schemes and the costs of compliance. I am led to believe that the trucking industry, at least, is now somewhat happier with the new arrangements although, as yet, none of us have seen the regulations that are supposed to support these bills.

The problem that I have with the Energy Grants (Credits) Scheme Bill is that it fails to fulfil the promise this government made to introduce incentives for clean fuel. The freight industry is a significant one in my electorate and one that relies heavily on diesel grant rebates, as does the farming sector. My issue with this bill is not the fact that it provides a boost to these sectors but that it fails to assist the industry to develop new technologies and to provide incentives to take up technologies that are healthier for rural people and healthier for the environment in which we live.

This bill represents a broken promise by the government. It has had three years to develop a system of energy credits that promotes the use of clean fuels. It gave itself an extension of 12 months in the lead-up to the last election, but it has failed to deliver on its promise. The credit scheme is important for the trucking and farming industries. But even these sectors acknowledge that, in a world where we are much more aware of the damage that fuels such as diesel can do to public health and the environment, there needs to be a system that encourages the development of
and the use of cleaner fuels and the technology to use them.

In 1999 when the then Democrats leader, Senator Lees, sat down with the Prime Minister to do their deal on a new tax system, she and the Prime Minister said that it would be the greatest thing for Australians and Australia. I am sure that I am not the only person to inform Senator Lees that she was dudded. In those heady days of negotiating, the Prime Minister informed Senator Lees that, in return for her support of the GST, the Diesel and Alternative Fuels Grants Scheme and the Diesel Fuel Rebate Scheme would be drawn into one bill under the heading of the Energy Grants (Credits) Scheme and, as a consequence, would deliver measures to promote cleaner fuels. As far back as 1999, the Democrats public statement was that the Energy Grants (Credits) Scheme would be a totally new scheme with a new focus on cleaner fuels—another promise by this government that it has failed to deliver on.

This was a promise by this government that would have helped reduce greenhouse gas emissions and promote the use of cleaner fuels. They have done nothing about it. It joins a long list of environmental inaction, including failure to ratify the Kyoto protocol, no funding certainty beyond the budget for the solar rebate scheme and the demise of the CRC for renewable energies. Today I see that the minister has now placed former Liberal Senator Tamblyn in charge of the supposedly independent inquiry on renewable energy targets. The Energy Grants (Credits) Scheme represents a missed opportunity.

The ANTS package back in 1999 contained two commitments about petroleum products: the first was an explicit one in terms of the ultralow sulfur diesel incentive, which now seems to have been endlessly delayed, and the second was a commitment under the Energy Grants (Credits) Scheme to do something about clean fuels. The bill fails to live up to these commitments. I note that BP Petroleum, in its evidence to the Senate Economics Legislation Committee on 18 March this year, was extremely concerned about this issue. Here is one of the major producers of petroleum products critical of the government’s failure to include incentives for clean fuels in this bill.

Whilst the transport industry representatives are keen for this bill to go through, I also note that their concern is more about ensuring that there is no erosion of the benefits that their industry currently receives. They appear to have some faith in the fact that the government will look after environmental concerns separately, and that the development of technology overseas will drive clean fuel uptake. I must admit that I do not share that faith. BP proposed quite a contrary view to the trucking industry, arguing that without incentives the investment in technology will not occur and the subsequent reduction of greenhouse gases from the transport sector will also not occur. BP argued that the advances in technology and the uptake that has occurred so far have been in anticipation of the changes that were supposed to be in this bill and that the government has now effectively removed the main driver for clean fuel uptake by its failure to deliver on its promise.

This government have an abysmal record in providing the conditions in which innovation develops in this country. They have an abysmal record in relation to promoting and driving research and development—one that we will pay for in years to come. This bill is another example of the government’s lack of foresight. Why is it important that incentives for clean fuel be included in this bill—something which the government promised to do and have not done? There are several reasons. The first reason for providing incentives for cleaner fuel is an environmental one. Cleaner fuel can make a huge impact on the reduction of greenhouse gas emissions. The second reason for providing incentives for cleaner fuel is that they are important for health outcomes. With a major national highway and the main artery for the transport of goods from Melbourne to Adelaide crossing through the heart of my electorate, the impact of emissions on public health of the people who live and work along that highway is something that we think about in rural and regional Australia. The third reason for providing incentives for cleaner fuels is that they provide encouragement to build better
engines that have greater fuel efficiency, which is good for both the environment and consumers.

BP specifically argued at the Senate Economics Legislation Committee hearings that it is time to look beyond 2006 and that the omission by the government of initiatives to do this is a wasted opportunity. BP stated in their submission:

So if we are going to tackle environmental issues we have to tackle these. Furthermore, there are very real environmental gains to be made from them. Also, in terms of value for money and the cost of the incentives, they are far and away cheaper than the alternatives. Our submission basically raises the issue that the bill does not address clean fuels, and we believe that it is appropriate that it do so in some form.

The Australian Conservation Foundation also gave evidence at the committee. They stated:

We felt it was quite important in the Prime Minister’s original statement in 1999 that he was saying that the Energy Grants (Credits) Scheme would provide … incentives and funding for conversion from the dirtiest fuels to the most appropriate and cleanest fuels. We are very concerned that these bills appear to be dumping the environmental commitments originally mooted and contained in the energy credit scheme and … we are losing an … opportunity to provide active encouragement for the move to the use of cleaner fuels through a revised energy credit scheme.

They further stated:

We are concerned that there does appear to be a backing away from the Prime Minister’s commitment to the Measures for a Better Environment package and that there is a related slippage in the Greenhouse Gas Abatement Program, which has been significantly underspent.

The investment that the sector has undertaken in relation to cleaner fuel technology has occurred in a context where the industry was anticipating changes and was preparing itself for them. Now the government has moved the goalposts. I do not have confidence that the new Energy Task Force the government has set up, which has terms of reference that appear to be a mystery to everyone else and whose program of work and discussions have had limited input from the energy or environment sectors, is going to do anything to provide a solution.

The Australian Conservation Foundation said in their submission:

If progressive measures were in these Bills they would provide an opportunity to improve air quality in urban and rural areas and to reduce Australia’s greenhouse gas emissions.

These bills represent a significant opportunity missed by the government. In 1999 the City of Ballarat undertook the Ballarat Region Conservation Strategy, looking forward to 2004. In this strategy the council stated a number of ways in which the federal government could take action. It included the hope that the federal government would continue to promote alternatives to current inappropriate practices and would actively encourage the reduction of the total automotive emission levels. Why is it that Ballarat City Council has committed itself to this progressive and straightforward agenda in the reduction of greenhouse gas emission levels from transport, while the federal government continues to duck and weave on the issue? It is now time that the federal government sought to take an active step in promoting the reduction of transport emissions. With this legislation, it has missed the opportunity to do so.

In March 2001 the Prime Minister announced the fuel taxation inquiry at a time when the government knew that a federal election was on its way. It was given a hefty budget to investigate ‘the total existing structure of Commonwealth and state taxation of petroleum products … particularly for transport and off-road use’. The inquiry was to be a basis for the legislation that we have before the House today. Industry, environment organisations and transport lobby groups contributed to the inquiry. On the day the report was released, however, the government rejected all the recommendations out of hand. It is pretty unusual for that to happen; we generally wait a few months before we hear a response to the recommendations of an inquiry, but they were rejected quickly.

The government has now established the Energy Task Force, about which there is limited information and for which there are no public terms of reference and no department ready to claim responsibility. Senate estimates questions about it go unanswered, but the environmental movement, who do not
even have a seat at the table, are told by the government, ‘Trust us; the task force is here to help you.’ The government have consistently backed away from their commitments in the Measures for a Better Environment package. These bills are yet another example of such broken promises. This legislation is a missed opportunity; it is a broken promise and one that the Democrats would do well to remember as they desperately strive for some relevance and negotiate with the government on other bills, such as the Australians Working Together bill.

Mr SIDEBOTTOM (Braddon) (10.17 a.m.)—The Energy Grants (Credits) Scheme Bill 2003 and the Energy Grants (Credits) Scheme (Consequential Amendments) Bill 2003 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. The rationalisation of the two existing schemes is a worthwhile move, but the opposition is examining the detail of the proposals more closely through the Senate committee process to ensure that the legislation will deliver the intended outcomes.

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—activities that are important in my regional seat of Braddon.

The on-road scheme, known as the Diesel and Alternative Fuels Grants Scheme, was established as part of the so-called A New Tax System changes in July 2000. 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 very complicated—in fact, it reminds me of the newspaper cartoons of the Knowledge Nation’s ‘spaghetti’ map. That looks simple compared to the complication involved in determining who and what is eligible and where and how one is eligible for these grants. For example, all vehicles over 20 tonnes are eligible for the grant. However, vehicles between 4½ tonnes and 20 tonnes are only eligible if they conduct certain types of transport service, and they are not eligible for grants if they are making journeys solely within major metropolitan areas; and on it goes. Supposedly the rationale for this last point was to address concerns about air quality in cities. It is unclear whether the scheme has done this, 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 be dealt with by the fuel taxation inquiry conducted by Mr Trebeck. Let us not forget, too, that the development of the Energy Grants (Credits) Scheme was also supposed to deliver environmental outcomes under the deal made between the Democrats and the Prime Minister in May 1999. Of course, that deal saw the introduction of the GST.

In light of this promise, in July 2001 the Treasurer included in the terms of reference for the fuel tax inquiry that the inquiry should examine ‘the use of fuels that would deliver better air quality and contribute to greenhouse objectives’—a very noble objective, and I am sure all would agree with that objective. Outcomes? Well, we will see. The inquiry, which cost tax-paying Australians $4 million and which put numbers of people to considerable time and expense in making their submissions to the inquiry, did much work on this issue. The inquiry report is a good read; that is its problem. Despite the best efforts of Mr Trebeck and all those who contributed to it, the report has been—surprise, surprise—contemptuously dismissed by the government, and so the considerable work of many people has made no impact on the reform of these schemes or the delivery of the promised environmental outcomes through alternative fuel taxation regimes and uses.

The Energy Grants (Credits) Scheme Bill has been paraded by the Treasurer—as he parades many things—as the government’s meeting of its commitment to the Australian Democrats for the grotty little deal done to pass the GST legislation under the Measures for a Better Environment package. If only!
The government, according to Mr Costello, is still committed to pursuing options to provide encouragement for the conversion to cleaner fuels and is doing so by examining the issue as part of the consideration of alternative fuels within the Energy Task Force. We wish. We now have the Treasurer, whose own party president is on the public record as branding him ‘mean and tricky’, asking the Australian Democrats—and, worse, the Australian people—to trust him to deliver on the environmental end of the deal through the work of the mysterious Energy Task Force. What happens if the task force should recommend something that the Treasurer does not like? We know how he reacted to the $4 million, 250-page Trebeck report when he spied things therein he did not like—he canned it! Imagine how the Democrats—and, most especially, those who voted for them—must feel now. After months of internal bickering and being under siege from the Greens, when this legislation is enacted all they will have to show to the Australian people for their little deal is that they have delivered the Howard government’s grossly unfair goods and services tax.

The position so far is this: the Howard government has dudded Mr Trebeck and his inquiry. The Howard government continues to dud the Australian Democrats over the promised environmental outcomes and continues to dud the Australian people through the delaying and mismanagement of this bill. On that point, let us look at the delays around the introduction of this bill. The National Farmers Federation, in their pre-budget submission, say that they are:

... very pleased that the Government’s EGCS legislation implements its commitment that existing entitlements will be maintained.

On behalf of hardworking rural Australians who are hopefully at last starting to recover from the worst drought in 100 years, the Labor Party is equally happy to see the existing entitlements maintained. However, the National Farmers Federation go on to say:

We will be encouraging other political parties to ensure early passage of this legislation to minimise uncertainty.

Can I say to the National Farmers Federation that there is no encouragement required on this side of the House. Labor has been waiting to consider this bill for over 12 months. It is the fact that the Howard government could not, or would not, meet the original deadline for its implementation by 1 July 2002 that has caused the delays. That is a fact. Labor had reasonably expected to see this bill before Christmas 2002, based on the need to get it through the parliament in time for the 1 July 2003 start date promised by the government last year. But again, the Howard government failed to deliver. We indicated to the government that we wished to scrutinise the bill through the Senate committee process—and, indeed, this has been done.

We also advised the government that we wished to have draft regulations available to scrutinise in conjunction with the bill, so that we could satisfy ourselves that the bill would deliver the intended outcomes. We have good reason for that, given the progress of this bill and commitments made to it prior to now. Mr Costello’s office promised we would have these some time ago. But we know what this Treasurer’s promise is worth—about as much as one from his boss. Who can forget the ‘never ever’ GST line? I say to the National Farmers Federation and others who rightly wish to see this bill pass and become functioning law that the Labor Party stands ready to pass this bill, with proper scrutiny. It is the Howard government who have delayed this bill, and it is they who must be held responsible.

I will move to the issue of funding and the once great National Party. The National Farmers Federation, in their pre-budget submission and again at the recent Senate committee hearing, raised concerns over the name of the new off-road scheme. The National Farmers Federation see this scheme as a continuation of the Diesel Fuel Rebate Scheme and would therefore prefer the use of the word ‘rebate’ rather than ‘subsidy’ or ‘grant’. The word ‘rebate’ denotes the handing back of something paid—in this case, the handing back by government to primary pro-
ducers of the amount of excise they have already paid. In the view of the National Farmers Federation, the use of the word ‘grant’ raises a number of particular concerns. Firstly, renaming the off-road rebate as a grant will reduce its acceptance in the community, such as amongst the environmental lobby; secondly, a grant would become more vulnerable to cuts during the budget process, thus breaking the government’s commitment to maintain existing entitlements.

Dr Emerson—By the razor gang!

Mr SIDEBOTTOM—Did I hear the words ‘razor gang’?

Dr Emerson—Absolutely.

Mr SIDEBOTTOM—Thirdly, renaming the rebate may have adverse impacts on measures of Australia’s farm support. I wish to comment on the second and third points. In the event that Australian farmers have a strong advocate within the cabinet to represent them, there is a good chance that the scheme will remain relatively unscathed by the Treasurer’s cutbacks, even in these ‘difficult and uncertain times’ when the Treasurer must find the money to pay for the war that the majority of Australians did not want. But alas, Australian farmers are represented in cabinet by the Minister for Agriculture, Fisheries and Forestry, the member for Wide Bay. This is the minister who could not even argue for funding to support the much needed Sugar Industry Reform Program of 2002, and instead was sent away by the citycentric Treasurer to slug Australian families, consumers and our highly competitive processed food industry again with the bluntest of all revenue raising measures—and let us get this on the record—a tax on food! The National Farmers Federation also consider that the renaming of the rebate may well increase the perceived amount of support given to Australian farmers, which may damage our bargaining power in negotiations to reduce the unfair farm subsidies of other countries, particularly through the WTO. The National Farmers Federation consider that these negotiations are vital and they would object strongly to any government proposal that could jeopardise good results. Labor agrees with the National Farmers Federation—and my colleague in the House at the moment, the member for Rankin, would be well aware of these concerns.

But we know already how the Howard government is prepared to sell Australian farmers out when it comes to international trade, especially so-called free trade with the United States of America. Let me quote from a report which the Howard government suppressed for months—the recently and quietly released ACIL Consulting report A bridge too far? An Australian agricultural perspective on the Australia-United States free trade area idea.

Dr Emerson interjecting—

Mr SIDEBOTTOM—My colleague the member for Rankin leads me to believe that Mr Trebeck was also part of that report—good luck! According to that report:

The impact on Australian farmers is likely to be negative, especially if domestic political considerations in the US prevent genuinely free trade in the most sensitive industries—sugar, dairy and meat.

The crux of the problem is that by signing up to this so-called free trade agreement Australia runs the risk of alienating our regional trading partners. The decision could risk the markets of Australian wool and beef producers, currently worth $2.6 billion per year in sales to Japan and China alone. Let me say again what that very plainly means. The Howard government is prepared to jeopardise these markets, hard won by our beef and wool farmers and worth $2.6 billion a year, to blindly pursue its ideological aim of an FTA with the US. The ACIL report also recognises:

... if we are to receive even some of the modest potential gains to agriculture ... it will be necessary for the US to undo the Farm Security and Rural Investment Act (the formal name of the most recent ‘Farm Bill’) ...

I do not think so. It is unrealistic to think that President Bush, who stated it was ‘an honour to sign the bill’ and who described it as ‘generous’ and ‘compassionate’, would risk the displeasure of the extremely powerful US farm lobby and repeal an act worth billions of dollars in subsidies to US farmers just for the sake of an FTA with Australia. The report further warns that, if the difficulties in
negotiating agriculture into a US FTA led to an FTA that excluded Australian farmers, this would damage our credibility as being serious about agricultural free trade. This in turn would seriously damage Australia’s ability to push for agricultural free trade in the current Doha Round of the World Trade Organisation. This would be a major disaster for Australian farmers and a major disaster for Australia as a whole.

Clearly, when it comes to international trade and the Howard government, the National Farmers Federation and the Australian people generally have more to worry about than just the wording contained within the bills currently being debated. It is for these reasons that I support the amendment to the motion for the second reading, moved by Mr McMullan, which states:

“... 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.”

Dr EMERSON (Rankin) (10.34 a.m.)—The DEPUTY SPEAKER (Ms Corcoran)—Order! I remind the member for Braddon that references to people should be by their seat, not by their name. Reference to ‘Mr McMullan’ should have been reference to ‘the member for Fraser’.

The DEPUTY SPEAKER (Ms Corcoran)—Order! I remind the member for Braddon that references to people should be by their seat, not by their name. Reference to ‘Mr McMullan’ should have been reference to ‘the member for Fraser’.

The Energy Grants (Credits) Scheme Bill 2003 and the Energy Grants (Credits) Scheme (Consequential Amendments) Bill 2003 establish a new, unified scheme to replace two existing subsidy schemes. One is the Diesel Fuel Rebate Scheme and the other is the Diesel and Alternative Fuels Grants Scheme. They cover off-road fuel usage and on-road fuel usage respectively. Because they do this rationalisation and establish a unified scheme, we will be supporting these bills, but they really ought to be recognised not for what they contain but for what they omit. My colleague the member for Braddon has eloquently demonstrated the glaring omissions in the bills, and I will seek to reinforce the comments that he has made.

Everyone knows that there was a very solemn promise given about these bills—that is, that the pressing issue of incentives for cleaner fuel usage would be addressed in this legislation. Surprise, surprise—the truth is overboard again! I do not know how many times the Prime Minister and the Treasurer can toss the truth overboard and still go to the electorate and say, ‘Trust me; I’m the Prime Minister. Trust me; I’m the Treasurer.’ Even their own party president has said that they are not to be trusted and in particular that the Treasurer is not to be trusted because he is ‘mean and tricky’. The party president certainly got that right. I understand he has been re-elected for his honesty and frankness. His judgment has obviously been vindicated in the eyes of the Prime Minister, because the Prime Minister has asked for his party president, who delivered this damning indictment of the Treasurer, to run another term. The Prime Minister did not consult the Treasurer about that, and the Treasurer got a bit upset and shocked when he learned that this bloke was going around the paddock again. He said, ‘This is the bloke who said I’m mean and tricky and I’m not to be trusted and you’ve given him another run around the paddock.’ The Prime Minister obviously thinks the party president was absolutely right in describing the Treasurer as ‘mean and tricky’. He is mean and tricky, and we will demonstrate that pretty clearly.

One of the episodes of meanness and trickiness was the way he treated David Trebeck and his much lauded fuel tax inquiry. Remember that, when Labor was pursuing an inquiry into fuel taxation and the government was extracting very large amounts of revenue from fuel taxation, the government most par-
ticularly said it would compensate for the introduction of the GST exactly so that motorists would not be any worse off. The mean and tricky Treasurer and honest John Howard broke that promise. All hell broke loose, but they still put their hands on their hearts and said, ‘We’ve fully compensated motorists.’ The motorists took a different view and they took a mallet to the Prime Minister and the Treasurer in the Ryan by-election.

Finally, the Prime Minister and the Treasurer saw the writing on the wall and said, ‘I don’t think the punters believe that we have fully compensated them for the introduction of the GST.’ And the voters of Australia were right, because there was a shortfall. It was only when things were going very badly for the Prime Minister and Treasurer that they said: ‘We’d better have one of these fuel tax inquiries that Labor is running so that we can say that we’ve had one. That might calm things down.’ But it did not calm things down; things just kept happening until petrol prices finally started to fall a little as a result of a reduction in world oil prices. But they still had this inquiry, and their problem was: ‘Gee, we have set up this inquiry. What are we going to do with it?’ They came up with a really bright idea, and the bright idea was: ‘When it comes out, we will bury it and hope no-one will ever notice that we had a fuel tax inquiry in the first place. We have tried to serve a political purpose with it, and that hasn’t really worked, so we had better bury this thing.’

The first victim of the burial was David Trebeck. He had produced this very lengthy report—more than 250 pages of detailed analysis and recommendations. While Labor does not agree with all of those recommendations by any means, the government agreed with none of them—not one. On budget night, when there was a little bit of other news around—like the federal budget—they put out the fuel tax inquiry. And what was their response when they were asked about that? They said, ‘We are just putting it out.’ And that is all they did. So poor old David Trebeck was the first victim of the government’s insincerity—truth overboard—but of course Australian motorists, and particularly farmers, have become the second and enduring victims of the government’s neglect.

The government dismissed this document from David Trebeck and, for those reasons, I think it is fair for us to be fairly cynical about the reasons for setting up the inquiry in the first place—and that was to deflect public attention so that they could calm things down a little. To cut a long story short, they finally introduced a new scheme that is intended to replace the two existing schemes. Because it does that and involves a modest degree of streamlining, Labor will be supporting it. We will send it off to a Senate inquiry, but if the government bats on with these legislative provisions then we will support it. We will only do so by moving the shadow Treasurer’s second reading amendment, and it is to this that I would like to speak. For the sake of completeness, the amendment states:

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.”

The Trebeck inquiry had a lot to say about these schemes. I will not go through all the anomalies in the schemes, but I will just mention one in relation to the Diesel Fuel Rebate Scheme. The Trebeck inquiry said that the main issue seemed to be why ‘only some off-road diesel uses should be eligible for the Diesel Fuel Rebate Scheme’ when ‘often, eligible and ineligible activities used
very similar production processes and served very similar markets’. The Trebeck inquiry found a similar level of complexity in relation to the Diesel and Alternative Fuel Grants Scheme. In this case, the inquiry reported:

... concerns centred on geographic boundaries that limit the eligibility of diesel used in 4.5 to 20 tonne vehicles in urban areas.

In that case, the report noted:

Road transport operators may be required to allocate their fuel use into three categories of vehicles: less than 4.5 tonnes, 5.4 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.

If that sounds streamlined then I would have to conclude that the new tax system for a new century is streamlined. That is the one that weighs 7½ kilograms and has already had 2,000 amendments and in the order of 90,000 private binding rulings. That is the government’s idea of streamlining: this is the streamlined new tax system for a new century. This is now the streamlined new diesel grants scheme for a new century. It is a compliance nightmare, yet all the government has done in this so-called streamlining exercise is tinker around the edges.

It reminds us of the BAS nightmare, when the government said: ‘What is the problem? What is small business complaining about? This is giving them an opportunity to contribute to this great nation by spending night after night burning the old midnight oil trying to work out how to comply with the GST.’ There was very little sympathy for them—except after Labor set up its own BAS inquiry. When Labor pointed out this compliance nightmare, finally, but only as a result of the political pressure that was generated in the broader community—including by Labor and, in fact, led by Labor—the government relented and made some minor streamlining changes. Labor has proposed again and again a very streamlined system for the BAS, but the government has said, ‘No, that won’t work.’

I remember the industry minister scampering around the gallery with a department briefing note on our highly simplified BAS system saying, ‘I’ve got this department briefing note.’ He had underlined a few of the points that the department made but failed to underline the department’s main point, which was that this was a good idea. He gave it to various people in the gallery and said, ‘Don’t tell anyone that I gave it to you.’ Finally, some members of the press gallery contacted the office of the then shadow Treasurer, now our leader, Simon Crean. They said, ‘We’ve got a leaked copy of this document,’ and the office said, ‘Yes, Ian would have given you that.’ When we finally looked at the document, it was a pretty glowing endorsement of Labor’s proposals to streamline the BAS. But that did not stop him from slinking around the gallery as a source.

The fundamental problem is what is missing. It was to be an Energy Grants (Credits) Scheme, as mooted in the agreement reached in May 1999 between the government and the Democrats. That was the agreement that ensured the passage of the GST. We should put this on the record. The statement issued by none other than the Prime Minister at that time says:

This scheme will be developed jointly by the Government and the Australian Democrats. It will replace the diesel fuel credit scheme on 1 July 2002—

Where are we now? March 2003—

by a jointly sponsored bill. The existing Diesel Fuel Credit scheme will have a sunset clause expiring on 30 June 2002. The Energy Credit Scheme will provide price incentives and funding for conversion from the dirtiest fuels to the most appropriate and cleanest fuels.

None of that has come to pass. This was a solemn promise. This was the cleaner fuels incentive scheme. This was the basis of the deal with the Democrats, which was done so they could go around and say, ‘We’ve got this great environmental outcome and that’s why, with great reluctance and heavy heart, we supported the GST.’ They got dudged. They got dudged by the mean and tricky Treasurer; they got dudged by the mean and tricky Prime Minister of Australia. Yet again, the truth has been thrown overboard. They told the Australian people that, ‘In a
very short time, we’re going to have this you-beaut scheme which is going to provide incentives for clean fuels.’ It has never appeared; never ever. This is just like the GST that was never ever going to come in. It has never ever appeared. It is not in this legislation. They promised it would be in the legislation. They broke the deal.

The Treasurer broke the deal, but he is pretty good at breaking deals. I do not know why anyone would do a deal with him. I do not know if the Prime Minister is going to do a Kirribilli-style deal with him. I see he has told the Melbourne *Age* that, ‘When the Prime Minister turns 64, I’m going to hold him to his promise.’ Is he going to tell us what he is going to do? I do not think he is going to tell you, Treasurer—and that is the problem—unless you do a Kirribilli deal. But we know that neither the Prime Minister nor the Treasurer would stick to it. This is the bloke who, when we were doing the business tax review, sat in that chair—and Simon Crean, the then shadow Treasurer, sat in this chair—and said across the table, ‘All right, we will make sure that this package is revenue neutral by bringing in a full range of anti-avoidance measures, as set out in our response to the Ralph Review of Business Taxation.’ I was sitting there. The shadow Treasurer quite wisely asked, ‘Can we have that in writing?’ The Treasurer said: ‘Of course you can have it in writing. My word is my bond, but if you’d like it in writing here it is.’

They came in a few hours later and swapped the letters across the table. We thought, ‘You beauty; we’ve got revenue neutrality, and they’re going to crack down on tax avoidance through trusts and all of those other rorts and schemes.’ The Western Australian Liberal Party in particular is very fond of those sorts of schemes and, back in the late seventies and early eighties, in fact designed schemes such as the bottom of the harbour scheme. The Treasurer said, ‘Here’s my letter. My word is my bond; we’re going to keep this deal with you.’ They broke the deal. Almost with astonishment, the Treasurer asked: ‘Why would you think I would do anything else? I couldn’t get it through the cabinet. That’s fair enough. Yes, I wrote it down, I put my signature on it and I said that this is the deal and my word is my bond.’ He broke the deal.

They have broken the deal again. This was supposed to be legislation providing incentives for cleaner fuels. At the time this deal was being struck with the Democrats, we described it as a dirty, sleazy diesel deal done dirt-cheap. It turns out that again we were right: it is a dirty, sleazy diesel deal done dirt-cheap. There is no deal. Dirt cheap? It was done for free! The government have got away scot-free. The Democrats have let them off the hook. They were supposed to provide in this legislation incentives for cleaner fuels. Those are not here. There is a little bit of tinkering around the edges, the bringing together of two existing schemes—the on-road and off-road schemes—and a little bit of streamlining, although it is very modest. The big hole is the breaking of the deal between the Democrats and the government.

I do not know the attitude of the Democrats to this. I know Senator Bartlett and I think he is an honourable person. He was not party to that deal, because the deal was done by Senator Lees and a couple of other senators who have now gone off to the right of the Democrats, while the others are still there trying to pick up the pieces. I do not blame Senator Bartlett. In fact, I blame the Treasurer for yet again breaking a deal. He did a dirty, sleazy diesel deal done dirt-cheap, and he has got away scot-free—not cheap but free. It is already March 2003, and the scheme is supposed to come into effect within four months. So farmers do not actually know what is going to be presented to them in terms of a clean fuels scheme. They have no idea. This has now been going on for four years. The government has done nothing whatsoever in this legislation in relation to cleaner fuels.

I will conclude with these observations about poor David Trebeck. On this the bloke is fairly honourable. We had a big fight with him over the waterfront, and we do not agree with the position he took on that. But he put a reasonable effort into this inquiry and it was stuck up on the shelf on budget night and left there. He also produced a report referred to by my colleague the member for
Braddon on the US-Australia free trade agreement. That draft report was suppressed by the Howard government because they hoped Mr Trebeck and his colleagues at ACIL would say that the free trade agreement was a you-beaut idea. With respect to the report commissioned by the Department of Foreign Affairs and Trade, which came up with an absolutely shonky conclusion that this free trade agreement would be good for Australia to the tune of $4 billion a year, the government hoped that David Trebeck and ACIL would say, ‘That’s an understatement and it’s really bigger.’

It did not work out that way, because ACIL said—as my colleague the member for Braddon has pointed out—that a free trade agreement between Australia and the United States would make Australia and Australians worse off. Of course, when the government got this conclusion in the draft report, panic set in and they tried to change it. Eighteen objections were sent in in relation to that draft report, and a final report has been prepared. But, to their credit, David Trebeck and ACIL have not buckled under the pressure from this government. They have released a report saying that this free trade agreement is not in the interests of Australia.

Why are we pursuing this free trade agreement? I am quite sure that there is one simple answer: political opportunism. It is so that the Prime Minister can say, ‘I’ve got this special deal from my great and powerful friend, the President of the United States.’ His own ambassador, who was a staff member, told the Cattlemen’s Association in America that, with or without their support, this deal would go ahead and would be a top priority because Australia has followed the United States into Iraq. There is the caper: if we follow the United States into Iraq, we will get a trade deal with the United States which ACIL concludes is against the national interest. When will this Prime Minister ever start operating and behaving to protect Australia’s national interest instead of the national interests of other countries and the interests of big business in this country?

Mr WINDSOR (New England) (10.53 a.m.)—I rise today to generally support the legislation before the House, the Energy Grants (Credits) Scheme Bill 2003 and the Energy Grants (Credits) Scheme (Consequential Amendments) Bill 2003 but, in doing so, I would like to make a couple of comments, particularly in relation to what is not in the Energy Grants (Credits) Scheme Bill but I believe should be there, and also to support some of comments that the member for Rankin just made in relation to the cleaner fuels policy. I heard the member for Dawson earlier talking about the ethanol debate, some of the issues that relate to cleaner fuels and new fuel policy in Australia and how this bill could well have encapsulated some of the problems and the potential investment that are in Australia at the moment.

The first thing I would like to address is an issue that is not raised in the bill. I raised this issue last year when the Diesel Fuel Rebate Scheme Amendment Bill 2002 was before the House, and it was raised by the former member for New England as well. It revolves around a commercial operation that, because of location, finds it uneconomical to access commercial power. I noted last year that, with the Diesel Fuel Rebate Scheme Amendment Bill 2002, the government did take on board a range of amendments to incorporate hospitality, aged care and retail premises in remote areas where it could be shown that the provision of electricity at a commercial rate was not affordable. I am a bit disappointed that the legislation that is back before the House does not include those businesses in country areas which, because of their location, are unable to access electricity at commercial rates.

I have an example within my electorate. Many people would think that the electorate of New England is not part of remote Australia, but there are particular businesses—not many—that suffer the same problems as some of those retail outlets that the government took on board last year with the amendments to the Diesel Fuel Rebate Scheme. I would like to cover the example of G&C Foundry, which is located 22 kilometres from the community of Uralla. Uralla, for those who do not know—and I am sure that the members for Braddon and Rankin would know where Uralla is—is situated...
south of Armidale, which is a central city in the electorate of New England. G&C Foundry is on a property owned by Geoff Swilkes and his wife and family. The business grew out of what was essentially Geoff’s and his family’s hobby. They have developed quite a successful foundry on the property, and they employ about 21 people. They have two large generators powered by diesel because of the unavailability of electricity in that particular location. The generation of electricity by diesel does mean that there has to be a full diesel charge paid for the use of that diesel, so the credits that this bill provides for will not, as I interpret the bill—and the minister’s staff who are here today may be able to get the minister to address this in his reply—apply to these sorts of businesses. I believe that having to pay a full charge for the diesel used to generate electricity to generate jobs and output is certainly hypocritical in terms of what the government says it is trying to do in relation to the creation of jobs in country areas.

It would cost G&C Foundry about $1 million to locate the electricity grid at their business. I ask the minister to take that sort of example on board. Here is a business that has grown up at its location. The very truck that delivers the fuel to the business is incorporated in this bill. Here we have an import replacement business that is building farm equipment. The people who buy that equipment are incorporated in this bill. The people who drive there to pick up the equipment and cart it away to particular locations, whether they be in Australia or overseas, are incorporated in this bill. But the very people who are employing 21 people are disadvantaged under this bill. They are not embraced by it. I would ask the minister once again to look at that particular issue. I know that, in the old act, the minister did have some discretionary power; I am not sure about this act. I would ask the minister that, where it can be shown that it is not a case of a manufacturing business taking advantage of some sort of loophole in an act, that it is genuinely too expensive to access the electricity grid, that the fuel is genuinely being used to generate electricity through diesel operation and that the business is a genuine manufacturing and retail business, this be incorporated in a further amendment to the act.

Were I not well aware that standing order 292 in relation to money bills prohibits a private member from introducing such an amendment, I would be moving an amendment along those lines, because I think that would send a very important signal. I am quite disappointed that the National Party has not addressed this issue in the party room and has not incorporated these kinds of businesses in this legislation. In this House we all use rhetoric in trying to encourage growth, jobs and investment, but the impact of that rhetoric is diminished when we see businesses that, because of their very locations, are disadvantaged in terms of exemption from excise.

The other issue I would like to raise is one that was raised by the member for Dawson—and, I am sure, by a number of other speakers I have not been able to hear. It is the issue of cleaner fuels policy, particularly in relation to ethanol. There has been a lot of talk about ethanol and the role it may play in the future of fuel production within Australia. One of the issues that I believe there is a struggle about within cabinet is exemption from excise. Through its general agenda, this government seems to express a private enterprise view of life, and I would have thought that we have a classic case here in fuel policy and the taxation regime that applies to fuel. Despite the original indications, we have a goods and services tax—or a tax being placed on fuel—of some 50 per cent. I believe the former leader of the National Party was one of the few to believe that a fuel tax regime should have been incorporated into the GST regime. It was not, because it would have meant that the percentage would have had to be above 10 per cent.

Having said that, we have this rather absurd situation where people—particularly those in remote and rural areas where distance and remoteness are issues affecting their daily lives and the operation of their businesses—have to struggle with the tax regime out there. Financial experts within the government suggest that compensation exists
for having a tax regime and an excise on fuel used in country areas. I know this bill provides some credits, but most people do not access those credits—most people have to access their local communities, and they do not get any compensation for the fuel that is used and the excise that is paid. Therefore, the fact that we still have this area of taxation which is not only anti those who are in rural and remote areas but anti our comparative advantage when dealing with overseas countries seems to me to be a fairly hypocritical use of government policy. We have the advantage in Australia of producing most of our own fuel—I think about 16 per cent of our fuel is imported—but we have never really taken advantage of that, and I think that is something the government has to have a closer look at.

In relation to ethanol, at this very moment two plants are being proposed. One is adjacent to the electorate of New England. If it were constructed in the township of Gunnedah, it would have an enormous impact not only on the electorate of Gwydir but also on the electorate of New England in terms of the possible use of grain in the provision of fuel. We have this enormous opportunity in agriculture today. The member for Dawson and many others have said in this place that the opportunities to grow fuel from replaceable source nonfossil fuels are enormous—I think the member for Kennedy will be speaking a bit later about that too. However, to kick-start that industry we are going to require some assistance from government. I am hopeful that the debate that has been taking place over the last couple of days in the cabinet room will recognise the potential for job creation and investment within regional areas and take those factors on board. I hope that the Deputy Prime Minister in particular and National Party members and Liberal Party members from country areas in Australia will stand up to some of the financial gurus who may be advising the Treasurer about a possible loss of excise revenue. We need to look past that.

The plant in Gunnedah, for instance, is a $60 million investment that incorporates technology that has been used for many years in the United States. Everything is ready to go, and all that is required of the current government is that it place a mandated level—in the area of 10 per cent—on ethanol used in Australia. That would underwrite the viability of these businesses, because there would have to be a certain amount of production. Production would have to be ramped up, obviously, to get to 10 per cent, and there would have to be a certain amount of locally grown ethanol to get to that level. The other thing that the industry would require is an exemption from the 38c per litre excise. As the member for Rankin said, that exemption is not provided in the current legislation.

The opportunity is there for investment, and not only in the Gunnedah area. I know there is a location at Dalby in the member for Maranoa’s electorate where there is an opportunity too. I have been speaking to the proponents of that development. There again $60 million to put an ethanol plant in place is swinging on government policy. Those people were actually encouraged to go through the whole investment and business plan procedure, to go to the United States and develop the technology, to bring it back and to organise the money. They did that because back in 2001 this same government put in place a cleaner fuels policy—which the member for Rankin referred to—encouraging people, through an incentive of, I think, a maximum of $5 million out of a $50 million pool, to look at the development of ethanol plants.

The current government put in place a one-off exemption for one of the major producers of ethanol in Australia—a good friend of the Prime Minister’s—which I thought was a good thing to do. But obviously short-term decisions like that are not going to generate long-term investment. It is very pertinent that this legislation is before the parliament at the moment, because we are at a stage where the decisions that are being taken by government now will have an enormous impact on the development of that industry. I am sure the member for Kennedy will talk about a whole range of other related actions that would be compounded if we do not do this, particularly in relation to the health area, and I will not enter into that.
With those two plants and the demise of the sugar industry, there is potential to have ethanol production in those areas—possibly not as much as in the grain areas, but, nonetheless, there is potential. Also, in my area, the electorate of New England, there is a private sector investment proposal to develop a natural gas pipeline from Dubbo through to Tamworth, which would incorporate smaller communities along the way—Werris Creek, Gunnedah and many others. One of the major users of the natural gas would be the ethanol plant. In fact, if the ethanol plant were to go ahead—and it can and will, in my view, if the government makes the correct decision—that would underpin the payload for the natural gas pipeline from Dubbo to Tamworth. In those two things there is $180 million worth of investment and God knows how many jobs. We must be serious about looking at population growth and job growth in regional Australia, utilising our own capacities to produce fuel in a cleaner way and removing some of this adherence to overseas markets. The very grain that we can use to produce fuel we are actually exporting to other countries in a non-free trade marketplace and then importing fuel back with it. We have a real opportunity to cut the corner, produce the fuel from replaceable products and do away with some of the imports that are currently going on.

I refer also to the Canadian and US legislation, in which there have been incentives put in place to encourage ethanol. The nonsense that has been put out by the fuel industry in relation to this particular issue is nothing more than that—nonsense. The percentages that can be used in the naturally aspirated engines are much higher than 10 per cent, but at 10 per cent there is absolutely no risk. If we got to a level of 10 per cent of our current fuel usage, we would need 40 plants of the capacity of the one at Gunnedah—that is, some $2.4 billion worth of expenditure. That is the sort of magnitude of investment that is possibly out there. What it needs is not for the government to see that investment as another way of gaining fuel excise—which, in my view, should not be there at all; I think it is one of the most anti-Australian pieces of taxation that we have. If the government were serious about encouraging growth in industry, manufacturing et cetera, it would take the bugbear of using fuel as a tax source from the Australian people and be honest and impose it back through the goods and services taxation regime. I know that would mean quite an escalation in the percentage, but the people who are being disadvantaged at the moment are those who live in regional and remote areas and who have to use fuel to the extent that they do in the operation of their daily lives.

So I would encourage the government to, firstly, look at the G&C Foundry example. I do not believe there would be all that many businesses that are in a similar position to the G&C Foundry. However, if there were some hundreds of them the economic impact on the wellbeing of the nation would be almost insignificant, but the economic impact on the wellbeing of those businesses—where they are located, giving genuine jobs to country people—would be terribly significant. I would encourage the minister to address those matters in his reply, because I think they have probably been overlooked. I do not think there is any agenda that the government has got to try and force these businesses back into the bigger towns, but it is something that it should take on board and look at very closely. Finally, I would encourage those country members of the cabinet to stand up to the oil companies on this particular issue of ethanol, to see the opportunities that are there in relation to growth of jobs, investment and the technology that is being used overseas and to be a little bit visionary in relation to this. At some stage we are going to have to find our fuel sources from other, hopefully cleaner and healthier, alternatives. With ethanol as an infinite industry in this country—not in other countries—we have an enormous opportunity to make great inroads, not only for our farming community but for the general populace.

Mr KATTER (Kennedy) (11.13 a.m.)—I rise today to speak on the Energy Grants (Credits) Scheme Bill 2003. I, like the previous speaker, the member for New England, who made a very important and significant contribution to the House today, will also be talking about ethanol. But before I do I think
I should mention that North Queensland, with nearly one million people, has no base load power. We are in a wonderful position to be able to supply all of our power needs from wind or hydro or from the by-product of the sugar industry, as well as from solar sources in the more outlying areas. We have those options open to us and they work very well together.

As the Queensland Minister for Northern Development and Aboriginal and Island Affairs at the time, I had the very great honour of winning the science prize for our solar plus wind stand-alone project at Coconut Island. It was $5 million cheaper to electrify the Torres Strait islands using solar energy than to use conventional diesel generators. The reason we did it—and I am no greenie or environmentalist, and I would not be hypocritical enough to stand here and assert that I am—was that it was cheaper over a 25-year time frame, there were far fewer maintenance difficulties and it was a far more reliable source of power.

When we lost government and the socialists, who are very conventional thinkers, took over—and I am not saying that all socialists are bad; one of the honourable members who represents Tasmania is undoubtedly one of the finest members in this House, and I say that with all sincerity, because he is a man who has a very strong relationship with his electorate—they immediately went back to diesel-generated electrification of the Torres Strait.

I remember vividly Sir Sidney Schubert, the head of the Premier’s Department in Queensland at the time, saying: ‘Bob, don’t argue money with me. Even if it is more expensive, we are going down this pathway because Queensland will be the premier state in the world for solar energy technology.’ I had the great honour of being phoned by the world boss of General Electric. He said: ‘We want this contract. Whatever we have to do to get this contract, we want it. It is the biggest contract in the world for photovoltaic cells’—solar energy, if you like—‘and we want this contract.’ I asked: ‘Why do you want it so desperately? You’re a big company. A $30 million contract is small beer.’ He said: ‘The energy minister in the Indonesian government said that, in 100 years—even with a $30 million project every year—the outer Indonesian islands still will not have been electrified. A giant market exists out there. Quite apart from ships, boats and isolated ranches’—we would say station properties in Australia—‘mining camps, isolated islands, tourist resorts or the South Pacific islands, Indonesia is the market that we are going after.’

But, because of ignorant stupidity and the inability to look outside conventional thinking, that great opportunity was lost to Australia. We told General Electric that the price of getting that contract was to take the supply of silicon from Shellbourne Bay in Queensland. With the enlightenment of the Queensland and federal governments, they have turned Shellbourne Bay into a national park! It was worth $4,000 million a year to the Australian economy, and the giant dune that is 99.98 per cent silicon is now blowing into the ocean. In 100 years time, it will not be there. So $4,000 million a year has been lost to the Queensland economy, along with the opportunity to become the world leaders in this most important of strategic resources in the next century. There is a good argument that solar energy will be to the world towards the end of this century what petrol was to the last century and what coal was to the century before last.

At this very moment, most watches have photovoltaic cells. There is an enormous number of uses for them. A lot of the signal lights for railways and various other things are already running on them, and all the Telstra networks are fuelled by solar energy devices. We are already very much to the fore in this area. Those opportunities have been passed up by governments that do not have the ability to understand these new technologies and get on top of them and ride forward with them, which any person in this place has a responsibility to do. It was a great disaster for Australia that the wonderful government that did all of those fantastic things was snuffed out, perhaps forever.

Having said all of those things, I want to mention that the honourable member for New England and I have asked almost a dozen questions on ethanol in this House.
One must ask the question: why has the United States government moved to a 10 per cent ethanol content, and why has this government—and the previous government, and governments before that—made no move towards 10 per cent ethanol?

Mr Windsor—We follow them everywhere!

Mr KATTER—Yes, we followed them into Iraq, where a lot of us will get killed. We followed them into the Gulf War and we followed them into Afghanistan. We followed them on economic rationalism. We followed them on sticking it to the poor Indonesians and wrecking their economy with the IMF intervention. We followed them on all these things, so how come we are not following them with the 10 per cent ethanol content? What is the difference between us and the United States? I will tell you the difference: their politicians have the guts to stand up to the oil companies sometimes but we never have the guts to stand up to the oil companies. That is the reason. For the last 12 months, we have watched the most magnificent example of disinformation that I have seen in my lifetime. We have been told that ethanol does not mix. That was the first story that came out. To the shame of the government, it came from the primary industries minister. The very man who should have been pushing our barrow was pushing the barrow of the oil companies.

I attended a seminar on ethanol here at Parliament House, along with some very important academics. The leading expert on ethanol and fuels in Australia said, ‘It has been said by certain people that ethanol cannot mix and that it would have to be mixed by the oil companies,’ which would mean, of course, that there would never be an ethanol industry in Australia. He said, ‘Yes, it is very complicated.’ He made gestures with his hands to show one beaker being poured into another, and he said, ‘Mixed.’ Everyone burst out laughing. They finished with that one and then they said, ‘All that will happen is that ethanol will come in from Brazil if you take the excise off.’ Surprise, surprise! You did not have to be Albert Einstein to work that one out. And, of course, it did, which is what we have been saying right from the start. This is very relevant to Treasury, because they have been remarkably stupid and intellectually lightweight in this battle.

Mr Windsor—Put the slipper in!

Mr KATTER—Yes, put the slipper in—a very good comment. Also, the government people at the table should be taking cognisance of the things I am saying instead of talking to each other. They must honestly think of the value of this place and of one talking in this place. In the state house in Queensland—and, I am told, in New South Wales and in the other state governments—the head of the department must sit there and cop what speakers are handing out. I tell you what: in the state government they do not like the pain; they hate to have to go into the house and take it. But they have to face the music. Vince Gauci, the incoming head of Mount Isa Mines, has issued instructions to every one of his mine managers that when a meeting is on, whether it is a union meeting or a community meeting, they have to be there and face the music. They have to face the ramifications of their decision making. But in this place no-one faces the ramifications of their decision making.

There are two super lightweights at the table who account for nothing, and they are talking to each other. That is the relevance of their commitment. I do not know the people from the government departments so I cannot comment, but I cannot remember ever seeing even a section head in here when I have been speaking. In the state parliaments the minister and the departmental head must sit in the chamber and cop it—and they do not like it. On the odd occasion that Mr Truss, the member for Wide Bay, has been in the House when I have been speaking, we have had a lot of squealing in pain. The members of this government do not like taking the pain, and the reason for that is cowardice. That is the reason they are not here.

The United States made this decision for the benefit of their environment. They wanted the MTBE taken out of petrol because it was damaging their environment. The member for New England and I have argued tenaciously in this place for the removal of aromatics and for an understanding
of ethanol in this debate. Enormous pain is going to be put upon the oil companies and the government. I serve notice of that here today. I am holding up the pictures that indict the government, and very shortly you will be seeing them on your television. Those people on the front benches who, at the behest of oil companies, have participated in inaction, prevarication and obfuscation—as the member for New England has already pointed out—have been handmaiden to the oil companies, and they will pay the penalty. Upon their consciences are the deaths of hundreds of thousands of Australian people, because this government and previous governments in Australia have not moved, and governments in other countries have.

I came upon some information obliquely. I was desperately trying to save the 10th biggest export industry and the fourth biggest agricultural industry this country has: the sugar industry. It is an industry that creates 45,000 jobs in rural Australia. In my desperate efforts to save that industry, I stumbled upon the following information. Lead is extremely dangerous to human health and every country in the world has removed it from their petrol. When they did that, the octane number—the performance of your engine, the power output, if you like—dropped. Instead of a tank of petrol taking you 600 kilometres, it took you only about 500 kilometres. To get the octane number back up, they had two alternatives: one was to move to aromatics and the other was to move to ethanol. There are important points to make about ethanol and aromatics. Aromatics are carcinogenic—and we know that people die if you use aromatics—and oil companies make aromatics. Aromatics are a product of Mr Shell, Mr Mobil and all those people. They make them and they sell them. They make money out of aromatics but they do not make money out of ethanol. They have to buy it from the farmers and the processors. It took the oil companies about a millionth of a second to make the decision to make more money and have more people die as a result of that decision.

No governments in the world accepted that decision. All moved immediately to force the oil companies to cut the aromatics down in order to rescue the safety and health of their people. The only country on earth that did nothing about the aromatics was Australia. The dimensions of this decision are yet to become known to the Australian people. But I have had a wonderful week. I have had many investigative journalists ringing me up. Alan Jones was the first cab off the rank. He is always the most intellectually acute, I suppose, of the commentators in Australia. He has already done his interviews with Professor Ray Kearney, Dean of the Faculty of Medicine at Sydney University. He has already started, and the others will follow, as they have so often done before, on his trail. They will be like bloodhounds after a dreadful convict who has escaped. That is the evil that is abroad in this nation. They know the ramifications of their decision, because there is report after report on the issue. I will quote from the New Scientist, a very reputable magazine. Under the heading 'Big city killer: if the cigarettes don’t get you the traffic pollution will’ it says:

Up to a fifth of all lung cancer deaths in cities are caused by tiny particles of pollution, most of them from vehicle exhausts.

That’s the conclusion of the biggest study into city pollution to date ...

There is report after report, in particular of air pollution in the blood by Anthony Seaton and others and a cohort study of the association between mortality and indicators of traffic related air pollution in the Netherlands.

I have been to the Melbourne office of Jonathan Streeton, who was appointed by the government to be the consultant on the Australian design rules. He has something like 20 metres of books, which go up to the ceiling, on the relationship between air pollution and lung disease. He is one of the leading world experts in the field. He gets very stressed because he believes passionately in what he is saying, and he says that if you contract a lung disease then you have a three times higher chance of dying of it if you live in a metropolitan area than if you live in the country. This is one hell of a statistic. To whom do we sheet the blame home for this? I will tell you whom we sheet the blame home to: successive Australian governments. At two minutes past midnight, we still have
no action on removing the aromatics from petrol. I am not saying that we should put ethanol in the petrol tank; I am advocating the removal of aromatics from the petrol tank, which every other country on earth has done.

Let me give an example. It has been a well-known medical fact for 40 years that benzine causes leukaemia. This is not the major cause of the problem with aromatics; the major cause lies with the particles that come out in exhaust fumes. But one of the other effects of aromatics is to cause leukaemia. We have known for 40 years that benzine causes leukaemia. America, right from the start when they removed the lead from petrol, insisted that there only be one per cent benzine in their petrol tanks. Australia has a five per cent level. This is 500 per cent higher and, of course, we are the most urbanised community on earth and have one of the highest car ownership levels. Of all the countries in the world that should have kept benzine levels down, it should have been Australia. But, no, we did not do that because we were listening to the oil companies. During the Great Depression we listened to Sir Otto Niemeyer from the Bank of England, we took his advice and we had the worst depression on earth. Once again we are listening to the so-called experts from the oil companies. They are experts on how to make money for their companies, in the same way as Sir Niemeyer was an expert on how to make money for his employer, the Bank of England.

Mr Deputy Speaker, I will hold up two pictures for you to see. One is a picture of a normal lung from a healthy rural resident. It is pink in colour, and I think everyone here in the chamber can see that. You will see this on your televisions very shortly. The other picture is the effect of air pollution on the lung of a Sydney city resident. The colour is grey with black specks throughout. That is the result of this government and previous governments failing to act to remove the aromatics. The story is quite astounding. It is a magnificent story. Two days ago one of the leading journalists in Australia was positively slavering over this story, and it is a great story. Australia produces petrol and almost 90 per cent of Australia’s needs could be met from within Australia. We produce petrol that does not have aromatics in it and we import petrol that does. (Time expired)

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (11.33 a.m.)—I want to express the government’s appreciation to the 18 speakers who have contributed to the debate on the Energy Grants (Credits) Scheme Bill 2003 and the Energy Grants (Credits) Scheme (Consequential Amendments) Bill 2003. These bills give effect to the commitment of the government to replace the Diesel Fuel Rebate Scheme and the Diesel and Alternative Fuels Grants Scheme with an energy grants credit scheme. The opposition, as they often do, have moved a second reading amendment and the government advises that it will not be accepting the second reading amendment; it will be opposing it. The honourable member for Fraser, who moved the second reading amendment, raised the issue of the absence of measures to promote the use of cleaner fuels in the Energy Grants (Credits) Scheme. Measures for cleaner fuels are being developed separately from this measure, which is about providing certainty to the business community in ensuring that current entitlements under the Diesel Fuel Rebate Scheme and the Diesel and Alternative Fuels Grants Scheme are maintained. As honourable members would be aware, the issue of cleaner fuels is an environmental one and is the portfolio responsibility of the Minister for the Environment and Heritage.

The member for Fraser also questioned the rejection by the government of the recommendations of the fuel tax inquiry. The fuel tax inquiry recommended that the Diesel Fuel Rebate Scheme and the Diesel and Alternative Fuels Grants Scheme be replaced with a business fuel credit scheme that extended the Diesel Fuel Rebate Scheme to all off-road business use and removed the Diesel and Alternative Fuels Grants Scheme metropolitan boundaries. The measures were costed by the inquiry at $435 million and $195 million respectively in additional expenditure in 2004. The fuel tax inquiry also recommended the taxation of all fuels
The government decided against implementing the fuel tax inquiry recommendations on the basis that they would impose excise on previously unexcised fuels, they would be contrary to the government’s commitment not to reintroduce fuel indexation and they would breach the agreement with the Australian Democrats over tax reform that restricted grants and rebates to certain classes of on-road and off-road use. The member for Fraser criticised the government for the delay in finalising the details of the Energy Grants (Credits) Scheme. The introduction of the Energy Grants (Credits) Scheme was delayed because of the establishment of the fuel taxation inquiry in 2001. The inquiry was asked to examine the existing structure of fuel taxation in Australia, including related rebates, subsidies and grants. The sunset provisions of the Diesel Fuel Rebate Scheme and the Diesel and Alternative Fuels Grants Scheme were extended by 12 months to allow time for the inquiry to conduct its work and report to the government and for the government to consider its findings and recommendations. The Australian Labor Party supported the passage of the legislation which allowed the extension of the sunset provisions when it was presented to parliament in September 2001.

The member for Fraser also criticised the government for failing to address in the Energy Grants (Credits) Scheme the complexities of existing schemes. The Energy Grants (Credits) Scheme simplifies administration, by removing inconsistencies that currently exist because the Diesel Fuel Rebate Scheme and the Diesel and Alternative Fuels Grants Scheme are administered under different legislation, and by bringing the two schemes together under a unified administration and compliance framework. I note that none of the industry representatives appearing before the Senate Economics Legislation Committee expressed concerns about the compliance costs or the administration of the schemes.

The member for Fraser questioned why the government has not taken the opportunity to remove inconsistencies between similar eligible and ineligible activities in the Energy Grants (Credits) Scheme. This bill is not about addressing perceived inequities in relation to eligible and ineligible activities under the schemes; it is about maintaining existing entitlements. Considerable additional expenditure will be involved in extending the scheme, and revenue will have to be found within the budget or from some other revenue raising measure to fund any extension of eligibility.

The member for Fraser also raised the question of consultation with the Australian Democrats in the development of the scheme. Consultation with the Democrats was not sought by the government in the development of the Energy Grants (Credits) Scheme because it makes no changes to existing entitlements under the Diesel and Alternative Fuels Grants Scheme and the Diesel Fuel Rebate Scheme, and the incentives for cleaner fuels are being progressed separately.

The member for Batman indicated that the opposition would not support the bills until the draft regulations were available for consideration. I would like to point out a few facts to the member for Batman. It should be noted that the Acts Interpretation Act 1901 provides the necessary process for the parliamentary scrutiny of regulations. Regulations should be considered during this process and not during the parliamentary consideration of these bills. The government proposes to have regulations gazetted in time for the commencement of the Energy Grants (Credits) Scheme on 1 July 2003. The regulations cannot be finalised until the legislation has been passed by the parliament. The regulations will replicate many of the matters that are currently prescribed under the Diesel and Alternative Fuels Grants Scheme Regulations 2000 and the Customs Regulations 1926. The regulations will not alter current entitlements, including the grant rates applicable for the off-road and on-road credits.

I would also like to comment on some of the remarks made by a couple of other opposition members. The member for Wills claimed that the government had broken its commitment under Measures for a Better Environment by not introducing the ultralow sulfur diesel incentive in January 2003. I am
happy to advise the member for Wills that the government has decided to defer the implementation of the incentive for the early introduction of ultralow sulfur diesel for six months because of concerns about the possibility of raising costs to diesel users at a time when the farming sector is facing serious drought conditions. The government has referred the ultralow sulfur diesel differential issue to the Energy Task Force, which is to be included in its consideration of alternative fuels. The government has implemented the majority of initiatives under the Measures for a Better Environment and continues its commitment to the package, including providing incentives for the early introduction of ultralow sulfur diesel to the Australian market.

The member for Bass raised the issue of shipping. She referred to foreign ships operating in the Australian coastal trade, and she raised the issue of whether those ships would be entitled to a grant under the Energy Grants (Credits) Scheme. The advice that I have for the member for Bass is quite simple: the marine transport provisions of the bill maintain the entitlements that currently exist under the Diesel Fuel Rebate Scheme. All vessels undertaking marine transport will be eligible for an off-road credit under the Energy Grants (Credits) Scheme provided they meet the eligibility requirements in the legislation and purchase or import fuel on which duty has been paid, and provided that no other rebate, drawback or remission of duty has been received for the fuel. The bill does not discriminate between vessels based on the flag under which they are operating.

The member for New England expressed some disappointment that the bill does not extend eligibility to businesses without access to grid power—and I see the member for New England is still in the chamber. Again, the Energy Grants (Credits) Scheme replicates entitlements under the existing Diesel Fuel Rebate Scheme and the Diesel and Alternative Fuels Grants Scheme consistent with the 1999 agreement with the Australia Democrats that entitlements would be restricted to certain classes of on- and off-road use. It is not intended to extend the general range of activities that currently qualify for a grant or rebate under the existing Diesel Fuel Rebate Scheme and Diesel and Alternative Fuels Grants Scheme.

The government has received representations from a number of industry sectors seeking to have entitlements extended to their activities, but the government has not adopted these proposals as it would be contrary to the agreement entered into with the Australian Democrats.

Mr Sidebottom—You don’t want to stick to the agreement now.

Mr SLIPPER—My friend, you ought to appreciate that, when you do have an agreement, you stick to it. It would be difficult from a policy perspective to justify an extension in one sector without a flow-on to other industries. Our first priorities in a tight budget situation are defence, national security and drought relief.

The member for Braddon, who is at the table, expressed concerns, I think, about the use of the terms ‘grant’ and ‘credit’ rather than ‘rebate’. The government’s original commitment in Measures for a Better Environment and in the Diesel and Alternative Fuels Grants Scheme Act 1999 was for a joint Energy Grants (Credits) Scheme to replace the existing Diesel Fuel Rebate Scheme and the Diesel and Alternative Fuels Grants Scheme. In order that the Diesel Fuel Rebate Scheme and the Diesel and Alternative Fuels Grants Scheme can be brought together in a joint Energy Grants (Credits) Scheme, the legislation must be in the form of an appropriation bill rather than a taxation law. Therefore, the bill cannot provide for a rebate of duty, as is the case under the Customs Act 1901 and the Excise Act 1901, which contain the existing rebate provisions. The reason for this is that the legislation underpinning the Diesel and Alternative Fuels Grants Scheme has been designed as an appropriation law to accommodate the geographic restrictions contained in the scheme.

Mr Sidebottom interjecting—

Mr SLIPPER—And I can see that the member for Braddon obviously accepts that explanation. The Energy Grants (Credits) Scheme will apply from 1 July 2003 and will maintain the benefits currently available un-
der the Diesel Fuel Rebate Scheme and the Diesel and Alternative Fuels Grants Scheme by replicating the existing entitlement provisions in those schemes to create an off-road and an on-road credit under the Energy Grants (Credits) Scheme.

As I have indicated, the Energy Grants (Credits) Scheme is not intended to extend the general range of activities that currently qualify for a rebate under the Diesel Fuel Rebate Scheme or for a grant under the Diesel and Alternative Fuels Grants Scheme. The Energy Grants (Credits) Scheme Bill 2003 aligns the point of entitlement under the on-road credit with the off-road credit point of entitlement. This will allow businesses to claim an on-road credit when they purchase or import fuel for use in eligible on-road activities, rather than having to wait until the fuel is used before being able to claim a credit. This change should provide cash flow advantages to businesses, as well as streamline claiming arrangements.

The Energy Grants (Credits) Scheme (Consequential Amendments) Bill brings the administration of the Energy Grants (Credits) Scheme under the administrative and compliance framework contained in the Product Grants and Benefits Administration Act 2000. This will mean that the on-road and off-road credits will now be administered under a uniform code of requirements. In addition, the system of public and private rulings in the Taxation Administration Act 1953 has been extended to the Energy Grants (Credits) Scheme in order to provide greater certainty to claimants in relation to the eligibility of activities for a grant or rebate. It has been a long debate on these two very important bills, both of which I now commend to the House.

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

Question agreed to.

Original question agreed to.
Bill read a second time.
Message from the Governor-General recommending appropriation announced.

Third Reading
Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (11.47 a.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 (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.
Question agreed to.
Bill read a second time.
Message from the Governor-General recommending appropriation announced.

Third Reading
Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (11.48 a.m.)—by leave—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

FAMILY AND COMMUNITY SERVICES LEGISLATION AMENDMENT (DISABILITY REFORM) BILL (No. 2) 2002 [No. 2]
Second Reading
Debate resumed from 6 March, on motion by Mr Anthony:
That this bill be now read a second time.

Mr SWAN (Lilley) (11.49 a.m.)—About the same time that John Howard gave the order to send our troops into battle, he decided to bring back to this parliament plans to cut the pensions of thousands of people with disabilities by $60 a fortnight. That will hit about 103,000 Australians, creating two classes of disability support pensioners. The
Prime Minister was hoping to pass, under the fog of war, a bill that would have a profound effect on the lives of thousands of vulnerable Australians. Every time John Howard steps out of the war room, we see that mean and tricky streak again. The Family and Community Services Legislation Amendment (Disability Reform) Bill (No. 2) 2002 [No. 2] is yet another example of how John Howard is extinguishing the great Australian tradition of a fair go.

Why does a welcoming, forward-looking, self-believing nation such as ours have to have plans like this to punish our vulnerable? Why does a rich country such as ours have to do this? Why, when we are trying to build a nation which offers a way of life second to none in the world, are we deciding to be this mean? Nearly 2½ million people in this country—one in every eight Australians—live below the poverty line. For a family of four, that is just $415 per week. They try to feed themselves and their families and to pay for their housing, their transport, their education and all their other weekly bills on a working wage, when they are in employment, or on benefits of just $415 or less a week. That is the situation for one in eight Australians—just $14 per person per day. I frequently say that the Minister for Family and Community Services, Senator Vanstone, would use more money through her consumption of red wine—

Dr Emerson—and chocolates.

Mr SWAN—and possibly chocolates, and possibly shampoo for her dog, Freddy, than we are providing for these Australians living in poverty. It is quite obvious that this government is completely oblivious to the situation or is so uncaring that it is not capable of understanding how little so many Australians live on in this country.

A sign of that is the growing gap that has opened up between the earnings of the very well off and everybody else. Over the five years to the year 2000, tax figures indicate that the real earnings of the bottom 25 per cent of taxpayers have gone backwards. This is at a time of very strong economic growth. Let us consider that bottom 25 per cent. That is almost 2.5 million Australians who have not been sharing in any way in the benefits of our strong economy. To put that into perspective, that is one in four taxpayers. Contrast that to this figure: the top five per cent have seen their real earnings swell by almost 30 per cent—they are living in clover; they are having a very good time with a very big share of the benefits of the strong economy. If this is not a growing gap, then I do not know what is.

We all want to live in a society where we are all well off, where there is no poverty and there are no weak among us. But we also know that that is not our society, because there are always those among us who find it hard to keep up and who, often through no fault of their own, fall behind and have bad luck, whether it be in health or by accident, and need our care and our help to get back on their feet. What everyone in our society wishes for themselves and for those people is a fair go. And if a fair go is to mean anything, it is that we must always extend a helping hand to those in need—the strugglers in our society. To respect the Australian dream of an egalitarian and fair society, we must offer social justice. That social justice must be sustained and built by the wealth creating powers of our economy. You do not respect that Australian dream by delivering pension cuts. You dishonour that Australian dream by providing pension cuts like those in this bill today.

The current government’s policies have tilted the playing field towards the very few who are already doing very well. This government, very deliberately and driven by dogma, has invoked social division in place of social cohesion. It has put confrontation in place of cooperation and it has brought about dislocation in place of unity. This bill sums up that mean, nasty streak that goes to the very core and being of the Howard government. This can be seen at many levels. This government owes its political survival to the policies of social division—remember Tampa and the children overboard—but that is particularly so in areas where well directed assistance will help people work their way back out of the poverty traps that it creates. Instead of coming into this House and getting rid of the poverty traps, the government brings in legislation that further entrenches
that poverty and further locks people into welfare dependence.

Nobody disputes the need for welfare reform—nobody. But this government’s proposals are not reform; they are a full frontal attack on the social safety net under the fog of war—the net that protects disabled Australians from destitution. There are something like three million Australians with disabilities. There are something like 650,000 Australians on disability pensions. This bill proposes to cut the benefits of 100,000 Australians by $60 a fortnight. In its original form, the bill proposed to cut the pensions of 200,000 Australians by a similar amount. This bill says so much about the character of the Prime Minister and the Howard government by creating a two-tier, two-speed society, where the benefits go predominantly to those at the top, while those at the bottom go backwards and those in the middle get squeezed.

The government’s justifications for the cuts are pretty elaborate, but in the end it comes back to its time honoured tactic of blaming the victims. It has used every argument under the sun to justify this mean spirited bill, including an enormous slur cast over the 650,000 Australians who receive disability support pensions with the claim that most of them are malingerers. That is what the Minister for Family and Community Services said when she got into political trouble, and that is what other ministers have said in this House.

First of all, the government argued that the changes were all about assisting and supporting people with disabilities to find employment. That got blown away when we could not find the resources to justify the claim. Worse still, as I said before, they ramped up the welfare rorter rhetoric: everybody on a DSP was really a rorter with a ‘bad back’, and they became the targets. Never mind the fact that people with serious disabilities would also be affected by the cuts. Of course, now we will get the next line of defence. The excuse for cutting pensions will be the cost of war. Can I say that security is about more than just protecting our borders—important as that is. It is about more than war. If we cannot protect our most vulnerable citizens from poverty, what sort of society are we? What sort of society are we to bring in with this bill? It does not have as its heart the objective of reform or justice. It is simply picking on a very small number of vulnerable people.

The government constantly says that we have a strong economy. Then what is it doing? The government should be putting the economy to work for the Australian people, including those with disabilities who want to work. But there are no such proposals contained in this bill. The Treasurer says we have to face tough decisions on welfare, health and aged care. He finds it very easy to pony up the funds for the war. What about ponying up funds for some of these key social objectives? The government is not doing that. It is creating distractions. Our Prime Minister is a great dealer in distraction, along with the Minister for Employment Services, who has just joined us in the chamber and who engaged in the attack upon those disability support pensioners as being malingerers. That is a particularly lamentable approach.

What John Howard needs to do is to distract the community to focus exclusively on war, because the things that make us strong as a nation, the things that give us real security—secure access to work, education and health care—are not the things that this government is providing anymore. The Prime Minister is a modern day Solomon, distracting the public while he picks some of their pockets—particularly those who are the most vulnerable. So the priorities of the government are all wrong. It is prepared to go to any length to prosecute the war. Why won’t it go the extra mile for Australians who are living with a disability?

The government wanted to push this bill through both houses of parliament this week. It has tried this on because it wants another double dissolution trigger in case the Australian Democrats do not support this bill in the Senate. If the government wants to fight an election campaign on the proposal to rip a gaping hole in the social safety net, I say bring it on. We ought to have that debate. I am sure the millions of people with disabilities in this country and their families will be
happy to turn out to make it clear how offensive this government’s plans are. The Prime Minister promised before the election that he would cut no-one’s pension. It was a very clear comment. At the ACOSS conference on 25 October 2001, during the 2001 election campaign, he said: Nobody’s benefit will be cut as a result of changes to the social security system.

The architect of the government’s welfare reform proposals, Patrick McClure, received the same undertaking at a Mission Australia conference a few months earlier. Howard told McClure and Mission Australia staff:
The following principles will underpin all future work:
our commitment to making up front investments that will deliver returns to taxpayers later on as people move from welfare dependence to economic and social participation ...
... ... our undertaking that nobody’s benefit will be cut as a result of changes in the benefit system.

This bill breaks that promise. We hear one story before the election and another story after the election. It is no wonder that Patrick McClure slammed the government over the weekend about the state of the welfare reform program that has been put forward. McClure said the government’s welfare reform program is ‘unbalanced’ and ‘uneven’. He says the government is placing too great an emphasis on the individual’s obligations and not enough on business and the community.

For almost four years this government has talked the language of welfare reform, but all it has delivered are more and more cuts to the social safety net. The changes in this bill are not about welfare reform; they are about removing the income and material assistance available to people with disabilities and asking them to go out and get a job. The government takes this away but it says, ‘Go out there and do it.’ The question no government member, from the Prime Minister down, will answer is: why do you need to cut someone’s income to help them get a job? In response to the public outcry about the original bill, the government offered to protect existing disability pension recipients. In other words, it set out—in the face of public revulsion—to create a two-tiered payment.

The bill seeks to amend the current work test for people applying for the disability support pension. Specifically, schedule 1 seeks to alter the definition of ‘work capacity’ from 30 hours a week at award wages or above to 15 hours. It should be noted that the current test is whether a person is capable of working 30 hours a week inside a period of two years and follows a medical determination that a person has a disability. Item 15 of schedule 1 contains the new transitional provisions that protect claims lodged for the disability support pension prior to 1 July 2003.

Schedule 1 also seeks to broaden the type of assistance or intervention that can be considered in determining work capacity. This has the effect of giving the secretary of the department greater flexibility in making a judgment about whether, with appropriate intervention, a person has the capacity to work at the threshold level or above inside two years. The schedule also seeks to remove the ability to consider local labour market conditions for people aged over 55 in determining work capacity. As a result, an individual within 10 years of retirement and living in a community with negligible labour market programs or employment prospects would no longer have their limited employment or training opportunities taken into account and would not qualify for the more generous disability support payment. Again, claims lodged prior to 1 July 2003 would not be affected by this measure.

The bottom line is that the government’s intention to tighten access to DSP and place people on lower-paying benefits is not changed at all in this bill. Figures provided during the Senate estimates hearings confirmed that the revised measure would result in approximately 103,700 claimants for the disability support pension having their applications for the payment rejected over the forward estimates period 2005-06. Many of these people will qualify for the lesser Newstart allowance—a difference of $60.20 per fortnight. Some will qualify for other pension payments, and a small proportion of people will qualify for no payment at all.
This will entrench a two-tiered system that will create two classes of disability support recipient depending on when their claim was lodged.

We will have a situation where two people with exactly the same disability and barriers to employment will be on two different payments. One will receive the higher-paying disability support pension along with ancillary benefits like the pensioner concession card, pharmaceutical allowance, access to the pension education supplement and a greater incentive to work, with an income test that claws back less of any earnings they make. The other person with the very same disability will receive the lower-paying allowance, worth $60 per fortnight less. They will not have a pensioner concession card to reduce public transport costs, car registration, rates or utilities. They will also not automatically receive the pharmaceutical allowance, which will see them pay more of their out-of-pocket expenses for medicines that help control their illness or disability. If they try and improve their skills through study, they will not be eligible for the education supplement to help with study costs. In addition, the disabled person on Newstart will have to actively look for work, line up in the dole queue and fill out a dole diary and may also be forced to work for the dole. They have the same disability but there will be different payments and requirements for them.

To any reasonable person it should be apparent that this is unfair, but the government’s compromised position, which separates people with disabilities on the basis of the timing of their claim, does not address its own concerns. It has said that people with so-called bad backs should be separated from those with genuine disabilities. The fact is that the work test changes will affect people with varying levels and types of disabilities, including those with severe physical disabilities and chronic psychiatric disabilities. It has claimed that people with disabilities who work in business services—that is, sheltered workshops—will be protected. But the changes protect only those currently on the disability support pension, so people with disabilities who take up business service work after 1 July 2003 may do so on Newstart with a responsibility to look for a job. The government’s instrument for separating out so-called malingers is therefore a very blunt one indeed. May I suggest that, if the government is serious about malingerers who are not genuine, it should step up its compliance efforts—not cut them back, as it has done, through the disbanding of front-line fraud detecting staff in Centrelink.

Today, we are particularly concerned about those people who have serious disabilities who will be caught by the changes—in particular, those suffering from mental illness. Many may look like you and me, but their disability can be just as severe as someone with an obvious physical condition. Many of these conditions may be episodic, making it impossible for them to live normally for any sustained period. But there will also be those who have obvious disabilities who will be caught by the new test if it is assessed that they have a work capacity of 15 hours a week or more. These changes will open the door for people with significant disabilities to be forced on to the dole queue.

Eligibility for a disability support pension no longer includes a defined list of manifest conditions that automatically entitle people with a disability to benefit. People must meet a minimum level of impairment and undergo the work test. The two cannot be traded off. If a person has a serious and significant disability but slips in under the new work test, too bad. This will become a very significant issue if this bill were ever to pass. The only specific and defined exception is for those with permanent blindness. The changes put forward will see people with paraplegia, acquired brain injury, profound deafness, rheumatoid arthritis and other terrible disabilities and illnesses forced onto the dole queue. That is what will happen. The Labor Party says that we should not have people on crutches or sitting in wheelchairs in our nation’s dole queues. That is the fundamental difference between us and this mean mob opposite.

There are other pitfalls in this bill before us today. The government’s compromised position will also mean that an individual who moves off the payment to work, or for another reason, but returns later will also
lose benefits. This will create a disincentive for those already on a disability support pension to take on work or other opportunities, which is at odds with the government’s stated aim of increasing participation. Labor also has very good policy reasons for opposing these changes. Put simply, the 15-hour test is too low, entrenching people in poverty.

What do I mean by that? By definition, people forced onto Newstart or another allowance may only have a capacity to work 15 or 16 hours, but no more than that. At minimum wages, this is just $340 per fortnight before tax. These people will be trapped on an allowance-level payment, earning a paltry income, with no ability or prospect to increase their income to a reasonable level—because of their disability. They, by definition, cannot move off the payment, unlike existing allowance recipients who have no disability and who, given their skills and a willing employer, may increase their earnings and move off the payment and even into full-time work. This is patently unfair.

What is the alternative? Are there problems with the disability support pension? Of course there are. Let us look at the total numbers. They have increased substantially over the last decade in particular. Disturbingly, under this government the annual increase has not slowed, despite a stronger economy. It is easy to be alarmist about the increase, but it is not as dire as some coalition people claim and it is not because of an influx of rorters or malingerers. Firstly, we have seen a loss of full-time work and an increase in part-time work. In particular, the losers have been mature aged people who have worked in traditional industries and who, in many instances, have worn and broken bodies after a lifetime of work—something that that minister opposite knows absolutely nothing about. He is one of the meanest and most insensitive ministers in this government and he will go to any end to vilify the victims of the government’s economic policy. These mature aged people also have no skills to re-enter employment in other areas—nor are many employers giving them the chance that they require. But the largest growth areas of late have been with older women, resulting from the progressive increase in the female age pension age and the phasing out of widows pensions and allowances.

Additionally, under the coalition growth has flowed from the liberalisation of the income and assets test for pensions, seeing people with disabilities but with higher levels of private incomes from savings and investments become eligible. Also responsible to a small degree is an increase in the level of disability in the community, mainly driven by advancements in medical treatment and technology. So this is not simply a case of malingerers. The causes for the increase in disability pension numbers are many and varied. To suggest otherwise is simplistic and does no service to foster intelligent and rational debate—something that is impossible to get from this government. Labor’s approach is to increase the number of people on disability pension who work. Labor agrees that too few people with disabilities are working when they can and are indeed willing to do so. The problem is that the government does very little to encourage and facilitate people on the disability support pension to work.

Labor’s approach in government was very different. Labor’s disability reforms of the early 1990s, which activated the social security system and focused on the assessment of the capacity of people receiving a disability support pension, would have assisted many people to move off the pension and into work if they had not been brought undone and vandalised by this government. While the coalition has said that there needs to be a focus on people’s ability, not disability, it is somewhat ironic that it is the same government that abolished Labor’s disability support panels—expert panels equipped to provide a thorough assessment of people’s capacity. The government has also axed $90 million per year in financial incentives for people with disabilities and other job seekers who find work via the earnings credit scheme. There are a litany of short-sighted cuts, presided over by that vandalising minister opposite, that have left us with an increasingly unsustainable system because it is trapping people on pensions. I mentioned many of them in my original speech on this bill, and I will summarise some now.
In 1998-99, the last time a count was taken, just 10,855 people left the disability support pension for the work force. A figure of 10,000 people out of 650,000 people moving into work is a deplorably low number of transitions, driven by the absence of assistance to people to make the transition. Look at the supported wage system, a program begun under Labor but neglected by this government. In the financial year 2000-01, just 986 placements occurred, assisting just 0.15 per cent of the disability support pension population. Look at the Commonwealth Rehabilitation Service, an organisation set up to assist people to make the transition back to work. As at 30th June last year, the organisation had provided rehabilitation to just 18,000 clients in a 12-month period. It achieved durable employment outcomes for just 6,730 people with disabilities. Clearly, we are offering rehabilitation to just a fraction of those on the disability support pension who could benefit from it and then make the transition from welfare to work.

Added to all this, for most of the time the Howard government has been in office, it has been taking an annual efficiency dividend of one per cent of disability employment services—that is, one per cent of their budgets each year, every year. The essential issue here is the unwillingness of the Howard government to recognise the importance of investing in assistance—in training, rehabilitation and support—if we are to increase people’s access to work. In its heart of hearts, if it had one, the government would know its attempt to force people with disabilities off the pension and onto the dole is not supported by the community; nor is it desirable policy. The community knows this is all about forcing people with disabilities to pay for John Howard and Peter Costello’s spending spree prior to the last election. That is why it has been so quick to resort to the rorting allegations and the very big smear. And that is why I intend to move a second reading amendment. I move:

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

“the House declines to give the Bill a second reading, and

(1) condemns the Howard Government’s attempt to deny Disability Support Pensions to more than 100,000 Australians living with a disability over the next three years;

(2) condemns the Government’s attempt to create two classes of people with disabilities by seeking to pay many of those who apply for a Disability Support Pension after 1 July 2003, $60.20 a fortnight less than people currently receiving the payment;

(3) endorses the view of the ALP supporting the need for welfare reforms that offer the opportunity for people with disabilities to participate fully in the community, including to work;

(4) refuses to support Government cost cutting that will discourage people with a disability from seeking employment; and

(5) calls on the Government to work with the ALP on a bipartisan basis to achieve real welfare reform.”

Real welfare reform in this country would be to the long and lasting benefit of this nation.

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

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

Mr CAMERON THOMPSON (Blair)(12.17 p.m.)—I welcome the reintroduction of the Family and Community Services Legislation Amendment (Disability Reform) Bill (No. 2) 2002 [No. 2]. It is important to address a growing structural problem and to get to the grassroots of how it affects some people in our community. This is something that the parliament is, in my view, absolutely obligated to address. There is no point running away and hiding from it. We have a structural issue here, and it is one that causes real concern and a great deal of difficulty for people on disability pensions. It is an issue we need to address. One of the structural problems is that one in six Australian children is growing up in a family with no adult in work. Almost one in five Australians have a disability—that is, 20 per cent or over 3.6 million Australians compared with 13 per cent or 1.9 million in 1981. We have now passed the 20 per cent mark, and the trend is continuing. There are 2.8 million people of work force age who are solely reliant on income support. There is no requirement for 1.8 million of those people to participate in
activities that could help them to get a job. Those are some of the issues that I believe are addressed in part by this legislation.

It is not only members on this side of the House who have recognised those issues. The previous speaker, the member for Lilley, has recognised them in the past—even if he wants to run away from it now. In a submission to the Welfare Reform Reference Group on 19 January 2000, he said:

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

He said, ‘Solutions must be found to the growth in DSP’. One minute he is promoting finding a solution to the growth in DSP, and now he is complaining that the DSP might not be extended in the way he was radically objecting to it being extended just a short time ago. He is hypocritical on that point.

Today, his hypothesis is even more confusing. He made some statement to the effect that as the economy grows disability grows. Is his hypothesis that a growing economy means growing disability? Or is it the reverse of that? Whatever it is, he seems to be of the view that disability is somehow linked to the economy. It is not. There is absolutely no link between whether people are disabled and the economy. I think it is ridiculous for him to raise that. I cannot even see it as a red herring. It is such a crazy concept to put to this House that I do not know what he is trying to achieve. The fact is that, if you use employment as a measure, since the time his government was in power to today unemployment has gone down from 11 per cent to six per cent. That is the sort of thing you can get out of a good economy, but you will not get improvements in people’s basic disabilities. You will not get those sorts of changes. What is required are different ways of supporting disability to make sure that we have an adequate system that provides people with the support that they need and reflects their aspirations.

Just a word on the bill: the government did withdraw the initial bill after it was passed by the House of Representatives on 30 May 2002. Its withdrawal followed disappointing discussions with the Democrats and Labor’s continued failure to discuss changes to the DSP that in the past they have acknowledged as being essential. Here is another quote from the ALP; the member for Werriwa said:

I think blind Freddy out there in Australia can see that we don’t have one out of eight Australian men in their fifties disabled, totally incapable of work ... Everyone knows that the system is being abused.

That was a Labor MP saying the system is being abused. He went on to say:

But for those who’ve got a capacity to work, we should support that and give them the assistance to find work. The whole emphasis of welfare policy should be much more on capacity than incapacity.

That is a sentiment I agree with entirely. The Labor Party are at it again. They will not face the difficult questions. This particular bill, which was passed in this form by the House on 19 September last year, was rejected by the Senate on 19 November. Now we can note that it is, as has been reported, a double dissolution trigger, but what do Labor expect on something like that? If they continue to talk up the problems but then refuse to face them, the only thing the government has left to do is to continue to make the point and to try to give support to people with disabilities, even if the Labor Party are not prepared to do it.

To reflect on some of the comments that the minister made in his second reading speech, from 1 July 2003 this bill will put in place a new system of income support rules for people applying for DSP. This new system comes into effect from 1 July 2003, but there will be no change for people who are currently receiving DSP and who continue to meet existing criteria. 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 within a two-year period, under the current rules. There is a basic change between the bill today and the bill as it was initially introduced: it ensures that the qualification criteria are changed so that the disability support pension is only payable to people with very restricted work
capacity—less than 15 hours at award wages per 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. People in this new system will negotiate a preparing for work agreement or a participation plan with Centrelink that reflects their individual abilities and any limitations that they may have. People claiming DSP after 1 July 2003 who are not able to work for full award wages will not be affected by the changes—for example, people who are in sheltered workshops or who receive less than the full award wage will still clearly continue to qualify for DSP. At the same time, the government will 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.

I think we should go back to the question of how people with disabilities see the problems that are inherent in the system and how they would like them addressed. Research on the aspirations of people with disabilities has found that 29 per cent cite work as an enjoyable activity and 44 per cent aspire to improve their employment situation, whether it be to get a job, improve their job, move from voluntary to paid work, establish their own business or retain a current job. One in five Job Network eligible job seekers also identifies as having a disability—by far the largest group of consumers in the disadvantaged category in Newstart. The next biggest categories in Newstart are people from non-English-speaking backgrounds, with 15 per cent, and single parents, with seven per cent. In fact, if you look outside Newstart allowance at Youth Allowance and then take Newstart and Youth Allowance combined, you still wind up with a group of 13 per cent identifying as having a disability. You have got a large group of people already who are not on a disability support pension but who identify as having a disability. That brings me back to those very accurate comments of the member for Werriwa, who said that what we have got to talk about is capacity, not incapacity. I have to say that this bill does follow that guide. That is really what it is about. It is about focusing on people’s capacities, not their incapacities—which is the obsession of members opposite.

There is also something about the existing system which fails dramatically, and that is the categorical nature of the payment structure that exists. It means that many of the people on DSP are not encouraged to participate in accordance with their abilities. There are even financial incentives for people to receive DSP rather than Newstart allowance, through the payment of a higher non-taxable rate and more generous means test assessing and tax concessions. Once those people are on disability support pensions, 77 per cent of them stay on DSP for the balance of their lives and only leave DSP due to age or death. That is incredible. We heard earlier that 44 per cent of people on DSP want to improve their employment situation, yet 77 per cent of them are on DSP for good. I do not think those two things tally. I think that, by continuing to support the existing regime, with its problems—such as the financial incentives and the categorical nature of the current payment system—members opposite completely fail to address these basic concerns of the very people that they claim to represent. I think that is a real failure by them to come to grips with reality. In reinforcing that, I would like to quote Julia Gillard, another member of the opposition, the member for Lalor. She said:

There are a number of people eligible to receive the disability support pension who, in another employment market or with different supports and strategies, actually do have a capacity for work.

It is big of her to say that. She should be out there helping them to do it. That is exactly what this bill sets out to do. We should expect her support on it, but I doubt we are going to get it.

In 1973, 12 per cent of all workers in Australia were part time but, at last count, 27 per cent of the Australian labour force worked part time. That is a significant growth. Many of the new jobs being created in the economy as it is today are casual or part time, and often they pay well above the award wage. Surely that is a clear opportunity, and this
legislation seeks to key in to it. It seeks to link the opportunities that are now available out there in the marketplace for well-paid part-time work to the fact that there are people on DSP who want to improve their employment situation. We want to give those people that opportunity. By taking away some of those barriers that insist that they must strive forever to present themselves as disabled, we provide for them an opportunity to get outside that. Recategorising the system into a 15-hour regime provides the opportunity for them to do it. Once again, I say members opposite should support it.

The spokesman opposite referred to the McClure report, and one thing McClure recommended was that the government review the work capacity criterion, which was set at 30 hours a week, in line with the contemporary patterns of participation. That is exactly what has happened. Once again we can refer to a member of the opposition speaking in favour of McClure’s recommendations. Mark Latham, the member for Werriwa said: ‘... McClure has got it right. He is saying that we should treat mildly disabled Australians seriously. We should back up 30 years of rhetoric that says, ‘Don’t write these people off ... Actually give them a chance to exercise their capacities to gain work, to be useful participants in our society. So don’t emphasise disability; emphasise the capacity that mildly disabled people have to work.’”

Mr Latham said that on 17 August 2000 in this House. Members opposite are prepared to mouth off about this but, when it comes down to it, when the votes are counted, they are not there. They are not supporting people with disabilities; they are going in another direction altogether. They are endeavouring to stir up discontent within the community and to profit from it politically, when what they should be doing is providing the service that has been requested of them by disabled people in the community.

The fact is that the majority of people on DSP are capable of, and probably aspire to, doing a greater amount of work in their day. Over 60 per cent of people on DSP could work 15 hours or more per week, with assistance. The members opposite seem obsessed with the idea that 15 hours is a tough measure, but let us look at what governments of their ilk—Labour type governments—have done overseas. In the UK, New Labour have a test that says that incapacity benefit allows for up to 16 hours work per week for up to 12 months. That is very similar to this measure. In New Zealand there is another Labour government—with Helen Clarke in charge—and invalid benefit is payable to people who have a condition lasting two or more years and who are unable to work more than 15 hours per week, so again the cut-off is 15 hours. Indeed, in most OECD countries it is not possible to obtain a full disability benefit where there is any work capacity. I am not advocating that but I am saying that the Labor Party should surely take note of what their fellow travellers in the UK and New Zealand are doing, and they are doing very much the same as we are doing in this bill. The Labor Party’s opposition to this bill is nothing more than political opportunism.

I spoke earlier about the extra 73,000 places the government is providing. The fact is that studies show that the main barrier to employment for people involved with the disability support pension is vocational: the barrier to employment is vocational for 46 per cent of them, whereas the barrier to employment is medical or physical for only 21 per cent of them. So the bigger issue is vocational. Extra funds will be invested over three years to purchase up to 73,000 new service places in rehabilitation, employment assistance, Job Network personal support programs and vocational education and training. On top of the money provided in the Australians Working Together package, the total number of places in disability employment assistance will increase by over 50 per cent and in rehabilitation by nearly 80 per cent.

Together, the factors that I have outlined in relation to this bill, which include the 15-hour test and the greater allocation to training et cetera, will contribute to net savings for the government of around $163 million over three years. Members opposite might say that having savings is a bad thing in relation to this issue but it is not when all that money is to be reinvested in services for people with disabilities. By creating a saving, you create a dividend for them. The members opposite were unhappy because we
were in a position where the numbers of people on DSP were blowing out, but what were they proposing? They were proposing to let them continue to blow out. That would mean that as the numbers continued to blow out people on DSP would receive fewer and fewer services from the government—and certainly far fewer if the members opposite were in power. Their ability to receive those services would decline. How do we create the opportunity for people with disabilities to receive better services? By providing those savings and returning them to people with disabilities.

People with disabilities are going to be so much better off if we can pass this legislation. I urge members to do so. The government will spend up to $258 million over three years on extra places in rehabilitation, disability employment assistance and Job Network Personal Support programs. It will provide up to $33 million for the states and territories to provide vocational education and training. Total Commonwealth spending on disability employment services will increase from $1.3 billion to almost $3 billion over the next five years. The Commonwealth will increase its contribution to the next five-year Commonwealth State Territory Disability Agreement by $743 million. That contribution will rise to $2.7 billion.

Let us go back to the basics again. Why is the government changing the DSP provisions? Because DSP numbers have more than doubled—from 300,000 10 years ago to 653,000 now. I quote the member for Werriwa again. In 1999, he said:

Something also needs to be done about the outrageous growth in the Disability Support Pension, which is now paid to more than 550,000 Australians ... Some experts believe the size of the program should be no more than 150,000 ... The DSP needs to be overhauled and mutual responsibility policies applied to all those with a genuine capacity for work.

Hear, hear to that! But, unfortunately, the member for Werriwa will never follow it through. The member for Werriwa complained about 550,000 people receiving DSP, but if we allow the trend to continue we will have 870,000 people on DSP over the next decade. That would be completely unsustainable. More spent on the disability support pension means less spent on services and supports that could make a real difference to people with disabilities.

In closing, I note that these changes do not apply to permanently blind people; they only apply to people who currently have their ability to work considered in determining their qualification for DSP. Permanently blind people are not currently subject to a work capacity test and so they are not affected by these changes. I strongly endorse this legislation. Members opposite have said again and again that they really do support this direction, but unfortunately when it comes down to it their own political manoeuvrings are more important to them. I urge them to stop. (Time expired)

Ms ELLIS (Canberra) (12.37 p.m.)—I rise to speak on the Family and Community Services Legislation Amendment (Disability Reform) Bill (No. 2) 2002 [No. 2] and, in so doing, I support the amendment moved by my colleague the member for Lillley earlier in this debate. This is the government’s third attempt to reduce the pensions of tens of thousands of people with disabilities. This is a classic example of the government’s disregard for the plight of people with disabilities and their families. Rather than develop policies to assist people with disabilities, the government is determined to make life even harder for them. The government has tried to introduce this measure twice before and failed. The original version of this bill, the Family and Community Services Legislation Amendment (Disability Reform) Bill 2002, was withdrawn by the government in the Senate. The government must have realised that it faced certain defeat or acknowledged what a bad piece of policy it was. The government then made some minor amendments and passed the bill in the House of Representatives in September 2002. The Labor Party, with the support of minority parties, rejected the bill in the Senate in November of last year.

So what is the government doing now? Is it listening to people with disabilities and taking their concerns seriously? No. Rather, it is playing a game—a pathetic game, in my view—and is reintroducing the bill without
any amendments. I ask: does the Howard government actually care about people with disabilities? Does it take their plight seriously? The actions of this government suggest not. It is too busy trying to save money by taking it from people with disabilities, not to mention the political game it is playing of building up a series of double dissolution triggers. The government knows that the Senate is very unlikely to pass this bill. Basically, the priorities of this government are wrong. I care about people with disabilities and the daily struggles they and their families face. That is why I, along with my Labor colleagues, strongly oppose this bill. Let me explain again why we oppose the bill. In a nutshell, this bill seeks to give effect to the government’s mean-spirited 2002-03 budget measure to alter eligibility requirements for a person to receive the disability support pension. In other words, it will make it much more difficult for people with disabilities to receive the pension. The government claims that the aim of the bill is to assist and support people with disabilities to find employment. It also claims that the bill will address welfare rorting. Does the government really believe that people with disabilities are malingerers or rorters and that they choose to live a frugal life on a disability pension?

Let us examine the bill to gain a better understanding of what it is really all about. Schedule 1 seeks to alter the definition of work capacity from 30 hours a week at award wages or above to 15 hours. It should be noted that the current test is whether a person is capable of working 30 hours a week inside a period of two years and follows a fairly stringent medical determination that a person has a disability. Item 15 of schedule 1 contains the new transitional provisions that protect claims lodged for the DSP prior to 1 July 2003. Schedule 1 also seeks to broaden the types of assistance or intervention that can be considered in determining work capacity. This has the effect of giving the Secretary of the Department of Family and Community Services greater flexibility in making a judgment about whether, with appropriate intervention, a person has the capacity to work at the threshold level or above inside two years. The schedule also seeks to remove the ability to consider local labour market conditions for people aged over 55 in determining work capacity. As a result, an individual within 10 years of retirement and living in a community with negligible labour market programs or employment prospects would no longer have their limited employment or training opportunities taken into account and would not qualify for the more generous DSP. Again, claims lodged prior to 1 July 2003 would not be affected by this measure.

These changes are clearly an attack on the 3.1 million Australians who have a disability. Contrary to the government’s claim that their motivation is to help people with disabilities to find work, they will not assist one person with a disability to gain work. Where are the initiatives to assist people with disabilities to enter the work force? Clearly, the changes are actually about removing 12 per cent of the income of, and a substantial amount of material assistance available to, people with disabilities, while at the same time asking them to go out and secure a job. The question that no government member, from the Prime Minister down, has asked is this: why do you need to cut someone’s income to help him or her find work? The government’s intention is to tighten access to the DSP and place people on lower paying benefits. Figures provided during Senate estimates hearings confirm that the revised measure would result in approximately 103,700 claimants for DSP having their application for the payment rejected over the forward estimates period to 2005-06. Many of these claimants would qualify for the lesser Newstart allowance—a difference of $60 per fortnight. Some would qualify for other pension payments and a small proportion of people would qualify for no payment at all.

This would entrench a two-tiered system that would create two classes of disability support recipients depending upon when the claim was lodged. We would have a situation where two people with exactly the same disability and barriers to employment would be on different payments. One would receive the higher paying DSP, along with ancillary benefits like the pensioner concession card, the pharmaceutical allowance and access to the pensioner education supplement, and...
have a greater incentive to work. The other person with the same disability would receive the lower paying allowance, Newstart, worth $60 less per fortnight. They would not have a pensioner concession card to reduce public transport costs, car registration, rates or utilities. They would also not automatically receive the pharmaceutical allowance, which would see them pay more out of their pocket for medicines that help control their illness or disability. If they tried to improve their skills through study, they would not be eligible for the education supplement to help with related study costs. In addition, the disabled person on Newstart would have to actively look for work, line up in the dole queue and fill out a dole diary, and may also be forced to work for the dole. People with the same disability would have different payments and requirements. Surely this situation would seem unfair and illogical to any reasonable person, but not to this government.

A letter received by Brain Injury Australia from one of its members about how they would be affected by this bill said:

In 1992 a brain injury in the form of a brain haemorrhage nearly ended my life ... I have been fighting ever since ... to get my life back. It has been hard—learning to walk, speak, read and write and all with no memory of my life prior to the haemorrhage. My day-to-day memory is still patchy and I need reminder notes.

It has been a desperately distressing 10 years that is not helped by the attitude of some health professionals and my country’s Government. I supported myself all my adult life and I now work part-time, with my income supplemented by the Disability Support Pension. I WANT TO WORK FULL TIME! It makes me very angry when those of us who depend on the DSP are portrayed as either a drain on society or bludgers!

I have a mountain of applications—over 100 in recent years—to testify to my attempts to find full-time work or other part-time work. I have been on the books of a disability employment service for some years. BUT I still have to depend on my pension. In fact, I could not survive solely on the DSP ...

Now, I am treated by parts of the media and people within my country’s Government as though I want handouts! In fact it is a very confusing portrayal—on the one hand I should be grateful for the handouts, but at the same time I should feel guilty and should accept punishment for needing help!

I used to be open about my brain injury but learnt it was a mistake. Tell a potential employer and you are out of the office so fast it makes your head spin.

For people newly needing the DSP the situation is much worse—if they can work 15 hours a week they are deemed not worthy of the support of a pension. I presume this means a new neglected group of people to be punished by being condemned to a never-ending poverty trap.

If I were transferred to Newstart it would be worse. I would lose my pension income and my pension card. The card is a very important aspect of support as it makes some bills, such as heating, affordable. I need medication for the rest of my life, hardly a luxury, and a pension card makes this affordable.

I have never taken from society without contributing. I resent being portrayed as a parasite or just a nuisance by my fellow citizens.

Brain Injury Australia stated in its newsletter late last year that many of its members are angry about how they have been portrayed by the media and the government in the debate about this bill. I do not blame them—I too would be angry if I were being called a malingerer by a government that is trying to cut my pension without providing any additional support or assistance to find employment.

It is obvious that this bill is not about welfare reform; it is about welfare cuts. It is just a means of dealing with the deficit the government have plunged us into as a result of the pre-election spending spree they embarked upon in order to get themselves re-elected. We now have added pressures because the war in Iraq will definitely exacerbate the pressure on the next budget.

On this side of the chamber, we ask: how will cutting someone’s income help them get a job? We are still waiting for the answer.

Patrick McClure, author of the report on welfare reform commissioned by the government—and who was quoted by the previous speaker; it is a shame he didn’t use this quote—was moved to comment on the report last year. McClure said that the measures in this bill were not balanced and did not reflect the spirit of the report. Patrick McClure was in no doubt about what the impact of the bill
would be when he spoke to ABC radio on 16 May last. He said:
Where I have concerns is this modification of eligibility criteria, so one of the modifications is that they’re going to reduce the hours worked from 30 to 15.

It just doesn’t have the balance and it’s not the spirit of our report which was that there was no aim to disadvantage people who were on a disability support pension.

He went on to add that not only would they be disadvantaged by the cut to their payment but also they would lose the pensioner concession card and be subject to an income test.

This government has chosen to ignore the broad recommendations of the McClure report and has reintroduced this bill to meet its own budgetary aims without implementing the other recommendations necessary to meet a sincere welfare reform agenda. If the government were really concerned about promoting employment opportunities for people with disabilities, it would undertake progressive reforms in the disability employment sector.

Let us now examine what the government is actually doing in this area. Major reforms in the disability employment 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 to me about how these reforms will result in the closure of some business services and the loss of employment for some people with disabilities.

The Disability Services Amendment (Improved Quality Assurance) Bill 2002 was passed in the Senate in March 2002. Labor supported this bill; however, we said that the government must provide considerable support and resources to the sector to ensure that the reforms achieve their goals. I would like to quote what I said in March last year in my contribution in this chamber on the second reading debate of the quality assurance bill:

This bill will impact on the employment of people with disabilities. If the government is serious in pursuing the bill’s apparent intent to treat people with disabilities as genuine, rather than pseudo, workers, then they could have a very positive, even revolutionary, impact. This will, however, require considerable financial support and resources, possibly for longer than the three years the bill suggests it will take for all agencies to gain certification.

Unfortunately the government has not provided the additional support and commitment required following the passage of the quality assurance bill to ensure that business services remain viable.

The other reform causing concern is the move towards case based funding. The government is planning to change the funding formula used for business services from block grant funding to case based funding. Whilst offering some advantage, it will also lead to a reduction in the level of funds some services receive. The issue of case based funding will impact on both employment services and business services. The department’s Case based funding trial final evaluation report: Main findings said:
Based on maintenance funding levels, 67 per cent of Business Services would operate at a deficit, five per cent at close to break even and 28 per cent at a surplus.

In response to a question on notice in the June 2002 budget estimates, it was stated:
... some services may not make it through the transition—
of certification under the new quality assurance system—
however with assistance and support from within the industry these numbers will be minimal.

I am very concerned about the number of business services that may close following implementation of case based funding, and there is a high level of anxiety within this sector. The successful employment services are proud of their ability to offer people with disabilities, and in particular those with high needs, a pathway to employment, overcoming many hurdles. They have an understandable suspicion that the case based funding system will place needless restrictions on them and many of their clients. It is extremely important, in my view, that those people currently employed in those business services in the disability sector have every
protection possible to allow them to continue that employment into the future.

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. How can the government reduce people’s benefits, on the one hand, to supposedly encourage them to participate in the work force while, on the other, reducing their opportunities to work? The Howard government’s treatment of people with disabilities, their families and the sector in general is very disturbing. It should be no surprise that the government has reintroduced the disability reform bill. This bill has nothing to do with welfare reform and everything to do with cutting costs—and, it seems, sadly, without any consideration of the impact this will have on people with disabilities and their families. Therefore, I strongly oppose the bill and hope the Senate will again see it for what it really is.

In conclusion, I take a moment to reflect upon some of the words that were spoken by the previous speaker on the government side. They concerned the question of honesty in our approach to this bill. It is all very well for government members to come in here and selectively quote supposed claims of support from particular members of this side of the House. Let it be clear and plain to the House and to the public concerned with the disability sector in this country that there is absolutely no way that Patrick McClure—the author of the McClure report who is so much vaunted by all the people in this House but particularly by government members—would support this sort of action in this particular bill. There is no way it would be supported by any clear-thinking person within this country that there is absolutely no way that Patrick McClure—the author of the McClure report who is so much vaunted by all the people in this House but particularly by government members—would support this sort of action in this particular bill. There is no way it would be supported by any clear-thinking person within the disability sector or from within the Australian community. This is simply non-Australian. This is the cruellest thing you can do. If people in the Australian community living with chronic illness and disability wish to work—and many of them do; many of them achieve that—then you encourage and support them and put into place infrastructure and systems to allow them to do it. You do not ignore that on the one hand and penalise them financially on the other. I am pleased to have the opportunity to oppose this bill very strongly. I am sad that it has come back to the House in the form that it has. I was hoping that after the two previous times the government might have seen some sense in the way to go ahead with this subject. It obviously has not done so.

Mr MOSSFIELD (Greenway) (12.56 p.m.)—The purpose of the Family and Community Services Legislation Amendment (Disability Reform) Bill (No. 2) 2002 [No. 2], as outlined in the Bills Digest No. 157 2001-02, which was drawn up to support the first attempt to introduce the Family and Community Services Legislation Amendment (Disability Reform) Bill 2002, is:

To provide for legislative amendment to the qualification criteria for the Disability Support Pension (DSP) program, paid under the Social Security Act 1991 (SSA). The proposed legislative amendments are aimed at people of working age to provide for greater engagement in social and economic participation.

It is proposed to make two changes to the DSP qualification criteria. Firstly, change the continuing inability to work test from a 30 hour a week test to a 15 hour a week test. Secondly, change the special inability to work test applied for those aged 55 or more, from referring only to the local labour market to considering the labour market generally, as is currently the case for those aged less than 55 years.

The bill also proposes to amend the work search activity test requirements in the SSA for Newstart and Youth Allowance, so that jobseekers temporarily incapacitated for work and unable to work for 8 hours a week or more, can still be required to undertake prescribed activities.

In lay terms, this legislation means that people who are assessed as being able to work for 15 hours each week will be taken off the disability support pension and put onto Newstart. Further, this bill also affects those people who are on Newstart or Youth Allowance and are temporarily unable to work due to injury or disability. Even if somebody is in this position and has been assessed by the doctor as being unable to work for eight hours a week, they will still have to look for work and apply for a job they know they cannot perform in order to fulfil their so-called mutual obligation. Clearly the gov-
ernment’s attempt to force people off the DSP and onto the dole is not acceptable to the general community. The economic effects of such a move will result in these people suffering a loss of $60.20 in income each fortnight—or, to put it another way, approximately a 12 per cent drop in income. They will be put into a soft labour market that discriminates against older workers and workers with disabilities.

This bill modifies the earlier bill that I have been referring to, which was subsequently withdrawn by the government. Like the first bill, this bill seeks to give effect to the government’s 2002-03 budget measures to alter the eligibility for people to receive disability support pensions. This is an important point: this really is a budget measure. It is all about money; it is not about looking after people with disabilities. If the government can push 200,000 people off the disability support pension and onto the dole with a cut of some $60 per fortnight, you can see that this would appear to be a substantial amount of money—although, as I will say later, maybe it is not.

The government care more about money than they do about the lives of people on disability pensions. That gives you an indication of the conscience and morals of this government. This bill proposes to save existing recipients of the disability support pension from the new rules. It also proposes that the new rules apply only to people seeking the disability support pension who apply on or after 1 July 2003. The fact that they are doing this just highlights the hypocrisy of the bill. The government seek to make two classes of disabled, based not on the level of disability but on the date of application and assessment.

Schedule 1 of this bill seeks to amend the current work test for people applying for a disability support pension and those having their entitlements reviewed. This schedule seeks to alter the definition of work capacity from 30 hours a week to 15 hours. It should be noted that the current test is whether a person is capable of working 30 hours a week inside a period of two years and follows a medical determination that the person has a disability. The legislation also has the effect of giving the secretary of the department greater flexibility in making a judgment about whether, with appropriate intervention, a person has the capacity to work at the threshold level or above within the two-year period.

One of the most disturbing aspects of this legislation is the changes that people over the age of 55 will experience. As I have said previously, this bill seeks to remove the ability to consider local labour market conditions and consider the wider market conditions instead. As a result, an individual within 10 years of retirement, on the disability pension and living in a community with negligible labour market programs or employment options would no longer have this taken into account, and in many cases may have their payments cut as a result. The department’s own figures, provided during the Senate estimates hearings, have confirmed that approximately 103,700 claimants for the disability support pension would have their applications rejected over the forward estimates period—that is, to 2005-06. Many will, of course, be eligible for a Newstart allowance but we must remember that that is $60.20 a fortnight less than the DSP. Also, a small proportion would qualify for no payments at all. So 103,700 people will lose at least $60.20 each fortnight. That is what the department tells us. I suspect the figure may be higher but for the moment I will accept the department’s figures.

So 103,700 people at $60.20 per fortnight saves the government just over $162,311,240. This may sound like a lot of money. It is not a lot of money to people like Kerry Packer and others in our community, but it is to the average Australian—until we consider that the total budget of this government is a touch over $170 billion. The $162 million that the government wants to take away from the disabled pensioners represents only 0.09 per cent of the total budget outlays. In the true context of the budget figures, this is not a large amount of money.

Access Economics has estimated that the war in Iraq is costing us $700 million—a figure described by Ross Gittins in the Sydney Morning Herald today as quite cheap. The government spent $102 billion pork-
barrelling with local road funding. Then there is the outrageous $2.2 billion spent each year on subsidising private health insurance companies—a figure that is going to grow massively with ongoing increases in premiums. The $162 million for disabled pensioners is, quite frankly, chump change. Do not forget that the $162 million is the maximum saving assuming all 103,700 people lose their pensions on day one. This, of course, is not the case. As we know, the figure of 103,700 represents three years worth of people losing their pensions progressively over time so that the actual savings will be a great deal less. In fact, the government will save far less money and it will be an even smaller percentage of the total budget than I have predicted.

It is a testament to this government’s mean-spiritedness that they would choose to take money from disabled pensioners in such a way while at the same time doing nothing about cracking down on family tax trusts or corporate excesses. It will also be counterproductive to the stated aims of the government’s supposed intentions for this bill. They say that they want more participation in the work force by those with disabilities—something we would probably all agree with—but this is just a bad way of going about it. Let us say that they want more participation in the work force by those with disabilities—something we would probably all agree with—but this is just a bad way of going about it. Let us say that someone who is on a disability support pension at the moment is offered a 20-hour a week job and they take it to get more experience. If the job runs out or they find they cannot work the hours, when they reapply for the DSP they are put under the new rule of 15 hours a week and told, ‘Sorry, you can work; you’re off the DSP.’ I would caution everybody about this, and would not be surprised if people were not prepared to take a job under these circumstances in the first place. Why threaten your current arrangements for ultimately less money? This could be counterproductive in getting people on the DSP back into the work force.

Labor will oppose this bill because it is mean, nasty and, ultimately, counterproductive. I also draw the House’s attention to the lack of speakers supporting this legislation on the other side of the House. This is becoming a common practice now on contentious issues. I recall that only a fortnight ago there was contentious legislation before this House which made it more difficult for low-income people to get a wage increase, yet there was only one government speaker, besides the minister himself, supporting the legislation. There were some 13 opposition speakers. The same is happening today: there are five opposition speakers and two government speakers, but one went AWOL so it looks as though there will be only one government speaker supporting this legislation. I do not blame them—I can understand the embarrassment.

As I said, Labor will be opposing this bill. The shadow minister in his second reading amendment has moved:

That all words after “That” be omitted with a view to substituting the following words:
“the House declines to give the Bill a second reading, and

(1) condemns the Howard Government’s attempt to deny Disability Support Pensions to more than 100,000 Australians living with a disability over the next three years;

(2) condemns the Government’s attempt to create two classes of people with disabilities by seeking to pay many of those who apply for a Disability Support Pension after 1 July 2003, $60.20 a fortnight less than people currently receiving the payment;

(3) endorses the view of the ALP supporting the need for welfare reforms that offer the opportunity for people with disabilities to participate fully in the community, including to work;

(4) refuses to support Government cost cutting that will discourage people with a disability from seeking employment; and

(5) calls on the Government to work with the ALP on a bipartisan basis to achieve real welfare reform”.

In conclusion, I am opposing the bill and supporting the amendment.

Ms HALL (Shortland) (1.09 p.m.)—I thought long and hard about whether I would speak on the Family and Community Services Legislation Amendment (Disability Reform) Bill (No. 2) 2002 [No. 2]. I have made two contributions: when mark 1 of the bill was before parliament, and the first time this second piece of legislation came before
the parliament. After reflecting for a few moments I decided that, regardless of the fact that I had already spoken on two occasions, it needed to be said that the government is really doing the wrong thing by people with disabilities. Having worked for more than 12 years of my life helping people with disabilities enter the work force and maintain employment, I felt that I would be betraying those people if I did not come down to the House and put on record yet again my opposition to this piece of legislation.

The government’s disability reform legislation is not about encouraging or making it easier for people with disabilities to re-enter the work force. It is not about making it easier for people with disabilities to maintain employment. Rather, it is a cost-saving exercise designed to punish people with disabilities. This legislation stigmatises people with disabilities. It is reacting to the lowest common denominator, to opinion polls and all those stereotypes out there about people with disabilities rather than supporting and encouraging people with disabilities to maintain employment and stay in the work force.

The government’s underlying assumption is that people who receive a disability support pension do so because they do not want to work—they are bludgers and rorters, wasting taxpayers’ money. I strongly disagree with those assumptions that have been made. I think that this is about the marginalisation of people with disabilities. It is about blaming the victim and it is about making it harder for people with disabilities to maintain employment if they have it. This government is a master of creating division within our society and I see this is a way of furthering that division. It is a government that reacts to opinion polls. It has seen that there is a small minority of people in the community that believe that people with disabilities are rorters, and you only have to listen to some of the members on the other side to know their feelings and to see how they stereotype people with disabilities.

One disability that is open to particular stigmatisation is back injury. There is a perception that people with back injuries are just putting it on, trying to get what they can for free from the government. I know that is one disability that the minister previously highlighted as an area that needs to be addressed. I spent a number of years on a multidisciplinary team working with people who had back injuries. The fact is that back injuries are very debilitating. They are injuries that can impact on every area of a person’s life—it is not only work, being able to manage around the house, sexual activity or socialisation. A back injury impacts upon the whole of a person’s life.

The other thing is that a person with a back injury can just look like you, Madam Deputy Speaker, or me. People can think there is nothing wrong with them. So it is very easy to form the assumption that there is absolutely nothing wrong with a person who has a back injury. They are not confined to a wheelchair. They do not have their arm or their leg in plaster—though these are short-term disabilities and those people would not qualify for the disability support pension. It is not a visible injury but it is very debilitating and can fluctuate from day to day. A person with a back injury needs a workplace that has been fully assessed and variety in the kind of work they do. They also need to be given a bit of flexibility.

I see that the role of government is about supporting people with disabilities. It is not about stigmatising them, marginalising them or putting them in a category that is separate from the rest of the population. But this government, unfortunately, is not offering that type of support to people with disabilities. I remember the Year of the Disabled, which was rather a wonderful time to be working in that area. The theme of it was to support people with disabilities and to encourage them to enter the work force. Schemes, programs, initiatives and incentives were put in place that helped people with disabilities to move from being unemployed, isolated and stigmatised to actually entering the work force. It makes me so sad when I look back to those times and think of what a positive era that was and then think of what we are doing now. Now we are saying that those people with disabilities who have made the effort and who are in that transitional stage are going to be penalised.
This legislation seeks to amend from 30 hours to 15 hours a week the current work test for a person to receive the disability support pension. In other words, the legislation reduces from 30 to 15 the number of hours per week a person with a disability who is receiving the disability support pension can work. This may sound like a reasonable thing to do but, given what I have already said about the nature of disability and the need for a person with a disability to have a bit more support, I think that it is a very negative step. It could work in the opposite way from the way that the government wishes it to work. It could lead to people who have very marginal disabilities thinking about whether or not they can maintain their employment and making a decision based on the fact that they see that their disability support pension will be jeopardised. Remember, this refers only to people who will be in receipt of the disability support pension after 1 July this year, but it will still be appropriate and applicable to those people. It will make them consider whether or not it is worth taking the risk of entering the work force—because there is a physical risk associated with a person with a disability entering the work force.

What this legislation will do, as many speakers on this side of the House have already mentioned, is create two classes of people who will be receiving the disability support pension. There will be the class of people pre 1 July this year who will still have the same work test of 30 hours a week and who will be able to be comfortable in the decision that they have made. Then there will be the class of people who will come after 1 July and who will be able to work only 15 hours a week. Those who work 30 hours a week will be $60.20 worse off. Anyone who is on a tight budget knows how difficult that is for those people, particularly when you look at the issues associated with disability and work.

Quite often people with a disability are on a much higher medication regime. I have already talked about the fact that, if you have a back injury, you need quite a bit of medication to be able to maintain your employment. If you have a back injury, you could be taking anti-inflammatory medication, you could be taking pain-killing medication and you could be taking medication that will relax the muscles in your back. That in itself is a lot more manageable and affordable if you are on the disability support pension. The simple fact of being in receipt of the disability support pension and getting that extra assistance with medication can be a factor in a person being able to maintain their employment. So there are many issues associated with disability and employment—issues that I do not think the government has really thought through.

I have already mentioned the unpredictability of disability and how that can have an impact. If a person has a disability and that disability is exacerbated, and they have been working 30 hours a week, they will no longer be able to maintain that level of employment. A plethora of issues surrounds this. The inability to maintain their medication regime may result in a person reducing their working hours or leaving the work force. It could also lead to an exacerbation or aggravation of their disability or to further injury, which would create a greater disability.

I often reflect on how these changes could affect people suffering from psychiatric illness. A person with a psychiatric illness can be quite stable in the workplace and able to maintain 30 hours of employment. You go through a lot to get a person with psychiatric illness into the work force. You have to get around the stigma, the community perceptions and all the other issues that are associated with it. You get that person into employment and then they can have an acute episode. They could quite easily be working 30 hours a week. If they have an acute episode—bang!—they are in all sorts of trouble. I see that this legislation will work against those people.

The other area of this legislation that I have a real problem with is the removal of the criterion that enables Centrelink to consider the local labour market programs when assessing the eligibility of a person aged 55 years or older to receive the disability support pension. In the area where I come from there is a high level of unemployment. If this is not taken into account it can act against a
person’s psychological and emotional well-being if they have been employed all their life, have a disability and are no longer able to continue looking for work. With regard to people aged 55 years or older it is important to note the implications of the labour market criterion. If a person in my area was assessed as being able to work as a forklift driver, the simple fact that there are no positions for forklift drivers in the area would not be taken into account. It is a matter of looking at the labour market conditions.

The government’s approach to all the issues relating to welfare is purely the stick approach. They believe in making everybody who needs assistance, particularly financial assistance, jump through hoops. This happens because they have the philosophy that a person needs help because it is their fault—they have not worked hard enough, because if you work hard enough you do not need government assistance. That is not true. A lot of people who end up with disabilities are people who work very hard and it is by the very nature of their work that they end up injuring themselves. This needs to be recognised. Also, the government has this philosophy of the deserving poor and blaming the victim. We on this side of the House do not think that that is good enough. We find it highly unacceptable.

There is an alternative to the stick approach—one that is about empowerment, about preparing and supporting a person with a disability to enter or re-enter the work force. Once employment is achieved by a person with a disability, it is about providing the support he or she needs to stay in the work force. Under the last Labor government there were disability reform panels. I served on one of those panels and found that they were very successful. I urge the government to consider reintroducing those panels. They had a cooperative approach that involved Centrelink, the CES and the Commonwealth Rehabilitation Service, and they also brought in people from TAFE and SkillShare as they were needed. The whole focus of these disability reform panels was on finding employment for people with a disability and supporting them once they entered the work force. I feel that has been a real loss and has worked against people with disabilities finding and maintaining employment.

People with disabilities are people with abilities. They have the same aspirations as all Australians. We hear those on the other side of this House talk about aspirations. I would like to encourage them to think a little about the aspirations of people with disabilities. They want a job; they want all the benefits that come from being involved in work. They want self-esteem, socialisation, self-worth and, more importantly than anything else, financial security. I believe that this legislation is not going to deliver any of those things to people with disabilities. I believe that it is going to deliver anxiety and financial insecurity particularly, and it is going to work as a disincentive to people with disabilities who would like to enter the work force.

We need to encourage, put in place and support programs that will achieve the outcomes that the government wishes—more people with disabilities in the work force and less people with disabilities receiving the disability support pension. If you look at it from a positive perspective you often achieve a lot more than you do from this harsh, punitive approach that the government has adopted. The government is making it harder for people with disabilities to work. This will have enormous social and economic consequences for these people. People with disabilities do not want handouts. They want dignity and they want financial security. They do not want their government stigmatising and marginalising them, which is what this legislation does.

Ms HOARE (Charlton) (1.28 p.m.)—We see here the third bill, the Family and Community Services Legislation Amendment (Disability Reform) Bill (No. 2) 2002, introduced by the government designed to force people with disabilities off the disability support pension and onto the Newstart allowance, and to make these people subject to the work activity test. The original government proposal was to change the work test provision in the disability support pension from 30 hours per week to 15 hours per week. This would have meant that over 200,000 people with disabilities already on
the disability support pension would have been forced off the disability support pension and onto the Newstart allowance. They would have been forced into work activity agreements, lost their pensioner entitlements and received at that time $52—it is now up to $60.20—a fortnight less. This government has been willing to rip $60.20 out of the pockets of struggling families to try to help its budget bottom line. Labor forced the minister to back down on this proposal. The minister then promptly introduced the legislation which would create two classes of people with disabilities—that is, those who are currently on the disability support pension and those who apply for the disability support pension after a particular date.

Labor were then successful in splitting the final Australians Working Together bill to enable us to support the working credit section of the bill. Working credit is ALP policy. We will continue to support working credit and reforms which assist people to go from welfare to work, but I am afraid this piece of legislation does not do that.

The disability support pension replaced the invalid pension in 1991. As was referred to by the previous speaker, the member for Shortland, that was part of the Keating government’s Working Nation proposals. Working Nation was a package of measures designed to enable people who were unemployed—whether they had disabilities, were disadvantaged or were long-term unemployed—to participate more fully in their community, through training programs, work schemes or a full-time job. However, following the election of this government in 1996, the Working Nation programs have been dismantled piece by piece. The member for Shortland referred to the disability panels which were put together between CES, Centrelink—which was then the Department of Social Security—and the Commonwealth rehab services. I also participated in those panels, as I was a worker within the CES system working with long-term unemployed and disadvantaged people.

Since 1996, the government has systematically destroyed all of the programs that were working. They were part of Working Nation and they were working for people who were trying to get work. On the original disability reform package, introduced by the previous Labor government, the then Minister for Health, Housing and Community Services, the Hon. Brian Howe, stated:

The package of new labour market and income support arrangements, known as the disability reform package and introduced in the 1990 Budget, is one demonstration of the Government’s response to implementing practical measures for full and active integration of people with disabilities into the labour market. The package is built on earlier Government initiatives in the provision of support for people with disabilities; it involves an active system of payment and support for people with disabilities, and links new disability support pension recipients with appropriate vocational training, rehabilitation and employment placement services. The disability reform package will bring into sharper focus the special needs of clients with disabilities and is an outstanding illustration of the Government’s broad approach to reform.

That is exactly what it was: a broad approach to reform; a holistic approach to reform. It was not what this government is about: just trying to cut the budget bottom line to save government money by changing the work activity for the disability support pension—which, as we have said, will create two classes of people with disabilities.

On 19 November last year, the Senate blocked the government’s second attempt at disability support pension reform—that is, this legislation. At that time, the opposition family and community services spokesman, Wayne Swan, told the Australian on 26 November:

We won’t be moving on the disability bill even if hell freezes over.

And that is where we find ourselves today: we will not be supporting this bill even if hell freezes over.

What the government is contemplating here is not positive reform. This proposal does not help people move off welfare into work. This legislation is not needed to provide extra employment and rehabilitation assistance. We have stated many times that Labor are prepared to support genuine disability reforms. But we are not prepared to support crude cost cutting that will actually diminish the ability of the disabled to engage
in work and move off benefits. To emphasise that even further Bob Hogg, the former national secretary of the Labor Party, in the Financial Review in June of last year, wrote:

There’s no doubt the social security system is flawed and that some use it to their advantage. But the system can’t be fine-tuned by taking the blunt end of an axe to a set of complex social problems.

This crude, cost-cutting exercise is to save the government $300 million over the next four years. Three hundred million dollars is one-third of the estimated cost of the war in Iraq. This legislation is going to save this government $300 million, taken out of the pockets of people with disabilities and out of the pockets of struggling families—yet it is prepared to spend $900 million invading a country halfway around the world in a war which is wrong, which is immoral and which Australia should not be involved in.

As we have said, Labor supports reform which assists disadvantaged Australians to move from welfare to work. The government only supports whacking those in our community who are the most vulnerable. The government’s most recent failure to support people with disabilities lies in the refusal of the minister to sign the Commonwealth State Territory Disability Agreement. The Howard government has not signed the third CSTDA, which is a five-year agreement between the Commonwealth and the states and territories to provide services for people with disabilities. The second agreement expired in June last year. Since then—that is, for some nine months—states and territories have been on a month-to-month funding arrangement to provide the services that are required for people with disabilities.

The minister’s initial offer in relation to the Commonwealth-state agreement was $15 million in the first year of this third agreement. We argue that $15 million is not nearly enough. However, because the third agreement has not yet been signed, this $15 million is lying in limbo. It could have been being used at the moment to provide the support for people with disabilities and to provide the services which are required by people with disabilities and which people with disabilities have a right to expect from government. As time goes by without the agreement being signed, the needs of people with disabilities are increasing. At the end of last year, the Australian Institute of Health and Welfare found that 12,500 people with disabilities were unable to get essential accommodation or respite services, and they predicted a continuing growth in demand for disability services over the next five years.

We say to the minister: if the government wants to show some support for people with disabilities, sign the Commonwealth, state and territory disability agreement and let the states and territories get on with the job of providing services for people with disabilities. If the government were serious about disability reform and not just serious about cutting the budget bottom line, it would withdraw this legislation and provide people with disabilities with some real support and commitment in the areas of rehabilitation, support networks, respite care and training. This is the kind of holistic approach which would assist people with disabilities back into the work force would assist them to become active members of their communities. This is what the government needs to do to provide positive support for our communities.

Labor will not support this legislation. We have not supported it previously. We are not going to support it now. It is a retrograde piece of legislation. It does nothing for one of the most disadvantaged groups in our community. We call on the minor parties in the Senate to hold firm on this one. If it is used as a threat for a double dissolution election, hold firm on it. People with disabilities right around the country are relying on you. We are going to hold firm on it, and we say: if it is going to be used as a trigger for a double dissolution election, bring it on— and all of those people out there with disabilities who are going to be affected by this legislation will know. We will not hide it under the fog of war. We will make sure they know, the same way we will make sure they know about the issue of increases in the cost of their prescription medicines as part of a double dissolution election. So we say: bring it on. We will not support, and will continue
not to support, this legislation. I support the amendments moved by the shadow minister.

Mr Anthony (Richmond—Minister for Children and Youth Affairs) (1.41 p.m.)—I am very happy to be here on behalf of the Minister for Family and Community Services. I thank members for their contributions, although the member for Charlton, while she spoke to some points of the bill, spoke on many bills which are not relevant to this piece of legislation. I thank in particular the member for Blair for his excellent contribution and I thank others who spoke in the chamber—although many of the speeches that we heard from the opposition members included the tired old objections that we heard from the Labor Party when we tried to put this bill through the Senate last year.

Certainly there is no intent to hide the Family and Community Services Legislation Amendment (Disability Reform) Bill (No. 2) 2002 [No. 2]. We have been very up-front and we will continue to be so, because we believe that it is in the best interests of people with disabilities, particularly those people on disability support pensions, to focus on their abilities rather than their disabilities to give them the maximum possible chance to participate in the work force, rather than languishing for years on a disability support pension—which is not in their long-term interests. That is why this government is absolutely committed to and is serious about trying to improve the status of and outcomes for people with disabilities.

Spending many years on income support is not the best outcome for a person who can play an active role in society. As we all know, many people with disabilities want to work and earn real wages. People with disabilities in the sector have been telling me and the government that they want more opportunities to participate. The changes made to the criteria for disability support pensions by schedule 1 of this bill will ensure that people with disabilities are actively encouraged and assisted to take up part-time jobs or other activities, consistent with their capacities, that will facilitate the transition—an important transition—from welfare to work.

Recent research suggests that, with assistance, up to half of the people on DSP have the potential to work 15 hours or more per week. The bill will support the necessary changes to ensure the sustainability of DSP for those with a limited capacity to participate. The current structures are not sustainable, and we all know that. DSP numbers have more than doubled over the last 10 years and are increasing exponentially. If left unchecked, the spiralling growth in the number of people on DSP will result in a significant increase in the number of Australians who lose their connection to the work force. This number is currently around 660,000. If we do not do anything, by the year 2010 it will be 810,000 and climbing. More spent on DSP over time actually means less money available for the critical services and supports that could really make a difference for a person with a disability and could help them to participate.

There is a broad acceptance within the disability sector that the current system is unsustainable and that the focus should be on supporting people who are least able to support themselves. Current income support rules effectively enable people with a disability to withdraw from the labour market by drawing distinctions between those who are considered to have the capacity to work full time and those who are not. Once they are on DSP, 77 per cent of people stay on DSP for the rest of their working life, and less than 10 per cent of people on DSP have earnings from employment. A recent OECD report stated that, in Australia, the personal income of people with disabilities is 44 per cent lower than the personal income of people without disabilities. The best way to fix this is to actively encourage those who have some capacity to work to make the most of their ability and the opportunities available.

The strong focus of the McClure report is to shift towards a focus on ability rather than inability. The report also recommended that the government realign the 30-hour work capacity threshold test with the current working patterns, and this measure takes that step. The new 15-hour work capacity threshold reflects the expectations of the government and the community that people will take up...
work available, including part-time and casual positions, in the labour market. The government has been prepared to compromise and has listened to the concerns of the community. It is encouraging to hear that there are many individuals, groups, people with disabilities and their representatives who agree that DSP should be for people who need it most. Through encouraging and supporting individuals to be more active, we hope to open new doors for people with disabilities in employment and activities within their communities.

About 13 per cent of people on Newstart and Youth Allowance—around 87,300 people—have a disability. Many of these people participate in activities and programs to help them address barriers related to their disability and to improve their employment prospects. That is why we have maintained our commitment to create up to 73,000 places in employment assistance, in rehabilitation, in vocational education and in training: to help people with disabilities who are affected by the changes to move into work or to be active within their own communities.

Australians Working Together, which was introduced in September 2002, focuses on the ability, through better assessment of work capacity and identification of key barriers to participation, to provide that strong foundation for change. With the extra places announced under AWT and the places in disability employment assistance, that will increase by over 50 per cent—and nearly 80 per cent for those people in rehabilitation. The substantial investment will support the strong focus on participation. This is not a crackdown on DSP recipients, nor is it a cost-cutting exercise. The grandfathering arrangements made under this bill will protect people receiving DSP prior to 1 July 2003. Of course, the most vulnerable people with a disability—those who cannot work 15 hours or more per week at award wages—will not be affected.

The changes under this bill will not apply to people already receiving DSP or those who apply before 1 July 2003. There will also be no change to the arrangements for people who are permanently blind. The new rules will apply only to people who claim DSP after 1 July 2003. These changes mean that people with substantial work capacity will not be eligible for DSP. People will have greater access to services and financial assistance to help them meet the costs of participation through payments such as the mobility allowance, the language, literacy and numeracy supplements and the employment education entry payment. The government is committed to welfare reform. While the ALP have turned their back on these people—those at risk of welfare dependency—we are committed to tackling the hard issues and pursuing reform.

The OECD recently recognised in their report on Australia that the government is on the right track. In fact, the report is full of praise and provides support for the government's efforts to have the disability reform bill passed by the Senate. The report says:

… the Government has also undertaken initiatives to improve the work capacity of people with disability and to tighten the eligibility requirements for Disability Support Pension, to slow the large flow of people into this programme; a revised Disability Reform Bill, addressing this last issue was unfortunately recently rejected by the Senate. That is from page 10 of the report.

Mr Swan—Who was the author of that?

Mr ANTHONY—The OECD. I ask the question: if the rest of the world can recognise that the government is seeking to do the right thing to ensure people do not languish on DSP, why can't the opposition? If the OECD recognises it, and if most of the participants recognise it, why can't the opposition?

Mr Swan interjecting—

Mr ANTHONY—The answer is simple. The member for Lilley interjects. They are committed to opposition for opposition's sake. However, some members of the opposition have recognised that change is needed. I would like to quote someone who is never fearful of expressing his opinion—the member for Werriwa. He said:

… Something also needs to be done about the outrageous growth in the Disability Support Pension … The DSP needs to be overhauled and mutual responsibility policies applied to all those with a genuine capacity for work.
That was on 26 July 1999. Even the member for Lilley, as part of his submission on welfare reform a few years ago, said:

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

This is the conundrum that the opposition find themselves facing. They privately argue for welfare reform—and other members do—but when it gets to the Senate, or even to this chamber, they say one thing and do another. This is hypocrisy at its greatest.

This bill seeks changes to improve the work capacity of people with disabilities and it assists them to participate to their full potential. The government oppose all the ALP amendments to this bill. We hope that, when the bill does get to the Senate, there is due consideration given—preferably by the Labor Party but also by the minor parties—to ensuring that this bill passes through the Senate so that we will have a proper structure to help people with disabilities through increased funding to literacy, numeracy, rehabilitation and vocational education services. It is all about focusing on people’s ability rather than on their disability. It is all about ensuring that people on DSP are not left to languish and to be forgotten until they reach pensionable age. The government are fully behind this bill. We oppose the ALP amendments and we hope that we can get support in the Senate at a later date.

Question put:

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

The House divided. [1.56 p.m.]

(The Speaker—Mr Neil Andrew)

Ayes........... 76
Noes............ 60
Majority......... 16

AYES

Abbott, A.J. Anderson, J.D.
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.
Cadmans, A.G. Cameron, R.A.
Causley, I.R. Charles, R.E.
Ciobo, S.M. Cobb, J.K.
Costello, P.H. Downer, A.J.G.
Dutton, P.C. Elison, K.S.
Forrest, J.A. Gallus, C.A.
* Gault, G.A.
Gambaro, T. Gash, J.
Georgiou, P. Haase, B.W.
Hardgrave, G.D. Hartsuyker, L.
Hawker, D.P.M. Hockey, J.B.
Hull, K.E. Hunt, G.A.
Johnson, M.A. Juli, D.F.
Katter, R.C. Kelly, D.M.
Kelly, J.M. Kemp, D.A.
King, P.E. Ley, S.P.
Lindsay, P.J. Macfarlane, I.E.
May, M.A. MacArthur, 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.
Rudolph, P.M. Schultz, A.
Scott, B.C. Seeker, P.D.
Slipper, P.N. Smith, A.D.H.
Somlyay, A.M. Southcott, A.J.
Stone, S.N. Thompson, C.P.
Ticehurst, K.V. Toller, D.W.
Truss, W.E. Tuckey, C.W.
Vale, D.S. Wakeham, 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. Bereton, L.J.
Burke, A.E. Byrne, A.M.
Corcoran, A.K. Cox, D.A.
Crean, S.F. Danby, M. *
Edwards, G.J. Ellis, A.L.
Emerson, C.A. Evans, M.J.
Ferguson, L.D.T. Ferguson, M.J.
Fitzgibbon, J.A. George, J.
Gibbons, S.W. Gillard, J.E.
Griffin, A.P. Gillard, J.E.
Hatten, 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.
McClelland, R.B. McFarlane, J.S.
McLeay, L.B. McMullen, R.F.
Melham, D. Mossfield, F.W.
Murphy, J. P. O’Byrne, M.A.
O’Connor, G.M. O’Connor, B.P.
Organ, M. Plibersek, T.
Price, L.R.S. Quick, H.V. *
Mr CREAN (2.02 p.m.)—My question is to the Prime Minister. Can he confirm the comments of the Minister for Defence that there may be a need for the rotation of our troops in the gulf? Can he confirm the expected length of rotation for personnel in the gulf? Given the intensity of the operation, will rotations be shorter than previous rotations—for example, four or six months—and have preparations already started for the rotation of our troops? Prime Minister, have any personnel been notified to ready themselves for a possible rotation and have any personnel been given the anthrax vaccine in preparation for a rotation to the gulf?

Mr HOWARD—I would have to refresh myself as to the exact words used by the defence minister, but my understanding is that he was making the entirely sensible comment that if it were needed it would be done. I think we all hope that the duration of the conflict will be such that it will not be needed, I can assure the Leader of the Opposition and, more importantly—and I am not being disrespectful to him—I can assure the Australian people and particularly defence families that all the necessary precautions will be taken, as they were with the current deployment.

Iraq

Mrs MOYLAN (2.03 p.m.)—My question is addressed to the Minister for Foreign Affairs. Would the minister update the House on the situation in Basra, one of the largest cities in Iraq, where intense fighting has been reported over the last 48 hours? What are the concerns regarding the delivery of humanitarian aid?

Mr DOWNER—I thank the honourable member for Pearce for her question. I take the opportunity again, as I did last week, to acknowledge her genuine and very sincere concern about the humanitarian situation in Iraq. She has spoken to me in the last 24 hours about the situation, specifically in Basra, and I am pleased that she has taken the opportunity to ask a question about it. Clearly, in the circumstances, it is difficult to get a very full picture of the situation in Basra but I can provide some information on both the humanitarian situation and the reports of political unrest.

We are deeply concerned about the situation in Basra. A large proportion of the population is still without power and approximately 40 per cent of the population are believed to be without water. The shortage of clean water is increasing the risk of disease, especially for the most vulnerable in the population. The problems have been exacerbated by infrastructure and systems that were already run down under the regime of Saddam Hussein. An International Committee of the Red Cross team in Basra are repairing the city’s power systems at this moment. This is critical to the re-establishment of clean water supplies. To date they have restored power to around 40 per cent of the system. The Red Cross technicians have also now reached the water plant north of Basra, which provides most of the city’s water, in order to carry out essential repairs. We are hopeful that these efforts will enable clean water supplies to be restored to the entire population very soon. We cannot be sure of that but we hope that that will be possible.

Honourable members will be pleased to hear that Australian Navy divers are helping to clear the southern port city of Umm Qasr to enable humanitarian supplies to be delivered there. I think we are all very proud of the work the Australians are doing. We are hopeful that the mine clearing will be done by tomorrow but of course that depends on the success of the operation not only in clearing the mines but also in ensuring that there is not any renewed military activity. If the clearance is completed very soon it will be
possible to get ships back into Umm Qasr. I remind the House that we have 100,000 tonnes of Australian wheat in the gulf region, and that can be delivered very quickly to Umm Qasr in order to provide immediate food aid to the Iraqi people.

On the reports of unrest in Basra, I would like to emphasise that the reports of an uprising are not fully confirmed, but it is apparent that forces loyal to Saddam Hussein’s regime continue to hold some parts of the city of Basra. I do note media reports that these forces of the regime of Saddam Hussein are engaged in despicable acts, such as using civilians as human shields and shooting people if they try to leave the city. Reports that Iraqi troops turned mortar fire onto their own largely Shia population in an attempt to crush unrest are also deeply disturbing.

Mr Crean interjecting—

Mr DOWNER—The opposition leader asks if they are confirmed reports, and I can say they are not formally confirmed. If reports of an uprising are accurate, this would be an indication of the deep distrust that many Iraqis have in the regime. The events in Basra are a warning of things to come: that Iraqi irregulars are likely to fight hard to protect their interests as military action moves closer to Baghdad, and that progress of military action will be influenced by the actions of these irregulars, who so often show no interest in or no concern for human rights and act in the despicable way that reports suggest they are acting in Basra.

Defence: Anthrax Vaccinations

Mr KERR (2.08 p.m.)—My question is to the Minister for Veterans’ Affairs. Minister, are you aware that in December 1999 the then Minister for Veterans’ Affairs, Bruce Scott, advised that a small number of ADF personnel serving in the Gulf War received an anthrax vaccination? Wasn’t this, in fact, confirmed by Dr Horsley from the Veterans’ Affairs Department on 21 February 2001? Minister, doesn’t the long awaited Gulf War Veterans Health Study released yesterday indicate that nearly 200 Gulf War veterans received anthrax inoculations? Minister, given this overwhelming evidence, I ask why, in releasing the Gulf War Veterans Health Study, you claimed:

… that no personnel serving on ADF operations in the 1991 Gulf War were given anthrax vaccinations.

Mrs VALE—I thank the honourable member for Denison for his question. I have been advised that no personnel serving in the ADF operations in the 1991 Gulf War received anthrax vaccinations. I understand that there were a number of ADF personnel who were serving in third country deployments with allied forces who may have received the vaccine. Those are my instructions from the department.

Mr Kerr—Mr Speaker, I seek leave to table the questions and answers to questions on notice posed by Mr Edwards to the minister, the Senate transcripts that I referred to regarding Dr Horsley’s evidence and other associated material.

Leave granted.

Iraq

Mr SCHULTZ (2.11 p.m.)—My question is addressed to the Minister for Foreign Affairs. Would the minister inform the House of his recent discussions with the Israeli foreign minister about the situation in Iraq?

Mr DOWNER—First, can I thank the honourable member for Hume for his question. Last night the new Israeli foreign minister, Silvan Shalom, rang me to discuss both the situation in Iraq and the situation in the Middle East. I can report that, not surprisingly, this was a very positive and a very friendly discussion between two countries that very much want to see the end of the barbaric regime of Saddam Hussein.

By coincidence, today I also met with Ehud Barak, the former Prime Minister of Israel and now the leader of the opposition. The Prime Minister also met with him this afternoon. Ehud Barak was also Chief of the Israeli Defence Force and the Head of Israeli Intelligence. For those who are going to meet him I can assure you that, from my discussions with him this morning, he has a great deal of interesting information to impart on both the Middle East peace process and the situation in Iraq.
In my discussions with Mr Shalom, I did take the opportunity to urge him to ensure that Israel did not become involved in the military action in Iraq. That, I think, is extremely important. It is a topic that I discussed with Mr Barak as well during the course of this morning. I had a very positive response from the Israeli foreign minister. I can imagine that only in the most extreme of circumstances would Israel consider becoming involved in this conflict in any direct way. I did assure the Israeli foreign minister that Australia, and the coalition more broadly, are well aware of the threat that Iraq’s missiles pose to Israel and to other regional states. As part of the overall coalition effort to disarm Iraq of its weapons of mass destruction, very substantial efforts are being made to inhibit or neutralise Iraq’s ability to attack regional countries, and that clearly does include Israel.

It is, of course, well remembered that during the last Gulf War Israel was subjected to Iraqi acts of aggression. In 1991, Iraq fired 39 Scud missiles into Israel, many of which hit the heavily populated city of Tel Aviv, where, by the way, our embassy is based. In those circumstances, Israel did exercise remarkable restraint in not responding directly to the attacks. There were endeavours, of course, to shoot down the missiles with Patriot missile systems. Australia is also very mindful of the need to prevent actions Iraq might take to widen the current military action beyond its own borders—and I do not mean just in relation to Israel but also in relation to other countries, such as Kuwait.

The Israeli foreign minister took the opportunity to express very warm thanks to the Australian government and the Australian people for the deployment of Australian troops as part of the coalition effort. He explained that this was something that was not only noted but also enormously appreciated in Israel. I urged Mr Shalom, during our discussions, to take advantage of the appointment of the new Palestinian Prime Minister, Abu Mazen, in order to enter into substantive discussions with the Palestinians. I expressed my sincere hope that the road map for peace of which President Bush spoke last week would be carried forward.

I think that there is a real sense, in Israel as well as in the broader international community and amongst many Palestinian people, that the appointment of a Prime Minister in the Palestinian Authority, and particularly the appointment of Abu Mazen, offers a real opportunity for the peace process to be taken forward. I had quite some discussion with the Israeli foreign minister about that.

In conclusion, it is the view of this government that the disarmament of Iraq and the demise of the regime of a brutal dictator like Saddam Hussein will bring enormous benefits to the Middle East and will be very widely welcomed. It will be welcomed in many of the Arab states, including many of the states which neighbour Iraq. Not surprisingly, it will also be welcomed in Israel, bearing in mind the threats and the confrontations there have been over the years between the regime of Saddam Hussein and the people of Israel.

DISTINGUISHED VISITORS

The SPEAKER (2.16 p.m.)—I bring to the attention of the House the presence in the gallery this afternoon of the Hon. Steven Kalsakau, the Vanuatu Minister for Agriculture, Quarantine, Forestry and Fisheries. On behalf of the House, I extend a very warm welcome to our Vanuatuan guests.

As I look into the gallery, I do believe that we also have in the gallery Ms Lowitja O’Donoghue and Mr Ian Chappell, two distinguished Australians. I also extend a very warm welcome to them.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Iraq

Ms HOARE (2.17 p.m.)—My question is to the Minister for Children and Youth Affairs. Minister, are you aware that calls to Lifeline’s North Queensland service in Townsville, where thousands of soldiers and their families are based, have risen by 19 per cent in the last month? Given that this vital community service receives no Commonwealth funding, can you confirm that no additional resources or assistance has been provided to the telephone counselling ser-
services that you have directed parents and children distressed about the war to contact?

Mr ANTHONY—I would like to thank the member for her question. Last Friday, I think, I put out a notice that went to a lot of the TV networks encouraging them to show some restraint in the television footage that they broadcast, particularly during hours when children are watching. I also said in that statement—and maybe the Leader of the Opposition might choose to listen—that there are a number of avenues available, particularly for parents and those people who are concerned about the anxiety and fear that might be coming through to children. There are a number of services that they can access on the Internet. As well, there are a number of services they can access by telephone, like Kids Help Line.

We did notice, particularly after September 11, the first indications of the distress that it might be causing children. We made an assessment and at times we spoke to a number of the service providers, as my office has done to date. If there is a meaningful request that comes through from an organisation, of course the government will look seriously at that. The coalition government and I, as Minister for Children and Youth Affairs, are very mindful of the distress that some of the imagery might cause both children and parents. A number of services are available, and we are always prepared to listen to the relevant organisations; if they have difficulties in meeting their requirements, of course they can contact my office.

Iraq

Dr WASHER (2.19 p.m.)—My question is to the Minister for Foreign Affairs. Would the minister update the House on Australian plans for assisting the Iraqis rebuild their country after Saddam?

Mr DOWNER—I thank the honourable member for Moore for his question. Next week I will be going to Washington to discuss the issue of Iraq with the United States government. Obviously, a substantial part of those discussions—but not all of those discussions—will be on the post-conflict arrangements. I expect that I will be seeing Secretary of State Colin Powell and Condoleezza Rice, and I will also have discussions with the World Bank and the International Monetary Fund while I am in Washington.

I also intend to visit New York before the end of next week to talk with the United Nations Secretary-General, and the secretariat more generally, about the post-Saddam Iraq situation. In terms of the United Nations, it will be very important for the United Nations to put behind it the rancour we saw in the lead-up to the military disarmament of Saddam Hussein. There is no question that the United Nations will need to be involved in post-conflict Iraq. It will certainly need to be involved at the humanitarian level. It will need to assist with transitional arrangements to ensure that broader transitional arrangements work, and it will need to be involved with the process of rebuilding Iraq including, very importantly, the mobilisation of international funding for Iraq. After all, Iraq will not just have suffered from military conflict but from sanctions which have been in place for more than a decade and from the simply abominable regime of President Saddam Hussein.

We also believe that the United Nations should have a role in the administration of Iraq and that possibly there should be the appointment of somebody such as a special representative of the Secretary-General. There is, for example, one in East Timor at the moment. Although East Timor is an independent country, there is still present there a special representative of the Secretary-General. There is a variety of different ways that that position can operate. If a new Security Council resolution is required to achieve these things, then let me make the point that the Australian government believe it is enormously important that the Security Council not be politicised by some of the council members and that the Security Council ensure that it addresses—

Opposition members interjecting—

Mr DOWNER—I would have thought it was obvious that the Security Council should address the difficult humanitarian situation in Iraq and there not be any political gameplaying on the Security Council. After hostilities cease, rehabilitating Iraq will be an enormous and pressing task, as I have mentioned.
We will do all we can to support the Iraqi people’s efforts to establish sound political and economic institutions based on the rule of law and democratic principles. We are focusing on assisting Iraqis to build the capacity to govern themselves. Assistance to governance will help to provide sound policies, stable institutions and the accountable systems that are a prerequisite for sustained growth and reduced poverty. We will also be assisting to create an environment conducive to private sector growth and investments in infrastructure and human capital.

Our role does not end there. We will also continue to assist efforts to work with the United Nations, as well as the United Kingdom and the United States, in a number of other different ways. We have deployed officers from the Department of Foreign Affairs and Trade and AusAID to participate in contingency planning for post-conflict Iraq with the United States Office for Reconstruction and Humanitarian Assistance. That office is based at the moment in Kuwait. Agricultural and economic experts will join the same office shortly. These experts will later be placed in Iraq itself to directly assist the Iraqi people in their reconstruction efforts.

Iraq

Mr CREAN (2.24 p.m.)—My question is to the Prime Minister. Prime Minister, given that President Bush and Prime Minister Blair are meeting at Camp David this weekend to discuss the postwar administration of Iraq, does the Prime Minister support the establishment of a US military protectorate, or equivalent, under a US military governor, or does the Prime Minister support a UN administration for the postwar effort? Has the Prime Minister communicated his government’s view to President Bush and Prime Minister Blair?

Mr HOWARD—I thank the Leader of the Opposition for the question. I have communicated the government’s view on a number of occasions to both President Bush and Mr Blair. Self-evidently, there will have to be an interim period, which will obviously involve a leadership role for the United States and the involvement of the United Kingdom—and obviously the Australian viewpoint, and that of others, would also be expressed in those arrangements. After that, I see a very clear role for the United Nations. That has always been our view in relation to the post-conflict arrangements.

But let me make it clear that, in order for the United Nations to play an effective role in the post-conflict situation, it will need to display a greater degree of unity than it was able to muster in the pre-conflict stage. I want to say very emphatically on behalf of the Australian government that it remains our view that the United Nations failed to match the world’s need in relation to Iraq and it was left to others to match the need of the world. I hope that the role of the United Nations will be constructive.

Obviously, if you look at the history of events leading up to the military action, you will see all along a desire on the part of Australia, the United Kingdom and the United States—and indeed many others—to see the Security Council accept its responsibilities. The United States President and the British Prime Minister will be talking about the post-conflict arrangements, and I think they will also be talking about other arrangements. Our views have already been very fully communicated to them. I have every confidence that the foreign minister’s visit to the United States next week is the right visit at the right time and at the right level to further put our view—and, of course, I will be in further touch with both the President and the Prime Minister, and if any further personal contact between us is necessary then that will take place. The Leader of the Opposition should understand that the idea that the United States, the United Kingdom and others, having done the heavy lifting in relation to this matter, should just walk away without seeking to legitimately put their point of view about the post-conflict arrangements is plainly unacceptable.

Foreign Affairs: Zimbabwe

Ms JULIE BISHOP (2.28 p.m.)—My question is addressed to the Minister for Foreign Affairs. Would the minister update the House on recent developments in Zimbabwe, in particular regarding the human rights situation?
Mr DOWNER—Firstly, I thank the honourable member for Curtin for her question. I think all members of the House know how vigorous she has been in standing up for human rights in Zimbabwe. She is one member of this House, and there are others, who has been particularly active in that area. Honourable members, understandably I suppose, have been somewhat overwhelmed by all the coverage and discussion about Iraq. That is hardly surprising. But it is worth reminding the House that in recent days there has been an unprecedented level of police and army violence against opposition supporters in Zimbabwe. The repression that has taken place—and it can only be described as repression—follows a predominantly peaceful so-called ‘stay away’ strike on 18 and 19 March, which was led by the opposition Movement for Democratic Change.

The government is appalled at the unprovoked, violent repression and intimidation that has taken place. Just in the last few days, several hundred—possibly as many as 500—opposition activists have been arrested. Many of those people have been beaten and some of them have even been tortured. Over 250 people have been hospitalised and one opposition member has apparently died. Children have been beaten and soldiers have been sexually assaulting women. Australian diplomats have witnessed first-hand the result of several vicious beatings by army personnel, including beatings with sticks wrapped in barbed wire. It is disturbing that this violence follows a speech which was made last Friday by President Mugabe in which he said he could be ‘a black Hitler tenfold’. That is a very worrying reflection of his ruthless approach to the way he deals with his opponents. This crackdown occurs amid serious allegations of rape and torture camps in Zimbabwe, with particular concern regarding Border Gezi youth camps set up to indoctrinate young Zimbabweans. Not surprisingly, we see no evidence whatsoever of improvement against the Marlborough House benchmarks which were laid down this year.

In addition to an escalation in violent repression, the regime continues to encourage systematic harassment of the opposition, electoral malpractice and corrupted legal processes. It resists a transparent, equitable and sustainable land reform program. Let me just take the opportunity to remind the House, because the Zimbabwe government proffers an opposite view, that this government does not oppose land reform as such—this government understands the debates that exist in many countries around the world about land reform—but it does say that if land reform is to take place it should be in full accordance with the law, it should be equitable and the processes should be transparent, not corrupt.

The government welcomes the announcement on 16 March by the Secretary-General of the Commonwealth, Don McKinnon, that Zimbabwe will remain suspended from the councils of the Commonwealth until the issue is addressed at the Commonwealth Heads of Government Meeting in Abuja, Nigeria in December. I note the very positive role that has been played by our own Prime Minister as the chairman of the troika. The Commonwealth’s continuation of the suspension of Zimbabwe does send a strong message to the Zimbabwe regime that lack of progress on restoring democratic principles and the rule of law will not be accepted. The government demands that the Mugabe regime ceases this campaign of repression and brings to justice those people who are responsible for it.

Iraq

Ms GEORGE (2.33 p.m.)—My question is to the Minister for Foreign Affairs. Does the minister stand by his comments last night that taking a longer time in terms of the military conflict in Iraq was the price to pay for avoiding the targeting of civilian targets and further: That is a price that we would absolutely be prepared to pay.

Is the minister aware of reports that the UK military command on Tuesday classified Basra, a city of over one million people, as a military target? Can the minister confirm the accuracy of these reports? Can the minister further advise whether the UK position an-
nounced last night is consistent with his statements last night?

Mr DOWNER—I do not think the British government said it was a military target; I think the British government said it was a military objective. I understand what they are saying. In the case of Basra—and I have said a little bit about Basra during question time already—there is very substantial concern about the behaviour in particular of the Fedayeen Saddam militias. These are people who are using innocent civilians as human shields. We have stories now—and I said in response to an interjection from the Leader of the Opposition that we are waiting for final confirmation of this—that these are people who apparently, according to media reports, have been using mortars against civilians in Basra. If the British government were to turn around and say they will turn a blind eye to that, that would not be an act of humanity.

Mr Crean interjecting—

Mr DOWNER—I would have to check the exact words they used. If the Leader of the Opposition is suggesting that the administration of Tony Blair is a flagrant human rights abuser and is determined to level civilian targets in Basra, let me say that that is utterly untrue. I will defend very strongly Tony Blair’s absolute determination—Tony Blair has been very strong on this—to make sure that, as best as is humanly possible, civilians will be protected in Iraq. It is not fair to suggest, as the honourable member did in her question, that the Blair government is somehow turning Basra into a military target.

Mr Rudd interjecting—

The SPEAKER—I warn the member for Griffith!

Mr DOWNER—The implication of the way the question was put was that the Blair government would have no concern for civilian casualties. That is absolutely wrong. The Leader of the Opposition is right when he says, ‘That’s not right.’ It is not right; it is completely wrong. The Blair government has no intention of doing that at all. As for what I said last night on the Lateline program, yes, I absolutely stand by it 100 per cent. It is an important point, and I know all members of this House support that. We appreciate very much the enormous importance of doing our utmost to avoid civilian casualties. We know, the Americans know and the British know that that does make warfare a little more difficult than if you were to ignore the humanitarian requirements to protect civilian casualties. We also know that Saddam Hussein’s regime has no interest in protecting civilians or avoiding civilian casualties. On the contrary, reports coming out of Iraq suggest that Saddam Hussein wants to maximise civilian casualties in order to win propaganda rounds, particularly in Western countries.

There is no question of that, and I take a moment to say this: the Special Republican Guard, the Republican Guard and the Fedayeen Saddam ensure as best they possibly can that they are stationed next to civilian institutions such as schools and hospitals. They deliberately do that because they know two things: firstly, that the coalition takes a humanitarian approach to the way it conducts this military conflict and tries its best to avoid civilian casualties; and, secondly, that, if there are civilian casualties caused by the deliberate placement of their military assets, they will try to get a propaganda victory out of that. They will do their best to milk from anywhere they can a propaganda triumph for the world’s most brutal regime. We will have no truck with that. In conclusion, I have no hesitation in defending the Blair government on this issue.

Mr Crean—Mr Speaker, the minister indicated that he wanted to check what the British had declared in relation to Basra. I seek leave to table two documents: firstly, from the Washington Post, a Reuters report where British forces on Tuesday declared the south town of Basra a military target; and, secondly, a report from the Sydney Morning Herald dated 25 March where British forces declared the southern town of Basra a military target.

Leave granted.

Trade

Mr CAUSLEY (2.39 p.m.)—My question is addressed to the Minister for Trade.

Mr Rudd—Great blithering git!
The SPEAKER—The member for Griffith has already been warned. He will withdraw that statement unconditionally or I will deal with him instantly. The member for Griffith will come to the dispatch box.

Mr Rudd—I withdraw.

Mr CAUSLEY—Would the minister advise the House how the government’s trade policies are contributing to jobs and stronger growth in the Australian economy?

Mr VAILE—I thank the member for Page for his question. I recognise his support of the government’s policies with regard to expanding our trade opportunities across the world. Everybody is well aware of the government’s very ambitious trade agenda of competitive liberalisation in our pursuits of the multilateral agenda as far as the Doha round is concerned. Australia leads the way in that regard, as the chair of the Cairns Group. The Cairns Group has become the third force in WTO negotiations, along with the United States and the European Union. In parallel to that, in our agenda on bilateral trade negotiations, we have recently concluded our free trade agreement with Singapore. We had a very successful week in the first round of negotiations last week with the United States. I know the member for Page, who has sugar interests in his seat, would be keen to hear that that first round of negotiations went very well. Our negotiations with Thailand are proceeding better than expected, and we are in dialogue with Japan and China on trade and economic agreements with those major trading partners.

Dr Emerson interjecting—

Mr VAILE—Since 1996, exports from Australia have risen from $99 billion to $151 billion last year. The Australian economy continues to grow strongly by comparison with the rest of the OECD. In 2002, we had growth of 3.5 per cent; in 2003, we had growth of 3.25 per cent; and, in 2004, there is a forecast for 3.75 per cent. Exports have been adding to that growth. The number of exporters in Australia is also increasing. In the 2001-02 year, 6,500 new exporters have joined the effort in delivering more benefits to the Australian economy from exporting out of Australia. In delivering today’s trade statement—and I will table that shortly—we have outlined that the challenge for Australia as a nation for the future is to continue the domestic reform agenda—

Dr Emerson interjecting—

The SPEAKER—The member for Rankin has one language he understands. If he wants me to use it, I will.

Mr VAILE—which has been so important to remain efficient and competitive in the international marketplace and which has delivered those statistics. The challenge also is to continue the momentum of our policy of competitive liberalisation to maintain pressure on the multilateral system and also achieve the benefits we are pursuing in the bilateral negotiations. We are proud of what Australian exporters have done in maintaining, in the face of softness in the global economy and global uncertainty, a much stronger Australian economy than most other countries in the OECD. I outlined that in today’s trade statement, and I table that statement.

DISTINGUISHED VISITORS

The SPEAKER (2.42 p.m.)—I inform the House that we have been joined in the gallery by the members of a parliamentary delegation from the Fijian Senate. The delegation is led by the President of the Fijian Senate and accompanied by His Excellency the Fijian High Commissioner. On behalf of the House, I extend to our Fijian friends a very warm welcome.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Iraq

Mr CREAN (2.43 p.m.)—My question is to the Prime Minister. Can the Prime Minister advise the House if he is aware of the impending announcement of a new donor alert by the UN Office for the Coordination of Humanitarian Assistance, UNOCHA, which will be seeking to raise in the order of $US1.7 billion for Iraq? Can the Prime Minister advise what level of funding the Australian government will contribute to this new UN appeal to provide emergency humanitarian assistance to the people of Iraq?
Mr HOWARD—I am generally aware, but I am not aware that Australia has been, as I understand happens with these appeals, approached as a member of the UN. Obviously, that approach will be considered when it is received. But I can remind the honourable member that Australia has already provided $17.5 million to the United Nations humanitarian appeal and the government, through its purchase of 100,000 tonnes of Australian wheat to support the provision of urgent food aid for the Iraqi people, will, I understand, be contributing a further $40 million to $60 million. I am not sure of the exact figure. I think it is impossible to know exactly what it is at the moment, because it depends a bit on what price is ultimately paid to the growers for the wheat. When you add those two amounts together, you are looking at Australia having already made a significant contribution. I would expect Australia to respond generously, as we always have in the past to these sorts of appeals. I hope that others will also respond generously. I would hope countries such as France and Germany, for example, that have paraded themselves as having a greater concern about the humanitarian aspects than others—

Mr Tanner—Have they bombed anything recently? Have they blown up anything?

The SPEAKER—The member for Melbourne is warned!

Mr HOWARD—although that is an assumption of moral superiority that I do not accept—would also give generously. I can assure the honourable gentleman that, as always, Australia will be very generous in the provision of its humanitarian assistance, in accordance with the humanitarian instincts of the Australian people.

Iraq

Ms GILLARD (2.45 p.m.)—My question is to the Minister for Immigration and Multicultural and Indigenous Affairs. Can the minister confirm that in last year’s budget the government cut core funding to the UNHCR, the United Nations High Commissioner for Refugees, by almost 50 per cent? Is the minister aware that the UNHCR will not receive any of the $10 million announced by the Minister for Foreign Affairs last week and that it will be only one of many agencies to receive funding from the government’s additional $7.5 million aid package? Minister, despite the Prime Minister’s rhetoric about the delivery of massive humanitarian assistance to the innocent victims of the war in Iraq, isn’t it a fact that the additional amount of money the Howard government is giving the UNHCR for the Iraqi crisis remains less than the amount it cut out of the UNHCR’s core funding in the last budget?

Mr RUDDOCK—The response that one takes in relation to this issue is an evolving one. If you look at what happened in relation to Iraq at the time of the Gulf War, you will find that there was very little demand for humanitarian aid for refugees, because the number of people who left Iraq at that time was very low. The major movement out of Iraq of people who were later found to be refugees occurred in the context of the continued presence of Saddam Hussein and his regime. Large numbers of people left as a result of the reimposition of their horrific practices in both the north, in relation to the Kurds, and the south, in relation to the Shia. Shortly after Saddam was able to reassert that control, something in the order of two million people left Iraq. Many of them were able to return and resume their lives after the coalition enforced the no-fly zones in both the north and the south.

Australia played a very positive role. Let me say I think the member for Lalor needs to better inform herself in relation to these matters. We have played an honourable role in resettling Iraqis over some 10 or so years, as initiated by governments of her persuasion and followed on by governments of this persuasion. Some 18,000 people were resettled under orderly refugee resettlement and humanitarian programs over that time. If you look at the way in which we dealt with people—and I actually have the statistics and am happy to make them available to the honourable member for Lalor—and at the assessment of Iraqi asylum seekers in Australia over a period of four or five years, you will find that 97 per cent were accepted and 80 per cent or more were accepted at the time of primary decision making. If you look at it in
comparison with most other Western countries and their processing of Iraqi asylum seekers, you will see that that was at the end of the range. In relation to the present situation, there is no evidence at this time of a substantial need to assist people who have left Iraq to claim refugee status, but it is an evolving situation—as I said in the beginning—and a matter which we will keep under review.

Iraq

Ms PLIBERSEK (2.50 p.m.)—My question is to the Prime Minister. Can the Prime Minister inform the House of the UNHCR’s current preparations for receiving refugees in the border regions of Syria, Jordan and Iran as a result of the conflict in Iraq? Can the Prime Minister confirm that the UNHCR has made contingency plans for receiving up to 600,000 refugees from Iraq in these areas? Can the Prime Minister advise the House of what communication his government has had with both the coalition military command and the UNHCR to provide safe passage for Iraqi civilians to border refugee camps?

Mr RUDDOCK—The fact is that we have been in close consultation with the UNHCR on its efforts in relation to those matters and are very aware of the contingency planning that has occurred. It is very wise for organisations like the UNHCR to be involved in contingency planning. We have been apprised of it and are very much aware of it. As required, we will contribute to assist in relation to those matters.

Defence: Security

Mr LATHAM (2.51 p.m.)—My question is to the Minister Assisting the Minister for Defence, Mrs Vale. Does the minister recall telling the House yesterday that the government had put in place the appropriate measures for upgrading coastal security and port infrastructure in response to the ongoing terrorist threat? Is the minister aware that yesterday in the Senate her ministerial colleague Ian Macdonald said that the government is maintaining its current level of security measures? Minister, isn’t Senator Macdonald right—there are no measures for upgrading coastal security and port infrastructure and, while the government has been preparing for a war on the other side of the world—

The SPEAKER—The member for Werriwa is advancing an argument.

Mr LATHAM—nothing has been done to improve the security of our coastline and to make our ports safer against the terrorist threat?

Mrs VALE—I thank the honourable member for Werriwa for his question. I know that he is very keen on a United States Coast Guard type of operation for Australia. However, the government has no intention of forming a United States Coast Guard facility.

Mr Zahra—We’re in Australia!

The SPEAKER—Member for McMillan!

Mrs VALE—Our focus has been on very practical measures, and we do believe that those practical measures are working. We are not forming any more new bureaucracies. Our Coastwatch works very closely with Defence and with Customs. We have provided in our white paper for spending of over $1 billion for the support of our national security. We believe that the spending measures we are putting in place are very much committed to the security of our nation. I might also remind the member for Werriwa that the second Tactical Assault Group and the Incident Response Regiment—and spending on these very important measures for the security of our nation was put in place by this government—are based very closely indeed on the member for Werriwa’s—

Mr Zahra—Are they here?

The SPEAKER—I warn the member for McMillan!

Mrs VALE—These are measures that the government have put in place because of our commitment to the security of this nation. We do not resile from that commitment, but we do not agree with the member for Werriwa that we need a United States type coast guard.

Iraq

Mrs GASH (2.54 p.m.)—My question is to the Minister for Foreign Affairs. Can the minister inform the House as to the British government’s approach to minimising civilian casualties from the conflict with Iraq?
Mr DOWNER—I thank the honourable member for Gilmore for her question. I know she shares my view that the British government, led by Tony Blair, has been exceptional in the leadership that it has shown in the endeavour to disarm Iraq. I also would draw her and the House’s attention to the fact that the British government is a government that is committed to humanitarian objectives.

Earlier today, I was asked a question by the member for Throsby which suggested that the British had declared Basra as a military target and that, somehow, this had contradicted the otherwise stated objectives of the British government to demonstrate a humanitarian approach in trying to avoid civilian casualties. I said in my answer that I understood that the British government had talked of Basra being a military objective, and I have endeavoured to collect some quotes to see what the British had actually said. I note that Flight Lieutenant Peter Darling at CENTCOM had said—

“We are now considering Basra as a military objective because of the humanitarian situation there and we need to go in as soon as possible to relieve that.

I do not think this is an inhumane comment.

He went on to say:

“We are very aware of our humanitarian considerations—and that he does not want to see any more mayhem there, and so on. I also quote Group Captain Al Lockwood, who is the main British spokesman. I quote him from the Washington Post article and the Sydney Morning Herald article that the Leader of the Opposition tabled. Both articles are taken from an identical source. I suppose he did not read them. They are both taken from a Reuters report. It is true: one of them is headed ‘British declare Basra military target’, and the other is entitled ‘Battle may enter the streets of Basra report’. But what does Group Captain Al Lockwood, the main British spokesman, actually say to Reuters? I would draw it to the attention of the Leader of the Opposition and the member for Throsby, whom he got to ask a question about this. I regard it, by the way, as quite a serious attack on the Blair government. Group Captain Lockwood said:

This is not just a shift in strategy but a difficult high-risk operation.

He went on to say:

Basra we have surrounded. We are carefully assessing the level of resistance.

Then he went on to say:

When we have a clear plan—and this is in the article that was tabled—that will minimise risks to civilian infrastructure, the civilians themselves and of course our own troops, then we will execute it.

Why would the honourable member for Throsby, on the instructions of the tactics committee, have asked a question juxtaposed with my comments last night? There can be only one explanation. I will defend the Blair government. I think Tony Blair and his ministers Geoff Hoon and Jack Straw and their commanders will do all they can—

Ms George interjecting—

The SPEAKER—The member for Throsby, on a point of order.

Ms George—Mr Speaker, I take offence at—

Government members interjecting—

The SPEAKER—Order!

Ms George—I asked a genuine question based on media reports—

The SPEAKER—The member for Throsby will resume her seat. The member for Throsby, I understand, is a relatively new member and I therefore point out to her that there is no facility for me to recognise other than a point of order. If she has been misrepresented, there is an opportunity for her to indicate that misrepresentation at the conclusion of question time.

Iraq

Mr RUDD (2.59 p.m.)—I refer to the Minister for Foreign Affairs’s answer to the House just then. Minister, is it a fact that the Blair government has declared that humanitarian considerations will govern its targeting and military strategy as it relates to Iraq? Is it further the case, in the case of Basra, that the Blair government has also declared that it has decided to dedicate that city as a military
objective? The question for you, Minister, is: in the view of your government, how are these two objectives reconcilable with one another?

The SPEAKER—I would just remind the member for Griffith that, as the Speaker’s panel discussed yesterday evening, his question ought to have been directed through the chair, not at the minister.

Mr DOWNER—I do not think the Blair government is contradicting itself, and I quote from an AAP report of 26 March that might give a bit more information to the House, which might help the House in its consideration of the question of whether the Blair government is trying to avoid civilian casualties or not. The AAP report says that a British military spokesman had said that, in relation to the question of Basra being a military target—so this gets to the very heart of the honourable member’s question:

... only parts of the city, regime and military infrastructure were so designated.

I think that is the answer to the question, from the British themselves: their targets are the regime and military infrastructure, not civilians.

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

QUESTIONS WITHOUT NOTICE: ADDITIONAL ANSWERS

Iraq

Mr HOWARD (Bennelong—Prime Minister) (3.01 p.m.)—Mr Speaker, I seek the indulgence of the chair to add to an answer.

The SPEAKER—The minister may proceed.

Mr HOWARD—Now that the opposition has asked 10 questions, I would like to augment an answer given by the Minister for Children and Youth Affairs. He was asked a question by the member for Charlton. From recollection, the question implied that the government provided no financial help to counselling services, including Lifeline. I have been informed during the course of question time by the Department of Health and Ageing that, since 1997, $12 million has been provided for telecounselling initiatives, including Lifeline, Kids Help Line and Reach Out. I think they are marvellous services. There is no finer human service in—

Mr Melham interjecting—

The SPEAKER—The member for Banks! If the member for Banks has a point of order there is a facility under the standing orders; it is not sitting in his chair shouting, as he knows.

Mr Melham—Mr Speaker, I rise on a point of order. As you are aware, the Prime Minister has, firstly, breached convention and the standing orders by adding to an answer: the minister should have come to the dispatch box and added to it.

The SPEAKER—The member for Banks does not have a point of order.

Mr Melham—Also, the convention in terms of adding to an answer is not to engage in political debate.

The SPEAKER—The member for Banks! The member for Banks will resume his seat or I will deal with him. Before I recognise the Prime Minister, in response to the member for Banks I would point out to him that, had the Prime Minister in any way breached the standing orders, he would not have the call.

Mr Howard—That is quite right, Mr Speaker. I do not deserve the call if I breach the standing orders—of course I do not. The entirely non-political observation I was making was that Lifeline is one of the great human services this country has seen. I had the privilege of attending, last Sunday evening in the Central Wesley Mission, the 40th anniversary service of its establishment by the late Sir Alan Walker, a person I admired greatly but who I suspect did not agree with me on everything.

Iraq

Mr RUDDOCK (Berowra—Minister for Immigration and Multicultural and Indigenous Affairs and Minister Assisting the Prime Minister for Reconciliation) (3.03 p.m.)—Mr Speaker, I seek the indulgence of the chair to add to an answer.
The SPEAKER—The minister may proceed.

Mr RUDDOCK—I would like to briefly add to an answer I gave in relation to refugees. The UNHCR provides quite comprehensive briefings, both in daily briefing notes and in news stories, in relation to the refugee situation in Iraq. As at 24 March, UNHCR reported that the first of 14 Iraqi refugees coming over the Syrian border had been seen that weekend. It went on to say that at Jordan’s Al Karama border crossing UNHCR staff have been chasing up rumours of new population movements but that there had been no refugees so far. Iran’s border with Iraq has also been quiet. In the report that UNHCR gave on 25 March, the same information was affirmed: there have been no substantial movements across borders with neighbouring countries. But the report does go on to say that there had been some people in the north of Iraq who had moved close to the Iranian border but had given no immediate plans of proceeding towards Iran.

Defence: Anthrax Vaccinations

Mrs VALE (Hughes—Minister for Veterans’ Affairs and Minister Assisting the Minister for Defence) (3.05 p.m.)—Mr Speaker, I seek the indulgence of the chair to add to an answer.

The SPEAKER—The minister may proceed.

Mrs VALE—I would like to add to my answer to the question about defence personnel and anthrax vaccinations in the 1991 Gulf War deployment. I can confirm that no personnel on ADF operations during the 1991 conflict were given anthrax vaccinations, and I confirm that a few personnel seconded to allied forces may have received the vaccinations. The member for Denison tabled three documents to support his claims that my press release yesterday was misleading. Firstly, he tabled a transcript from Senate estimates that refers to an official DVA confirming that 200 ADF personnel had been given anthrax vaccinations. What the member left out was that the official was referring to vaccinations that were given to ADF personnel many years after the 1991 conflict. Secondly, he provided a table from—

Ms Burke interjecting—

The SPEAKER—If the member for Chisholm has a point of order I will hear her, but I will not tolerate interruptions from the floor.

Mr Kerr—Perhaps I left out something that wasn’t in the document.

The SPEAKER—I warn the member for Denison.

Ms Burke—Mr Speaker, I rise on a point of order. I fail to see how the minister is adding to an answer when she is responding to documentation she has only just received. If she were seeking indulgence, that is another thing, but she is not adding to an answer.

The SPEAKER—Any reference to the Hansard record—any reference—will reveal that all that the minister has had to say has been entirely relevant to the question she was asked.

Mr Swan—Mr Speaker, further to that ruling, if the minister is going to be given a chance to answer the question again, can we ask the question again?

The SPEAKER—I warn the member for Lilley. That was a frivolous and unfounded point of order.

Mr Leo McLeay—Mr Speaker, I rise on a point of order. Is it appropriate that the addition to the answer takes longer than the answer itself?

The SPEAKER—The member for Watson is warned. The minister has the call.

Mrs VALE—Thank you, Mr Speaker. The member for Denison did cite three documents in his question and I think it is appropriate that those documents be responded to. Secondly, the member for Denison provided a table from the report I released yesterday that indicates that 192 people believe they were given the anthrax vaccinations in 1991. Again, the Department of Defence has advised that this is not the case. I draw members’ attention to the title of the table, which reads: ‘Individual immunisations reported by Gulf War veterans’. It is not a table of actual vaccination numbers. Lastly, the member for Denison tabled a response to questions on notice from the member for Cowan. In response to the question of
whether anthrax was given to Gulf War veterans, the answer provided says: ‘Yes, to a small number only’.

Mr Tanner—We thought you said no.

The SPEAKER—The member for Melbourne is warned.

Mrs Vale—As I said, this refers to the small number of ADF personnel seconded to allied forces. My media release yesterday was 100 per cent accurate.

PERSONAL EXPLANATIONS

Ms George (Throsby) (3.09 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Ms George—Yes, I do.

Opposition members interjecting—

The SPEAKER—When I have an opportunity to recognise the member for Throsby I will. The member for Throsby may proceed.

Ms George—I claim that I have been misrepresented on several occasions by the Minister for Foreign Affairs, who claimed in question time today that I had attacked the Blair government. I did no such thing. I asked a genuine question based on media reports last night about a potential change in military strategy on the part of the British command.

The SPEAKER—The member for Throsby will resume her seat. Let me indicate precisely what is happening. I thought the minister was seeking the call—a reasonable presumption to make given that he was standing at the dispatch box. I then asked the member for Throsby to resume her seat, which she did. Was the minister seeking the call or not?

Mr Tuckey—I was certainly seeking the call, but I got the indication from you, Mr Speaker, that you understood and were going to address the issue. The issue is that one is not allowed—

Mr Albanese—He always wanted to be speaker.

Mr Tuckey—I tell you what, mate: enough do.

Mr Latham—Grumpy Old Men III.

Mr Tanner—Put your teeth back in, Wilson.

The SPEAKER—The minister will resume his seat. The member for Melbourne will excuse himself from the House.

The member for Melbourne then left the chamber.

The SPEAKER—The member for Throsby had indicated that she was concluding her remarks. I only wanted to indicate, when I looked up, that in fact the arrangements for delivering a personal explanation are quite constrained and it is not appropriate to advance any argument. I am listening closely to what she is saying.

Ms George—No, I am not advancing any arguments, Mr Speaker. I am just pointing out that it was a genuine and honest question on my part, because I was concerned about the potential impact on the civilians of the city of Basra. Further, I want to say that the minister’s Dorothy Dixer was disparaging and reflected on him rather than my genuine—

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

Mr Tuckey—Caught with your hands in the cookie jar.

Opposition members interjecting—

Mr Martin Ferguson—Mr Speaker, the minister’s remarks were offensive and I ask that you request that he withdraw them.

The SPEAKER—I have sat in this chair and heard remarks addressed to the minister that were no more offensive than were the remarks the minister just addressed.

Ms Roxon—we get thrown out for it.

The SPEAKER—I have sat in this chair and heard remarks addressed to the minister that were no more offensive than were the remarks the minister just addressed.

Ms Roxon—We get thrown out for it.

The SPEAKER—If the member for Gellibrand has a point of order I will hear her. I will not tolerate her simply shouting across the chamber.

Ms Roxon—This is a question to you, not a point of order, Mr Speaker. Why in these circumstances, if comments are made from our side of the House, are members required to remove themselves from the House when the minister does not even have to apologise?

The SPEAKER—The member for Gellibrand will resume her seat. The member for
Gellibrand has been in this chamber long enough and is very aware of what happens.

Ms Roxon—We get thrown out.

The SPEAKER—I warn the member for Gellibrand—I am addressing the chamber. The member for Gellibrand must be aware that the member for Melbourne had earlier been warned.

Ms GEORGE (Throsby) (3.14 p.m.)—Mr Speaker, I wish to make a further personal explanation, if I could.

The SPEAKER—The member for Throsby will resume her seat. The member for Batman had raised an issue that I thought may have been about to be addressed by the member for Throsby.

Ms GEORGE—I am sorry if I have not got the orders quite right. I am seeking that the minister withdraw the offensive remarks that he made of imputed dishonesty on my part.

The SPEAKER—The member for Throsby will resume her seat. I have sat here, as I have said, and heard remarks of similar offence levelled across the chamber both ways. I do not believe that the remark made by the minister justifies withdrawal.

Mr Swan—Mr Speaker, I rise on a point of order. Standing order 76 reads:

All imputations of improper motives and all personal reflections on members shall be considered highly disorderly.

The member for Throsby finds the remarks highly disorderly, as do many members on this side of the House. In the past when remarks like that have been made and there has been a request for a withdrawal, you have accommodated that request. I ask you to do that on this occasion.

Mr Bevis interjecting—

The SPEAKER—The member for Brisbane has, of course, just solved the problem for me. I would remind the Manager of Opposition Business of standing order 78, which reads:

When the attention of the Speaker is drawn to words used, he or she shall determine whether or not they are offensive or disorderly.

Consistent with that, I do not approve of the remarks made by the minister, nor do I approve of the remarks made by interjection to the minister. Even less, as he is well aware, do I approve of the remark just made by the member for Brisbane.

Mr Bevis—I acknowledge the point you have made, Mr Speaker, and I withdraw.

Mr McMullan—Mr Speaker, I rise on a point of order. I am seeking clarification of your ruling in response to the member for Lilley. If the minister’s words that the member had been caught with her hand in the cookie jar—that is, Australian vernacular for breaking the law—are not offensive, what is?

The SPEAKER—There has been a general effort on both sides of the House to raise the standard of debate. I have been part of it, the Deputy Speaker and the Second Deputy Speaker have been part of it, and so have all members of the Speaker’s panel. There has been an air of absurdity about what has happened this afternoon. I do not believe the matter should be any further addressed.

QUESTIONS TO THE SPEAKER
Parliament: Question Time
Ms O’BYRNE (3.18 p.m.)—Mr Speaker, I have a question for you. It is goes to a point of clarification about the mechanisms for raising points of order during question time. The member for Throsby rose when the comments made by the Minister for Foreign Affairs were made. She attempted to put her position but was sat down without being given the opportunity to raise standing order 76. Is it your distinction that members need to raise the standing order under which they are standing the moment they rise? In the time that I have been in the House, that has not been the case. Or is there an assumption about what the member wants to raise and was there an assumption that she was trying to make a personal explanation rather than referring to section 76, which is what she was actually doing?

The SPEAKER—With great respect, I think the member for Bass may be a little confused about the sequence of events. I may find myself, after all of this, getting a little confused relaying it to the member for Bass. The member for Throsby sought during question time to offer not a point of order but a personal explanation. I accommodated the
member for Throsby by pointing out to her that, if she rose for a point of order, I would, of course, hear her. In fact, I think the member for Bass would be hard-pressed to find a circumstance in which I or any one of my predecessors had not recognised a point of order. The member for Throsby indicated that what she basically had was not a point of order but a matter of personal explanation—not a matter of misrepresentation but a matter of personal explanation. I indicated to her that I would recognise her at the conclusion of question time, as I did. I therefore point out to the member for Bass and to all members that a point of order must refer to the standing orders having been in some way abused; it is not an opportunity to correct the record in the sense that a personal explanation is. That is consistent with what has happened during my occupancy of the chair and, as far as I am aware, is consistent with what has happened under all former occupants of the chair.

PERSONAL EXPLANATIONS

Mr KERR (Denison) (3.20 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Mr KERR—Yes.

The SPEAKER—Please proceed.

Mr KERR—The Minister for Veterans’ Affairs, in her additional comments to the answer she provided in response to the question I asked, referred to a Hansard transcript and chastised me for omitting a particular reference. The inference normally going with ‘omitting’ is that there is something in a document that is not referred to. I merely plead guilty to omitting to refer to a fact not contained in the document.

The SPEAKER—It is a dubious personal explanation, but it is now on the record.

AUDITOR-GENERAL’S REPORTS

Report No. 35 of 2002-03

The SPEAKER—I present the Auditor-General’s Audit Report No. 35 of 2002-03, entitled Performance audit—Fraud control arrangements in the Australian Customs Service.

Ordered that the report be printed.

PAPERS

Mr McGauran (Gippsland—Deputy Leader of the House) (3.21 p.m.)—Papers are tabled as listed in the schedule circulated to honourable members. Details of the papers will be recorded in the Votes and Proceedings. I move:

That the House take note of the following papers:

Department of Health and Ageing—National Blood Agreement.

Debate (on motion by Mr Swan) adjourned.

MATTERS OF PUBLIC IMPORTANCE

Iraq

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

The pressing humanitarian needs facing Iraq and surrounding countries and the critical importance of providing both immediate and long-term aid.

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—

Ms Macklin (Jagajaga) (3.23 p.m.)—It is the case that, whatever your view—and we know there are very divided views about this war in Iraq—one thing is very clear: the humanitarian impact of the war in Iraq will be enormous. Already, according to the United Nations, up to 450,000 men, women and children have fled their homes in northern Iraq to escape conflict in that area. In the southern Iraqi city of Basra, more than one million people, among them about 100,000 children below the age of five, are trapped by a stand-off between the warring sides. For the past five days, more than half of that city has been without clean water or electricity. With the main water treatment plant shut down, the situation in the city is becoming
desperate and, as the sun beats down, families are being forced to find water wherever they can. There are grave fears that tens of thousands of people in Basra will have to resort to drinking from the river system, which is heavily contaminated with sewage. The Red Cross is still trying to make repairs to the city’s water treatment system and, in the meantime, the World Health Organisation has warned that there is an increased risk of outbreaks of diarrhoea and other waterborne diseases. For thousands of the most vulnerable people, particularly the old, the young and the ill, diarrhoea and dehydration could quickly prove a fatal combination.

The United Nations Secretary-General, Kofi Annan, has warned that the city is on the brink of a humanitarian disaster. The International Committee of the Red Cross has warned that the collapse of essential services in Iraq could lead to a humanitarian emergency beyond the capacity of the United Nations and other aid organisations to address. Such a collapse, the committee said, would be likely to lead to the outbreak of diseases such as cholera and dysentery ‘in epidemic if not pandemic proportions’. According to a web site devoted to the gruesome task of counting Iraqi civilian deaths, so far up to 270 innocent people have been killed by bombs and bullets since the war started. Soon, unfortunately, disease could join the list of killers. Aid workers fear the toll could rapidly reach the tens of thousands if battle is taken into the streets and houses of cities like Basra.

Of course, the ultimate fear is the development of what has been called a Stalingrad scenario in Baghdad. Humanitarian workers fear that a besieged Baghdad—like the Soviet city—could be reduced to burnt-out rubble by bitter street fighting. More than five million people live in that city. Civilians by the thousands could die in deadly crossfire or become trapped in bombed-out houses, running short of the food and water they need to survive. This and the prospect of millions of refugees fleeing into Iraq’s deserts and flooding its borders are the nightmare scenarios that are haunting humanitarian workers trying to develop a response to the Iraqi war.

The dimensions of the problem are staggering.

CARE Australia expects that more than three million people will require food aid in the coming weeks. According to the United Nations High Commissioner for Refugees, up to a million Iraqi refugees could soon be fleeing to the nation’s borders, with another two million adrift in the country itself. There is mounting concern about the state of food supplies in Iraq. Since 1995, 15 million Iraqis—about 60 per cent of the population—have been dependent on the United Nations massive oil for food program for sustenance. Many of these people have meagre resources to fall back on now that this food pipeline has collapsed. The UN World Food Program estimates that Iraqi families have enough food to sustain themselves until the end of April—but that is, of course, if they still have a place to call home.

For the millions expected to be displaced by this war, the prospects are far bleaker. Many of these people are already vulnerable after being forced for years to cope with shortages of food and medicines. The UN Children’s Fund says that there are already alarming rates of malnutrition among young Iraqi children. The mortality rate among children under five is more than twice the level it was in 1990 due to malnourishment, dysentery and diarrhoea. The fund predicts that this will surge significantly if already meagre food and water supplies are not sustained. Of course, that is why the work to reopen Umm Qasr, Iraq’s only deepwater port, is so important. It is the vital pipeline through which most bulk food flows, so until that port is reopened the tap of humanitarian aid from non-government and UN sources is virtually shut off.

Australians are proud of the work being done by our Navy divers to clear Umm Qasr of the mines that have closed it to shipping. It is a very dangerous task, but it is also an urgent one. A British ship loaded with much-needed humanitarian supplies is stranded offshore until that work is done. Here, as elsewhere in Iraq, it is our fervent hope that the Iraqi conflict is resolved quickly, with as few casualties as possible on all sides, and that our troops return home safely. Crucial
though the work of Australian divers is to the humanitarian effort, it can only open the door to aid. How much comes in is another matter. So far the Howard government has committed to a shipment of 100,000 tonnes of wheat. The United States government has pledged 600,000 tonnes of wheat from its state grain reserves. They do sound like very good figures, but they need to be put into some perspective. CARE Australia estimates that up to 400,000 tonnes of wheat will be needed each month to meet demand. The grain so far pledged by the Howard government would meet demand for barely a week. After making such a heavy commitment to the war, this government will need to make a much more substantial commitment to the humanitarian relief that will be required in the days, weeks and months ahead.

There are disturbing signs that, despite their best efforts and intentions, the United Nations and non-government aid agencies will struggle to meet the demand for humanitarian relief caused by this war. The UN agencies have reported an alarming shortfall in donor pledges for relief efforts in Iraq. Late last year the UN Office for the Coordinating of Humanitarian Activities launched a $US123 million appeal for its Iraqi relief effort. By February barely a third of that amount had been collected. By the end of the week the office is expected to launch what has been called a ‘flash’ appeal to meet emergency humanitarian needs, and it is asking for $US1.7 billion. The UNHCR, which currently has 200 staff in the region, has received less than one-third of the $100 million that it anticipates it will need to help hundreds of thousands of Iraqi refugees.

The UN’s World Food Program has appealed for sufficient funding to enable it to stockpile basic food rations for 900,000 people in the countries that surround Iraq. So far it has only accumulated enough to feed a little more than half that number. The agency has established supplies of basic food rations and high-energy biscuits in Jordan, Syria and Turkey, but at current levels it would be rapidly overwhelmed by an influx of hundreds of thousands of refugees—and that may well be the case. According to an internal UN document revealed in media reports in January, the UN does not have the capacity to feed more than a few thousand people. The same report estimated that, in the event of war, more than 11 million Iraqis could be in need of immediate humanitarian assistance. This is a level of need far beyond the capacity of humanitarian agencies currently working in and around Iraq. Just to give some measure of the size of the massive task involved, during the war in Afghanistan the international community struggled to meet the needs of 900,000 Afghans. Despite herculean efforts it was estimated that up to 20,000 Afghans died from hunger related causes. So even if sufficient supplies can be secured, shipped and stockpiled, there does remain an enormous challenge to make sure they get to where they are needed. We know that war is likely to exact a very heavy toll on Iraq’s transport infrastructure, which will make relief very difficult to access.

Relief agencies, of course, do not just face logistical problems; Oxfam’s experience in Afghanistan showed how a lack of security and lawlessness could severely hamper efforts to distribute aid. To get aid into Iraq will be a major task and it could be days or even weeks before some areas get the relief supplies they need. Added to this, of course, will be the problem of maintaining secure supply routes. Of those Iraqis that do make it to the nation’s borders—according to the International Council of Voluntary Agencies it could be as many as 1½ million people—in search of food and safety, many may face a very uncertain future. Syria and Iran have made some arrangements for refugees to enter their countries. Turkey is making provision for refugees but primarily within Iraq. Jordan is doing the same but its border will be closed to all refugees except those in transit or in need of urgent medical assistance. Saudi Arabia and Kuwait have indicated that they will not handle refugees at all.

As if these challenges were not enough, the task of reconstruction in Iraq will be a massive undertaking. It is a task that will take years and cost billions of dollars. No one knows exactly what the total cost will be but you would have to say that the Howard government’s commitment of $43 million to rebuilding Iraq will be woefully inadequate.
At a summit just last weekend Britain pledged $210 million to the relief effort while the European Community made an initial contribution of $36 million. They have asked member states for an additional $180 million. So far the United States, through its Agency for International Development, has committed $US206 million to the relief and reconstruction of Iraq. The US government has asked Congress to approve a further allocation of $US2.4 billion to the task. So you can see that the contribution from the Australian government will certainly need to increase. Meanwhile the UN is appealing for $US1 billion from member countries to support Iraq’s reconstruction.

On this side of the House, we strongly believe that the task of rebuilding Iraq should be carried out under the auspices of and be coordinated by the United Nations. Only the United Nations has the experience and the legitimacy to guide the reconstruction of Iraq. As Oxfam and Community Aid Abroad argue, it is fundamental to the success of reconstruction that the Iraqis themselves own and lead the process. It is a task that cannot be left to the protagonists of this war, though certainly it is the case that they must bear the principal burden for financing it. Whatever the rights and wrongs of this war, we do have to make sure that a peaceful and prosperous Iraq emerges as a result. In the days ahead the most urgent task that we have to try to facilitate, in Australia and in the countries around Iraq, is to make sure that the immediate humanitarian needs for food, water and shelter are met so that the deaths of civilians, which unfortunately have been predicted to be high, do not occur.

Mrs GALLUS (Hindmarsh—Parliamentary Secretary to the Minister for Foreign Affairs) (3.36 p.m.)—The opposition has failed to hold a consistent position on the removal of Saddam Hussein and Australia’s role in the current conflict. In a regrettable move—

Ms Macklin—What about the humanitarian effort?

The DEPUTY SPEAKER (Hon. I.R. Causley)—The member for Jagajaga had her opportunity.

Mrs GALLUS—they now seem to be trying to make political capital out of the peace. Let me assure the opposition that Australia will more than fulfil our humanitarian obligations to the people of Iraq. The Australian people have the right to expect that their humanitarian efforts are not belittled nor minimised. The member for Lalor referred to a cut in the costs of the core budget to UNHCR last year.

Ms Gillard interjecting—

The DEPUTY SPEAKER—The member for Lalor!

Mrs GALLUS—However, a little homework may reveal that—

Ms Gillard interjecting—

The DEPUTY SPEAKER—The member for Lalor!

Mrs GALLUS—in accessing funds from a new program that was created last year—

Ms Gillard interjecting—

The DEPUTY SPEAKER—The member for Lalor is warned!

Mrs GALLUS—the UNHCR received funds greater than their previous core funds. In her address to the parliament, the Deputy Leader of the Opposition said that following the conflict in Iraq the need will be enormous, and I can only concur. Saddam Hussein’s regime has corrupted Iraqi institutions and stunted Iraq’s civil administration and its economy. Sixty per cent of the population are reliant on the UN oil for food program. Under Saddam’s regime, many people in Iraq did not get that food. He had refused to allow many NGOs into Iraq, and sometimes he impeded UN workers trying to oversee the oil for food program. In fact, in the early 1990s he launched a series of terrorist attacks against NGO and UN workers in northern Iraq. Under this despicable regime, one in three Iraqi children in the south and in the centre of the country suffer from chronic malnutrition. Poor water supplies, in terms of both quality and quantity, and inadequate sanitation services have contributed to frequent and repeated diarrhoeal infections amongst children. Currently, 500,000 tonnes of raw sewage is discharged directly into freshwater bodies each day which, as you
would know, contributes very much to illness in children.

Unfortunately, during the conflict the oil for food program has been suspended. The World Food Program estimates that food supplies to those most vulnerable are unlikely to last beyond May. I am sure that the Deputy Leader of the Opposition will join with me in hoping that the conflict is well over by May so that we can resume the program. This government are working closely with our allies to secure the resumption of the program as soon as possible. We are deeply concerned about the water treatment plants in Basra. We have heard that they have been non-functional since Friday due to the damage to the power supply system, as the deputy leader mentioned. The Red Cross, which has received Australian government funding, has so far restored supplies to 40 per cent of Basra’s population. It has also accessed the Wafa al-Quaid water plant north of Basra that provides most of the city’s water to carry out essential repairs. The Red Cross is also working to ensure access by technicians to repair the city’s power supply system, which is critical to the re-establishment of clean water supplies.

UNICEF, another agency to which Australia has already committed funds, is working hard to provide assistance, including the provision of water and medicines, to Basra and to get them to the people of Basra as soon as security permits. There are a number of internally displaced people in northern Iraq. Many of them are being cared for by other family members in that area, but there are others who have to be looked after by local authorities and UN national staff.

Australia’s contribution is going to be significant. After hostilities cease, rehabilitating Iraq will be an enormous and pressing task. Given the devastation wrought by the years of repression under Saddam Hussein, the international community must join together to support the Iraqi people as they rebuild their country’s political, economic and social institutions. It is encouraging that some 50 countries have joined the international coalition in supporting the disarmament of Iraq. As the Prime Minister said yesterday:

We see our role as not only enforcing the disarmament of Saddam Hussein, but also in making a contribution to the alleviation of the suffering of the Iraqi people.

I hope the opposition will join in that sentiment. Australia will do all it can to support the Iraqi people’s efforts to establish sound political and economic institutions based on the rule of law, as well as democratic and free market principles. The government has already committed $17.5 million to the United Nations and international humanitarian agencies—$6 million has gone to the UN Central Emergency Revolving Fund, $2 million to the Office for the Coordination of Humanitarian Affairs, $2 million to the International Committee of the Red Cross, $2 million to UNICEF and $1.5 million to the UN High Commissioner for Refugees, while $2 million is to be allocated to Australian NGOs, who will be identified based on established capacities within Iraq and the Middle East region.

We have also purchased 100,000 tonnes of wheat for urgent humanitarian aid for the people of Iraq. The cost of that has not finally been arrived at, as the Prime Minister earlier said in question time. But it is a significant amount and will probably be worth more than double the amount that has already been committed by way of $17.5 million. Currently, we have two ships full of wheat in the area, and they can move very quickly to Iraq. Each ship is carrying 50,000 tonnes of wheat. The nearest ship is three days away. Australian and coalition clearance divers are currently working round the clock to clear the port of Umm Qasr, which is where the wheat will be unloaded. Fortunately, the waterways are full of mines, and it will take a few days before we are able to dock and unload our ships at the port. Fortunately, the port has now been liberated and the only remaining question is the removal of those mines so that Australian wheat can be moved into Umm Qasr to give relief to the people of Iraq.

The Prime Minister has said that Australia will play a significant and constructive role in the reconstruction of Iraq. Agriculture is clearly a sector where Australia can make an effective contribution. Australia will mobi-
lise a senior agricultural team to assist in the reconstruction of the sector and to support food security. The Australian aid agency AusAID is well known for its ability, together with ACIAR, to deliver assistance to developing countries in the construction of an agricultural base. In this case, it will help Iraq reconstitute its agricultural base.

Australia and Iraq have more than 50 years of agricultural links through the supply of wheat, meat, dairy products and dryland farming expertise. Australia is also well placed to provide assistance to support the development of an appropriate macroeconomic framework for Iraq. We are identifying a team of experts to support this work as appropriate. Australia will also explore areas where it can support the reconstruction of the health and water supply sectors.

Australia remains committed to providing humanitarian assistance in post-conflict situations. For example, Australia has spent $49 million in assisting the reconstruction of Afghanistan. You may remember that recently the foreign minister for Afghanistan visited Australia. He was extremely pleased with what we had managed to offer to Afghanistan and was also pleased that we are able to commit a further $10 million. I emphasise the importance of that contribution to Afghanistan: $59 million is an extraordinarily large humanitarian contribution from this country to a country outside our area, but it is in keeping with the responsibilities that we shoulder as part of this world to make sure that all countries have a future and can contribute to both the safety and the welfare of their people.

Currently, we are actively involved in post-conflict planning on Iraq with the US, the UK, the United Nations and others. Our focus is on priority areas where we can add value and which engage Australian interests—for example, as I mentioned before, the rehabilitation of the Iraqi agricultural sector. We are focusing on assisting Iraqis to build the capacity to govern themselves. For those in the opposition who are not familiar with Australia’s aid program, may I say that one of the key planks of our program is assisting countries that have been in conflict or developing countries to build their own capacity. So we are not just providing services; we are building the skills and abilities of the people on the ground so that they can take over the services in their own countries. We help provide the sound policies, stable institutions and accountable systems that are a prerequisite for sustained growth and reduced poverty. We also, through our aid program, hope to create an environment conducive to private sector growth and investments in infrastructure and human capital.

We are working actively with the United Nations and our coalition allies to achieve the swift resumption of the UN oil for food program. I cannot emphasise enough how important the resumption of that program is. You will remember that earlier in the speech I referred to the fact that 60 per cent of Iraqis are dependent on the oil for food program. It is with deep regret that I say that the oil for food program did not work as well as it should. In those areas over which Saddam Hussein had control, the food did not reach many of the people that it was supposed to reach. We know from the billions of dollars that Saddam Hussein has amassed in foreign bank accounts that some of the proceeds from the oil for food program went not to the starving people of Iraq but into the coffers of the Butcher of Baghdad.

In question time today, in answering a question from the opposition, I believe, the Prime Minister said, ‘Australia will be very generous in the provision of humanitarian assistance to Iraq.’ Our whole record backs that up, as does the commitment that we have already made—the $17.5 million to various UN agencies and other humanitarian agencies and the 100,000 tonnes of wheat, which are worth well in excess of double the amount of $17.5 million. Australia has an extremely proud record of providing emergency aid not only to our own Asia-Pacific region, where two-thirds of the world’s poor are, but to other areas of the world where there has been severe conflict and where the people are suffering as a result. We will not walk away from our obligations to meet the humanitarian needs of the Iraqi people, and my hope is that the opposition will join with me in being extremely proud of Australia’s humanitarian program following the conflict.
Mr JENKINS (Scullin) (3.51 p.m.)—As the horror movie on our TVs unwinds, it does not truly show the devastation that is being caused in Iraq as we sit here today. It is perhaps concentrating too much on the military conflict—on the winning of the war. It is now apparent that the winning of the war is a complex matter. But today, I think we need to concentrate on a much more important outcome and ideal: winning the peace. Winning the peace in Iraq goes to the issue raised by this matter of public importance: the need to cater for the humanitarian needs that exist in Iraq and that are unfortunately increasing by the hour. At the start of the conflict, as has already been indicated in this discussion, the humanitarian needs in Iraq were great. It is clear that over half the population—perhaps over 60 per cent—required the so-called ‘aid for oil’ for their sustenance. This included some 13 million children.

Why was that the case? Obviously, it was contributed to by the fact that Saddam Hussein and his administration had led to a system that inequitably distributed resources, both from outside and from within. This was further exacerbated by the effect of nearly 12 years of sanctions, the aftermath of the disastrous wars and the fact that Iraqi women and children were left with no capacity to withstand the effects of the military strikes.

A UNICEF inquiry in 1999 showed that one in eight Iraqi children died before the age of five—one of the world’s worst infant mortality rates. The inquiry also showed that one million Iraqi children under five suffered from chronic malnutrition, with nearly 25 per cent of all children born underweight; that 25 per cent of school-aged Iraqi children do not attend school; and that five million Iraqi people—more than a fifth of the population—do not have access to clean water. And this was the situation before the conflict commenced.

As has been indicated, there is clear evidence of the effect on the civilian population of Iraq. We look at the city of Basra, which has been without water for five days. We acknowledge that there appears to have been some successful attempt to restore local power systems, thereby enabling access to potable water by some of the population. But for 60 per cent of the Basra residents the real threat of disease continues as they attempt to find what water they can from the river—a river into which the sewage is dumped. There is clear evidence from the previous conflict, as we look at what actually happened to resources like access to water, that one of the most damaging effects was that diseases like diarrhoea were prevalent.

Material circulated by the Medical Association for the Prevention of War (Australia) quoted Dr Rob Moodie, who is now the CEO of VicHealth. In talking about the reports that had been produced on the 1991 Gulf War, Dr Moodie said:

We documented a new effect of bombing. This was a new form of biological warfare, where in essence the national electricity grid was short-circuited in the first few days of bombing, then power stations were later completely bombed. We saw the unworkable water chlorination plants and filmed the untreated sewage spewing into the Tigris and Euphrates to infect a nation.

This led to the diseases that so affected the population—including, most importantly, children. The Deputy Leader of the Opposition has mentioned concerns that people should have about a Stalingrad-like situation that may occur in the capital. What would be the effect of a long drawn-out process that would see lack of ability to move logistics, even if the mines are cleared up and the ports of Umm Qasr opened?

These are the things that we really need to focus on now. Perhaps it would be a bit churlish if these matters were just raised by way of some partisan debate. These are issues that have been raised by many people from the opposition in a number of debates that went on before the conflict commenced. If we were sincere, and Australia was going to sign up as a member of the coalition of the willing to a form of military conflict, it had an obligation to ensure that appropriate planning was undertaken—that the humanitarian needs and the postwar situation of Iraq were well planned for. If there is any element of partisanship, that is the thing that we regret. I think the honourable member who is going to follow me in this debate, the member for—

Ms Macklin—Pearce.
Mr JENKINS—The member for Pearce; I thank the deputy leader. I thought that, in her contribution to the last Iraqi debate, the member for Pearce most courageously called upon the government, of which she is a member through one of the coalition parties, to ensure the appropriate resources were produced for the humanitarian needs in proportion to the type of resources that were being devoted to the military conflict. It is important that we have contributions that emphasise that.

We can have an argument about quantum, and we hope that the international community all contribute—whether it be from countries contributing directly or from countries like those of the EU contributing through the EU process, where the contribution has increased from €79 million to €100 million. I hope that we continue to look at the amount that is required, but we must also look at the vehicle that is required—at how the assistance is best delivered. We must ensure that, when we win the peace and put in place a new administration in Iraq, we put in place an administration that best suits the needs of self-determination for the Iraqi people. If in fact it requires a retired US general to be a military governor, hopefully that will only be for a short while. The irony is that everybody knows it will be through the aegis of the United Nations that the definite peace will be won. How ironic it will be that we will require the collective action of the global community, through the UN and its agencies, when we dismissed the efforts of that body and those agencies in the prelude.

We must also concentrate on the fact that there will be displaced people. There are already internally displaced persons in their thousands in Iraq. Many of them will go to neighbouring countries. Therefore, it is a responsibility of all those that are taking part in this action to ensure that they recognise that this will be a consequence of that action. There are clear needs that, regrettably, are being increased by the military conflict. There needs to be a proper discussion of the processes that are used to ensure that a post-war Iraq is sustainable and achieves the aspirations of the people in that country.

I wish to conclude by reading what is described as a prayer on the World Vision web site. I am not greatly into praying, but those who look upon supreme beings to guide us should perhaps pray for:

The people of Iraq, especially children and families—that they might find the food, water, shelter and medicine they need.

and for:

World leaders that they may make wise decisions to minimize civilian and military casualties and suffering.

and for:

Safety and protection for civilians and soldiers—in the theatre of war. At this time, winning the peace is of paramount importance. *(Time expired)*

Mrs MOYLAN (Pearce) (4.01 p.m.)—I join with the member for Scullin in those prayers, as do most of us in this chamber, for the safe return of those who are serving in the military in this conflict and also for the many civilians that are innocently caught up in the conflict. It is with a deep sense of sadness that I see a country—an ancient culture, a respected culture—such as Iraq in a situation where its citizens have been driven to desperate poverty because of the actions of a regime such as that of Saddam Hussein. He seems to be unmoved at the plight of his people and he has certainly been unwilling to make any concessions for a peaceful resolution.

The member for Scullin started his speech in the House today by mentioning the terrible images on television, and I agree with him on that point. It is difficult for us to escape these images at the moment, and perhaps we should not. Perhaps we should be sure that we understand fully the ramifications and the impact of war. Who can remain unmoved by the deep sadness in the eyes of the children who we see every day on our television screens who are being affected by this war?

As I said in my speech to the House earlier, the difficulty is that there is no picturesque speech that can mitigate the horrors of war. War has terrible consequences, particularly for the innocent: the children in particular, pregnant and lactating women, the elderly, the chronically ill and the orphans—a
group who were forgotten in the last conflict, many of whom died after the conflict.

Sometimes we forget the important things. Here we can turn on a tap and, for the most part, we have clean water—although it has certainly been in short supply this year. We take these things for granted. As my colleagues have quite rightly said, Iraq has had a terrible problem prior to the war with the provision of clean water. One in eight children in Iraq fails to reach their fifth birthday. That is a great tragedy. These children are dying from diseases which are easily cured in Australia and in other countries. I understand that 70 per cent of the diseases that cause sickness and death among Iraqi children are common respiratory problems, diarrhoea and similar illnesses. It is indeed a great tragedy. In all the discussions I have had with our Prime Minister over the days leading up to the decision to support the United States and Britain in the action against the Iraqi regime, he has been very concerned about the humanitarian situation and very willing to listen to those concerns.

I did take the time to speak to Care Australia and UNICEF. I would have liked to have spoken to other organisations. I know that many NGOs do tremendous work in assisting people after a war. The people involved have certainly been at the front, so to speak, on many occasions in many parts of the world and have a very clear picture of the horrors of war and its impact on children particularly and on other civilians. I was able to get some indication of the commitment of these organisations in trying to mitigate some of the worst aspects of war—providing clean water, food, medication and care. This ranges across a number of areas, including provision of services and assistance and basic provisions for refugees.

At the moment, we are faced with this terrible situation in Basra where the war continues to rage. The power is knocked out, and that is of course pivotal to being able to provide clean water and other services to the Iraqi people there. Our government is taking a key role in post-conflict planning and trying to resolve the problem of getting aid into places such as Basra, one of the largest cities in Iraq, with a population dependent on those basic services to survive. At the moment the Minister for Foreign Affairs is working with the US, the UK and the United Nations, and Australia’s focus is on priority areas where we can add value and engage Australian interests. The Prime Minister is quoted as saying that our divers have been trying to clear mines from one of the ports in order to get essential provisions into Iraq. We have committed to send a shipment of wheat, which will go a long way towards helping the situation there.

UNICEF have been involved in looking after Iraq’s children for over 50 years and, before the conflict broke out, were in there providing food. Sixty per cent of Iraqi people are dependent on food parcels from the government; however, that food has been lacking in nutrients, particularly protein, which has made the children very vulnerable to ill health. UNICEF have made a commitment to boost the immune systems of these children by improving their diets and by inoculating them against common childhood diseases such as measles. They had already spent a great deal of money—something like $17 million—on the provision of those services before war broke out. The government has committed funding to UNICEF and, I am sure, to other organisations that are playing an equally major role in delivering aid to Iraq on an ongoing basis.

In my earlier contribution to the House I made the point that, if Iraq is worth liberating, it is worth contributing to the cost of not only the rebuilding but also the provision of immediate humanitarian aid. We hope for a quick resolution to this war, but as it proceeds those needs will grow on a day-to-day basis. Our priorities now are to work with other agencies—the United Nations and other NGOs—to ensure that we restore power to the city of Basra. To assist people there is an immediate priority.

Last week I was briefed by the Department of Foreign Affairs and Trade and AusAID that they had already deployed officers to participate in contingency planning and to work within the Office of Reconstruction and Humanitarian Assistance in Kuwait. A lot of people are unaware that Iraq is capable of a good agricultural output. To get that
going again will be a big benefit to the Iraqi people. We have people there who are working hard, and very shortly our agricultural and economic experts will be joining the ORHA.

Time is moving on, and there is much more that I would like to say. I do know that many of my colleagues in this place have a deep concern about the humanitarian effects of this war and are very keen to see the government continue to work toward the provision of as much humanitarian aid as we can. I noticed that the member for Jagajaga talked about a contribution of $43 million, but the Prime Minister said quite clearly that we will put no less than that into Iraq. In fact, the aid that this government is prepared to commit to rebuilding Iraq and to providing immediate humanitarian aid could be much greater.

(Time expired)

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

INDUSTRY, TOURISM AND RESOURCES LEGISLATION AMENDMENT BILL 2002

Report from Main Committee

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

Ordered that this bill be considered forthwith.

Main Committee’s amendments—

(1) Clause 2, page 2 (after table item 4), insert:

4A. Schedule 1, The day after this Act receives the Royal Assent.

(2) Schedule 1, page 6 (after line 15), after item 12, insert:

Bounty (Ships) Act 1989

12A Subsection 12(1)

After “eligible costs bounty”, insert “, or eligible research and development expenditure bounty.”.

12B Subsection 12(2)

After “eligible costs bounty” (first occurring), insert “, or eligible research and development expenditure bounty.”.

12C Subsection 12(2)

Omit “eligible costs bounty” (second occurring), substitute “that bounty that is”.

12D Subsection 12(3)

After “eligible costs bounty” (first occurring), insert “, or eligible research and development expenditure bounty.”.

12E Subsection 12(3)

Omit “the eligible costs bounty”, substitute “that bounty”. 

12F Treatment of past payments purporting to be advances on account of eligible research and development expenditure bounty

(1) A payment that:

(a) purported to be an advance under subsection 12(1) of the Bounty (Ships) Act 1989 (the Bounty Act) on account of eligible research and development expenditure bounty; and

(b) was made during the period that started on 9 April 1999 and ended on the commencement of this item;

may, to the extent that it has not already been repaid to the Commonwealth by that commencement, be recovered by the Commonwealth from the person as a debt due to the Commonwealth.

(2) A person to whom a payment referred to in subitem (1) was made is entitled, on the commencement of this item, to be paid, by the Commonwealth, an amount equal to the amount of the debt due to it by the person under subitem (1).

(3) The Consolidated Revenue Fund is appropriated for the purpose of payments under subitem (2).

(4) The Commonwealth may set-off the amount of a debt due to it by a person under subitem (1) against an amount that is payable to that person under subitem (2).

(5) Despite subitems (1) and (2), in applying subsection 12(2) or (3) of the Bounty Act after the commencement of this item to the construction or modification of a vessel, any payment made before that commencement in respect of the construction or modification that purported to be an advance on account of eligible
research and development expenditure bounty is to be counted as though it had been validly made under subsection 12(1) of that Act.

Note: A person will therefore be liable to repay to the Commonwealth the amount of any excess of the purported advances over the amount of eligible research and development bounty payable to the person.

(6) This item does not, by implication, affect the recovery or set-off of other overpayments purporting to be made under the Bounty Act.

Question agreed to.

Bill, as amended, agreed to.

Third Reading

Mr TUCKEY (O’Connor—Minister for Regional Services, Territories and Local Government) (4.12 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

CORPORATIONS LEGISLATION AMENDMENT BILL 2002

Report from Main Committee

Bill returned from Main Committee with amendments; certified copy of the bill and schedule of amendments presented.

Ordered that this bill be considered forthwith.

Main Committee’s amendments—

(1) Schedule 1, item 30, page 13 (lines 10 to 16), omit paragraph (a), substitute:

(a) either:

(i) if the company became registered as a company after the commencement of this Act—the anniversary of the company’s registration as a company under this Act; or

(ii) otherwise—the date of the company’s incorporation or registration as a company, as recorded in a register maintained by ASIC under section 1274; or

(2) Schedule 1, item 30, page 13 (after line 18), after subsection (1), insert:

(1A) If:

(a) a company was incorporated as a company or became registered as a company before the commencement of this Act; and

(b) there is no date of incorporation of the company as a company or registration of the company as a company recorded in a register maintained by ASIC under section 1274; and

(c) paragraph (1)(b) does not apply to the company;

the review date for the company is the date determined by ASIC and notified to the company.

(1B) If, apart from this subsection, the review date for a company would be February 29, the review date for the company is February 28.

(3) Schedule 1, item 30, page 14 (lines 6 and 7), omit “the next anniversary of the company’s or scheme’s registration”, substitute “the next review date for the company or scheme”.

(4) Schedule 1, item 30, page 14 (lines 9 and 10), omit “the next anniversary of the company’s or scheme’s registration”, substitute “the next review date for the company or scheme”.

(5) Schedule 3, page 28 (before line 5), before item 1, insert:

1A At the end of subsection 205G(1)

Add:

Note: Under section 353, ASIC may determine conditions that must be complied with when lodging documents electronically under this subsection.

1B At the end of subsection 205G(3)

Add:

Note: Under section 353, ASIC may determine conditions that must be complied with when lodging documents electronically under this subsection.

1C At the end of subsection 205G(4)

Add:

Note: Under section 353, ASIC may determine conditions that must be complied with when lodging documents electronically under this subsection.
(6) Schedule 3, item 3, page 28 (lines 14 to 21), omit section 353, substitute:

353 Electronic lodgment of certain documents

(1) ASIC may determine conditions in relation to the electronic lodgment of documents:

(a) that must be given to a relevant market operator under section 205G;

or

(b) that must be given to ASIC under section 792C.

(2) The electronic lodgment of a document covered by a determination under subsection (1) is only effective if the lodgment complies with the conditions determined.

(3) ASIC must publish in the Gazette a copy of any determination under subsection (1).

Question agreed to.

Bill, as amended, agreed to.

Third Reading

Mr TUCKEY (O’Connor—Minister for Regional Services, Territories and Local Government) (4.13 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

CORPORATIONS (FEES) AMENDMENT BILL 2002

Report from Main Committee

Bill returned from Main Committee without amendment; certified copy of the bill presented.

Ordered that the bill be considered forthwith.

Bill agreed to.

Third Reading

Mr TUCKEY (O’Connor—Minister for Regional Services, Territories and Local Government) (4.16 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

NATIONAL BLOOD AUTHORITY BILL 2002

Report from Main Committee

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

Ordered that the bill be considered forthwith.

Bill agreed to.

Third Reading

Mr TUCKEY (O’Connor—Minister for Regional Services, Territories and Local Government) (4.16 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

COMMITTEES

Privileges Committee

Report

Mr SOMLYAY (Fairfax) (4.16 p.m.)—I present the report from the Committee of Privileges concerning an application from Ms Anne and Mr Gerard Henderson for the publication of a response to a reference made in the House of Representatives.
Corporations and Financial Services Committee Report

Mr HUNT (Flinders) (4.17 p.m.)—On behalf of the Parliamentary Joint Committee on Corporations and Financial Services, I present the committee’s report on the review of the Australian Securities and Investments Commission, together with evidence received by the committee.

Ordered that the report be printed.

Public Works Committee Report

Mrs MOYLAN (Pearce) (4.18 p.m.)—On behalf of the Parliamentary Standing Committee on Public Works, I present the report of the committee relating to the proposed fit-out of new leased premises for the Bureau of Meteorology, 700 Collins Street, Docklands, Victoria.

Ordered that the report be printed.

Mrs MOYLAN—by leave—This report addresses works associated with the relocation of the Bureau of Meteorology’s head office at an estimated cost of $22.8 million. The Bureau of Meteorology has occupied its current leased premises at 150 Lonsdale Street, Melbourne, for some 30 years. The bureau believes that a move to new premises is needed to enable it to effectively fulfil its role as Australia’s national meteorological monitoring, research and information service and to meet its international obligations as one of only three ‘world meteorological centres’.

Specifically, the move to the new premises has been necessitated by the imminent expiry, on 31 March 2004, of the bureau’s lease at its current premises and, more importantly, the inability of the current premises to meet the bureau’s operational requirements beyond 2003. Issues with the current premises include the quality of accommodation, the high costs associated with maintaining acceptable levels of service in an ageing building and the inability of the current premises to accommodate the bureau’s essential supercomputer.

The works investigated by the committee under the fit-out proposal included fit-out of the new central computing facility; general office fit-out; construction and equipping of special-purpose, shared-use facilities such as the National Meteorological Library and the Bureau of Meteorological Library and the Bureau of Meteorology’s Research Centre; storage facilities; electrical, mechanical, hydraulics and fire services; security provisions; and a specialised IT fit-out.

The committee inspected the construction site at 700 Collins Street and held a public hearing in Melbourne on 7 February 2003. Written submissions to the inquiry and verbal evidence provided at the public hearing raised three major issues in relation to the proposed works.

The first of these related to project timing and contingency planning. The handover of the tenancy at 700 Collins Street is scheduled to take place in March 2004, allowing the bureau time to establish operations at the new premises prior to the expiry of its current lease on 31 March 2004. The committee was concerned to ensure that the bureau was prepared to meet any additional financial burden that may arise should there be a delay in relocating to new premises. In the event of a delay, the bureau would need either to renew its current lease or to move to interim premises before final relocation, both of which are costly options. The committee recommended that the bureau produce a formal contingency plan containing details of cost provisions and accommodating options to come into effect should relocation be delayed beyond 31 March.

The committee also noted a degree of uncertainty surrounding a number of significant elements of the proposed project budget. The committee held the view that it was not acceptable in a project soon to go to tender and recommended that the bureau review and refine the project budget and supply a revised copy of the budget to the committee.

Witnesses at the public hearing into the proposed works included representatives of industrial organisations who expressed some concern over the level of consultation with the staff. Specifically, these witnesses raised issues relating to work space allocation for employees at Australia Public Service level 1 to level 6 and to parking provisions for shift workers in the new building. In order for
outstanding concerns to be resolved, the committee recommended that the bureau establish a separate and formal mechanism to have meaningful consultation with the staff and industrial organisations.

I thank the many people who assisted the committee in the course of discharging its responsibilities and I thank the committee members and the secretariat for the report. I commend the report to the House.

Mr BRENDAN O’CONNOR (Burke) (4.22 p.m.)—by leave—I rise to concur with the member for Pearce with respect to the project that has been reviewed by the Public Works Committee. I would like to quickly expand upon a number of matters with respect to the space required by the employees of the department. I think it was important to note—and this was referred to in the chair’s report—that there be proper consultation with staff in relation to the space requirements. Indeed, evidence was provided to the committee that this issue was one of some concern.

I think it is also important to note that not only did the committee properly and reasonably recommend that the department have regard to those issues and to a consultative process with the industrial organisations but also it was clear from the evidence that there were industrial instruments between the industrial organisations—the PSA and the APESMA—and the department that compelled the department to consult with those employees. Therefore, I think it was very important that that evidence was clearly outlined to the Public Works Committee. As a consequence, I think the Public Works Committee properly recommended to the department that they fulfil their obligations under the Workplace Relations Act.

Question agreed to.

PROPOSED SELECT COMMITTEE ON AUSTRALIAN BUSHFIRES

Mr TUCKEY (O’Connor—Minister for Regional Services, Territories and Local Government) (4.24 p.m.)—I move:

(1) That a Select Committee on the recent Australian bushfires be appointed to identify measures that can be implemented by governments, industry and the community to minimise the incidence of, and impact of bushfires on, life, property and the environment.

(2) That the Committee shall have specific regard to:

(a) the extent and impact of the bushfires on the environment, private and public assets and local communities;

(b) the causes of and risk factors contributing to the impact and severity of the bushfires, including land management practices and policies in national parks, state forests, other Crown land and private property;

(c) the adequacy and economic and environmental impact of hazard reduction and other strategies for bushfire prevention, suppression and control;

(d) appropriate land management policies and practices to mitigate the damage caused by bushfires to the environment, property, community facilities and infrastructure and the potential environmental impact of such policies and practices;

(e) any alternative or developmental bushfire mitigation and prevention approaches, and the appropriate direction of research into bushfire mitigation;

(f) the appropriateness of existing planning and building codes, particularly with respect to urban design and land use planning, in protecting life and property from bushfires;

(g) the adequacy of current response arrangements for firefighting;

(h) the adequacy of deployment of firefighting resources, including an examination of the efficiency and effectiveness of resource sharing between agencies and jurisdictions;

(i) liability, insurance coverage and related matters; and

(j) the roles and contributions of volunteers, including current management practices and future trends, taking into account changing social and economic factors.

(3) That the Committee consist of 14 members, 8 members to be nominated by the Government Whip or Whips and 6 members to be nominated by the Opposition Whip or Whips or by any independent Member.
(4) That every nomination of a member of the Committee be forthwith notified in writing to the Speaker.

(5) That the Committee have leave to report from time to time but that it present its final report no later than 6 November 2003.

(6) That the foregoing provisions of this resolution, so far as they are inconsistent with the standing orders, have effect notwithstanding anything in the standing orders.

It is with great regret that I present to the House this motion relating to the bushfires that ravaged many parts of Australia over the recent fire season. I have visited most of the areas affected by this summer’s wildfires and can personally attest to the level of damage and distress that has resulted. It is estimated that over three million hectares of land have been burnt out, with major economic and environmental losses. Eight lives were lost, four in the Australian Capital Territory alone. In excess of 500 people were injured, their injuries ranging from minor sprains and bruises to serious burns. Some 700 homes have been destroyed and many more have been damaged. Countless livestock have been lost, and the loss of farm infrastructure like buildings, fences and remaining feed is an enormous burden on our struggling farmers, who are already battling severe drought conditions. As well as the loss of life and property, we as a nation have lost much of our environment. Some of Australia’s most fragile alpine areas have been damaged by the intensity of the fires—some perhaps beyond repair.

Since 1927 state governments have implemented a range of inquiries into the succession of bushfires that have afflicted this nation. It is apparent that most official responses to the bushfire menace have focused on fire suppression rather than strategic measures relating to fire prevention. History shows that fire suppression is simply incapable of extinguishing wildfire. The most effective response, known as back-burning, is to deny the approaching fire a fuel source. The prevailing conditions are often such as to make this process unmanageable, so that it leaves as much destruction as the original fire. Tragically, in those circumstances wildlife becomes trapped between two fires.

Whilst land management is constitutionally a state government responsibility, the Australian taxpayer, through the federal government, is becoming increasingly involved. Recently my colleague the Minister for Science, the Hon. Peter McGauran, announced a $25 million federal contribution towards the establishment of a bushfire cooperative research centre. My department contributed $8.1 million this year to assist state and territory fire agencies in the acquisition of aerial firefighting assets for the recent fire season.

Under its natural disaster relief arrangements, or NDRA, the Commonwealth government has committed to assisting the states in meeting state government and community costs associated with bushfire disasters. Under current budget forward estimates the federal government has made provision for total NDRA expenditure of up to $92 million in 2004-05, which includes reimbursement for bushfire related expenditures. The general community also pays, through higher insurance premiums, as the insurance industry seeks recovery of the enormous payouts that have arisen, for example in relation to the hundreds of homes destroyed in the recent Canberra bushfires.

Too often the states seek to resolve these difficulties by seeking ever more funding from the federal government, as though our Treasurer had discovered the secrets of alchemy. It is important that, with the tragic events of this summer now behind us, we take the time to thoroughly examine all the causes and reasons for the extreme severity of the bushfires that did so much damage to so many communities, the effects of which will be felt for a long time to come. It is important that we now look at what more can be done to prevent these events happening again.

There are some simple principles in relation to wildfire, the most fundamental being that the intensity of the fire is directly related to the available fuel. No matter how high the atmospheric temperature or the available means of ignition, no fire can commence or propagate without sufficient available fuel. This is but one of many issues that it is appropriate to examine afresh. It is also appropriate that this parliament take steps to con-
duct an arm’s-length inquiry into what has now become an issue with national economic and social implications. The committee will have the opportunity to look to the lessons of history and seek the advice of volunteer firefighters and other experts in both fire prevention and fire suppression.

The Howard government has deliberately chosen a parliamentary select committee to place this inquiry where it belongs—that is, above party politics. The terms of reference for this inquiry are comprehensive and are about determining how we as the national parliament ensure that this tragic summer is not repeated. We must do all we can to ensure that never again are our wonderful firefighters asked to try to deal with the dangerous conditions that they experienced over the summer just gone. The committee will be asked to look at the best land management policies and practices to mitigate the damage caused by fire to the environment, property, community facilities and infrastructure. It is also about finding out how best to deal with the suppressing of fires. The lessons learnt from this summer must be incorporated into the fire response arrangements of governments and government organisations. I thank the members of the House for volunteering their valuable time and commitment in the quest for solutions to the incidence and effects of one of Australia’s perennial disaster events—namely, bushfire.

Question agreed to.

**MIGRATION LEGISLATION AMENDMENT (FURTHER BORDER PROTECTION MEASURES) BILL 2002 [No. 2]**

**First Reading**

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

**Second Reading**

Mr RUDDOCK (Berowra—Minister for Immigration and Multicultural and Indigenous Affairs and Minister Assisting the Prime Minister for Reconciliation) (4.31 p.m.)—I move:

That this bill be now read a second time.

In 2001 the parliament passed amendments to the Migration Act which in effect excised the ability of a person arriving without authority at certain offshore places, such as Christmas Island and Ashmore and Cartier Islands, to apply for a visa to enter and remain lawfully in Australia.

These amendments also included authority for regulations to be made to extend this visa application bar to other islands and external territories by including those islands within the definition of excised offshore places.

On 7 June 2002 I recommended to the Governor-General the making of regulations to extend the area of excised offshore places to cover islands off the north-west of Western Australia, islands off the Northern Territory and islands off Far North Queensland and the Coral Sea Islands Territory.

These regulations were made following receipt of advice from the government’s People Smuggling Task Force, who were concerned that people smugglers were intending to attempt to send boatloads of unauthorised arrivals either to Australia or to other countries such as New Zealand via waters off Northern Australia.

The opposition and minor parties combined in the Senate to disallow these regulations in June 2002.

Following this, I introduced the Migration Legislation Amendment (Further Border Protection Measures) Bill 2002 in June 2002. Again, the opposition and minor parties combined in the Senate to reject that bill in December 2002.

This is an extraordinary outcome. An act that received the support of the opposition in 2001 to fight the invidious trade of people-smuggling is in effect being undermined by the very same opposition.

It is like saying that we were serious about fighting people-smuggling prior to the last election but we are no longer serious, no longer committed to border protection.

This government will not allow this. This is why we are reintroducing this bill.

This bill is being reintroduced at a time when we cannot be complacent about border security.

We must have the capacity to manage our borders and ensure that our sovereignty is
not put at risk by opportunist people smugglers.

Without the amendments made by this bill, should any vessel attempt to come either through the Torres Strait or to outlying islands of Australia it would be possible for unlawful arrivals to gain access to Australia’s extensive visa application processes.

Turning to the amendments made by the bill, the definition of ‘excised offshore place’ is expanded to include the same islands off the coasts of Western Australia, the Northern Territory, Queensland and the Coral Sea Islands Territory that were covered by the earlier regulations and the bill dealt with last year.

The provisions of the Migration Act continue to apply to these islands. The legislative changes made by this bill do not affect Australian sovereignty over these islands. The islands remain integral parts of Australia. Over the coming weeks I will be advising communities in these areas that the bill has been reintroduced and the reasons for this and again reassure them that it has no adverse impact on their movements.

Expansion of the excised offshore places by this bill sends a very strong message to people smugglers that, while Australia has commitments elsewhere, we have not been distracted from protecting Australia’s borders. We remain alert and prepared to move quickly to take measures to counter their operations.

The bill makes it significantly harder for people smugglers to get to an area where visa applications may be made—places where they can dump their human cargo and escape without detection.

The choice for the opposition is clear. Given the Leader of the Opposition’s professed concern for border security, either the opposition can support strong and effective border controls or they can contribute to the weakening of Australia’s borders and the perils arising from this action.

I commend the bill to the chamber, and I present the explanatory memorandum.

Debate (on motion by Mr Melham) adjourned.

**TRANSPORT SAFETY INVESTIGATION BILL 2002**

Consideration of Senate Message

Bill returned from the Senate with amendments.

Ordered that the amendments be considered forthwith.

**Senate’s amendments—**

(1) Clause 13, page 16 (lines 18 and 19), omit “is a suitable person to exercise those powers”, substitute “satisfies the criteria prescribed by the regulations”.

(2) Clause 17, page 17 (line 21), after “international agreements”, insert “(as in force from time to time)”.

(3) Clause 17, page 17 (after line 22), at the end of the clause, add:

(2) In exercising powers under this Act, the Executive Director must also have regard to any rules, recommendations, guidelines, codes or other instruments (as in force from time to time) that are promulgated by an international organisation and that are identified by the regulations for the purposes of this section.

(c) the occurrence occurs outside Australia and any of the following apply:

(i) evidence relating to the occurrence is found in Australia;

(ii) the appropriate authority of another country has requested the Executive Director to conduct, or to participate in, an investigation into the occurrence;

(iii) the Executive Director considers that it is necessary to conduct, or to participate in, an investigation into the occurrence and the agreement of the appropriate authority of another country is obtained for the Executive Director to conduct, or to participate in, such an investigation;

(iv) Australia has a right or obligation, under an international agreement, to participate in an investigation into the occurrence.

(5) Clause 30, page 28 (lines 9 to 15), omit the clause, substitute:
Obligations of Executive Director before entering premises

(1) Before entering premises under this Part, the Executive Director must take reasonable steps to:
(a) notify the occupier of the premises of the purpose of the entry; and
(b) produce the Executive Director’s identity card for inspection by the occupier.

(2) The Executive Director is not entitled to exercise any powers under this Part in relation to premises if the Executive Director fails to comply with the requirement under subsection (1).

(6) Clause 33, page 31 (lines 3 to 7), omit the clause, substitute:

33 Power to enter special premises without consent or warrant

(1) The Executive Director may enter special premises without the occupier’s consent and without obtaining a warrant if:
(a) the Executive Director believes on reasonable grounds that it is necessary to do so; and
(b) the investigation is an investigation into an immediately reportable matter.

(2) The Executive Director may enter the special premises with such assistance, and by such force, as is necessary and reasonable.

(3) Before entering special premises under subsection (1), the Executive Director must take reasonable steps to give to the occupier of the premises a written notice setting out the occupier’s rights and obligations under this Division in relation to the powers that may be exercised under section 36 upon entry.

(4) The Executive Director is not entitled to exercise any of those powers in relation to special premises the Executive Director has entered under subsection (1) if the Executive Director fails to comply with the requirement under subsection (3).

Mr TUCKEY (O’Connor—Minister for Regional Services, Territories and Local Government) (4.38 p.m.)—I move:

That the amendments be agreed to.
ment has supported them to maximise industry support and cooperation under the legislation. The government appreciates the bipartisan support of the opposition for the bills and the work of the ATSB and the diligence and support provided by a number of senators. The TSI bills are major packages of legislation that will lead in time to improvements in safety in the transport sector. I commend the bills, as amended, to the House.

Question agreed to.

TRANSPORT SAFETY INVESTIGATION (CONSEQUENTIAL AMENDMENTS) BILL 2002

Consideration of Senate Message

Bill returned from the Senate with amendments.

Ordered that the amendments be considered forthwith.

Senate’s amendments—

1) Govt (1) [Sheet EJ316 Revised]

Schedule 1, page 3 (before line 25), before item 5, insert:

4A Section 4

After “Part III”, insert “or IIIB”.

2) Govt (2) [Sheet EJ316 Revised] (As amended by Lees (1) and (2) [Sheet 2831])

Schedule 1, page 3 (after line 29), after item 5, insert:

5A After Part IIIA

Insert:

PART IIIB—PROTECTION OF CVR (COCKPIT VOICE RECORDING) INFORMATION

32AN Definitions

In this Part:

Australian court means a federal court or a court of a State or Territory.

civil proceedings means any proceedings before an Australian court, other than criminal proceedings.

Commonwealth entity means:

(a) the Commonwealth; or
(b) an authority of the Commonwealth; or
(c) a corporation in which the Commonwealth, or an authority of the Commonwealth, has a controlling interest.

Commonwealth place means a place referred to in paragraph 52(i) of the Constitution, other than the seat of government.

constitutional corporation means:

(a) a corporation to which paragraph 51(xx) of the Constitution applies; or
(b) a body corporate that is incorporated in a Territory.

court includes any tribunal, authority, person or body that has power to require the production of documents or answering of questions, but does not include a Royal Commission, the Parliament or either House of the Parliament.

crew member, in relation to CVR information, means any person who had operational duties on board the aircraft at any time during the recording period of the CVR.

criminal proceedings means criminal proceedings before an Australian court.

CVR or cockpit voice recording has the meaning given by section 32AO.

CVR information means:

(a) a CVR or any part of a CVR; or
(b) a copy or transcript of the whole or any part of a CVR; or
(c) any information obtained from a CVR or any part of a CVR.

damages proceedings means civil proceedings for damages in respect of personal injury, death or damage to property.

disclose:

(a) in relation to information, includes divulge or communicate the information in any way; and

(b) in relation to information contained in a document or other article, also includes produce the document or other article, or make it available, for inspection.

operational duties means duties or functions in connection with the operation or safety of the aircraft.

Royal Commission means a Commission that has been commissioned by the Governor-General to conduct an in-
quiry, and includes any member of such a Commission.

**32AO Definition of CVR or cockpit voice recording**

(1) A recording is a CVR (or cockpit voice recording) for the purposes of this Part if:

(a) the recording consists of (or consists mainly of) sounds or images, or sounds and images, of persons on the flight deck of an aircraft; and

(b) the recording was made in order to comply with a law of the Commonwealth; and

(c) either of the following applies:
   
   (i) any part of the recording was made while the aircraft was on a constitutional journey, or was made incidentally to such a journey;
   
   (ii) at the time when the recording was made, the aircraft was owned or operated by a constitutional corporation or Commonwealth entity; and

(d) the recording is not an on-board recording for the purposes of the Transport Safety Investigation Act 2003.

(2) In this section:

   constitutional journey means:

   (a) a journey in the course of trade or commerce with other countries or among the States; or

   (b) a journey within a Territory, or to or from a Territory; or

   (c) a journey within a Commonwealth place, or to or from a Commonwealth place.

**32AP Copying or disclosing CVR information**

(1) A person is guilty of an offence if:

(a) the person makes a copy of information; and

(b) the information is CVR information.

Penalty: Imprisonment for 2 years.

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

(a) the person discloses information to any person or to a court; and

(b) the information is CVR information.

Penalty: Imprisonment for 2 years.

(3) Subsection (1) or (2) does not apply to:

(a) copying or disclosure for the purposes of an investigation under the Transport Safety Investigation Act 2003; or

(b) copying or disclosure for the purposes of the investigation of any offence against a law of the Commonwealth, a State or a Territory; or

(c) disclosure of CVR information to a court in criminal proceedings against a person who is not a crew member; or

(d) disclosure of CVR information to a court in criminal proceedings against a person who is a crew member for an offence against a law of the Commonwealth, a State or a Territory punishable by a maximum penalty of imprisonment for life or more than 2 years, where:

   (i) the offence does not arise as a result of an act done or omitted to be done in good faith in the performance of the person’s duties as a crew member; and

   (ii) the court makes a public interest order under subsection (4) in relation to the CVR information; or

(e) disclosure to a court in damages proceedings where the court makes a public interest order under subsection (4) in relation to the CVR information.

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

(4) If the court is satisfied that, in the circumstances of the case, the public interest in the proper determination of a material question of fact outweighs:

(a) the public interest in protecting the privacy of members of crews of aircraft; and

(b) any adverse domestic and international impact that the disclosure of the information might have on any future investigation under the
Transport Safety Investigation Act 2003;
then the court may order such disclosure.

(5) The court may direct that CVR information, or any information obtained from the CVR information, must not:
(a) be published or communicated to any person; or
(b) be published or communicated except in such manner, and to such persons, as the court specifies.

(6) If a person is prohibited by this section from disclosing CVR information, then:
(a) the person cannot be required by a court to disclose the information; and
(b) any information disclosed by the person in contravention of this section is not admissible in any civil or criminal proceedings (other than proceedings against the person under this section).

32AQ CVR information no ground for disciplinary action
A person is not entitled to take any disciplinary action against a crew member on the basis of CVR information.

32AR Admissibility of CVR information in criminal proceedings against crew members
CVR information, and any information or thing obtained as a direct or indirect result of the use of CVR information, is not admissible in evidence in criminal proceedings against a crew member, except where:
(a) the CVR information has been disclosed in the proceedings because of the operation of paragraph 32AP(3)(d); or
(b) the criminal proceedings are for an offence against this Part.

32AS Admissibility of CVR information in civil proceedings
(1) CVR information is not admissible in evidence in civil proceedings unless the court makes a public interest order under subsection (3) in relation to the CVR information.

(2) A party to damages proceedings may, at any time before the determination of the proceedings, apply to the court in which the proceedings have been instituted for an order that CVR information be admissible in evidence in the proceedings.

(3) If such an application is made, the court must examine the CVR information and if the court is satisfied that:
(a) a material question of fact in the proceedings will not be able to be properly determined from other evidence available to the court; and
(b) the CVR information or part of the CVR information, if admitted in evidence in the proceedings, will assist in the proper determination of that material question of fact; and
(c) in the circumstances of the case, the public interest in the proper determination of that material question of fact outweighs:
   (i) the public interest in protecting the privacy of members of crews of aircraft; and
   (ii) any adverse domestic and international impact that the disclosure of the information might have on any future investigation under the Transport Safety Investigation Act 2003;
then the court may order that the CVR information, or that part of the CVR information, be admissible in evidence in the proceedings.

32AT Examination by a court of CVR information under subsection 32AS(3)
(1) This section applies if a court examines CVR information under subsection 32AS(3).

(2) The only persons who may be present at the examination are:
(a) the person or persons constituting the court, other than the members of the jury (if any); and
(b) the legal representatives of the parties to the proceedings; and
(c) such other persons (if any) as the court directs.

(3) The court may direct that the CVR information, or any information obtained from the CVR information, must not:
(a) be published or communicated to any person; or
(b) be published or communicated except in such manner, and to such persons, as the court specifies.

32AU Where a court makes an order under subsection 32AS(3)

(1) This section applies if CVR information is admitted as evidence under subsection 32AS(3).

(2) In relation to proceedings against a crew member, the CVR information is not evidence for the purpose of the determination of the liability in the proceedings of the crew member.

(3) In relation to any proceedings, the court may direct that the CVR information or any information obtained from the CVR information, must not:
(a) be published or communicated to any person; or
(b) be published or communicated except in such manner, and to such persons, as the court specifies.

6A Schedule 3

Insert in the appropriate alphabetical position:

Civil Aviation Act 1988, subsections 32AP(1) and (2)

Mr TUCKEY (O’Connor—Minister for Regional Services, Territories and Local Government) (4.42 p.m.)—I move:

That the amendments be agreed to.

The primary purpose of the Transport Safety Investigation Bill 2002, with the government amendments included, is to maintain and improve transport safety in the aviation, marine and rail modes by providing the Australian Transport Safety Bureau, ATSB, with power relating to the reporting of transport safety matters; conduct of ‘no blame’ safety investigations; making of safety action statements, including safety recommendation to address the identified safety efficiencies; protection and dissemination of information and publishing of investigation results. The TSI Bill has received bipartisan support.

The Transport Safety Investigation (Consequential Amendments) Bill 2002, with the government amendments included, provides for the repeal of existing legislative authority for aviation and marine investigation; transitional arrangements for the investigation completed in progress when existing legislation is repealed and the main bill commences; a regime in the Civil Aviation Act 1988 to protect the confidentiality of cockpit voice recordings, CVRs, where they are not protected under the TSI Bill; the inclusion of a cooperation requirement for the Australian Maritime Safety Authority, AMSA, the Civil Aviation Authority, CASA, and Airservices Australia; and certain classes of safety information protected under the main bill to be made exempt from the Freedom of Information Act 1982.

The government is moving amendments to the Transport Safety Investigation Bill 2002 and the Transport Safety Investigation (Consequential Amendments) Bill 2002. The amendments are made in response to matters raised by the Senate Standing Committee on the Scrutiny of Bills and the Senate Rural and Regional Affairs and Transport Legislation Committee. The balance of those amendments has already been mentioned, so I will not bore the House by reading those again. I refer to my earlier comments on the previous bill and refer the matter to the House.

Question agreed to.

WORKPLACE RELATIONS AMENDMENT (PROHIBITION OF COMPULSORY UNION FEES) BILL 2002 [No. 2]

Consideration of Senate Message

Message received from the Senate acquainting the House that the Senate does not insist upon its amendments Nos 1 and 3 to 6 disagreed to by the House.

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

Second Reading

Debate resumed, on motion by Mr Anthony:

That this bill be now read a second time.

Question agreed to.
Bill read a second time.

Third Reading

Mr ANTHONY (Richmond—Minister for Children and Youth Affairs) (4.47 p.m.)—by leave—I move:

That this bill be now read a third time.

Question put:

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

The House divided. [4.51 p.m.]

(The Deputy Speaker—Mr Jenkins)

Ayes............ 77
Noes............ 60
Majority........ 17

AYES


NOES


Question agreed to.

Bill read a third time.

BUSINESS

Rearrangement

Mr ABBOTT (Warringah—Leader of the House) (4.56 p.m.)—On indulgence, if I could have the House’s attention on the question of the House’s possible sittings, I can inform the House that the Senate has extended its sitting hours tomorrow night. That does not necessarily mean that we will have to sit late. There is, I am afraid, a possibility but not yet a likelihood that we will sit late tomorrow night. As soon as I know more, I will let the House know.

AUSTRALIAN SECURITY INTELLIGENCE ORGANISATION
LEGISLATION AMENDMENT (TERRORISM) BILL 2002 [No. 2]
Second Reading

Debate resumed from 20 March, on motion by Mr Williams:

That this bill be now read a second time.

Mr MELHAM (Banks) (4.58 p.m.)—I begin my remarks today by reaffirming what I said on behalf of the opposition concerning the Australian Security Intelligence Organisation Legislation Amendment (Terrorism) Bill 2002 [No. 2] last year. When the bill was debated on 19 September 2002, I declared Labor’s support for strong security laws to protect the Australian people from international terrorist threats. But we could not support the government’s proposals to give ASIO the power to interrogate and detain incommunicado people not necessarily suspected of any wrongdoing. For Labor, the government’s bill was unacceptable. It remains unacceptable today. Terrorist suspects must be identified, hunted down and arrested—but only terrorist suspects. Labor is determined to protect law-abiding Australians from grievous infringements of their rights. The Attorney-General has repeatedly asserted that the Australian community must be prepared to accept sacrifices of rights and liberties in the name of security. Time and again the government has declared that everything changed on 11 September 2001.

They are wrong; some things did not change. Our rights and liberties did not change on 11 September. The government have got this profoundly wrong. We cannot trade fundamental principles off against each other. We must be diligent in protecting the community from terrorist threats, but we must be equally vigilant in protecting civil liberties and democratic freedoms from assault.

Last year, as members will recall, parliament ended on a sour note, with this bill deadlocked between the House and the Senate. After detailed committee consideration through 2002, debate on the bill commenced in the Senate on 10 December 2002. After it was amended by the government, the opposition and minor parties, the bill was sent back to the House of Representatives on 12 December. As everyone would recall, the deadlock then lasted through the night and into the morning of 13 December. During the debate, attempts were made to mediate a solution between the opposition and the government.

As amended by the Senate, the bill would have given ASIO the power to compel people, including people not suspected of any wrongdoing, to provide information that might relate to a terrorism offence. The amended bill would have provided for a significant enhancement of ASIO’s intelligence collection capability. Labor support strengthening the capacity of ASIO to investigate potential terrorist activity. We have made that absolutely clear. Through amendments in the Senate, Labor offered the government enhanced powers for ASIO, including a tough new questioning regime and equally strong protections for Australians who might find themselves subject to those powers. The amended bill got the balance right and would have enhanced our nation’s security. We were disappointed that the government did not accept our principled and balanced approach, preferring to play politics and set up the ASIO bill as a double dissolution trigger.

The Senate amendments would have given ASIO powers similar to those of royal commissions, of the Australian Securities and Investments Commission, of the Australian Crime Commission and of the Independent Commission against Corruption. We accept these powers for combating corruption and corporate and organised crime, and the opposition believe Australia needs strong and balanced laws for combating terrorism.

Issues of fundamental principle divide the government and Labor on this bill. The government does not want people being questioned by ASIO to have access to legal advice for the first two days of their detention—it wants to keep them incommunicado. It also wants to keep them in detention for up to seven days. This approach would infringe two of the most basic principles of our system of justice: the right to legal advice of choice and the right not to be detained without suspicion or charge. No other comparable Western country permits citizens who are not suspected of any offence to be detained
Wednesday, 26 March 2003

Representatives

in secret, without access to a lawyer. The United States and the United Kingdom do not, and Australia certainly should not.

We cannot allow innocent people who are not even suspected of an offence to be treated worse than murder suspects. We have rejected the government’s incommunicado detention regime. Labor insist that persons being questioned by ASIO should have access to legal advice of their choice for the duration of questioning. Labor insist that the period and conditions of questioning be comparable to those permitted under the Crimes Act and those used by the other agencies. We proposed an alternative compulsory questioning regime which, in the most extreme circumstances, would allow for a person to be questioned for up to 20 hours. Labor did not accept that this questioning regime should apply to children under 18. We took the view that any children suspected of involvement in terrorist activities should be dealt with under the provisions of the Crimes Act. The Senate’s amendments incorporated the key principles insisted upon by Labor.

The government claimed, in a two-hour burst of histrionics on 12 December last year, that Labor was wrecking the bill. Sensible and balanced editorials in the Australian and the Courier-Mail of 16 December 2002 and the Canberra Times of 17 December 2002 dismissed the government’s assertions. Numerous independent observers, including some of this country’s most eminent lawyers, were similarly appalled by the government’s approach and argued that the government should have accepted sensible modifications to its bill. Let there be no misunderstanding: the Howard government deliberately passed up the opportunity on Friday, 13 December 2002 to give ASIO strong powers to combat terrorism, while retaining equally strong safeguards to protect our democratic rights.

The government has always claimed that the bill is both necessary and urgent. When it was introduced on 21 March 2002 the Attorney General said:

The Howard government has been vigorously pursuing important measures to ensure that Australia is in the strongest possible position to protect the Australian people and Australian interests. Who would have thought such an urgent bill would take more than a year to gestate in the parliament? Fault for the delay in giving ASIO new investigatory powers lies squarely at the feet of the government. It has been sluggish and bloody-minded in the handling of this bill. The government stubbornly rejected sensible, bipartisan recommendations from two parliamentary committees. The government rejected carefully considered amendments by the Senate that would have given ASIO strong powers coupled with strong safeguards. The safeguards Labor was insisting on were no more than apply in similar countries around the world, and the government has now waited another six weeks since parliament started this year to reintroduce the bill. If the bill was so urgent, why wasn’t it reintroduced on 4 February this year? Why has the government waited until the second last day before a six-week break to bring this bill on for debate?

As matters now stand, the bill will not come on for debate in the Senate until at least the budget session, commencing on 13 May. It is unlikely to be the subject of substantive debate in the Senate until the two sitting weeks commencing 16 June. Why is the government proposing to move its own amendments in the Senate and not in the House? The opposition are yet to see the precise text of those amendments. Last week, the Attorney-General again claimed that the government has been engaged in months of negotiation in order to find a way to secure passage of the bill. There certainly have been some exchanges between government and opposition, but, as the Attorney-General well knows, these have largely concerned secondary issues. At no time has the government shown any real preparedness to address the fundamental concerns of the opposition. We can only conclude that the government is less interested in the security of the Australian community than in securing a trigger for a double dissolution election. The only timing issue for the government is political, and not related to our nation’s security.

When the Attorney-General brought the ASIO bill back into the House on 12 December, he said:
This is an important bill that has become a test of commitment to the security of the nation.

Mark Riley from the *Sydney Morning Herald* was spot-on when, on 7 March, he wrote:

It is clear the Government has failed Williams’ test. Its chief commitment with this bill has been to the security of its future electoral options.

On 12 December, the Minister for Justice and Customs, Senator Ellison, told the Senate:

But one thing should be made very clear: in this current threatened environment, this bill is essential to the package of measures that we need to ensure Australia’s safety.

The Prime Minister even had an implied threat against Labor. On 13 December, he said:

... if this bill does not go through and we are not able to clothe our intelligence agencies with this additional authority over the summer months it will be on the head of the Australian Labor Party and on nobody else’s head.

It was a bit rich saying ‘if the bill does not go through’. The bill had just been withdrawn by the government, and if they had any interest in protecting Australians over the summer months they would have accepted the Senate’s practical and balanced amendments.

The government, which was stressing the need for this bill by Christmas, rejected Labor’s offer of enhanced powers for ASIO in the context of appropriate and effective safeguards. Even then there was nothing stopping the Attorney-General accepting the amended bill and coming back at a later stage to discuss changes. But the government did not do so. Instead, the government withdrew the bill and then waited for the full three months before reintroducing it into the parliament.

In the interim, ASIO has never been so much in the media. Reports of ASIO activities over the period 12 December to 12 March—the three months the bill was set aside—were in the media on most days. The ASIO Director-General, Dennis Richardson, reminded Australia several times that security alerts were still in place. On 19 February at a security conference he warned Australian business to tighten security. We know, thanks to AFP Commissioner Keelty, that ASIO was working in Indonesia to help track members of Jemaah Islamiah. ASIO assessed the young Lebanese man Zak Mullah, determined that he was a security risk and disallowed his passport. At the request of the United States, ASIO assessed the status of an Iraqi diplomat and decided he was a security risk. ASIO was dealing with court proceedings in the aftermath of its raids earlier last year. We know that ASIO staff rejected a pay deal offered to them and that officers generously donated more than $3,000 to the Canberra bushfires appeal—and good on them!

ASIO has certainly been very busy. During those same three months, what was the government saying about the extremely important ASIO bill—the bill that had to be rushed through by Christmas to protect Australians over the summer months? Nothing. The Prime Minister did not mention it at all. The Attorney-General broke his silence about the bill only once, addressing a gathering of Young Liberals in Adelaide. But that was it. Suddenly, this supposedly very important bill slid off the government’s public agenda entirely. On 2 February, a journalist asked the Prime Minister about cabinet’s first meeting of the year. The exchange went like this:

JOURNALIST: Can you give us an idea of what is on the agenda?

PRIME MINISTER: No, I don’t normally disclose the agenda.

JOURNALIST: Perhaps the ASIO bill which was blocked?

PRIME MINISTER: I don’t normally talk about the agenda. Okay.

But the Prime Minister is always ready to talk about cabinet proceedings when it suits him. At a press conference on 25 February, for example, he was quite happy to talk at length about cabinet’s domestic agenda—the usual double standard from the Prime Minister. The silence of the government on this most urgent of bills speaks volumes. Once the ASIO bill was negatived in December, the Prime Minister did not want to talk about it. He did not want to talk about it, because he did not want to reintroduce the bill until it met the requirements of a double dissolution trigger. As is so often the case with the Prime Minister, politics comes first.
Labor are opposing this bill today because its passage would give ASIO inappropriate powers with ineffective safeguards. Labor will insist persons being questioned by ASIO have access to legal advice of their choice for the duration of questioning. We insist that the period and conditions of questioning be similar to those permitted under the Crimes Act and those used by the other agencies. There is a huge difference between the government’s proposed detention regime and the alternative compulsory questioning arrangements proposed by the opposition. We will not allow innocent people who are not even suspected of an offence to be treated worse than a murder suspect or, dare I say, a terrorist suspect. Labor do not accept that this questioning regime should apply to children under 18 years. Children should not be questioned by secret intelligence officers, especially without the right to silence. Labor will be sticking to these principles.

As it stands, the bill infringes some of the most basic principles of our system of justice: the right to legal advice of choice and the right not to be detained without suspicion or charge. No comparable Western country permits citizens who are not suspected of any offence to be detained in secret without access to a lawyer. What the opposition has offered the government is a tough new questioning regime for ASIO with equally strong protections for Australians who might find themselves subject to those powers. It is workable, principled and balanced, and will enhance the security of Australians. Today, with Australia at war in Iraq, it is worth reminding ourselves about the strong security measures put in place during the Second World War. Even then it was recognised that such measures must not undermine Australia’s identity as a free and democratic society. Prime Minister Robert Menzies, in introducing the National Security Act into parliament on 7 September 1939, stated:

What ever may be the extent of the power that may be taken to govern, to direct and control by regulation, there must be as little interference with individual rights as is consistent with concerted national effort.

He went on:

The greatest tragedy that could overcome a country would be for it to fight a successful war in defence of liberty and to lose its own liberty in the process.

That is a good summation of Labor’s current position in relation to the ASIO bill. It is arguable whether Prime Minister Menzies always adhered to his own declared standard. After all, he did later try to ban the Communist Party, something even our current Prime Minister agrees the Australian people were right to reject. But, that said, Menzies’ warning about the balance between security and liberties is as valid today as when he made it in this parliament nearly 64 years ago.

In his second reading speech last Thursday, 20 March, the Attorney-General declared that the government would not accept amendments that would render the bill impotent or unworkable. He also asserted:

Our intelligence agency has indicated that we would rather no legislation at all than a fig leaf.

I would remind the Attorney-General and the Director-General of ASIO that these are ultimately matters not for ASIO but for this parliament to decide. It is for the parliament to decide what an appropriate balance is between the requirements of security and protection of the rights and liberties of Australian citizens. I think the Director-General of ASIO would be the first to acknowledge that it is his duty to work within whatever legislation the parliament adopts.

The Director-General has, of course, been very active in relation to this bill. He has appeared before two parliamentary committees. He has briefed members of those committees in public and in private session. These appearances were appropriate. However, it would appear that senior ASIO officers have also been active in the background, briefing members of the press. I must say I am disappointed in what I have read and heard they have been saying to the press. On 23 December last year, for example, the Australian newspaper’s Dennis Shanahan quoted senior ASIO officers as saying that, as amended by the Senate, the ASIO bill would be ‘a poisoned chalice’ and that they would prefer to have no legislation at all. It was highly inappropriate for ASIO officers to be backgrounding the press in this way.
I have also heard of other comments by senior ASIO officers that have been directly critical of the opposition and the role of particular Labor members in dealing with this legislation. The Director-General, I am sure, understands that there is a line that should not be crossed and that such interventions in political debate by ASIO officers should not be repeated. It would be unfortunate—indeed, it would be contrary to the national interest—for ASIO or any of its officers to become embroiled in partisan politics.

Had the government accepted Labor’s reasonable and balanced amendments, ASIO’s new investigation powers would have been in place before Christmas last year, with strong and appropriate safeguards to protect democratic freedoms. ASIO would today have the power to compel people to answer questions about possible terrorist activity. ASIO would be able to exercise that power with strong, bipartisan support. They could be using that power today to gather intelligence that could help prevent a terrorist attack on Australians. But, thanks to the government’s bloody-minded and politically driven approach, ASIO do not have that power today. Because of the government, ASIO cannot today compel people to answer questions about possible terrorist attacks.

If a terrorist attack does take place—and we all hope and pray it will not—it will be fair to ask the question: why has the government rejected the offer to give ASIO an important new power to obtain information about possible terrorist threats? By rejecting Labor’s balanced approach, the Prime Minister has betrayed the national interest. The Prime Minister has betrayed the safety of the Australian people. He has betrayed our democratic principles. If the Prime Minister persists in this course, he will be condemned for that betrayal.

You do not defeat terrorists by detaining non-suspects incommunicado without lawyers. These are principles that are deeply embedded in our system of justice. These are things that differentiate us from the terrorists. Nor do you defeat terrorists by rejecting enhanced powers for our security service because you would prefer to have an election trigger. You do not protect Australian citizens by undermining bipartisanship on the role and powers of our domestic security intelligence agency. That is why the actions of the government are inexcusable and indefensible.

Labor will be voting against the second and third reading of this bill today or tomorrow, if the debate goes into tomorrow. We will continue to pursue our amendments in the Senate. Once again, Labor urge the government to reconsider its approach to an amended bill in the Senate and to put the national interest ahead of its political objectives.

Mr KING (Wentworth) (5.22 p.m.)—The Australian Security Intelligence Organisation Legislation Amendment (Terrorism) Bill 2002 [No. 2] has been introduced now for a third time in this place. It concerns a matter of general importance for the broader community—namely, legislation whose primary purpose is intended to protect the community. The first parts of the overall legislative package have been passed but it is this important aspect of the whole program which is being held up by an intransigent opposition, which is, on analysis, more concerned with taking opportunistic points than protecting the Australian community.

Before I deal with certain aspects of the legislation, it is important to remind the House that on 20 March—that is, during the sittings only last week—the member for Brand, in the adjournment debate and subject to the limitations of debate which he properly referred to in his remarks on that occasion, mentioned that the primary purpose of the opposition was to get the balance right in relation to this legislation. He was commenting upon the second reading speech of the Attorney-General, which had occurred earlier in the session. What he said is important for all of us who seek to get an outcome that is in the broader interests of the community and, at the same time, to ensure that those ancient civil rights and liberties which we all share and treasure and which are part of our democratic tradition are conserved. The process of getting the balance right is one that I endorse. I want to deal with that issue by examining certain aspects of this legislation which I believe have been overlooked
by commentators and honourable members opposite.

There are, on my reckoning, 12 significant steps that are necessary and relevant in relation to this legislation, each of which involves protections which I think address the issues that have been raised by, amongst others, the member for Banks. It is important to recall that, whilst ASIO is empowered to seek search warrants, computer access warrants, tracking device warrants and telecommunications interception warrants, and to inspect postal articles, at present it has no power to obtain a warrant to question a person who has information about a potential terrorist attack. The detention and questioning of persons who may have information that will assist in preventing terrorist attacks before they occur are, I submit to this House, of the utmost importance. Let me give an example: what of the terrorist sympathiser who may know of a planned bombing of a busy building but who will not actually take part in the bombing? That person may decline to help authorities prevent the attack, but if that person were properly questioned—and I mean properly, by the appropriate procedure—they would be able to provide that information which might save many lives and property.

The recent report by the Australian Strategic Policy Institute into terrorism mentioned a number of risks that we are all subject to today, each of which, if properly addressed by the sort of process I have mentioned, would reduce those risks significantly. I will not go through them in detail but they are set out in the important booklet of the Australian Strategic Policy Institute, *Beyond Bali: ASPI’s strategic assessment 2002*.

The first of the steps that I have mentioned to ensure that all appropriate information is made available to ASIO is that the ASIO authorities themselves must form the opinion that information is available from a person. This would happen at an airport, for example, where from time to time people who enter the country without proper visas or passports, or who try to enter the country unlawfully or indeed lawfully, act suspiciously or are detained. Such incidents may give rise to authorities believing that they have information that would be relevant in preventing a terrorist attack.

It is not just a simple matter—as it is in some other countries, such as the United Kingdom—of a police officer forming an opinion that information relevant to the prevention of an attack may be obtained from a person. ASIO must prepare a document which sets out the grounds upon which they form that opinion and go to the Director-General of Security, who must then obtain the consent of the Attorney-General before seeking a warrant from the issuing authority. Those four steps that I have just mentioned do not happen easily or automatically. The Attorney-General must, in the process, be satisfied himself that there are reasonable grounds for believing that issuing the warrant will substantially assist the collection of significant intelligence.

Some credence ought to be given by those opposite to the fact that it is not a police officer or even a magistrate who is seeking the warrant but the Attorney-General himself. The Attorney-General acts—as he or she has always acted throughout the history of the Commonwealth—with integrity, on proper advice and assisted by highly trained and expert people. It would be incredible to suggest that the process could be flawed because it is the Attorney-General rather than somebody else whose opinion is relevant. But it is not merely an opinion: he must be satisfied on reasonable grounds that the issuing of a warrant will substantially assist the collection of intelligence.

If one looks at the equivalent UK provision, a lesser test is required: a person need only be reasonably suspected of being a terrorist. In the United States the equivalent provision is of an even lower order: the Attorney-General can take any certified alien into custody if there are reasonable grounds to believe that person may endanger national security. That is the first point that I wish to make.

The next point is this. The warrant issued under the bill will require a person to appear before a prescribed authority to provide information or produce documents. The issuing authority, who must be magistrate, a federal judge or another authority, must also satisfy
himself or herself that the Attorney-General’s finding of reasonable grounds is valid. The Attorney-General’s opinion is checked by a senior judicial officer, but it is not that judicial officer who conducts the questioning. It then goes to a prescribed authority. That prescribed authority is a person who was formerly a judge of the High Court, Federal Court, Family Court, Supreme Court or a district court of a state or territory or, as an alternative, a serving judge or the President of the Administrative Appeals Tribunal. That protection is of the utmost importance in ensuring—for those in the Australian public who are concerned about this and for those in the opposition who have any real understanding of the procedural protection that these very senior lawyers offer in the administration of this process—that a fair and proper outcome occurs.

The next point I wish to make is that the questioning will occur before the prescribed authority. If there is a young person involved—that is, a person between the ages of 14 and 18—certain other additional protections are contained in the legislation. Not only must this person be suspected of having information relating to a terrorist act but the person must also be suspected of committing, having committed or being about to commit a terrorist offence. The member for Banks criticised the proposed legislation on the basis that it was possible to interrogate young persons even though they had not committed an offence. The provisions in the legislation to which I have just referred indicate that really, in truth, that is not the case, because the person must in effect have committed an offence or be reasonably suspected of having done so—it is a very strong protection. But, in addition, that young person also has the right to have a parent, guardian or other representative present at all times. A person who has been issued with a warrant and called to appear before a prescribed authority has the right to complain to the Inspector-General of Intelligence and Security—who is an independent, highly qualified person—about either the ASIO requirement to attend for questioning or any conduct by the Australian Federal Police in relation to any detention, in which case it goes to the Commonwealth Ombudsman.

The next point I wish to make is that the Inspector-General of Intelligence and Security is empowered to advise the court or the judicial officer of any concerns he or she may have about the legality or propriety of ASIO’s actions. That person may then direct that the questioning be suspended. So there is another protection: an independent person is again ensuring that the process is completely aboveboard. In addition, the Director-General must ensure that video recordings are made of the person’s appearance before the prescribed authority, an interpreter must be provided at the request of the person present and a written statement of procedures must be followed in the exercise of any authority under the warrant. Finally, just to cap things off, ASIO’s unclassified annual report must include a statement of the number of persons, the total number of requests made for the issuing of warrants and the statistics, including the number of hours each person appeared before the authority. The parliamentary Joint Committee on ASIO, ASIS and the DSD will also review provisions in relation to the operation of the legislation.

In the circumstances, where a person has been detained for questioning on suspicion that he or she has information relating to a terrorist offence, that person will be questioned before a senior judicial officer, has a right to a guardian and after 48 hours has an absolute right to a lawyer. This is a lawyer who appears on the prescribed list established by the Attorney-General—someone who, according to appropriate checks that have been made, is not, in the words of Senator Ray in one of the committee hearings, an ‘inappropriate person’ or ‘a sleazebag’. It is quite wrong to suggest that this whole process is not hedged around by the most strenuous protections.

My comment in response to the member for Brand’s statement on 20 March is that the balance is right. Of course, it does involve some derogation from the absolute right to have a lawyer present. But, in circumstances where the protection of the security of the nation is involved, and where we are dealing with borderless crimes of an enormity which has not been known before, the protection of the Australian people and their property is a
matter which must weigh heavily upon legislators in dealing with legislation of this type. Similar compromises have been reached in the United Kingdom, in Canada and in the United States. I do not have time to go into the details of those pieces of legislation in those countries, but I do suggest that any statements made by those opposite that somehow or other the Australian legislation is draconian or harsher than the legislation of those other places are, in truth, upon real examination of the alternatives, in error.

Senator Ray, in his remarks on the bill when it was last before the Senate, indicated that the sticking point for him was that the worst aspect of the legislation as originally conceived was that there were no protocols whatsoever as to questioning. He was not concerned about the legal representation aspect. He thought it was quite right, and he said so in the Joint Committee on ASIO, ASIS and DSD chaired by my friend the member for Fadden back in April last year. I do not want to quote from the transcript of that because I have done that on a previous occasion. But when one examines what Senator Ray said in the Senate, one sees that his real objection is to the legislation in its original form. He is not dealing with the legislation as it is now proposed.

Let me remind the House that, although the legislation has been introduced for the third time, it contains significant amendments that include those various protections to which I have referred. It also includes a number of other recommendations coming from the three committees of this parliament that have examined the matter. I foreshadow that there will be a number of other changes made to the legislation when it goes to the Senate after the current debate. I believe those changes address, in a proper way, the issues that have been raised by members opposite.

The next issue I want to raise relates to the comments of Senator Faulkner. He said in the debate when the matter was last in the Senate that under the original bill a 10-year-old child could have been held in detention by ASIO and strip searched. If that were so before, it is not so any longer. It is a completely false basis on which to criticise the legislation, as some academics have done and others in the press have done—and Professor George Williams is one of them in his recent comments to the Press Club—to try and condemn this legislation on the basis of the legislation as originally produced. The process of producing legislation in this House is one of negotiation and one of compromise. The way that one moves forward with legislation in an effective and appropriate way is to look at the legislation as it is now proposed—the bill before the House. That is exactly what Senator Faulkner did not do. So one can ask, ‘Why does the opposition raise questions about the form of the original bill and not address the bill in its current form?’ One can say that the only reason for that is it is taking opportunistic political points and not addressing the real issue before the parliament and the people of Australia—the protection of the people of this country consistent with those ancient rights and liberties to which I have referred.

The second criticism made by Senator Faulkner was that non-suspects under this legislation are treated worse than suspects—that is what he said—by which he meant that, if a person is suspected of having committed an offence, they would be required to be charged within 12 hours under the Crimes Act, but not so if they are a non-suspect who is the subject of detention for the purposes of obtaining information. That comment is completely inaccurate in relation to persons between the ages of 14 and 18, for the reasons I have already pointed out. Also, the suggestion that persons are incommunicado for the first 48 hours without access to a lawyer is completely inaccurate. That is not the case. It is the case in extreme circumstances that the Attorney-General may certify that that is an appropriate course to take but only where the terrorist event is so proximate, so real, that it is absolutely necessary and urgent for the Attorney to certify that matters must proceed at pace to ensure the protection of the community. Again, that is a political point. The learned members opposite and those in the Senate are game playing with this issue. I suggest to the House and those members opposite that the issues before us are too important and too serious to play politics with and to game play.
The next point came from Senator Bartlett. When I read the speeches of Senator Bartlett on this issue, I found it very difficult to understand precisely what he was talking about. In his last speech on 12 December, he spoke about checks and balances being one of the fabulous things about our system. Nobody disagrees with that. Then he said:

One of the reasons legislation like this is so dangerous is that it removes one of those checks in many places.

I tried to find out precisely what ‘checks’ and in what ‘many places’ he was talking about and what trashing of the Constitution he was talking about, but it did not become clear at all. It may have been because of the lateness of the hour; it may have been because the matter had been debated at such length that the good senator was unable to articulate his position. But, again, I suggest that his inability to do so indicates that this was a political position. I respectfully suggest that it is time for the opposition to get real about this and support the member for Brand, and other members opposite who want to see proper legislation that supports ASIO’s right to ensure that the community of Australia is properly protected, by supporting the bill.

Mr McCLELLAND (Barton) (5.42 p.m.)—I rise to speak tonight on the Australian Security Intelligence Organisation Legislation Amendment (Terrorism) Bill 2002 [No. 2]. The member for Banks was absolutely correct when he said before Christmas that the government could have had legislation in this area if it had been prepared to accept reasonable propositions submitted by the opposition. I recall with some outrage seeing video clips of the Attorney-General and, indeed, the Prime Minister addressing the media regarding their position before the debate even occurred, and certainly before negotiations took place during the course of that evening.

This is a fundamentally important principle and, in fairness to the Australian media, by and large they understand the proposition. We are talking about the detention of Australian citizens, who are not suspected of committing a crime, not as a result of a decision by a court but as a result of an executive determination. The member for Banks, again, referred to a passage from a speech by Prime Minister Menzies, when he introduced the National Security Act 1939 after the commencement of hostilities in World War II. I will not read the entire quote but, in part, he said:

… the greatest tragedy that could overcome a country would be for it to fight a successful war in defence of liberty and to lose its own liberty in the process.

The word ‘liberty’ is quite frequently used. What does it mean? The best analogy that I have been able to find on this concept of liberty is one that bases its analysis on the famous clause of the Magna Carta, chapter 29, which was basically an assurance that action would not be taken to the detriment of an individual—specifically action in this case by the state or by the executive—without due process of the law. In other words, an individual would have a right to have a case presented against them and the right to answer that case. That is the famous due process clause as it has come to be known.

Bringing the relevance of that to modern-day relevances, David Simmons, who was a consultant to the United States delegation to the 1945 United Nations conference and was subsequently First Assistant Attorney-General of Texas—a state not known for its radical politics—said that these historic documents and concepts meant ‘the right to be let alone’. This due process clause equals the right to be let alone unless you transgress the law. David Simmons said:

These historical documents exemplified perfectly that man has but one fundamental right—the right to be let alone. That right, of course, may be impaired or forfeited by the owner of the right. For example, one person invades another’s right to be let alone and kills such other, he forfeits his right and may be subjected to lawful penalty by his Government.

If you do the right thing, if you live your life and you do not transgress the law, you have this fundamental right to be let alone. This is the fundamental concept of liberty, I believe, which we have to recognise. We also have to recognise that this bill, insofar as it applies to non-suspects, is an intrusion into the liberty of Australian citizens.
Making it more relevant, around the time of the discovery of Australia, Prime Minister Pitt—known as Pitt the Younger—in Great Britain talked about the concept of the rights of the citizen against the executive. He said:

The poorest man may in his cottage bid defiance to all the force of the Crown. It may be frail; its roof may shake; the wind may blow through it; the storms may enter, the rain may enter—but the King of England cannot enter; all his forces dare not cross the threshold of the ruined tenement!

That was said more than 200 years ago, but it is a pretty fair summation of this fundamental principle of liberty: the right to be let alone unless you transgress the law. This is our fundamental objection to the way the legislation has been structured. Despite this objection, we have been reasonable. We essentially had four sticking points. I understand that, as a result of negotiations, they have probably come down to three sticking points. I understand that it may now be possible to reach an accommodation in respect of questioning procedures without their becoming a disallowable instrument.

The first of the three remaining issues involves the concept of whether you have a questioning regime, as applies in respect of the Australian Crime Commission, for instance, or whether you have a detention regime, which is the basis of this legislation—supposedly for 48 hours but, in reality, extendable for seven days. It is, perhaps, the most difficult and crucial issue. The second issue concerns the right of access to a lawyer of choosing, as opposed to one vetted by the Attorney-General, upon detention. The third issue is in respect of how this regime would apply to children between the ages of 14 and 18 years.

I do not intend to stand here and chant rhetoric back to the government but rather to try to work through these issues, to criticise the government’s reasoning where relevant and to propose some sensible considerations that they should have regard to. For a start, I will look at the Attorney-General’s second reading speech to underline the point about it applying to non-suspects. The minister said:

The bill empowers ASIO to seek a warrant which allows the detention and questioning of persons who may have information—

not ‘do’ have information—

that may assist in preventing terrorist attacks before they occur.

It is conditional. There is no offence, but the non-suspects may have information that may assist. The minister recognises that ASIO currently has other powers in respect of warrants of search and seizure and so forth. In respect of the questioning process, he says:

A person subject to a warrant may be detained by police for up to 48 hours to allow ASIO to question them.

In fact, if you read subsection 34C(3)(d) in the legislation, you see that it clearly indicates that a person may be detained for a continuous period of up to 168 hours. With respect, the government is not being frank in disclosing that situation.

I now come to what is perhaps the more emotive issue—that is, the detention of children between the ages of 14 and 18. The previous speaker, and the Attorney-General in his second reading speech, indicated that the regime that would apply to the class between 14 and 18 is different from that which applies to adults, and we recognise that. It is different in that the Attorney-General must also be satisfied that it is likely that the person will commit, is committing or has committed a terrorism offence. In other words, if that is the case and it is established, a person in that situation moves from the category of a non-suspect into that of a person who is suspected of a crime. What we are saying is that, in those circumstances, they should be dealt with as if they were facing the charge of having been involved in a crime. That would provide a safer foundation, with appropriate criminal safeguards, than this executive determination by the Attorney-General. If properly framed in terms of the precondition of transgression of the law—and not in an insignificant way, one might add—if someone has committed, is committing or will commit an act of terrorism, obviously that is a serious crime and should be moved into that regime.

I also note, by way of contrast, the situations pertaining to a non-suspect and to someone who transgresses the requirements of the law under this proposed legislation—that is, the obligation, if detained, to provide
information, to not provide misleading evidence and to produce documents as required. In his second reading speech when reintroducing the bill, the Attorney-General notes that there will be offences created and penalties imposed for those who fail to answer questions accurately or to produce documents or other requested things, and the penalty will be up to five years imprisonment. Again, that is an act in which the person breaches the law. In those circumstances, a criminal regime can apply. In other words, if someone does all that is required of them under the legislation to answer questions truthfully and to produce such documents required of them, the regime that we proposed in the Senate is fair, reasonable, based on precedent and appropriate for the treatment of non-suspects. If, however, the person does not do the right thing and we move into a situation where an offence is committed by that very act, we recognise that a more serious regime of questioning and powers may apply. But that is not what has been proposed by the government. Our proposed legislation also contained penalties for those who disclosed the circumstances of the questioning—which, in some ways, is actually more serious than the measures contained in the government’s proposed legislation.

The third point concerned the right of access to a lawyer. We note that, in respect of a child, the proposed legislation provides that a child aged between 14 and 18 is entitled to a lawyer at the point of detention—albeit a security cleared lawyer. We ask again: why can’t that same principle apply to adults? Our counterproposals recognise that there may be a situation of urgency—in other words, an impending terrorist attack where there is not sufficient time to engage a lawyer. Our counterproposals also recognise a situation where a lawyer may actually be obstructive to the questioning regime. In such circumstances, the prescribed person would have the right to expel them from the proceedings—again, recognising the reality of things that could occur.

In respect of the choice of lawyer, under the proposed legislation the government is saying that the lawyers who will have the right to represent people brought in for questioning have to go through the gateway of the Attorney-General’s approval. At no time has the Attorney-General proposed the alternative, for instance, of the development of a panel in consultation with the relevant bar association of the state in which someone is enrolled, or perhaps in consultation with the Law Council of Australia. At no stage has there been the proposition of an objective and fair assessment of both the competencies and the character of those lawyers, or body of lawyers, from whom detained people would have the right to choose. These are relevant issues.

If you go through the government’s proposals and analyse them, you think in terms of the right that we are trying to protect: the right of citizens who are non-suspects to have a procedure that would assist ASIO to obtain information; but, in the event of non-cooperation—or, in the case of a 14- to 18-year-old, actual evidence of a crime or involvement in a terrorist activity—you then move into a more serious situation for which a more rigorous regime may be acceptable. But the government has not proposed that differential between non-suspects and those who have transgressed the law.

In respect of the other matters that I have addressed, I think commonsense, goodwill and the preparedness to sit down and discuss these issues can achieve sensible outcomes. It would be contrary to the national interest and a grave tragedy if the government, and for that matter the opposition, did not take the opportunity to sit down and achieve a sensible outcome in respect of this very important matter.

Mr JULL (Fadden) (5.58 p.m.)—The reality is that it is a tragedy the Australian Security Intelligence Organisation Legislation Amendment (Terrorism) Bill 2002 [No. 2] is not law now. At a time when Australia is at war and when we are on a heightened security alert, I would have thought it was the responsibility of everyone in this House to make sure we have the ultimate protection for the Australian people. At the end of the day, that is what this particular bill is all about: protecting Australia and protecting the Australian population at a very important time in our history. It has often been said,
and I suppose it is a hackneyed phrase now, that things will never be the same after September 11. I think that is true: the world changed on that day and we did see ourselves subjected to a completely different regime. This legislation was brought about because of what happened on September 11. I have been living with this legislation now for some 12 months, having been involved in the primary committee that took that raw legislation and moulded it into what I thought was a pretty reasonable piece of legislation—in fact, so much so that the Joint Standing Committee on ASIO, ASIS and DSD came back to the government with a unanimous report on its amendments to the bill.

The report was unanimous among government and opposition committee members. The opposition members were people of some substance: the member for Brand, the former Leader of the Opposition, a former defence minister of this country and a former member of the National Security Committee of the cabinet; and Senator Ray, himself a former defence minister and a former member of the National Security Committee of the cabinet. We had people like the member for Watson who have had years of experience in this place.

After hours and hours of analysing, arguing and debating the aspects of the bill, finally the bill came back to the government with recommendations for major changes. Those changes, to a very great extent, were made. I think the member for Wentworth really did hit the nail on the head when he suggested that one of the problems we had was that so many expert commentators were looking at the raw legislation—the initial draft bill that came in—and were still quoting that. This bill is completely different. It is true that we now have only these three major sticking points. But these are different times; we are living in a different age.

I just wonder what people expect to happen when we have to deal with terrorism. One would hope that we will not see any evidence of it on our shores. It should be said that we are not talking about legislation that allows people to run around the streets of Australia picking up young children, taking them into a police station and subjecting them to questioning. There has to be some very real evidence that these people, whether they be under 18 or over 18, may have information that could help protect Australia. That is the whole point. If we look at the information that was available to the authorities prior to September 11, at how much we knew or did not know about Bali and at how instantaneous some of these terrorism attacks can be, I think it is incumbent on all of us to make sure that we do have the capacity to go in there and stop a situation beginning. I have no difficulties with the questioning of people aged between 14 and 18. As we have seen overseas, the reality is that in many cases it is teenage children who are involved in terrorism acts. Unfortunately, in some areas terrorism is promoted by older members of a regime or an administration and the young ones get involved. Australia may be no different from that.

The argument that comes up about access to a lawyer and to a lawyer of choice is another area that causes me some concern. Not having a legal background, I suppose I can be quite cynical. I do not believe that all lawyers are white knights going around on white chargers. The reality is that in Australian society today you only have to look at some lawyers to see people specialising in activities that may be questionable. There are cases before the court in Queensland at the moment on things like land dealings. We have certainly seen it in the immigration area. There is no reason why we could not have specialist people involved on the fringe of some of these terrorist activities. Of course, the capacity to ring such a lawyer would blow an operation immediately. If we had a situation where a lawyer were called, there is no guarantee that he would maintain the confidentiality of what was going on, and the potential perpetrators of a particular crime could well be warned. It is that sort of thing that we are trying to overcome with this legislation.

When you look at the aspects of our legislation and compare them to the legislation of the United Kingdom, the United States and Canada, it is true that we have come a great distance in making sure that those liberties
are protected. I do not think this government has any intention whatsoever of flagrantly going out and taking away those civil rights. When we start talking about this, it is really all about balance. When we are dealing with terror tactics, when we are dealing with terrorists, when we are dealing with people who are totally unreasonable, unfortunately sometimes we have to give way. I think that the balance that we have in this legislation is such that we can now go out and make sure that we have the capacity not only to provide protection for the suspects or those who may have information but to provide protection for the people as a whole.

As I said, this legislation has been scrutinised by three parliamentary committees. It has probably had the closest examination of any legislation I can remember during all the years that I have served in this House. I would just hope that in these pressured times in which we live we would have some commonsense from the other side, that we would make way for the passage of this legislation as soon as possible and that we would have cooperation to get it through the Senate as soon as possible. We live in troubled times and the population of Australia deserves no more than the best possible protection. At the end of the day, I believe the balance has been reached and this will give our security organisation the capacity to provide a much better protective regime than, frankly, we have at the moment.

Mr BEVIS (Brisbane) (6.06 p.m.)—I rise to speak on the Australian Security Intelligence Organisation Legislation Amendment (Terrorism) Bill 2002 [No. 2]. There is no argument in the parliament that there needs to be a strengthening of the powers available to ASIO. Indeed, the Senate carried a bill on this matter at the end of last year, and the government chose not to take up that bill and to have a strengthened ASIO authority that would have given it powers akin to those of similar agencies in the UK and the United States. The member for Fadden referred to a range of committee reports and all-party recommendations and then said that changes to a very great extent had been made to the original bill. There have been significant changes, but I point out that they were, as the member for Fadden said, to a very great extent—that is, the government had not accepted the all-party committee recommendations. That is the bone of contention to a large measure. Had the government in fact accepted the advice of the all-party committee, had they accepted the views of their own backbench, agreed to by Labor members on that committee, we would not now be in this position.

Indeed, if the government were serious about the issue of security rather than the opportunity to play the politics of this, they would have ensured that the bill last year was carried, ensuring that ASIO had the additional powers contained in that bill and was able to operate on them months ago. They could have then introduced into the House a new bill to pick up those areas in dispute. But they have deliberately not done that. What they have done instead is to hang onto the bill and tuck it away. They have delayed introducing the bill for six weeks after the parliament resumed this year so that it could be introduced as a double dissolution trigger. They have rejected what are moderate bipartisan recommendations—not Labor Party demands but bipartisan recommendations of a joint committee of Liberal and Labor members agreeing on changes to this bill which the government have refused to accept. If there is any more symbolic demonstration of the political nature in which the government want to play with our nation’s security, it is that the bill was introduced into this chamber just seconds after the vote on our deployment of troops to the Middle East—to ratchet up the fear. At a time when the nation was focused on this parliament and within seconds of the debate on the Middle East and the war in Iraq concluding, Tony Abbott, the Leader of the House, introduced this bill again—as part of that divisive, wedge politics that the Prime Minister has made something of a trademark.

The member for Fadden said that he does not think the government have any intention to reduce the civil liberties and rights of Australians. If we want to know what the government’s intention is, we should actually look at what the government proposed. I know it is not relevant to the current bill, but
I want to say something about the government’s intention. Speaker after speaker on the government side will tell us that they support the civil liberties of Australian citizens and that the government’s intent is not to impinge on those civil liberties. In fact, the government’s intent and what the original legislation proposed, before the Senate and the parliamentary committee got them to change their minds, was to allow for renewable detentions on an unlimited basis. So you could be detained forever without your day in court. That is what the bill proposed—renewable, time after time. You could be detained for periods of two weeks, and the clock would not even start ticking until you had been questioned. So, if they held you but did not question you, there was no requirement for the clock to even start. It provided for 10-year-old children to be strip searched and to be detained without their parents having any knowledge of those events occurring. This is what was in the bill. This was the government’s intent. So if we want to talk about this Liberal government’s attitude to civil liberties and what their intentions were, we need go no further than what they said in this parliament on the bill they proposed.

There have been efforts at compromise made by the Labor Party to deal with this. For example, there was concern amongst many members—including, I know, some on the government benches—that people would be denied access to legal representation. There was an understandable concern by the government that a suspect who may be a terrorist is not the sort of person you would want to be able to have free access to any lawyer who may then alert others of their capture and may in that way undermine efforts to provide the sort of security that we would all want. But Labor proposed alternatives to that. We proposed a panel of security cleared lawyers, approved by the Bar Council of Australia, who would be the legal representatives to ensure that the civil liberties of every Australian were maintained and not undermined while at the same time in no way undermining security. But the government would not have a bar of it.

We now have what the government propose as a compromise: they will not strip search 10-year-old children but they will strip search 14-year-old children. I am indebted to the comments of Senator Ray—a person commended by the previous speaker on the government side, and rightly so, as a distinguished former defence minister—when this bill was before the Senate. He said:

The compromise they put up is a 14-year-old, yet when you go through all these details with the security agency they can hardly nominate someone under the age of 18 who would ever be affected. That is why seven members of the joint intelligence committee—including four government members—said, ‘Eighteen and that’s it.’ But the government just could not accept that.

If you take the government at their word and you look at the original bill, you find one of the gravest attacks on the human rights of Australian citizens ever presented to a parliament since Federation—and that is not an exaggeration; that is a fact. You find a bill that would give powers to the secret service in this country far beyond anything that similar bodies in the United States or the UK have. Even after all of the changes, that is still the case. The government seek to provide ASIO with powers that counterparts in the UK and the US do not have, and they do not have those powers for good reason. Moreover, in doing that the government refuse to accept the advice of an all-party committee.

Labor’s position in this has been to say, ‘Let’s increase the powers available to ASIO to deal with what is clearly a new threat of a new brand of terrorism.’ We need to do that but, in doing that, surely we must not destroy the very civil liberties and rights that distinguish us from those who perpetrate these deeds. Surely we should not, in changing these laws, undermine our freedoms to give a victory to the terrorists that they could not otherwise get. But that is what is going to happen if the government persist with their approach. And I fear they will, because the government thinks this is a useful electoral ploy. That is why they refused the bill when the Senate approved it, with amendments, last year. That is why they have not bothered to bring it back into this House before now.
Here we are, two days from the end of this session. We are probably going to have a late-night sitting tomorrow night. Today's debate is the first we have had in this place on this bill since it has been reintroduced—a day before the parliament rises. The government again plays its divisive theatre. The government withholds the bill for six weeks, then introduces it with great theatre seconds after we vote on committing troops to a war—to inflame the passions, to ratchet up the fear—and now brings on a debate which it demands be concluded by tomorrow night. That is all part of the government's ploy in putting together this package.

This is not an issue that should be subject to those sorts of cynical, tactical political games. This is about the security of our nation and our people. But the government want to use it as a political football. Here is the challenge for the government: you have bipartisan support to implement changes in the legislation in the form approved by the Senate at the end of last year, in the form recommended to the parliament by an all-party committee. Take up that opportunity and give to our security forces the additional powers they need and which that bill would provide. If for some reason you then think there are further powers that have to be implemented, introduce a further bill at a later stage; introduce a further bill when the parliament resumes on its next day of sitting. But the government will not do that. The government want to continue to play this issue as a wedge.

I hope that, on this occasion, the press gallery do a little bit of analytical writing on this issue for a change rather than just take the spin doctor approach from the office of whoever the minister may be. I hope that the gallery actually tell the Australian people what is in these bills. I hope they tell the Australian people what the government wanted to do in the first place, what the parliamentary committee recommended with the support of Labor and Liberal members and what this government refuses to accept as a fair compromise. I hope they also explain to the Australian people the tactics that this government has adopted in pursuing it. We have been asked to limit our time in this debate. This is yet another important security matter that the parliament is not able to fully debate. Therefore, I will conclude my comments by urging government members to put aside the political football on this. Allow the bill, in a form that your own backbench and the all-party committee supported, to go through. We will all be better for it, and the nation will be better for it.

Mr DUTTON (Dickson) (6.17 p.m.)—I rise to speak on the Australian Security Intelligence Organisation Legislation Amendment (Terrorism) Bill 2002 [No. 2]. I strongly support this bill. Today, as we speak, Australian troops are involved in combat not only in Iraq but also throughout the Middle East and in particular in Afghanistan. They are involved in a liberation and a fight against terrorism. They are involved in an important fight on behalf of the Australian people and, indeed, the Western world. At home, this government is involved in its own fight against terrorism—and that is represented in the form of this bill today. The debate on this issue should not be about party politics and should not be about political point scoring. The debate today should not be about opposing legislation simply because you are in opposition. This debate is about protecting Australia's national security.

In 2002, this government acted quickly to introduce a package of antiterrorism legislation designed to ensure Australian law enforcement and intelligence agencies have the right tools to combat terrorism. The bill before us today is an important part of that package. Its purpose is to ensure that ASIO has the capability to obtain a warrant and to detain and question a person who may have information about a potential terrorist threat. The bill is not a means by which anyone would ever be detained indefinitely. It is not a means by which people would be denied all access to legal representation. Indeed, this bill is about giving Australia's intelligence organisation an improved capability to protect the Australian people, to investigate and respond to terrorist threats before they occur and to act with the urgency that would be essential if our country were to face an imminent terrorist threat.
I only have to walk down a street in my electorate, visit a local shopping centre or talk to my constituents in Dickson to recognise the importance of this bill. The heart of this bill is about protecting innocent people. Every day, millions of Australians go about their lives. They go to work, they do their shopping, they visit their friends or families, all the while trusting that the government are doing everything we can to shield them from the evils of terrorism. The government are doing everything we can to protect the security of our people; the Australian people should know that and they do know that. They know that this is our No. 1 concern, and they know that this bill is exactly about that aim.

The question the opposition need to ask themselves is: have you done everything you could do? Could you stand up and look your constituents in the eye and say that you were doing your best to protect their safety? As the leaders and elected representatives of this nation, it falls upon us to ensure that Australia is able to protect its citizens from acts of terrorism. It also falls upon us to ensure that such acts are thoroughly investigated. To investigate such matters properly, it is vital that adequate powers exist in this regard. It is also important that the basic and ordinary rights of a person being questioned are upheld. This is reflected in the bill and this is why I completely support it.

As amended, this bill will allow the Director-General of Security, with the Attorney-General’s consent, to seek a warrant authorising the questioning and, if necessary, the detention of a person for up to 48 hours. Questioning under a warrant would take place before a prescribed authority, who would be a legally-qualified person and member of the AAT. This bill will not allow people to be held indefinitely. Despite the scaremongering that you hear from the opposition on this issue, a person detained under consecutive warrants will not be able to be held for longer than seven days. In addition, warrants that would result in a person being held for longer than 96 consecutive hours must be sought from a federal judge. This bill allows for all detained persons to contact a lawyer. In exceptional circumstances, where the Attorney-General is satisfied that a terrorism offence is being or is about to be committed, access to a lawyer may be delayed for up to 48 hours. However, after 48 hours, a detained person will have the absolute right to contact a lawyer. At any time, a detained person will be able to contact the Inspector-General of Intelligence and Security or the Commonwealth Ombudsman.

As amended, the bill will no longer apply to anyone under the age of 14. Young people aged 14 to 18 may, in exceptional circumstances, be subject to a warrant. This will only occur where the Attorney-General is satisfied that the young person will commit, is committing or has committed a terrorism offence. Young people who are subject to a warrant will be entitled to have a lawyer and a parent or guardian present at all times when questioned. It is important to remember that these warrants are a tool of last resort. They would only be used if there was a reasonable suspicion that a person had information that could prevent a terrorist attack and was refusing to cooperate with authorities trying to prevent it and if there was no other way of obtaining this information. All this would have to be proved to the satisfaction of the Attorney-General and a federal judge.

I want to turn now to the opposition’s position, because it is very interesting and, certainly, as we have seen on other issues to this fore at the moment, it is another opportunity for them to be dictated to by the Left of the party, by the member for Denison, by a number of other members——

Mr DUTTON—Indeed; by another dozen members, I suppose, of the Labor Party who are dictating to the Leader of the Opposition and really leading him down a dead-end track. He will soon find that out. I want to deal with the opposition’s position. As you have already heard, this bill includes ample safeguards to ensure that it balances public safety with human rights at all times. Additional amendments protect people under warrant from self-incrimination in relation to terrorist offences and provide for complaint protocols and penalties of up to two years jail for officials who breach the conditions.
and safeguards in the bill. Yet the ALP still likes to play this up as if it were unthinkably draconian legislation. There was once a time when this type of legislation would have been unthinkable, because there was simply not a need for it. Yes, this bill gives a certain amount of power to Australia’s intelligence agency, but it does so because that is what ASIO needs to do the job. The powers are not excessive; they are necessary.

I would like to remind the opposition that the British Prevention of Terrorism Act of 1974—and 1989—allows for a suspect or other person to be held for 48 hours. We do not hear much from the Labor Party in this place about British government policy at the present time. ‘The Tony Blair government’ are the words that are never, ever uttered by the opposition. In the debate about terrorism, and certainly on the issue of Iraq at the moment, they are obsessed with the very strong and definite position taken by this government in support of national security—and, indeed, the position taken by the Bush administration in the United States—but they do not dare mention the words ‘Tony Blair’. They do not mention that he is part of the fight against terrorism. He is a strong Labour leader. As the Prime Minister said in recent times, how good it is to see an example of a strong Labour leader in the world today, because they are few and far between.

Detention of persons suspected of being involved in acts of terrorism is also dealt with in the United States by the USA PATRIOT Act and in Canada by the Canadian Antiterrorism Act of 2002. This legislation that we are introducing does not stand alone; it stands well in comparison to that of other countries that have acted and are acting in the national security interest of their respective nations. Certainly, the Australian people recognise that, if nothing else, that is what this government are about. If the opposition ultimately choose not to accept this bill, as we suspect they will, that is a clear sign to the Australian people that they do not have the interests of those who have elected them to this place at heart. This is not an opportunity, nor the time in history, for the opposition to play politics. It is an opportunity for the opposition to show that they have some ticker, that they have the interests of the Australian people close to their hearts and that they have the maturity to support government legislation when it counts. ‘When it counts’ is a very important part of the argument. The opposition are tied at the moment to an ideological opposition with complete disregard for the national security interest and the interests of the Australian people.

Before I close, I want to discuss briefly the worst-case scenario. Maybe it is a good time for the opposition to ask themselves this: under this new bill, what is the worst that could happen to a person suspected of having information about terrorist activities? They could be searched, interviewed and then detained, in some cases—and, indeed, in the most extreme cases—for up to seven days. They could spend 48 hours, two days at the most, without any contact with a lawyer. The alternative situation, which is one that they on the other side do not want to talk about—the worst-case scenario, if it happened and if we capitulate on this issue and do not give ASIO the capability to appropriately investigate potential terrorist threats—is a consequence that we are very aware of. We saw the consequences on 9/11 the year before last. We saw the consequences in Bali, tragically, as they took place on 12 October last year. The conclusion is one that is not worth answering, but it is certainly one that needs to remain in our minds. I hope, as does everyone on this side of the House, that this legislation never gets tested in the course of terrorist activity or related events in Australia. It is important, though, that we are prepared and able to deal with it when or if it happens, and it is something that we need to deal with now.

In conclusion, in developing this legislation the government have been conscious of the need to protect our community from the threat of terrorism, without unfairly or unnecessarily encroaching on the individual rights and liberties that are fundamental to our democratic system. When the legislation is enacted, appropriate laws will be in place to protect the community from terrorism and to ensure that the rights of individuals will not be intruded upon unnecessarily. The gov-
ernment know that Australians trust us to protect them from the evils of terrorism. This bill delivers on the government’s commitment to ensure that we are in the best possible position to do that. Hopefully we will never have to face the awful reality of a terrorism attack on our community. If we do, we will need this legislation to help save many innocent lives. I commend the bill to the House.

Mr GIBBONS (Bendigo) (6.30 p.m.)—I find it outrageous that this government has continued to play politics with this bill, the Australian Security Intelligence Organisation Legislation Amendment (Terrorism) Bill 2002 [No. 2], having previously refused to pass it, just because Labor proposed amendments and just because those amendments aimed to strike a more principled and practical balance between the security of the nation and the liberties of the citizen. We need to bear in mind that this legislation has come in the wake of the terrorist outrage against the citizens of the United States on 11 September 2001. Since then, of course, there has been the terrorist outrage of 12 October 2002, in Bali—and Australians were the direct targets of that terrorist attack on civilians.

One would think that a responsible Prime Minister and his government would place the maximum priority on achieving national consensus and harmony on measures needed to detect and prevent terrorism. Instead, we have a Prime Minister addicted to playing wedge politics. He is notorious for his passion for wedge politics, which is the strategy of political manipulation that deliberately aims to drive a wedge into the community so that division can be exploited. A politician like this is not a real leader but a would-be demagogue. He does not seek genuine answers to real problems; his eye is solely on the opportunity to pit one group of citizens against another and to posture as the champion of one against the other. Of course, publicly, he gushes compassion and professes his love for national unity. In December last year, I watched the Prime Minister on the last day of the sittings of the House. I was appalled at the nakedness and crudeness of the wedge politics he pursued. He blindly obstructed Labor’s improvements to the ASIO legislation. He preferred to see the whole of the legislation put in the freezer than to sensibly compromise and get the legislation Australia needed—legislation that preserved fundamental liberties while being workable and realistic.

It all came out when the Prime Minister shrieked that Mr Crean and Labor were weak on terror, ‘just as they were weak on border protection’. He hoped he could convince people that Labor’s amendments were ‘nothing short of security vandalism’. He wanted to hold Labor to blame for the bill being stalled and to scapegoat Labor and the minor parties. In point of fact, he could have had the legislation passed back in early 2002. All he had to do was show some decency and some breadth of outlook, all he had to do was recognise what he still cannot recognise—that Australians believe in their democracy and in their liberties and do not want them ripped away for small-minded party political advantage. All the Prime Minister had to do was show a spirit of goodwill and an ability to listen to others, including Labor and the other parties. But he has never been able to do this. He does not know what consulting is, and he certainly does not understand what consulting in good faith is. Dealing with terrorism is just another political game that he plays against his opposition, and the nation is held to ransom because of it.

The Age journalist Sian Prior recently called the Prime Minister a ‘master of wedge politics’, and I am sure the Prime Minister privately gloats at the thought. In a democratic society, most people would agree that the task of government is to protect the public interest and the national interest. Most people would say that, in times of danger to the nation, there is a special obligation on government to maintain national unity and harmony. This Prime Minister and this government make a mockery of democracy. All they care about is grabbing a dubious party political advantage and dividing and manipulating the community. We have seen this kind of wedge politics again and again with this Prime Minister. It follows him like a shadow. We saw it over the Tampa incident in 2001,
and we saw it over the excision of various islands from Australia’s migration zone. We see it over and over again with his mean-spirited policies on punitive refugee detention centres. Refugees and border security—they are all grist for his mill.

In 2001, the Prime Minister tried to add national defence to his catalogue of wedge issues. We saw this at the time with his phoney sabre-rattling over Iraq, when he was pushing for war and trying to portray Labor as appeasers of Saddam Hussein. In December last year, when this bill was supposed to be debated, the public would not go for the Prime Minister’s war line, and the opinion polls were showing up massive Australian concern at the kind of unilateral US war on Iraq that he was trumpeting in 2001. Suddenly, the Prime Minister became the essence of moderation. Then he added terror and national security to his bulging catalogue of manipulative issues, when he attempted to exploit the ASIO legislation for party political purposes. Now, of course, he has gone all the way with the USA, signing Australia up for George Bush’s war on Iraq in defiance of public opinion in Australia and making Australia the only ally, with Britain, to be fighting in the Bush war on Iraq.

By doing this, the Prime Minister, single-handedly, has probably pushed Australia and Australians to the top rank of targets for international terrorists. He has been posturing as the deputy sheriff to the United States in George Bush’s verbal war to force the United Nations into legitimising his war on Iraq, and now he has become the third gun in the President’s posse. In doing so, he has added to the terrorist risk to Australia. The George Bush war on Iraq is George Bush’s war. It is the product of the agenda of the Republican Party’s right wing, which is to exploit America’s extraordinary power as the world’s only superpower in order to reshape the world to suit US interests and to remove what they call rogue states in pre-emptive wars.

This is the war that George Bush had to have and that John Howard has mindlessly signed up for. It is the war that the people of the world reject. It is a war against a Middle Eastern nation, and it is roundly condemned not only across the world but also, especially, among Middle Eastern and Muslim people. Its only effect can be to add new recruits to the ranks of the terrorists. It is an act of sheer folly for Australia to join a war that is so deeply condemned among the people of Australia’s two close Muslim neighbours: Malaysia and Indonesia. Only days after the US war on Iraq began, the Australian, British and US governments issued warnings to their citizens about the danger of a terrorist threat in Surabaya in Indonesia. Yet the Prime Minister maintains his fiction that this bill is aimed at making Australia and Australians safe. He does so while he engages Australia in a war that can only end up generating more terrorism.

What a poor contrast this Prime Minister makes with the Leader of the Opposition. The member for Hotham spoke persuasively during the debate on the bill on 12 December. He urged the Prime Minister to put aside party politics and pass the bill. He said the bill gave ASIO the strongest powers it had ever had—indefinite detention up to 21 days, power to detain non-suspects for up to seven days, and no right to legal representation. He said the bill gave ASIO the strongest powers it had ever had—indefinite detention up to 21 days, power to detain non-suspects for up to seven days, and no right to legal representation. Mr Crean also highlighted the safeguards that had to be set up to ensure that such increases in powers are offset with protection for the liberties that are traditionally part of the heritage of Western democracies. There are still three of these safeguards outstanding and the Prime Minister will not allow his party to enshrine them in legislation. These relate, firstly, to the age of young people who are not suspects but who would be able to be detained for questioning. The government demands the power to interview teenagers 14 years and over, whereas Labor says they should be 18 years and over. Secondly, the government demands the power to detain non-suspects for up to seven days, whereas Labor believes that questioning under detention should not exceed 20 hours. Thirdly, the government demands the power to deny lawyers for up to 48 hours to those it wants to detain and insists that these lawyers be security cleared, whereas Labor believes detainees should have immediate access to lawyers and that these should be lawyers of the detainee’s choice.
As I stated earlier, a decent bill could have been passed much earlier. This present bill itself could have been passed on 12 December if the Prime Minister and the government had really wanted bipartisan support and national consensus. It grants ASIO the increased powers that Labor believe the new ugly era of international terrorism demands, but it does so with proper safeguards. We know that there are Liberal MPs who support safeguards for civil liberties, because they have voted this way on two joint parliamentary committees. As the Leader of the Opposition indicated in the debate in December, Labor itself had dealt with the bill in its caucus on three occasions and Labor MPs and senators have been united in their support for the bill.

We should not forget that this is the Prime Minister who originally wanted to give himself and his government the power to ban organisations. He is the descendant of the Robert Menzies coalition government that attempted to proscribe one party, the Communist Party, over half a century ago. That was thwarted by the High Court and was later thwarted again by the voters of Australia in a referendum. Interestingly, as the opposition leader noted in September, the present Prime Minister was speaking to representatives of the Chinese Communist Party not long ago and he told them that Australian democracy had been strengthened because Australians had resisted pressure from the Liberal Party in the 1950s to ban the Communist Party, over half a century ago. That was thwarted by the High Court and was later thwarted again by the voters of Australia in a referendum. Interestingly, as the opposition leader noted in September, the present Prime Minister was speaking to representatives of the Chinese Communist Party not long ago and he told them that Australian democracy had been strengthened because Australians had resisted pressure from the Liberal Party in the 1950s to ban the Communist Party. This is the same Prime Minister who demanded the power to ban not just one party but any organisation whatsoever that he regarded as a threat. This was a breathtaking grab for power and it showed that in fact he had learned nothing from the disgraceful Liberal experience of the 1950s.

Labor is proud to have ensured that the Prime Minister was defeated when it amended the terrorism bill. But, again, what the nation has had to endure in 2002, as it endured in the 1950s, is division and confrontation generated by the Liberals’ disregard for the rule of law and the fundamentals of democracy in Australia. It is the same species of wedge politics being pursued today by the present Prime Minister as was pursued by the Menzies coalition government in the 1950s. Then it was ‘reds under the bed’ and the Cold War, and the target was Labor; now it is international terrorism and security. But the Prime Minister has been caught out and exposed playing his nasty little game of manipulation.

The comments of the media are interesting indeed—very interesting and surprising considering this first example comes from the Australian newspaper. It reads:

The Prime Minister ought to have pocketed the concessions extracted from Labor and passed the legislation through the House of Representatives...

It concludes:

However, Mr Howard’s Government has form on needlessly politicising issues of national security—dare we mention boat children overboard?—and its ASIO brinkmanship has played political games with the safety of Australians.

Then there is the editorial observation of the Canberra Times damming the Prime Minister and his government. Its editorial of 17 December reads:

John Howard’s dummy spit when faced with Senate insistence on its amendments to the ASIO legislation marks a new low in his willingness to politicise anything, and seriously discredits the Government’s case for the urgency and the novelty of the legislation.

The Government, however, has hardly made a public case for destroying long-established rights and it can hardly complain if Labor, like many commentators, suspect that the measures go too far, and with insufficient accountability. The accountability for that, however, rests with John Howard, not a Parliament he could not persuade.

I conclude with those remarks. I notice that my good friend, parliamentary colleague and political adversary the member for Moncrieff is about to follow me. No doubt he will be trying to defend his government’s position on this bill quite vigorously. We on this side of the House know that this bill in its present form is indefensible.

Mr CIOBO (Moncrieff) (6.42 p.m.)—The member for Dickson, who spoke earlier in this debate, made reference to the fact that times have changed. It has almost become
cliched now to say that the world environment has changed since September 11. But the point is that it has. The fundamental fact that can never be escaped is that old notions of the threat and risk paradigm have been forever changed. The new paradigm is a combination of the traditional nation-state enemy of old—the threat that was posed by the armies of old—in comparison to the threat of new; that is, the threat of the individual. What September 11, and then October 12 in Bali, demonstrate is that nation-states and people today are at risk of life and limb at the hands of terrorist cells that can, as has been shown, be as few as one, two or three people. In order to combat this threat effectively, it is important that government takes a good long, hard look at the legislation that we have in place to provide the powers for our intelligence-gathering agencies to circumvent any threat that may expose itself.

I am very pleased to rise this evening to speak on the Australian Security Intelligence Organisation Legislation Amendment (Terrorism) Bill 2002 [No. 2]. It is an important bill because it goes to the very core of the way in which this government is responding to the new threat that befalls us as a result of increased terrorist activity throughout the world. This is a new threat that we must face up to in an environment in which individuals may potentially have access to weapons of mass destruction—weapons such as dirty nuclear bombs. Heaven forbid it should ever be the case that a small group of terrorists have the opportunity and the means to detonate a weapon such as this in any city around the world. This is not fearmongering. This is not trying to put the people of the community on edge. It is clear fact. To describe it as wedge politics does a disservice to the actual threat that befalls modern-day society.

The simple fact is that this legislation is important legislation because it addresses the fact that we have a new threat and risk paradigm. This legislation is not the process-focused legislation that the ALP is continuously relying upon. As is the case with their position on Iraq, we see that the ALP and the Greens are completely unable to ever step outside of a process-centric focus. For the ALP and the Greens, the morality of the current war on Iraq is predicated on whether or not it is passed by the Security Council. If 14 members of the Security Council were to say that they believed action in Iraq is appropriate but one country were to veto, according to the Greens and the opposition that would make the war immoral. That is a completely arbitrary framework to use.

I have a different point of view, and I know other members of the government do too. My point of view is that, with regard to Iraq, after 12 years the time has come for the Iraqi people to be liberated—and that is what we are doing. At the same time, we will remove the risk that is presented by a barbaric regime that is focused, as it has confessed, on developing weapons of mass destruction. Why are we doing it? Because groups like al-Qaeda—the types of organisations and people that the core of this legislation deals with—have expressed a desire to obtain weapons of mass destruction. They will obtain those weapons of mass destruction from rogue states such as Iraq and possibly from North Korea. If we cannot deal with Iraq after 12 years, how can we possibly hope to deal with a country like North Korea? After 12 years, we are still saying: ‘We need more time. What is a few additional months?’ How can a United Nations that has no military and no real clout—other than containment—ever hope to be able to deal with a country like North Korea? But I digress. I will come back to the core issue that is before us today: this piece of legislation.

The opposition had this House sit nonstop for 27½ hours prior to Christmas. For 27½ hours we debated myriad legislation, but the central piece of legislation that kept the debate going was this. It is the opposition’s position that they would much rather the Australian people go forward with a piece of legislation that is completely unworkable. It is completely unworkable because it tries to balance civil liberties, apparently, with the need for groups such as ASIO to be able to undertake the task that is required of them. The fact is that this legislation, as it is presented before the House today, is workable. This legislation strikes an appropriate balance between civil liberties and the need for
organisations like ASIO to be able to obtain intelligence.

I will highlight a number of important issues that are contained in the provisions of this legislation. A provision in the bill includes, as one of a number of general powers, the ability to seek a warrant to question people for a period of up to 48 hours before they have access to a security cleared lawyer for the purposes of investigating terrorism offences. The regime for obtaining a warrant remains the same as it was when we discussed it prior to Christmas. In order to obtain a warrant for questioning, the Director-General of Security must obtain the consent of the Attorney-General. In order for the Attorney-General to provide his consent, he must be satisfied that there are reasonable grounds that the warrant will substantially assist in the collection of intelligence and that other methods would be ineffective. That is the test. I would contend, and I know it is the position of the members of this government, that this is a very reasonable, very measured, very appropriate test.

Under the provisions of the bill, if a person is required to be taken immediately into custody, the Attorney-General must be satisfied that the person may alert another person involved in a terrorism offence or that the person may fail to appear or may try to destroy evidence. That is a very reasonable threshold test when you consider that we are concerned with terrorism offences—perhaps on the scale of September 11, perhaps on the scale of the Bali bombings. The simple fact is that this legislation is reasonable, it is appropriate and it is balanced. It is in stark contrast to the unworkable legislation that the opposition has tried to ram through.

An example of the way in which the opposition’s position is unreasonable is that one of the sticking points with the legislation prior to Christmas was the fact that the opposition wanted to exempt people aged below 18. Apparently 17-year-olds cannot commission terrorism offences. World history makes it very clear that that is not the case. The fact is that in the Middle East today there are many people below the age of 18 who either are caught trying to be or unfortunately are successful as suicide bombers in countries such as Israel. The fact is that under the Criminal Code as it exists now the age of majority is 14, but apparently there should be a different rule for this legislation. That was one of the sticking points. The opposition are happy for the age of majority to be 14 under the Criminal Code and for 15-year-olds and 16-year-olds to be treated in the same way, but they say that we must keep it separate when it comes to someone below the age of 18. It is illogical and it is inconsistent. The opposition remain process focused, and they cannot escape the fact that this legislation as it exists now is balanced and reasonable and provides organisations like ASIO with the tools that are necessary.

The government have responded in a very reasonable way to a number of the opposition’s requests. The opposition has put forward points that we have been willing to incorporate into the legislation in the interests of the people of Australia. We have done that because we would like to get the legislation through. We recognise that, unfortunately, we do not have the mandate in the Senate and that minor parties too frequently block the mandate that comes from the House of Representatives. So we tried to incorporate a number of the changes that were put forward. An example is the sunset clause. We have incorporated the sunset clause in the legislation now because we consider it to be reasonable. We do not agree with it, but the opposition has said that it will not pass the legislation otherwise. So, because we are concerned primarily with the welfare of Australians, we have incorporated a sunset clause. Likewise, we have made some minor changes to include, for example, procedures for frisk searches and for strip searches. We have incorporated provisions which state that members of the opposite sex cannot be present and cannot view a strip search except in extremely exceptional circumstances. There are also provisions pertaining to the right to have an interpreter and these types of things.

There are a number of areas in which the opposition’s requests are completely unreasonable. The most glaring omission of all from the opposition is the fact that, when New South Wales passed its legislation, we did not hear a peep from the opposition.
There are a number of ways in which the New South Wales legislation goes further than this ASIO bill—and the opposition did not say a word. Their crocodile tears now—crying that this legislation is too harsh—are nothing but a falsity. This legislation is important. It protects the community and it is an appropriate balance between civil liberties and the right of the community to ask its government to provide the framework necessary for agencies such as ASIO to provide safeguards for the community. Intelligence gathering is hard. Intelligence gathering is difficult. This legislation provides the tools for groups like ASIO to undertake that intelligence gathering. I commend the bill to the House and urge members to support it.

Mr ORGAN (Cunningham) (6.53 p.m.)—I welcome the opportunity to speak today in opposition to the Australian Security Intelligence Organisation Legislation Amendment (Terrorism) Bill 2002 [No. 2], which is currently before us. Simply put, the Australian Greens believe this legislation is unacceptable and unnecessary. It is yet another attempt by this government to restrict the basic freedoms long held and cherished by the Australian community. It introduces elements into our legal system and law enforcement regime which are repugnant to our Australian way of life, such as the proposal to allow the seizure, detention and interrogation of children as young as 14 by ASIO.

Further, this bill goes far beyond its stated aim of ‘enhancing the Commonwealth’s ability to combat terrorism’. It creates a secret service with the power to terrorise the Australian community. If this bill is passed in its present form, parliament will have created a secret service organisation—ASIO—that is able to drag people from their homes in the suburbs and towns of Australia in the middle of the night and have them forcibly strip searched, detained and questioned without independent legal representation for upwards of seven days. This is outrageous and completely unacceptable, especially for a country such as Australia which prides itself on possessing the freedoms of a liberal democracy.

This bill will permit the incarceration of ordinary Australians not because they are terrorists but because the Attorney-General is satisfied that their detention will substantially assist the collection of intelligence which may be important in relation to a terrorism offence that may not even have been committed. The Attorney-General has already classified Australian citizens held indefinitely without charge or trial in Guantanamo Bay, Cuba, as ‘dangerous prisoners’. How can we be sure that the Attorney-General will not be equally keen to ride roughshod over the rights of Australians closer to home? Furthermore, there is a massive discrepancy between the purpose and the powers of this bill. This bill places our country under a regime which treats people who are completely innocent of any crime worse than those who are charged with committing a terrorist or other criminal act. It goes to the very core of our legal system: the presumption of innocence and the burden of proof on the state in criminal proceedings.

Under the regime proposed by this nasty piece of legislation, journalists, unionists and community activists have much to fear. They are the very people who might be thought by ASIO or the Attorney-General to have information about a real or perceived terrorist threat occurring in Australia or abroad. Those people face detention without trial and they face the threat of being held without the right to inform their family or employer of their detention. They will be refused access to independent legal representation of their own choice—and this from a government which constantly proclaims the mantra of freedom of choice. They face incarceration with only the pale assistance of a government approved lawyer whose work will be monitored by the authorities. And who will be vetting these lawyers? Who will provide the security clearance which determines whether or not a lawyer is approved? The answer is ASIO—the very agency which seeks the client’s detention. This is a straight-up conflict of interest: ASIO will benefit from its own decision.

As the members for Banks and Barton have already pointed out, the words of the former Liberal Prime Minister Sir Robert Menzies are very relevant to this debate. In introducing the National Security Act in 1939, Menzies said:
... there must be as little interference with individual rights as is consistent with concerted national effort ... the greatest tragedy that could overcome a country would be for it to fight a successful war in defence of liberty and to lose its own liberty in the process.

This bill does more than lose our liberty; it abandons it. George Williams, Professor of Law at the University of New South Wales, said:

New laws must strike a balance between defence and national security on the one hand, and important public values and fundamental democratic rights on the other. We must not pass laws that undermine the same democratic freedoms we are seeking to protect from terrorism. It is a matter of balance and proportionality, as well as a test of political leadership. If we fail this test, we risk losing part of what makes this a great country to live in.

This bill fails that test. By reversing the onus of proof, this bill encourages the wrongful arrest of those in our society who would protest or otherwise offer a voice of dissent. Individuals such as journalists, unionists and community activists would face a five-year jail term for failing to fully comply with authorities operating under the act. This makes them defendants in the dock who must provide evidence to a court that they do not have the information that the secret service—ASIO—requires. That is an enormous burden which threatens the very fabric of our society.

Let us not forget that secret services in Australia and in other parts of the world have had a chequered history, and for this reason the community is wary of giving them unfettered powers. In my view they simply cannot be trusted with expanded powers, even in the present climate—post September 11 and the Bali bombing, and during the current war in Iraq. ASIO does not have the trust of the Australian people because the community remembers the history of embarrassments that our security services have provided. We recall the infamous drunken rampage at Melbourne's Sheraton Hotel in 1983 when secret service agents on a training exercise terrified guests and staff with machine guns. We recall the disgraceful acts of ASIO’s sibling the New South Wales Police Special Branch which collected so-called intelligence on all and sundry. As the Police Integrity Commission of New South Wales found: Reports would frequently be created as a result of a newspaper article about an individual attending or addressing a demonstration or public meeting for any number of causes. The range of such activities included anti-Vietnam war rallies, trade union marches, anti-logging protests, demonstrations against the third runway and protests against Commonwealth cuts to Legal Aid.

More recently the Australian community witnessed the unsavoury work of ASIO when homes in Western Sydney were raided in the aftermath of September 11. In an unnecessary show of force, suspects were questioned at gunpoint.

I have today spoken with Stephen Hopper, a lawyer who represents many people who have had their rights trampled by ASIO. He recalled that ASIO had detained people without warrant or charge; had pointed guns at the head of a woman who was breastfeeding her baby; had raided a house without a warrant because they got the address wrong, confusing it Keystone Kops style with another house down the street; and, to add insult to injury, allowed $7,000 to disappear from one house in the process. The complaint which followed has still not been dealt with and the money remains missing. Clearly, if this is the face of Australian security services without the enhanced powers in this bill, I would suggest that it can only get worse if this parliament provides such organisations with more tools to trample the civil rights of the Australian people. Therefore, I cannot support this bill.

The balance between civil liberties and security is a delicate one, and I have a duty to protect the people of my electorate of Cunningham from arbitrary interference and detention by the state. This dangerous bill is unnecessary. It will promote detention without trial and other abuses of the civil rights of ordinary Australians. ASIO, the Australian Federal Police and the New South Wales Police already have adequate powers to deal with real or perceived terrorist threats. The Greens understand that the threats faced by Western democracies are different from the state based threats that our security services have had to face in the past. But terrorism
itself is not new; only the scale on which it is experienced is new. What is needed in response is proper funding for existing security, customs and judicial services to meet these threats, not draconian new powers that take away the very liberties that terrorists themselves are seeking to destroy. This bill is an affront to the fabric of Australian society. I therefore condemn this bill and urge the government to reconsider its position.

Mr BRENDAN O’CONNOR (Burke) (7.03 p.m.)—I rise yet again to speak on the Australian Security Intelligence Organisation Legislation Amendment (Terrorism) Bill 2002 [No. 2]. I do so because it is important that the parliament continue to debate the importance of this bill and where it fits in the context of the way in which the government plays out its tactics and cynically treats the Australian community. Labor supports improving ASIO’s capacity to investigate potential terrorist activity. That is the reality. That has been exemplified by the many hours of effort by parliamentary committees—comprising government and Labor members—and the many hours of the staff, shadow ministers and ministers involved in discussing these issues. In fact, if one wants to look at how important this issue is to us, one only has to look at the discussions and the effort to find common ground on the anti-terrorism bills.

A very important reflection of this is if we look at the way in which, last year, we were able to find common ground and reconcile our differences with respect to the antiterrorism bills. Therefore it raises the question: why is it that we found common ground on those matters so incidental to this bill and so significant to the nation and yet we are not able to find common ground regarding the ASIO bill? That is the question that is raised, and I would like to proffer the answer. The answer is, from my point of view, that the Prime Minister has been deliberately playing games with this bill and cynically using this bill to divide the community. He is using it not to secure the community, not to bring the community together, not even to bring the parliament together but to divide the community. Why does he do that on a bill that is critical for the security of this nation? I do not know, but already some members on this side of the House have made it very clear that they have observed the way in which the Prime Minister operates and how, unfortunately, the nation suffers as a result.

The Prime Minister focuses on ways in which to divide not only the parliament but also the ordinary people in my electorate of Burke. That is what I find really offensive. My own constituents, the people to whom I speak, are concerned about the troops overseas, they are concerned about the innocent civilians in Iraq, they are concerned about their own security as a result of what happened last year on October 12 in Bali and they are concerned about the awful event that occurred in America in three separate incidents—in New York, Washington and Pennsylvania. The community wants to see a decent resolution to these matters but there has been no effort by the Prime Minister to do so. I correct myself: there has been effort, in fact, but it has been focused on dividing the country. We spent 26 hours in the last session of last year, while the Prime Minister slept, in debate on these issues. Many shadow ministers and others tried to resolve the differences. Of course, we should have known that the Prime Minister did not want to find any common ground, because he wants to use this to damage the fabric of this country. He wants to use it in a manner that is un-Australian.

Labor support improving ASIO’s capacity to investigate potential terrorist activity. Labor have concerns about how we reconcile our need for security in the domestic sense with the freedoms that we are trying to defend. If indeed we sacrifice those freedoms in order to protect our own security then the terrorists have already won. The terrorists win if we accede to some of the provisions of this bill, and we cannot allow that. I think it is fair to say that we have converged—as close as we possibly can in the national interest. What does the government want us to do? The government wants us to allow 15- and 16-year-olds to effectively be detained. If we pass this bill, Australia would be the only country—there is no law in the United States—
Mr Melham—Nor in the United Kingdom.

Mr BRENDAN O’CONNOR—or in the United Kingdom—that would allow the provisions of this bill. They would not allow people to be detained in secret; they would not allow non-suspects to be detained in the way in which this bill envisages. This bill would go further than the laws of Australia’s partners in the so-called coalition of the willing. That is what this bill would allow, and we could not allow that. It would be somewhat ironic if we were to find ourselves treating our own citizens in the way in which undemocratic and autocratic states treat their own citizens. It would be rather paradoxical if we chose to go down that path. If we were to go down that slippery slope, we would be turning into our enemy, and our enemy is terrorists. Our enemies is not the citizens of this country; our enemy are terrorists and their activities. So let us make sure we get the balance right.

As I said earlier, we have managed to converge on issues of conflict before with the government and reconcile our differences. We did that successfully with the anti-terrorism bills. I am happy to applaud the efforts of the government in acceding to some of our requests. There was hard work and effort by people on both sides. But what I cannot accept is the way in which this government now wants to use this bill, because it is unconscionable. If we do not find a balance between the security of our own citizens on the one hand and the freedoms that we enjoy on the other hand, then we will have failed. We will all have failed—not only the government; we will all have failed. When the parliament fails, this country fails. We have to ensure that that does not happen.

The member for Moncrieff made some remarks earlier. Unfortunately, he is not in the chamber now to listen to me—maybe he is watching on the monitor. He commented, ‘It doesn’t really matter. What’s the difference between an 18-year-old and a 15-year-old?’ I know the difference between an 18-year-old and a 15-year-old. An 18-year-old might have to be in Iraq now with a gun fighting on behalf of Australia after we invaded that country. A 15-year-old does not have to be there. An 18-year-old gets a vote, last time I looked. There are very significant differences between an 18-year-old and a 15-year-old. Certainly, people can develop in different ways. But the fact is that a line is drawn at the 18th year and we believe that is a critical moment because that is when society recognises that you now have the will of an adult. You have the right to vote; you can be compelled to fight if you are in the armed forces. Those things clearly distinguish 18-year-olds from 15-year-olds. I think the member for Moncrieff has failed by not grasping that obvious difference.

This bill is now before the parliament again and it has been too long in the making. I would suggest that the government sit down with the appropriate shadow ministers and discuss the ways in which we can reconcile our differences—like it did with the anti-terrorism bills. Today I heard the Prime Minister, and the foreign minister, when asked in question time, ‘Are we under any greater threat?’ respond by saying, ‘Even though we have now invaded another country, no, we are not under any greater threat.’ On the one hand, they say that we are not under any greater threat but, on the other hand, they say that there is an urgency about this bill. If there is urgency about this bill, it would have been discussed and resolved in the last session of parliament. I urge the relevant minister to have discussions with the shadow ministers to see if we can reconcile our differences.

I can assure the parliament, and I can assure the community at large, that the intentions of the Labor Party are to ensure that, as a result of the increased dangers of terrorism in this country—and some of those increased dangers are as a result of the government’s policies—we find a common ground, but we do need dialogue, and we do need the government and the shadow ministers to sit down and work this through. We do not need an attempt to use this bill as a cynical exercise in a way that will not allow for mature and decent resolution of this matter. I think it is clear now—and it has been clear for some time—that the ASIO bill needs passing. I call upon the government to move that way. I seek the government’s assurance that they
will stop playing games, so we can get on with delivering decent laws to this country.

Mr ANDREN (Calare) (7.14 p.m.)—I rise to speak for the third time on the Australian Security Intelligence Organisation Legislation Amendment (Terrorism) Bill 2002 [No. 2] and can only reiterate my twice previously expressed view that still—even in its latest incarnation—this bill fails the test of justice. It lessens our freedoms and emphasises unfounded pro-action, secrecy and suspicion, all of which are antithetic to everything our country used to be famous for.

As if current events were not enough to spread fear throughout our communities, politicians from both sides are seeking to foment it and cream as much electoral advantage from such a climate as possible. I also cannot understand why, after finally making a stand against the government’s eager involvement in a pre-emptive war and after opposing the earlier version of this bill on the just grounds that it goes too far in the name of security, the opposition appears to have taken every opportunity to fuel the community’s security fears through its questioning regime this week. It is little wonder people are so frustrated and are feeling so left out of the democratic process that they feel the need to have their own say in question time. It is little wonder that parents are trying to allay their children’s fears about going to school in this climate of war, bombs and antiterrorism fridge magnets.

Since November 2001, I have come to expect the fuelling of fear by the government. Driving in the wedge of fear is a sure-fire winner in the polls. The timing of this bill’s re-introduction last week—a couple of hours after the attack on Iraq had got under way—was yet another example of the cynical political opportunism that has marked the security agenda in recent times. This bill and the way it has been managed are right up there with the Tampa border security bills and the lies about ‘children overboard’, sowing fear and ignorance and reaping electoral advantage.

There is a way to get proper ASIO scrutiny of terrorism threats; a way was offered through the processes of this parliament. The so-called terrorism bills package was passed with negotiation and amendment by this parliament. Why is there no willingness to accept the real improvements in this bill that were suggested last time around—improvements that would have seen this bill passed and the necessary protection, albeit with greater accountability, put in place months ago, when the pre-Christmas threat was said to be so high? Why wasn’t this bill here for debate when parliament resumed in February, to be thoroughly debated prior to passage in this House when the three months required under section 57 of the Constitution had been met? Why wasn’t there an urgent security imperative then? More likely, as the re-introduction last week showed, there is a greater political imperative now.

After 27 hours of debate on the last version of the bill, we are back at square one. The government has made certain concessions to establish some measure of accountability. It has accepted the three-year sunset clause and extended the definition of a ‘prescribed authority’ to include retired judges, but this bill still contains serious weaknesses that undermine human rights. The bill still allows for the detention of non-suspects for 48 hours at a time for up to seven days and, for the first 48 hours, for them to be detained incommunicado without legal representation. For the subsequent five days of detention and questioning, a person may have access to a security cleared lawyer. The lawyer is not allowed to intervene in the questioning in any way and can only discuss the case with the detained person in the presence of an ASIO officer. This seriously undermines the value of having a lawyer in the first place and represents a significant erosion of the basic right to fair treatment when in detention.

We are not just talking about Australia. Think about that scenario under a South American regime or a regime in some other location; we would all be horrified at the prospect of our secret police having those powers. I say that we are about to step across that line with this legislation if we leave it as it is—perhaps not to be employed in such a manner by the ASIO of today, but we must be thinking in terms of future events and future situations down the path.
We had in parliament today young people from all over Australia visiting us in their role in the Schools Constitutional Convention, at which they will be discussing a bill of rights. As they look at the bill of rights, they will also look very carefully, in their own quiet, individual way, at this legislation as an example of the sorts of things that need to be considered in the context of a bill of rights for this country. I did a little bit of reading on the bill of rights earlier and I stumbled across the New Zealand Bill of Rights Act 1990 amongst some of the literature. I want to put on the record some of the rights under item 23 of that bill:

23. Rights of persons arrested or detained

Everyone who is arrested or who is detained under any enactment—

Shall be informed at the time of the arrest or detention of the reason for it; and

Shall have the right to consult and instruct a lawyer without delay and to be informed of that right; and

Shall have the right to have the validity of the arrest or detention determined without delay by way of habeas corpus and to be released if the arrest or detention is not lawful.

Our neighbours across the Tasman have that built into legislation. We are dithering around about the need to have a bill of rights in this country, and there we have in plain print the sorts of rights that have been enshrined in New Zealand. Again they show the way, as they have done not only in their reluctance to be involved but in their adamant opposition to involvement in a breach of international law—whatever anyone wants to say—in engaging in the current Iraqi conflict.

Under the new version of this bill, children can still be detained. A 14-year-old is a child, and any person between the ages of 14 and 18 can be detained under this bill for up to two weeks in the presence of an approved person. However, there is no delay in access to legal representation for those between 14 and 18 unless it becomes designated an ‘emergency situation’. Regardless of this fact, this aspect of the bill remains contrary to the joint committee’s recommendations. Further, the approved person accompanying the child can also be removed if the prescribed authority considers them to be unduly disruptive. Imagine a non-English-speaking parent who vents their fear and frustration at the treatment of their child and is removed from the process, leaving their child isolated. They also run the risk of two years imprisonment should they divulge their situation to a third party. There is so much room for error, especially when the potential for miscommunication is so high.

The worst-case scenarios about the likely ramifications of this bill may be highly unlikely. These laws might, in all probability, be enacted only in the rarest of circumstances, but, for a country like ours that so prides itself on being a bastion of democracy and the freedoms it entails, it remains a dangerous precedent that the legislation should include those sorts of provisions.

This new version raises all the same questions about the separation of powers and the appropriateness of the executive detaining an Australian to gain information about the activities of another person without reference to a citizen’s rights under common law. Arbitrary detention or the detention of a person without charge or review is contrary to basic democratic principles and indeed to existing Australian law. The High Court has declared that to make imprisonment lawful the power of detention must be subject to the supervisory jurisdiction of the courts, other than well-known exceptions such as mental illness or infectious diseases. This is implicit in the constitutional separation of powers to guard against abuses by government against the freedom of its people. Yet this bill, as did its predecessors, confers a power on the executive to detain any Australian citizen who has not committed, or necessarily even been suspected of having committed, an offence.

Some improvement comes, in addition to the introduction of the sunset clause, with the extension of the prescribed authority to include retired and serving judges of the High Court, Federal Court and Family Court or the Supreme Court or District Court of a state or territory. ‘As a final choice’, to use the Attorney General’s words, the option remains for the president or deputy president of the AAT to be designated as the prescribed authority.
The government has apparently rescinded its argument of last December that this particular amendment was impossible due to constitutional difficulties, now preferring to agree with the former Commonwealth Solicitor-General Gavan Griffith. Even so, the involvement of members of the executive-appointed AAT remains a blurring and an impediment in this bill and again brings in the question that was inherent in the earlier version of the bill over the separation of powers. It is not acceptable in this country for the executive to have any involvement in the detention of its people. We should build on existing laws, using extensive processes that ensure the accountability and rights that we believe we are entitled to.

In summary, we should be ensuring that ASIO has the resources to do its existing job as well as it possibly can but we should not sacrifice to ASIO the rules of common law and give it a power, bolstered by a blurring of the separation of powers and the involvement of the executive, which can be such a dangerous precedent. This bill is anathema to freedom and the life that we so value. As the previous speaker said, as it stands this bill gives a victory to the terrorists. There is nothing like this in the UK or the US. This government, from the *Tampa* onwards, has cranked up fear and insecurity in this country. It has demonised asylum seekers and threatened its own pre-emptive action in neighbouring countries. It has waved a red flag in the face of terrorism. But I am not about to allow the determination of human rights that our soldiers died for in legitimate wars to be so diminished. This bill needs further key amendments to protect those rights and I again reject it in its current form.

Ms PLIBERSEK (Sydney) (7.26 p.m.)—The *Australian Security Intelligence Organisation Legislation Amendment (Terrorism) Bill 2002* [No. 2] is an attempt, once again, to restrict the rights of Australians who are not suspected of any actual offence themselves but who may have—may have—information about possible terrorist activity. It still allows non-suspects to be detained incommunicado for the first 48 hours, and then with a lawyer for five more days. As the member for Calare pointed out, there is no contact between the client and their lawyer without an ASIO officer sitting in—which gives these people fewer rights than would be afforded the average murderer.

The legislation has plainly been reintroduced at this very late stage, two days before we rise for six weeks, because the government do not want a real resolution; they want to use this as a wedge issue and they want to play politics with it. If they were interested in genuine compromise, they would have accepted the thoughtful, genuine compromises that Labor and the minor parties supported in the Senate. The government are not interested in a real outcome for this but instead want to use the climate of fear that surrounds issues of terrorism at the moment to either push through the most draconian legislation or use the opposition’s inability to support such terrible legislation as a weapon against us at the time of the next election.

The government are continually arguing that there is no increased threat of terrorism to Australians overseas. We have had three days of question time where they have argued against the proposal from our shadow foreign affairs spokesperson that the UK and the US have increased warnings to their own citizens and that we should consider doing likewise. They have continually argued that there is no increased threat, yet they are prepared to ram through the most draconian legislation at home. Unfortunately, we are running too short of time today for me to discuss these issues, so I seek leave to continue my remarks tomorrow.

Leave granted; debate adjourned.

**VETERANS’ AFFAIRS LEGISLATION AMENDMENT BILL (NO. 3) 2002**

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 McGAURAN (Gippsland—Minister for Science) (7.30 p.m.)—by leave—I move:
That this bill be now read a third time.  
Question agreed to.  
Bill read a third time.  

ADJOURNMENT  

The DEPUTY SPEAKER (Mr Jenk- 
kins)—Order! It being 7.30 p.m., I propose  
the question:  
That the House do now adjourn.  

Shortland Electorate: Veterans  

Ms HALL (Shortland) (7.30 p.m.)—The  
Partners of Veterans are a very active group  
of women who have a very high profile in  
Shortland electorate. These women are fighting  
battles for their partners, their children  
and themselves. Most of the women have  
partners who are Vietnam veterans and who  
still have significant problems. The most  
difficult and serious of these problems relates  
to psychiatric disorders that were caused by  
their involvement in the Vietnam War. The  
Partners of Veterans fight for their partners to  
receive the treatment and support they need  
whilst at the same time fighting for their own  
sanity and even safety in many cases. The  
issue that concerns them above all is access  
to mental health care, both emergency access  
and ongoing access.  

To illustrate the problem that faces these  
veterans, I would like to refer to one particular  
lady and her husband who live in Shortland  
electorate. Last year this veteran actually cut his throat and was bleeding profusely. He was taken to the local hospital, where he was given the emergency treatment that was needed to stop the bleeding and to stabilise his medical condition. After that, he was taken into the local public psychiatric hospital, where he was subsequently released because the services that were offered there really did not meet his needs. In an email to me, his wife pointed out that, while the treatment that he had at Belmont Hospital was not pleasant, it was at least the kind of emergency treatment that could be expected. He wanted to go Lingard Private Hospital, which has been identified as a hospital that provides psychiatric help for veterans, but was advised that he could not be accepted there. The only other option was James Fletcher Hospital, which is an excellent psychiatric hospital but has a very bad name among local veterans simply because of the nature of the patients that are there—patients who have illnesses that are totally unrelated to the illnesses that veterans have. Veterans are very fearful of being there. They are put in contact with very sick people. The doctor at the local psychiatric hospital actually pointed out to the veteran that it was not the place for him. In the end, he was taken home and had to find alternative treatment.  

I think it is really important to point out that there has to be something available for veterans in this emergency situation. I approached the minister about this, and she pointed out to me that the Lingard Private Hospital is approved to provide services to veterans when they suffer from psychiatric illnesses. It is a fine hospital—I have no criticism whatsoever of any of the hospitals I am speaking about tonight—but the thing is that Lingard Hospital operates and provides that service between nine and five. It will not accept emergency admissions. It is understaffed. It is not properly funded. The veterans in the area do not trust the service that they are offered there. There is a real gap in services. There are no emergency services or emergency beds for veterans, and there is no ongoing support for them. There is a real need to ensure that veterans have access to adequate mental health care services in the Hunter. They have got to go either to Taree, where there is an excellent service, or to Sydney. It is not good enough. It is really disadvantaging and putting at risk the families of veterans. I would like the minister to act now to resolve this problem. (Time expired)  

Moran, Mr Paul  

Dr SOUTHCOTT (Boothby) (7.35  
p.m.)—I rise tonight to offer my condolences  
to the family of Paul Moran: his mother,  
Kathleen; his wife, Ivana; his baby daughter,  
Tara; and his three brothers. I grew up in the  
beachside suburbs of Adelaide, where the  
community revolved around school, cubs  
and scouts, local football and church. I re- 
member Paul Moran as a member of the 1st  
Holdfast Bay Sea Scouts. He was about four  
years older than I was, so he left the troop  
just as I was joining it. He was, as I remem- 
ber, very good at looking after the younger
scouts. He was a very kind person and he was a lot of fun. To the younger scouts, he was very much a positive role model and someone we really looked up to.

I have not heard a lot about Paul Moran since he left the scouts. I can report that he is fondly remembered by those who knew him at Sacred Heart College in Somerton Park. My mother, who taught at that school for 25 years, remembers Paul Moran. He was in the first class that she taught when she returned to teaching in 1976. She confirms my memories of Paul as someone whom people looked up to, who was always courteous and who had a twinkle in his eye but stayed very much out of trouble. I remember Paul Moran and Robert Buchan as being great friends in the scouts. When I read the obituary by Terry Plane in today’s Australian, I realised that, 25 years on, they had kept in contact even though both had left Adelaide—Robert Buchan working in Singapore and Paul Moran working in the Middle East. My memories of Paul Moran from long ago in my childhood are very positive, and I would like to offer my condolences to the family.

Iraq

Mr LATHAM (Werriwa) (7.38 p.m.)—To some extent, this parliament is operating with a sense of unreality. Each day it goes about its normal business, but we all know that things are anything but normal. The Howard government has broken the great Australian tradition of never being a military aggressor. It has joined the invasion of Iraq, even though Iraq did not threaten Australia’s national security. Under the Howard government, we have become a first strike nation. And now, as the Leader of the House, Mr Abbott, has admitted, other nations and influences are likely to strike back.

This is not the Australian way. Australians have always been prepared to step forward and fight, but not with the first strike. Throughout our history, we have been there at the end of many wars, but never at the beginning. Yet government MPs like the member for Dunkley have been quoting figures to say that the Liberals are more patriotic. They are not the patriotic party; they are the war party—the first strike war party of Australian politics. The member for Dunkley has his numbers and I have mine—hundreds of people from many nationalities killed already in the war in Iraq, 12 million Iraqi children living in a nation gutted by war and a country of 25 million people for whom the postwar reconstruction will be as harsh and punishing as the war itself.

When will the Liberals ever learn? Wasn’t the tragedy of Vietnam enough to show that Australia should never blindly follow another country into war? Government MPs were told by their great and powerful friends that this war would be ticked off by the UN Security Council. That never happened—in fact, it never got close to happening. Government MPs were told that this war would be a one-week wonder. That hasn’t happened. The respected analyst Hugh White wrote in yesterday’s Age newspaper:

Iraqis so far seem to be fighting for their country... this is not yet the peaceful occupation of a grateful nation that some in the [Bush] Administration have been hoping for, and even banking on.

This now looks much more like an old-fashioned campaign of conquest.

So too, government MPs were told that this would not be an imperialist war of expansion. Yet in the first days of fighting the Stars and Stripes were raised above Umm Qasr. Government MPs, especially the member for Parramatta, who is at the table, were told that a war in Iraq would lead to a Palestinian peace process. But this, of course, is a fantasy. A new war in the Middle East will not secure the peace or a Palestinian state. Government MPs were told that this was a war for the liberation of Iraq, yet already it is clear that the Iraqi people will not be free to choose their own form of government—or even their own national sovereignty—when the war is over. Winning the peace in Iraq will be even harder for the Anglo-American army than winning the war.

So when will they ever learn? Australia needs to make its own judgments in our national interest, not that of another country. I say to the member for Dunkley, ‘Don’t lecture me about patriotism; don’t lecture me about loving my country.’ I love Australia so much that I want us to have an independent foreign policy. I am a patriot because I be-
lieve that Canberra should be something more than a branch office of the United States. I love Australia so much that I want us to be good international citizens—part of the international system—respecting international law and playing a leading role in international forums. I am a patriot because I want the best for Australia. We should not just sleepwalk into someone else’s war.

Don’t lecture me about a war that in the end will cause more problems that it solves, a war that has split the Western alliance and diverted resources from the real war against terror, a war that will encourage other nations to engage in first strike thinking and first strike action, a war that will create a humanitarian crisis and shocking instability in Iraq for years to come, a war that makes Australia a bigger terrorist target and a war that places young Australian lives on the line. Of course we want an early end to this conflict. Of course we want an end to the carnage. Of course our thoughts are with the brave fighting men and women of the Australian Defence Force. But don’t tell me it is unpatriotic to oppose this war. In its final form, war is the worst kind of human failure—when we take the lives of others to comfort ourselves, when we answer the call of presidents, prime ministers and media barons by destroying the lives of women and children.

Quite often the right thing, the patriotic thing, is to say no to war. In fact, my opposition to the war has made me feel like a much stronger Australian—strong enough to say no to other countries, strong enough to say no to an unjust and unnecessary conflict. I say these things: the member for Dunkley might wrap himself up in the flag as he watches the slaughter in Iraq, and the member for Moncrieff might object when people in the public gallery accuse the government of murdering babies, but not for a moment should they say that Labor is unpatriotic. It is the war party that ignored the independent findings of Hans Blix. It is the war party that failed to give peaceful disarmament a full chance. It is the war party that turned Australia into a first strike nation. It is the war party that has betrayed Australia’s national interests. So do not lecture us. Do not lecture us, whether you are the member for Dunkley or whether you listen to the sort of nonsense we heard today from Senator Vanstone. I am a proud Australian and I am proud to oppose this war. (Time expired)

**Harmony Day**

**Work for the Dole Achievement Awards**

Ms **GAMBARO** (Petrie) (7.43 p.m.)—

Last Friday, Harmony Day, I attended a local citizenship ceremony and conferred citizenship on 15 people. It was a wonderful function, and I would like to commend the Rotary Club of Aspley—including Mr Robin Bechly, the club president; Mr Jeff Shepperd; and other members of the Rotary Club of Aspley—on organising such an enjoyable occasion. I would also like to place on the record my thanks to Ms Judith Rogers, an immigration manager from DIMIA, and my thanks to Mr James Kilpatrick and to members of the St. Paul’s School vocal ensemble for their outstanding musical performance. The St. Paul’s School vocal ensemble performed the national anthem, as well as *I am Australian* and *I Still Call Australia Home*. It was a wonderful reminder of the significance of Harmony Day and of the importance of all cultures living together in one nation.

I was very proud to be a part of this day, and I was particularly proud and moved to be congratulating and welcoming 15 new Australians. They had come from around the world—from South Africa, Europe and Asia—and there was an incredible diversity in their ages. There were people in their late teens and a delightful couple in their mid-eighties. I wish to congratulate each and every one of you: Mr Nigel Barnett, Ms Brigette Boutle, Mr Huida Chen, Mr Bruno D’Souza, Ms Marjorie and Mr William Farley, Mr Christopher Hartshorn, Ms Melissa Houng Lee, Miss Jeremy Madrona, Mr Harald McKenzie, Mr Kizhakkanchalil Segkar, Mrs Prabitha Segkar, Mrs Jean Smith, Mr Blaise Tapara and Mr Clint Walker.

It was a very special ceremony, and over 100 participants were there with their families and friends. It was very moving and made me realise how important it is that we recognise with pride what it means to be an Australian. As Australians, we share a belief...
in democracy and respect for the rights and liberties of all other Australians. We share a commitment to this country and its people. I congratulate the Rotary Club of Aspley for helping to make this citizenship ceremony on Harmony Day 2003 a very memorable and very special event. It is also very important for all of us who call Australia home.

On another note, I would like to also say that on 19 March a very special function was held here at Parliament House. The function was the presentation of Prime Minister’s Work for the Dole Achievement Awards, and I am absolutely delighted to publicly acknowledge a recipient from the Petrie electorate, Mr Cameron Sharp. Cameron received an award in the highly commended category for his work with the Humpybong State School at Margate. The award recognised Cameron’s contribution to the redesign and construction of the Humpybong State Primary School’s web site. It also acknowledged his achievement in helping to provide quality services and facilities to the school community. Cameron was required to work and liaise closely with the school, staff and parents on the school’s management board as part of this activity, which was called Step Forward.

He developed a marketing strategy and presented this and future plans for the web site to the school’s board members. In redesigning the web site, Cameron included an Indigenous page to cater for the school’s Indigenous community. He worked alongside members of the local Indigenous community and included this as part of a feature of his web page, and it paid homage to the significant and rich culture of the Margate area, particularly the Redcliffe Peninsula. The school’s name itself, Humpybong, is actually an anglicised version of ‘oompie bong’, a term coined by local Aborigines in 1825 which meant ‘dead house’. ‘Dead house’ referred to the empty buildings that resulted from Queensland’s first penal settlement being moved from the Redcliffe Peninsula— which I represent—to the banks of the Brisbane River. Cameron’s contribution has been well received by both the school community and the local community.

I like to give praise where praise is due, and it is particularly due to the cadet training and employment coordinator at Caboolture and to the community of Humpybong State Primary School and in particular Mr Shane Wright, the Acting Registrar at the school. Cameron’s story is truly an incredible success story. Not only has he achieved something and given something back to the local community; the community, in turn, has given him something back through Work for the Dole—that is, an opportunity. I want to comment that he is now planning a career in education as a schoolteacher as a result of his work on the project. He has enrolled—and this makes me absolutely proud of him—in a bachelor of education course as an external student. Congratulations to Cameron. I wish him future success. (Time expired)

Corporate Governance

Mr MOSSFIELD (Greenway) (7.48 p.m.)—Tonight I rise to talk about corporate governance and the failure of this government to curb the excesses of corporate high-flyers who, like Icarus, have flown too near the sun and come crashing down. Unfortunately, unlike Icarus—who was the sole victim of his folly—these corporate flyers take thousands of ordinary Australians with them when they come crashing down. They also, by and large, walk away unscathed themselves to fly again. HIH, One.Tel, Ansett, National Textiles and a host of other failed ventures have left the lives of ordinary Australians in a perilous situation. Through privatisation, demutualisation and superannuation, the number of Australians owning shares directly and indirectly has increased dramatically over the past decade. These are ordinary Australians who have never owned shares before and who are not stock market whizzes but who simply want to provide a bit of investment for their own and their family’s futures. They need the protection that governments can provide but which this government seems uninterested in.

Labor has a plan and a policy to improve corporate governance and to make corporations more open and transparent. The policy discussion paper Improving Corporate Governance was released by Labor’s shadow minister for finance, small business and fi-
nancial services, Senator Stephen Conroy, in August last year. Like all ALP policy papers and discussion papers that have been released, you will find a copy of it on my web site at www.nswalp.com/frankmossfield. Improving Corporate Governance is a comprehensive study of the problems facing the corporate sector and of the policy plans that Labor have developed to address these issues and concerns. Labor will introduce tougher penalties for corporate misconduct. We will double the penalties for serious breaches of the Corporations Act and protect whistleblowers who disclose breaches of the law by directors and executives of companies.

Labor will require the full disclosure of arrangements governing executive remuneration, including share options, and actually enforce the requirements for disclosure in the Corporations Act. We have already shown our commitment to this issue by moving an amendment to the Corporations Amendment (Repayment of Directors’ Bonuses) Bill 2002 that would allow shareholders to vote on a board’s policy on executive remuneration. The amendment would also have the effect of requiring companies to publish details of board policies on executive pays, including performance conditions, methods used to assess whether performance conditions have been met, discussions of the relationship between companies’ performances and boards’ policies, and graphs showing the shareholder return for the past five years.

People do not want to see a company’s profit and share price decline at the same time as seeing executives being paid obscene bonuses. Just one example is Peter Batchelor, who was sacked as CEO of AMP after presiding over a huge decline in both profits and share prices but for his efforts received a $2.1 million payout. The government has already rejected this amendment once in this place, which just goes to show that it must support these excessive payouts, despite the rhetoric and sound-bite grabs it uses.

Labor will improve the transparency, independence and integrity of company auditors through a range of measures, such as implementing the recommendations of the Ramsay report from October 2001. Labor will give shareholders more information about directors and candidates for the board, such as their relationship to the company, their directorships of other companies and their relationship to other directors and candidates. These are the issues we are committed to. There are a number of other policy options outlined in the discussion paper which are open for further debate and which we are looking for feedback on.

I urge everyone who is interested in this area of policy debate to get a copy of the Corporations Amendment (Improving Corporate Governance) Bill 2002 [No. 2] introduced by Senator Stephen Conroy, read what it has to say and give your views and ideas to us. Labor listens, and Labor acts. Labor are committed to corporate governance reform. We are committed to protecting the average Australian shareholder. This bill and this discussion paper are only the start but, yet again, prove that, where the government is silent or unwilling to act, Labor are not. We have the policies, and we have the vision to create a better environment for corporations to operate in and to increase the wealth and prosperity of ordinary Australians.

Paterson Electorate: Weakley’s Drive

Mr BALDWIN (Paterson) (7.53 p.m.)—Tonight I rise to bring to the attention of the House the issue of Weakley’s Drive. Weakley’s Drive is the junction at the end of the F3 and the New England Highway. It is an intersection along a 12.8 kilometre strip of road that the NRMA audit identified as the worst section in Australia, with a crash and casualty rate some 79 per cent higher than any other road on that route. Talking to people in my electorate who travelled through that intersection tonight, the delays were up to 20 minutes—20 minutes added to a simple journey between Newcastle and Maitland, coming home after a day’s work. I have previously raised this issue in the House, but tonight I raise more pertinent points that put the case for funding for this road.

There are a number of contributing factors to the congestion at this intersection: (1) all traffic travelling between Newcastle and Maitland must pass through this intersection; (2) the traffic which comes on and off the end of the F3 freeway must pass through this intersection; and (3) all vehicles that travel
across from the Thornton Industrial Estate, which is one of the fastest-growing industrial estates, employing over 1,000 people, must pass through this intersection. That includes the trucks from the region’s recycling centre and the buses from the Maitland Transport Hub.

Every truck that heads north to Brisbane along the New England Highway or south from the coalfields or New England to Sydney must pass through this intersection. All of the heavy vehicles that visit the port of Newcastle must travel through this intersection. Every day schoolchildren get the bus along the New England Highway to go to schools at Maitland or Beresfield, and they travel through this intersection. It has been the site of fatalities. This government said, prior to the last election, through the Deputy Prime Minister and Minister for Transport and Regional Services, that this road is a federal government responsibility. The Deputy Prime Minister said it would be funded. In fact, before the last election, the Prime Minister said, yes, it is a federal government responsibility. I can remember when, in my previous term in this House, we committed funding for the planning work to be done to the state RTA. A minimal amount of work was done, and now we are seeing the delays as a direct result of that.

In this House, I have previously raised the issue of the link road between Beresfield and Thornton and how the delays by the state government in building that have hindered the process of getting the Weakley’s Drive intersection completed. That roadwork is underway. No longer can we rely on the excuse that another government department is holding us up. I am urging the federal minister, John Anderson, to live up to his commitment. He assured the people before Christmas that this project is a federal government responsibility. The Deputy Prime Minister said it would be funded. In fact, before the last election, the Prime Minister said, yes, it is a federal government responsibility. I can remember when, in my previous term in this House, we committed funding for the planning work to be done to the state RTA. A minimal amount of work was done, and now we are seeing the delays as a direct result of that.

Ms O’BYRNE (Bass) (7.58 p.m.)—In the very short time available to me, I would like to record my sympathy and sadness at the loss of a member of my constituency, Mr Peter Bruce, who died on 16 March. Peter was a neighbour when I was a child, a friend to me as an adult and, since I have been in parliament, a very strong advocate of veterans’ policy. He was a wonderful person with a strong commitment to our community, and he was a strong and ardent supporter of the Launceston branch of the National Service-men’s Association. I and many people in my electorate will miss him a great deal and miss his contributions. I extend my deepest sympathy to his family and state that the noshos’ ceremonies in T asmania are simply not going to be the same without him.

Mr MURPHY (Lowe) (7.58 p.m.)—I again raise the case of former senator Dr Malcolm Arthur Colston. This case makes a mockery of the medical profession. This case makes a mockery of the office of the Director of Public Prosecutions. This case brings great discredit to all members of this parliament. The current review, which is the third review being undertaken by the Director of Public Prosecutions, has now been going for nine months.

Mr MURPHY (Lowe) (7.58 p.m.)—I again raise the case of former senator Dr Malcolm Arthur Colston. This case makes a mockery of the medical profession. This case makes a mockery of the office of the Director of Public Prosecutions. This case brings great discredit to all members of this parliament. The current review, which is the third review being undertaken by the Director of Public Prosecutions, has now been going for nine months.

Mr MURPHY (Lowe) (7.58 p.m.)—I again raise the case of former senator Dr Malcolm Arthur Colston. This case makes a mockery of the medical profession. This case makes a mockery of the office of the Director of Public Prosecutions. This case brings great discredit to all members of this parliament. The current review, which is the third review being undertaken by the Director of Public Prosecutions, has now been going for nine months.

How many more medical experts have to examine Dr Colston? How many more re-
views have to be undertaken to establish whether Dr Colston, who was determined almost four years ago to have only months to live, is terminally ill today or whether he is capable of standing trial for defrauding the Commonwealth on 28 charges in relation to travel rorts? This is a matter of serious public interest. The fact that it has not been resolved after such a long time raises very serious questions of public interest, as does Dr Colston’s use of his gold card. I am calling on the Attorney-General to force the Director of Public Prosecutions to resolve this matter immediately.

Mr Causley—Order! It being 8 p.m., the debate is interrupted.

House adjourned at 8.00 p.m.

NOTICES

The following notices were given:

Mr Anderson to present a bill for an act to safeguard against unlawful interference with aviation, and for related purposes.

Mr Anderson to present a bill for an act to deal with consequential and transitional matters arising from the enactment of the Aviation Transport Security Act 2003, and for other purposes.

Mr Anderson to present a bill for an act to amend the Civil Aviation Act 1988, and for related purposes.

Dr Kemp to present a bill for an act to amend the Product Stewardship (Oil) Act 2000, and for related purposes.

Mr Truss to present a bill for an act to amend the Export Control Act 1982, and for related purposes.

Mr Slipper to present a bill for an act to amend the Trade Practices Act 1974, and for related purposes.

Mr Slipper to present a bill for an act to amend the Trade Practices Act 1974, and other legislation for related purposes.

Mr Williams to present a bill for an act to rename, refocus and restructure the Human Rights and Equal Opportunity Commission and amend the law relating to human rights, and for related purposes.

Mr Slipper to move:

That, in accordance with the provisions of the Public Works Committee Act 1969, it is expedient to carry out the following proposed work which was referred to the Parliamentary Standing Committee on Public Works and on which the committee has duly reported: Proposed fitout of new leased premises for the Bureau of Meteorology at Docklands (Melbourne), Victoria.

Mr Abbott to move:

That standing order 48A (adjournment and next meeting) and standing order 103 (new business) be suspended for this sitting.

Mrs Irwin to move:

That this House notes:

(1) the very high levels of domestic violence in Vietnam and its consequences for women and children and urges international agencies and Vietnamese institutions to take action to detect and prevent abuse and calls on Non Government Organisations and AUSAID, in consultation with Vietnamese Government agencies, to initiate and promote education programs on gender equality, vocational rights and children’s rights in Vietnam;

(2) the high level of sex trafficking in Vietnam and neighbouring countries and related risks including increasing infection rates of HIV/AIDS and calls on Non Government Organisations and AUSAID to cooperate with the Vietnamese Government to train law enforcement officers to rescue and rehabilitate victims, to raise public awareness of the problem, to provide alternative employment and income earning opportunities for women and girls and to offer sex education for children; and

(3) the lack of safe and effective fertility control available to women in Vietnam and the resulting very high level of legal abortions performed and calls on Non Government Organisations and AUSAID to assist in the development of accessible, safe and effective fertility control measures for women in Vietnam.
The DEPUTY SPEAKER (Hon. I.R. Causley) took the chair at 9.41 a.m.

STATEMENTS BY MEMBERS

Education: Literacy and Numeracy

Mr SAWFORD (Port Adelaide) (9.41 a.m.)—Fifteen years ago today I was elected to the federal parliament—but that is not what I am going to talk about today. May 2003 marks the 30th anniversary of the release of the Karmel report. At the time, the Karmel report represented a watershed in education and, deservedly so, won much acclaim. Thirty years later, two fundamental faults stand out. Firstly, the report failed to recognise the importance of the primary years and early intervention, particularly in literacy and numeracy, and an increase in resources for primary schools. The remedy to that began with an inquiry into literacy by the House of Representatives Standing Committee on Employment, Education and Training and a report, published in December 1992, known as the Crawford report—named after Mary Crawford, the member for Forde. The genesis of that inquiry came from the substance of my maiden speech in September 1988. My attempts to get the topic up in the parliament in 1989 failed and I had to wait for some sympathetic fellow colleagues in Mary Crawford, Carolyn Jacobsen, Roger Price—the only one who remains today—and Elaine Darling, which was achieved in the 36th parliament. On the paucity of resources for primary schools, success has still evaded the committee and, indeed, every state legislature in the country.

The second major failing of the Karmel report was a recommendation to introduce comprehensive high schools in Australia. Up to then academic high and vocational technical schools had operated in a dual public secondary system in most states of Australia. The rationale accompanying this recommendation appeared sound enough with its egalitarian flavour. In practice it failed to correctly assess the status quo. Many vocational technical schools in the late 1950s and particularly in the 1960s—and particularly in South Australia—were outperforming the academic high schools. A simplistic analysis of cost per secondary pupil revealed a significant advantage for the technical school in having the courses more expensive to deliver. That the dual system and the choice it offered had the support of the public was overlooked by Professor Karmel and his committee. Its replacement as an integrated system came at great cost to public secondary education.

Much of the parent community in this country resented the lack of choice in public secondary education and began to drift quite substantially to the private system. Former academic high schools simply became academic comprehensive schools, with often only a token recognition of vocational education even though 70 per cent of their pupils went on to that particular work. Former technical schools, faced with reduced resources and a failure to recognise their intrinsic worth, often were reduced to shells of their former effectiveness and many of their staff went on to other areas of work. But, overall, public secondary education faltered. In 2003, it still remains to be remedied. I hope people remember that in May after the 30-year celebration of the Karmel report.

Forde Electorate: Achievements

Mrs ELSON (Forde) (9.44 p.m.)—I would like to take this opportunity today to acknowledge the achievements of people in my electorate. Firstly, I congratulate Hills International
School students Jason Day, Nick Bradley and Luke Reardon for winning the Nissan Australian School Teams Golf Championships, held at the Peninsula Golf Club in Victoria, and for also being named the best school golf team in Australia, with the young men achieving the best winning scores of the tournament’s history. Nick Bradley had rounds of 73 and 78; Luke Reardon, 75 and 77; and Jason Day won the individual trophy with his rounds of 69 and 75. I, and I am sure other members in this House, wish them continued success when they compete in the Trans-Tasman Championships in Wellington, New Zealand, later in the year. Congratulations also to golf director Jim Duncan. His hard work and dedication have certainly added to the excellent reputation that the Hills International School at Jimboomba has in my electorate of Forde.

I would also like to take the opportunity to thank the committee members of Carpbusters Inc. for the tremendous work that they commit to annually to eradicate carp in the Logan and Albert River system and, in turn, to restock native species. Their hardworking president, Jim Walsh, event organiser, Rose Walsh, and their committee members work tirelessly every Easter long weekend to run the annual carpbusting fishing competition, giving the public the chance to win many thousands of dollars in prizes while at the same time helping the environment by ridding the river systems of this menacing fish. All money raised goes towards buying Australian native fingerlings for the Albert and Logan river restocking program. A big thanks also to the farming community for granting access to their properties and large sections of the river, and to the many hundreds of fishermen and their families.

Mrs ELSON—A big thanks to the farming community for granting access to their properties and large sections of the river for the many hundreds of fishermen and their families who visit the Beaudesert Shire for the long weekend to compete. Thanks must also go to those in the AJ Bush & Sons rendering plant for not only their sponsorship but also taking delivery of all the caught carp and then turning them into fertiliser. This program is a perfect example of what can be achieved for the environment when dedicated community members, businessmen and the public work together to support each other.

In the few seconds I have left, I thank the Beaudesert Shire community for raising $165,000—I am proud to say that the federal government matched those funds under the regional solutions program—and for the excellent work they did to ensure that Blue Care opened their new premises. The nursing staff will have access to a wonderful building from which to provide community health care. I also thank Janelle McClure and her team of tireless workers for their tremendous efforts to the Beaudesert Shire people.

Mr ZAHRA (McMillan) (9.52 a.m.)—There is a growing crisis in unmet demand for outside school hours care. New statistics which have been released this week reveal that, in Cardinia Shire, 60 places are in need of funding; in La Trobe Shire, 15 places are in need of funding; and, in South Gippsland Shire, 30 places are in need of funding. The federal government are aware of the crisis in unmet demand for outside school hours care, yet for the last three budgets they have not added any places at all to outside school hours care. This means that, in the three municipalities that I have just mentioned, families have to go without those important services.
There are substantial waiting lists in a number of these municipalities. In Cardinia Shire, in particular, where a total of 60 unfunded places are needed by the community, families are having to go without services and are missing out on the support that other parts of Australia enjoy. Cardinia Shire, which is chock-a-block with young families, has a growing population and is forecast to be one of the fastest growing areas in Australia. The government needs to try and stay ahead of the demand rather than getting itself into a situation, which it is in now, where it is massively behind the needs of the local community.

I also want to raise today the important issue of the risk of ethanol in boat motors. Alan Griffin, the shadow minister for consumer protection, and I met with a local marine mechanic, Peter Studd, to hear first hand of the risks associated with high levels of ethanol in petrol. I will read into Hansard some of the things that he said:

The main issue for marine motors is that they’re not used regularly and if they’re sitting around full of fuel with a high ethanol content, you start to get a process where the ethanol mixes with water from condensation and then separates from the petrol. This means that when you start the motor next it gets a surge of water and ethanol instead of petrol—and this can cause all sorts of potentially dangerous problems.

He went on to say.

If you were out on the water, for example, and your motor started running very poorly, or even failed completely, you’d have to be towed back or rescued.

This is a very important issue, which affects a large number of boat owners. Figures produced by the Parliamentary Research Office this week show that the Bass Coast Shire has 1,672 boat registrations; Baw Baw Shire, 1,368; Cardinia Shire, 1,906; Latrobe City, 3,460 and South Gippsland Shire, 1,482. A large number of boat owners in my electorate have been placed at risk by the federal government’s failure to regulate and properly indicate to people whether there is ethanol in fuel.

University of Queensland: Enterprise Competition

Mr JOHNSON (Ryan) (9.55 a.m.)—I rise in parliament today to speak about a terrific new web site that has been launched in my Ryan electorate. The web site, thecouch.com.au, is a unique web site, giving thousands of students across Queensland the chance to invest, to save money and to become innovators and entrepreneurs in this country. I was delighted to take part in the official launch of this award-winning web site at the University of Queensland, which I proudly represent, and which is based at St Lucia in the Ryan electorate.

The idea for the thecouch.com.au web site ended up winning the team some $25,000 in prize money for the category of innovation and creation in the enterprise competition that was sponsored by the University of Queensland’s Business School. The University of Queensland’s Business School competition helps turn business concepts into great business plans and offers prize money of up to $100,000 to assist businesses get started. I want to compliment Professor Tim Brailsford, who is the Head of the UQ Business School and a professor of finance. His support for this initiative is tremendous. It is now in its third year and this enterprise competition has propelled many young entrepreneurs into the real business world.

The competition has two categories: the $100,000 open category and the i.lab $25,000 student category. I want to commend also Steve Copplin, who is the CEO of i.lab, the company that assists UQ Business School and this competition. It is precisely this sort of investment that helps innovative ideas get off the ground and compete in the commercial world. The win-
ners of i.lab’s student category will receive member services for 12 months, financial support to secure professional services and further assistance to develop the concept up to the value of $25,000.

I want to also in particular compliment and commend very strongly the four students who are the current winners of this award: Grant Wong, who is from St Lucia; Mr Chris Khoo, who is from Middle Park; Wotan Laurindo, who is from Sherwood; and also Mr Ted Maku-kutu, who is an overseas student from Zimbabwe. These four students are striving very strongly to promote innovation, to promote entrepreneurship and to even assist their fellow students in business commerce and industry. Today the directors of the student portal have over 50 business supporters already and a potential membership base of over 3,000 students to draw from. I congratulate these four talented students very strongly. It is terrific to see that these kinds of students exist in the University of Queensland Business School. I also want to compliment the UQ Business School very strongly for embracing and supporting them in this wonderful initiative.

Concord Garden Club

Mr MURPHY (Lowe) (9.58 a.m.)—Last Saturday, New South Wales election day, I attended the official opening of the Concord Garden Club Autumn Flower, Floral Art and Vegetable Show at the Concord Community Centre. Members of the Concord Garden Club have served my electorate of Lowe for over half a century, proudly celebrating the art of horticulture and promoting a beautiful environment long before the emergence of the green movement in the early 1970s.

Saturday’s opening was attended by the mayor of the City of Canada Bay, Angelo Tsirekas, as well as the Speaker of the New South Wales Legislative Assembly and member for Drummoyne, the Hon. John Murray MP. Sadly, it was Mr Murray’s final official engagement at the Concord Garden Club show after more than 30 years of very dedicated service to the people of Drummoyne.

As I said in the House of Representatives on 18 October 1999, visiting the Concord Garden Club was one of my first official duties as the newly elected member for Lowe. It was wonderful last Saturday for Adriana and me to see former club president Mrs Betty Willison and to witness the presentation to another former president, Mrs Colleen Harland, for her long and meritorious service to the club.

My wife Adriana was delighted to do her own judging of the exhibits, which included a brilliant range of dahlias, roses, ferns and assorted pot plants, herbs, native plants, flower arrangements and miniature flower arrangements and vegetables. Adriana was very impressed with the colour and symmetry of some of the exhibits and awarded her own five prizes to the exhibits of her choice.

I congratulate the President, Mr Alan Hancock; Mrs Hancock; the honorary secretary, Mrs Ruth Payne; show secretary Pat Allport; and all who worked so very hard to put on another wonderful show, not to mention the marvellous morning tea. Well done, Concord Garden Club. Adriana and I are very proud of you.

Northern Territory: Internet Service Provider

Mr TOLLNER (Solomon) (9.59 a.m.)—Although many Australians might think of the top end of the Territory as an unlikely place for businesses at the leading edge of technology de-
development, in fact there is a growing presence of these companies. I have previously spoken about one such company, CSM, and today I will say a few words about another Darwin based IT company which, since its inception in 1995, has had the vision and ambition to become a global leader in IT. The company is called Octa4. The founder, Felino Molina, was a lecturer at the Northern Territory University for 11 years. During one of his lectures, one of his students suggested that he should start an ISP—Internet service provider—to put into practice a theory he was lecturing on. Four months later he started a small ISP with a few dollars and heaps of enthusiasm, initially from a small one-room office. A year later he quit lecturing and, with his saved superannuation, expanded Octa4 to become a major northern Australian ISP, going national within a few short years.

Octa4 has experienced phenomenal growth, the direct result of strategic management, good staff, a tireless commitment to research and development and the use of appropriate technology. Octa4 achieved a milestone in March 1999 when it commissioned its national network. The leading technology and design of the network saw it outperform the competition, offering wholesale Internet telephony service provider solutions. Octa4’s ISP services extended to all regional areas of the territory in 2000 and last year offered high-speed broadband Internet access via ADSL and satellite. Its local services gained 20 per cent of the connected market, offering comparable services to ISP giants such as Telstra BigPond and AOL. The Territory-wide division of dial-up and satellite Internet services gave Octa4 the basis to extend its ISP services to major contracts, ultimately providing Internet access to the NT government and NT education department. Octa4 is a national semi-mesh network that is fully voice over Internet protocol enabled, meaning low-cost intercapital and overseas phonecards competing directly and successfully with major telecommunications companies.

The company has developed an impressive portfolio of software applications for clients, from web sites to database construction, pager lists, bulletin boards, customer service management programs and high-profile betting sites such as MultiBet and CentreRacing. It developed the web site and new lottery database for the popular Red Cross Territorian Lottery and a variety of other portal sites for NT clients. It also developed e-commerce facilities including ePOS, eTrolley, eRealty and LocalEdge. Octa4 is now entering the market of software and hardware engineering. Other current Octa4 projects include the design and development of a phonecard voucher dispenser which will be used to generate and sell phonecard products nationally. Octa4 has gone a long way towards its vision of global leadership in the development of information telecommunications. (Time expired)

**The DEPUTY SPEAKER (Hon. I.R. Causley)—Order! In accordance with standing order 275A the time for members’ statements has concluded.**

**INDUSTRY, TOURISM AND RESOURCES LEGISLATION AMENDMENT BILL 2002**

Second Reading

Debate resumed from 6 March 2003, on motion by Mr Hardgrave.

That this bill be now read a second time.

Upon which Dr Emerson moved by way of amendment:

That all words after “That” be omitted with a view to substituting the following words:
“whilst not declining to give the bill a second reading, the House condemns the Government for:

(1) failing to 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.”

Mr DANBY (Melbourne Ports) (10.03 a.m.)—In the absence of the member for Blaxland,

I will review part of the explanatory memorandum of the Industry, Tourism and Resources

Legislation Amendment Bill 2002. The outline of the bill says:

The Industry, Tourism and Resources Legislation Amendment Bill 2002 ... makes a series of minor

amendments to:

the ACIS Administration Act 1999;

the Bounty (Computers) Act 1984;

the Petroleum (Submerged Lands) Legislation Amendment Act 2001;

the Pooled Development Funds Act 1992;

the States Grants (Petroleum Products) Act 1965; and


The Bill also repeals:

the Aluminium Industry Act 1960; and

the Management and Investment Companies Act 1983.

The explanatory memorandum says that the ACIS Administration Act of 1999 amendments

should be regarded in the following way:

The Bill makes a minor change to the ACIS Administration Act 1999 ... that will clarify the purposes for

which duty credits earned under the Automotive Competitiveness and Investments Scheme (ACIS) can

be used. Participants in the scheme can earn incentives for eligible production and investment in plant

and equipment and research and development. Incentives are paid in the form of ACIS duty credits

which can either be used to offset customs duty liability on eligible imports, or sold or transferred to

another person. In the early months of the scheme’s operation, it became clear that, contrary to inten-
tions, the ACIS Act did not give clear authority for duty credits to be used to gain refunds of customs
duty previously paid on eligible goods. This Bill makes specific provision in the ACIS Act for this use
of ACIS duty credits.

I will continue quoting from the explanatory memorandum of the Industry, Tourism and Re-

sources Legislation Amendment Bill 2002 until we can get the member for Blaxland to speak
to some of the amendments. In explanation of the repeal of the Aluminium Industry Act 1960,
the explanatory memorandum of the bill states:

The aluminium smelter at Bell Bay in Tasmania was established in the 1950s as a joint venture between
the Commonwealth and Tasmanian Governments. The Aluminium Industry Act 1960 subsequently pro-
vided the legislative approval for the Commonwealth’s interest in the smelter be sold to a subsidiary of
Comalco Limited. The Aluminium Industry Act 1960 served its purpose well, but is now redundant.
There are no consequential impacts and both the Tasmanian Government and the company involved
concur with the proposed repeal.

The amendment bill also refers to the Bounty (Computers) Act 1984 amendments. The ex-
planatory memorandum states:

The definition of “operating software” in subsection 3(1) of the Bounty (Computers) Act 1984 refers to
“the Standards Association of Australia”. The Bill makes a technical correction to substitute this refer-
ence with “Standards Australia International Limited”. This change reflects the incorporation of the
organisation as an Australian company in 1999.
The bill also refers to the Management and Investment Companies Act 1983 repeal, Mr Deputy Speaker Causley—in case you were not aware of that. The explanatory memorandum states:

The Bill repeals the Management and Investment Companies Act 1983 (the MIC Act). The MIC Act ceased to operate in 1991 (as a result of the conclusion of the MIC Program), and the related claw-back provisions became inactive in 1995-96. The repeal of the MIC Act is in keeping with the Government's commitment to remove unnecessary and/or redundant legislation. The repeal will have no impact on business.

I am sure all members of this House are pleased about that. The legislation also refers to minor amendments to the Petroleum (Submerged Lands) Legislation Amendment Act 2001 amendments. The explanatory memorandum states:

The Bill made a technical amendment to the Petroleum (Submerged Lands) Legislation Amendment Act 2001 to correct a misdescription of an amendment to the principal act, the Petroleum (Submerged Lands) Act 1967. Text that was to be replaced in subsection 85(1) of the principal Act was misquoted in Item 17 of Schedule 1 of the amending Act, omitting the word “to” before the word “make”. This amendment corrects that misquote.

I am sure that we are all very grateful to the people who drafted this legislation that they were so thorough and noticed this.

This bill amends the Pooled Development Funds Act 1992 to correct an error in the legislation that resulted following an amendment to the Superannuation Industry (Supervision) Act 1993, the SI(S) Act, which repealed—effective from 8 October 1999—the definition of an excluded superannuation fund in the SI(S) Act. As a consequence of that amendment, the reference in section 4A of the PDF Act to an excluded superannuation fund within the meaning of the SI(S) Act became inoperative. This effectively removed from the PDF Act the definition of a widely held complying superannuation fund for the purposes of section 31 of the PDF Act, which relates to limits on shareholdings in a pooled development fund.

I am pleased to see that we have more representatives of the government here, perhaps to speak on this legislation, and I am sure the member for Blaxland will arrive soon to speak on our amendment. We are discussing some very important amendments. The drafters of this legislation were very thorough and considered. This is an example of departmental and parliamentary staff’s very thorough understanding of legislation.

Amendments to the State Grants (Petroleum Products) Act 1965 are also dealt with by this bill. The State Grants (Petroleum Products) Act 1965 contains a number of obsolete references—and we are all glad that they are out of the act, aren’t we, member for Kingston?

Mr Cox—We are. That is very important.

Mr DANBY—The bill updates references to the chief executive officer of Customs to refer to the secretary of the department. Administrative responsibility for the States Grants (Petroleum Products) Act 1965, which implements the Petroleum Products Freight Subsidy Scheme, was transferred from the Australian Customs Service to the forerunner of the Department of Industry, Tourism and Resources in 1999. I am relieved to yield to the government.

Miss JACKIE KELLY (Lindsay—Parliamentary Secretary to the Prime Minister) (10.11 a.m.)—In summing up the second reading debate on the Industry, Tourism and Resources Legislation Amendment Bill 2002, I thank all of those members—it was not the member for Blaxland—who continued the debate so admirably in the absence of a number of late speakers.
who withdrew. I also thank the members who have contributed to the discussion on the bill, in particular the member for Wentworth, who spoke about the government’s many initiatives to promote innovation in Australian industry. He particularly highlighted achievements of the government’s innovation statement, Backing Australia’s Ability. He also commented on the importance of the Automotive Competitiveness and Investment Scheme in encouraging the development of internationally competitive firms in the Australian automotive industry. I thank the member for Dobell who, in supporting the bill, illustrated why there is a need to extend existing country of origin defences available under the Trade Practices Act 1974. I also thank the opposition for recognising that this is sensible legislation which deserves passage.

As my colleague the member for Wentworth observed, the opposition has put forward an amendment which does not directly relate to the provisions of this bill. This government’s record on industry and innovation policy speaks for itself with Australia’s strong growth, innovation and productivity performance. But we are here to consider the provisions of this bill. This is an omnibus bill, which seeks to make improvements to the Industry, Tourism and Resources portfolio. The bill advances the government’s commitment to tidy up the statute books by making minor amendments to legislation to correct errors and update references and by repealing out-of-date legislation. I understand that there are some amendments to make to the bill. We will do that in a minute, but I commend the bill to the House.

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

Question agreed to.

Original question agreed to.

Bill read a second time.

Message from the Administrator recommending an appropriation for the purposes of an amendment to this bill announced.

Consideration in Detail

Bill—by leave—taken as a whole.

Miss JACKIE KELLY (Lindsay—Parliamentary Secretary to the Prime Minister) (10.15 a.m.)—by leave—I present a supplementary explanatory memorandum to the bill. I move government amendments (1) and (2):

(1) Clause 2, page 2 (after table item 4), insert:

4A. Schedule 1, items 12A to 12F

The day after this Act receives the Royal Assent

(2) Schedule 1, page 6 (after line 15), after item 12, insert:

Bounty (Ships) Act 1989

12A Subsection 12(1)

After “eligible costs bounty”, insert “, or eligible research and development expenditure bounty,”.

12B Subsection 12(2)

After “eligible costs bounty” (first occurring), insert “, or eligible research and development expenditure bounty,”.
12C Subsection 12(2)
Omit “eligible costs bounty” (second occurring), substitute “that bounty that is”.

12D Subsection 12(3)
After “eligible costs bounty” (first occurring), insert “, or eligible research and development expenditure bounty,”.

12E Subsection 12(3)
Omit “the eligible costs bounty”, substitute “that bounty”.

12F Treatment of past payments purporting to be advances on account of eligible research and development expenditure bounty

(1) A payment that:
(a) purported to be an advance under subsection 12(1) of the Bounty (Ships) Act 1989 (the Bounty Act) on account of eligible research and development expenditure bounty; and
(b) was made during the period that started on 9 April 1999 and ended on the commencement of this item;
may, to the extent that it has not already been repaid to the Commonwealth by that commencement, be recovered by the Commonwealth from the person as a debt due to the Commonwealth.

(2) A person to whom a payment referred to in subitem (1) was made is entitled, on the commencement of this item, to be paid, by the Commonwealth, an amount equal to the amount of the debt due to it by the person under subitem (1).

(3) The Consolidated Revenue Fund is appropriated for the purpose of payments under subitem (2).

(4) The Commonwealth may set-off the amount of a debt due to it by a person under subitem (1) against an amount that is payable to that person under subitem (2).

(5) Despite subitems (1) and (2), in applying subsection 12(2) or (3) of the Bounty Act after the commencement of this item to the construction or modification of a vessel, any payment made before that commencement in respect of the construction or modification that purported to be an advance on account of eligible research and development expenditure bounty is to be counted as though it had been validly made under subsection 12(1) of that Act.

Note: A person will therefore be liable to repay to the Commonwealth the amount of any excess of the purported advances over the amount of eligible research and development bounty payable to the person.

(6) This item does not, by implication, affect the recovery or set-off of other overpayments purporting to be made under the Bounty Act.

The purpose of the proposed amendments to the Industry, Tourism and Resources Legislation Amendment Bill 2002 is to make a series of minor amendments to the Bounty (Ships) Act 1989. These amendments provide for progress payments for the eligible research and development expenditure bounty, or R&D bounty. They also validate progress payments for R&D bounty made prior to the introduction of these provisions.

In 1999 the Bounty (Ships) Act 1989 was amended to include the payment of an R&D bounty. This is known as the Shipbuilding Innovation Scheme. The act enables registered shipbuilders to access bounty payments in respect of eligible research and development expenditure. The act refers to two types of bounty payment: an eligible costs bounty, or produc-
tion bounty, and an R&D bounty. Under section 12 of the act, progress payments on the production bounty are permitted but there is no specific provision for progress payments on the R&D bounty.

The R&D bounty was introduced to stimulate innovation in the Australian shipbuilding industry. At the time of the introduction of the R&D bounty it was anticipated that there would be a consistent link between it and the production bounty. There was no intention for the R&D bounty payments to be deferred until a ship was completed. Provision for progress payments on R&D bounty would establish consistency of treatment across both forms of the bounty. This amendment to the bill corrects a deficiency in the Bounty (Ships) Act 1989. The proposed amendment to the bill also validates the progress payments of R&D bounty made prior to the introduction of these provisions.

Question agreed to.

Bill, as amended, agreed to.

Ordered that the bill be reported to the House with amendments.

CORPORATIONS LEGISLATION AMENDMENT BILL 2002

Cognate bills:

CORPORATIONS (FEES) AMENDMENT BILL 2002
CORPORATIONS (REVIEW FEES) BILL 2002

Second Reading

Debate resumed from 12 December 2002, on motion by Ms Worth:

That this bill be now read a second time.

Mr COX (Kingston) (10.18 a.m.)—The Corporations Legislation Amendment Bill 2002 and cognate bills implement the government’s response to the Corporate Law Economic Reform Program consultation paper CLERP 7—Simplified Lodgments and Compliance. The main purpose of the CLERP 7 proposals is to improve the efficiency of corporate regulation by simplifying document lodgment and compliance procedures for companies. The government has advised that ASIC will establish a business advisory board before the commencement of the legislation. Apparently membership of the board has not yet been determined.

The main bill, the Corporations Legislation Amendment Bill 2002, makes a number of changes to the Corporations Act, including changes relating to the notification requirements for companies, the use of ABNs and the lodgment of documents electronically. The main bill also makes a number of miscellaneous amendments. The other two bills impose fees. The Corporations (Review Fees) Bill 2002 imposes a review fee to replace the current fee for lodging the annual return. The Corporations (Fees) Amendment Bill 2002 modifies the regulation-making power under the Corporations (Fees) Act 2001 and expands the range of fees that may be prescribed.

The maximum limits on fees will be raised, and the amendments also provide for different fees to be charged in order to encourage electronic lodgment. The bill makes provision for refunds for fees paid by electronic means. These differentiations are contrary to the CLERP 7 paper, which said:

… there is little scope for an incentive based on a reduction of the lodgment fee for documents that are lodged electronically.
The government has obviously decided to keep this option open. Whilst the Corporations Legislation Amendment Bill 2002, the Corporations (Fees) Amendment Bill 2002 and the Corporations (Review Fees) Bill 2002 do not have any direct financial impact, higher fees may be imposed under regulations made pursuant to the legislative changes in the bills. The explanatory memorandum notes that ASIC was allocated increased funding for implementation of the CLERP 7 reforms in a previous budget. Labor will not oppose the bills.

Currently, companies are required to lodge an annual return with ASIC by 31 January each year. The annual return sets out information about the company, such as its name, address and registered office, the address of the principal place of business, and information regarding directors, company secretaries, issued shares, options granted over unissued shares, company members, solvency, the ultimate holding company and the Australian Company Number. The notification requirements for companies will be significantly altered. The bill proposes to abolish annual returns. Instead, companies will be required to confirm or correct company particulars using information provided by ASIC in the form of an extract of particulars.

It is argued that a significant number of returns lodged with ASIC each year repeat information already on the ASIC database. However, a large number of companies have expressed concern about this new approach. Particular concerns have been expressed by software companies. They argue that the change is not as simple as modifying a few forms, because the changes impact on existing software design. The software companies have also objected to the time frame for them to deliver software that conforms with these measures. They argue that they need sufficient time to review and analyse ASIC specifications, which they received only on 30 December 2002. In addition, they need time to develop and design specification documents, program the changes, and test and distribute their software. Furthermore, they have said that time will also be required to support and train their clients. To overcome these issues, they have proposed a six-month transitional period for lodging existing forms. I think it would be very wise of the government if it were to allow that.

Generally speaking, proprietary companies are required to pay $200 to lodge an annual return, and public companies are required to pay $900. The amendments proposed by the review fees bill mean that the maximum fee will increase to $10,000. However, the government announced in the 2002 budget that the annual fee for proprietary companies would remain capped at $200 until 30 June 2004. We expect the government to honour that commitment. However, we understand that there will be a review of ASIC fees some time this year. This fee review clearly reflects an intention by the government to increase revenue from this source in the medium term. I will be talking about that a little later. Companies will henceforth be required to pay ASIC an annual review fee no later than two months after the review date. The extract of particulars is required to be given to the entity within two weeks of the review date. The review date for companies and registered schemes will be the anniversary of the entity’s registration, or a date chosen and agreed upon by ASIC and the entity.

The government has made some last-minute amendments to the concept of the review date. Companies that were incorporated before the commencement of the Corporations Act are given a date determined by ASIC. Currently, in addition to lodging an annual return, those companies which do not lodge financial statements under part 2-M of the act—that is, generally, small proprietary companies—are required to pass a solvency resolution in the month preceding the date the annual return is lodged. This requirement will be abolished. Instead, directors of small proprietary companies will be required to pass a solvency resolution within
two months after each review date for the company. Most companies will not have to pass a solvency resolution, because the requirement does not apply to companies that have lodged a financial report with ASIC in the past 12 months.

Industry has raised concerns that these changes will result in reduced flexibility in organising meetings. By fixing a review date and by requiring a solvency declaration no later than two months after a company’s review date, companies are more restricted. Currently companies can schedule the annual return solvency meetings almost any time during the 12-month period, and this is not restricted to a two-month period. This issue affects corporate groups with a large number of small proprietary companies. The bill also makes changes to the use of ABNs. It provides that an Australian business number will be able to be used for any purpose for which an ACN, an ARBN or an ARSN may also be used, if the last nine digits are identical. When the ABN becomes widely used by government, businesses will be able to use one number to identify themselves in their dealings with the Commonwealth government.

Schedule 3 of the bill contains a number of amendments to enhance the electronic lodgment of documents with ASIC. The amendments mean that ASIC can accept notification of changes to particulars in the register that are lodged electronically, without the company or its agent retaining a paper copy. In addition, ASIC may accept telephone notice of changes to particulars where the notice relates to a misspelling or other minor typographical error, or it is included on a list published by ASIC on the Internet. The government has made some last-minute amendments to these provisions which allow ASIC to determine conditions that must be complied with when lodging documents electronically. Schedule 4 of the bill extends the lodgment period for notification of information under the act in order to harmonise lodgment requirements of the A New Tax System (Australian Business Number) Act 1999.

Schedule 5 of the bill contains three miscellaneous amendments to the Corporations Act and the Australian Securities and Investment Commission Act 2001. The first of these increases the limits on the value of ASIC contracts that do not require ministerial approval, from $250,000 to $1 million. This increase in the contract limit takes account of the fact that more than 12 years have elapsed since the monetary cap was set. The second removes the current special requirements for the appointment or reappointment of directors of public companies and their subsidiaries who are 72 years of age or older, and the third removes the requirement to notify ASIC when a charge was held over uncertified securities.

I said earlier that I was going to talk about ASIC fees and government revenues. We examined this issue in the Senate economics committee, I think on Monday. Senator Collins was examining officers. It is probably worth reading some of the transcript. Senator Collins asked:

... what proportion of fees raised by ASIC are used by ASIC and related bodies?

The response was:

Mr Pascoe—About $150 million is used by ASIC and related agencies. In addition, there are compensation payments to the states and the Northern Territory.

Senator JACINTA COLLINS—How much is raised?

Mr Pascoe —Just over $300 million, I think.

Senator JACINTA COLLINS—So about twice.

Mr Rawstron—No.
Mr Pascoe—No, the amount between ASIC and related bodies plus the compensation to the states accounts for about $290 million.

Senator JACINTA COLLINS—So you raise about $10 million greater than—

Mr Pascoe—It is a bit more than that. Probably about $30 million or $40 million, I think.

Mr Rawstron—if you want the exact figures, I can get you those.

The next day, the committee secretary received some updated advice from the Commonwealth Treasury. Treasury said:

In 2002-03, ASIC will receive $163.6 million in the form of budget appropriations. Revenue from corporations fees to be transferred to the public account is estimated to be $418.9 million.

A significant proportion of corporations fee revenue is ultimately transferred to the States and the Northern Territory under the Corporations Agreement. The amount for 2002-03 is $151.7 million. In addition, some fee revenue is notionally allocated to fund operations of other bodies that perform functions under the national corporate regulatory scheme (for example, the Director of Public Prosecutions and the Australian Accounting Standards Board). In a given financial year there may be surplus or a deficit when the overall costs are factored in. For example, the early years of operating the national corporate regulation scheme generated a significant accumulated deficit. Corporations fees are set by the Government in the context of a policy that, over time, the overall costs of the corporate regulatory framework are recovered.

They certainly are; they are more than covered. I simply want to make a few points here. The first point is that these fees do more than cover the costs of corporate regulation. They are there as a tax. They have been a tax for a long time, and they will continue to be a tax. The second point is that a large part of those revenues are paid to the states and territories as compensation for the revenues they would otherwise have lost when responsibility for Corporations Law was transferred to the Commonwealth. The third point is that, when the government reviews the fees this year, we fully anticipate that they are going to do so with a view to increasing further government revenues rather than simply covering costs, because they are already far exceeding costs. When they adjust those fees they should be mindful of the effect that that is likely to have on small businesses, which are already paying $200 for their ASIC lodgments. In most cases with small businesses, ASIC has very little need to be involved in any regulation or with more than the simple processing costs. So the government should not get overly aggressive in relation to fees on small proprietary companies. It will simply be another burden on small business if they do.

Mr CADMAN (Mitchell) (10.33 a.m.)—By its title—Corporations Legislation Amendment Bill 2002—this bill is one that you would think that only accountants and corporate lawyers would be interested in. However, it has a great deal of practical implications for businesses of all types, particularly small businesses. I want to outline for the House some of the forward thinking that this government has brought to the changes and amendments to corporate practice so that small businesses and large businesses alike can be more efficient, not be imposed upon to such a great degree as they have been by government in the past, and be given an opportunity to get on with their real reasons for existence—that is, to produce goods, process goods, provide services, make profits, reinvest and employ people.

When the government first circulated a discussion paper on changes that needed to be made to corporate practice—I think it was in December 2000—I do not think anybody considered it
would take this long for some of these changes to come about. They appear to be simple, but when one examines the processes that were required—changes to law, changes to processes of registration, notification of changes of company structures and directors, and all that sort of thing—it becomes quite a complicated process. The government was aiming to simplify the process by cutting out steps but it was also looking at the prospect of using electronic lodging and changes. It is now possible to register a company electronically, to lodge returns electronically, and to carry out all the requirements of the pay-as-you-go tax system and the goods and services tax electronically.

When it comes to the structure of a company, that is a legal entity and, if you are going to muck around changing directors, structures or names of companies, there are very important legal processes. Ultimately you must have an entity which has sound legal status, and if anything goes wrong you must be able to nail the wrongdoers. To do all of that electronically requires a process where there are checks and balances to ensure that the identity of people making changes can be ascertained and to ensure that the directors of any company are real people—not individuals manufactured to delude or mislead the public. This has been some time in coming through, and I am delighted to see it.

There are a number of measures that I would like to run through. There are a number of statutory requirements of corporate law to notify registration or changes in structure of a company. They are: the Australian Securities and Investments Commission must be notified of the company name; the address of the registered office; the address of the principal place of business; information about the directors and company secretaries, shares issued, options granted, unused shares, company members and solvency; the ultimate holding company and the Australian Company Number. All of those things have been standard practice for a long time and everybody—even in the smallest businesses in Australia—is aware of the requirement to notify who you are, what you are doing, who else is involved with you, and where you can be contacted.

It seems like simple stuff, and these changes continue that practice but do not require the yearly notification of all of these factors which have, with most companies, continued over many years and will continue for many years. It has been a drain on small and medium businesses in particular to constantly fill in—or have a tax agent do it for them—year in and year out, forms that require information that is exactly the same as the year before. Probably the only variation would be whether or not the company is solvent. The purpose of the annual return used to be to inform creditors about the financial affairs of the company. It appears, I think, that the annual return is to provide the public with some reassurance that the company is still operational and still solvent. I believe that that is a reasonable process. The bill deals with the issues I have described and it requires that a company, once registered, need only take the form and say, ‘This form is accurate and there are no changes needed to it.’

A couple of other things are significant. One is that the ACN, or the Australian company number, is being replaced by the ABN, the Australian business number, which is comprehensive and pervades everything. I trust that we will eventually get rid of the Australian company number concept completely. As I understand it, from what the legislation says, this almost does that but not completely, because it seems that ACNs are still used in the registration process. I trust that the whole thing will change so that the Australian business number, which was a requirement of the goods and services tax, is the sole identifier and will hold sway right across all transactions and all businesses.
The basis of the changes is that there is no longer a requirement to lodge annual returns. There are a number of other factors in this legislation. CLERP 7 requires that there will not be any further requirement to lodge a notification, or do an annual return. It is said that the winners from simplification are both business and government. There is a provision to lock in at $200, until 2004, fees for small business. That seems fairly straightforward. There have, however, been a number of concerns raised. I want to deal with some of those concerns with a response that I have been given to some of these queries by the Parliamentary Secretary to the Treasurer, Senator the Hon. Ian Campbell. He indicated that:

... rather than introducing a raft of new forms, CLERP 7 changes would see the introduction of a single multipurpose form. The proposed multipurpose form would replace various forms that companies must use to notify ASIC of ongoing changes. For example, changes in registered office and principal places of business, changes in particulars of office holders and details of an issue of shares. The multipurpose form will make it simpler for companies to meet their obligations under the act, to notify ASIC of changes in company details. Companies will be able to use one form to notify ASIC of common types of changes at the one time instead of using various forms.

He gave the following examples:

If a small company operating from home moves its address, it currently has to lodge a number of changes of address forms under the Corporations Act. Under the CLERP 7 bills, the company will only need to lodge one form to make all the relevant notifications. Another example is where a company alters its share structure. Again, the company will only need to lodge one form.

So that is the purpose, as I indicated at the beginning of my speech. Companies will no longer be required to lodge an annual return. An extract of particulars will come to them from ASIC and they will just have to give it a tick if they agree with it. It will be sent to the company by ASIC, either lodged with a registered agent or through an electronic mailbox—ASIC’s online EDGE system—together with an invoice for the annual review fee. The company is not required to respond to the extract of particulars unless something is incorrect. Unless they need to change something, the company does not even have to acknowledge the fact that they have received it. No forms will need to be completed and no lodgments will take place. All they will need to do is pay the review fee.

There are some new requirements for proprietary companies relating to the notification of ongoing changes of membership of structures and ultimate holding companies. That is perfectly reasonable. Too many instances have come to my attention of companies changing their structure or phoenix companies dying and ripping people off and then coming out of the embers again in a slightly different shape and it being impossible to trace who the directors or the operatives are of the company. This legislation seeks to continue the protection that has been there, and I commend the government for it.

There has been criticism of the start-up date of 1 July. I understand why some firms feel that they might not be ready, but I also agree with Senator Ian Campbell that we need to make a start and get moving soon. If there are some problems or delays because of the early commencement of this legislation, then some exercise of leniency should be allowed, but I imagine that only a small number of companies will be required to lodge their returns within the month of July.

I want to turn now to corporate matters in general and comment about corporate governance, some of the issues that relate to this legislation and the concerns the public has with matters broadly described as the ‘HIH affair’, although this applies broadly to many compa-
nies and not just HIH. It is time that we really started to anticipate the report of the royal commission and to think about what changes to corporate governance will be needed in Australia. No doubt, as my colleagues would be well aware, there could well be criminal charges placed against some of the operatives in the HIH affair. But it is not that alone that is of concern; it is the carefree, laissez-faire attitude that can be found in some large corporations. The tax office and ASIC target the little guys, but I think an even more onerous responsibility should be placed on directors and CEOs of large corporations. Governance where there is much responsibility and large funds involved must be stringent but not cumbersome.

As we look forward to the results of that royal commission, the practices of some of our corporate leaders need to come under the microscope. I have a list of examples of the golden handshake syndrome that gives the wrong message about corporate responsibility and being fair dinkum in providing an employment base, a profit base and an investment base for large companies. The payouts of Chris Cuffe of Colonial First State at $32.8 million and Brian Gilbertson of BHP Billiton at $30 million, in particular, were huge amounts of money and absolutely unacceptable. The ones that irk me the most were the payouts made to directors of AMP who shot the company down the drain and then left with a golden handshake. Those were not an appropriate acknowledgement of success. I would have thought that huge rewards would be there for those who gained great success: huge rewards for huge success—more employment and more profit for investors and for the mums and dads from a gifted CEO’s activities. But we have reversed the process: the worse the result, the more the payout! That is grabbing as much as you can from a sinking ship and bailing out before it actually sinks beneath the waves. That is greed and absolutely inappropriate. I am private enterprise through and through, as the honourable member for Melbourne Ports opposite may realise, but to see somebody abuse something that you value is—like people abusing this parliament—absolute anathema.

The comments of the Prime Minister and the Treasurer in regard to these matters were very significant. They said that these guys needed to really watch what they were doing or the government would stamp on them. There should be disclosure of the terms and conditions of any payout available to all shareholders immediately these guys are signed up, so that there are no bail-out provisions.

I really am impressed with the attitude Stan Wallis had when he was offered a retirement payout from AMP of $1.6 million. He refunded it. He said—and this is very interesting—something along the lines of, ‘I didn’t do well. I don’t deserve it. I haven’t got a great result for the company. I don’t deserve this money.’ To me, that is an absolutely ethical and sustainable attitude, and I commend the man for it. But it does not really relate to previous payouts. People snatched the money and went.

Mr Slipper—He still got bagged out, though, didn’t he?

Mr CADMAN—He still got bagged out but Wallis represents an ethical result and he did not get full credit for what he did—refusing to take the money. But I think that that is a fine example of what can and should be done. Graeme Samuel interestingly enough told the ABC in a report that I have:

It’s more important to have prompt disclosure once the deal is done—
with the appointment of a CEO or director—
so the marketplace and investors know about these significant contractual arrangements.
The five senior executives who left AMP, by the way, took $12 million. I know people in retirement who are suffering. They have had to sell their homes and move to different places because a planned retirement is no longer there. They have suffered because their AMP shares are worth half of what they were previously. Yet these five senior directors bailed out with $12 million between them. Most of them probably reckon Stan Wallis is a dill for not taking his as well. I despise that attitude and I think that we need to really strongly condemn it.

Shareholders ought to be insisting upon information regarding remuneration. Katie Lahey of the Business Council of Australia said:

You really can’t reward poor performances but companies are obliged to honour existing contracts, although some of these contracts perhaps have been poorly worded.

She refers to AMP’s poor results and to the criticism of the Commonwealth Bank for its pay-out of Chris Cuffe and to other executives on the list, some of which I have read out.

All in all, I trust that as we come to consider the result of the inquiry into HIH we will see more corporate changes. These changes that we are dealing with today will benefit small business. They are in line with what the government has already promised and I know that the promises that have been already made about the role of the government in engendering good attitudes in corporate governance for large corporations will be followed through as well. I have great confidence that the commitments made have been kept here and I trust the commitments made in regard to large corporations will also be maintained.

Mr KING (Wentworth) (10.53 a.m.)—The collapse of new technology companies, particularly those identified with the NASDAQ exchange, over the last three years has sent a pall of shock and concern right around the corporate world but especially in the United States and in Australia. Corporations in this country have been able to weather those corporate storms better than corporations in the United States—and to some extent the United Kingdom—because our corporate legislation is more up to date and more relevant than the legislation in the United States.

It has to be said that one of the reasons for that is the fact that we did learn the lessons of corporate excess in the 1980s—not all but most of them. We put in place corporate legislation which was based on principles. If I may use this term in the context of corporate legislation, we put in place value legislation rather than black letter prescription of the type that is more familiar in US and UK legislation, although it is fair to say that UK legislation is closer to the sort of approach that we have taken in this country.

It is in that context that I rise to support this legislation. It is evidence of the ongoing monitoring of the legislative program relating to corporations in this country by this government, which is up to date and switched on to the concerns of corporate Australia. It is only by maintaining a relevant legislative program in relation to corporations, as this government has done, that we can continue to maintain the economic outcomes that we have had over the last seven years of the Howard government. These bills will implement what has been described as the streamlined lodgments and compliance stage, or stage 7, of the Corporate Law Economic Reform Program. They comprise the Corporations Legislation Amendment Bill 2002, the Corporations (Fees) Amendment Bill 2002 and the Corporations (Review Fees) Bill.

The first aspect of these bills which I wish to address relates to getting rid of red tape. One of the banes of business life is red tape. Both state and federal and, to a lesser extent, local governments impose restrictions on businesses which hold them back and prevent those peo-
ple who are running them getting on with the real job of making profits and getting business done. Red tape is occasionally important to ensure that there are appropriate standards and regulation but, after a time, it becomes excessive because the regulators and the regulations tend to become an end in themselves. So it is very pleasing that the government has been addressing this problem by reducing red tape and corporate regulatory burdens on business.

The bills will provide a user pays system of servicing by ASIC and facilitate a more efficient business environment for the one million proprietary companies in this country. The specific provision relating to documentation lodgment and compliance procedures concerns the lodgment of annual returns. It may not seem a big issue but I can assure you—from my own experience in relation to corporations and the advice that they receive from their lawyers, some good and some bad; and I am delighted to have colleagues here at the table who probably have much more experience in these matters than I do—that this is a problem of red tape. I am delighted to see that the government has addressed this issue. Perhaps this is somewhat overdue, but the government has eventually done it. It will reduce the amount of paperwork that ordinary businesspeople have to involve themselves with in relation to annual returns and the various other requirements linked with them.

Mr Slipper—Important reforms.

Mr KING—Indeed they are, as the parliamentary secretary so wisely says. The change that will occur means that there will be no need to lodge annual returns in the future. There will be no need to do any paperwork at all if you are up to date with the electronic economy. What will be necessary, if there are any changes to the corporate structure as specified by the ASIC register, is to lodge a return either electronically or through the paper process. This is an important change, but there is one aspect of it that I suggest needs to be monitored. I am slightly concerned that this will involve what is in effect a central database of all corporate knowledge in this country that is publicly available. I am a little concerned that the maintaining of a central database by ASIC puts it in the position of a watchdog, a monitor of all information in relation to corporations in this country.

I would be concerned if that led to a next stage whereby ASIC felt that it could ring up a company secretary and say, ‘Where’s your information? Who’s the trustee for that share over here?’ What’s the process whereby this company changed its name?’ and so on. In other words, I am concerned that we do not move from a simplification process—a process whereby we get rid of regulation—to a central database that affords an opportunity to an overeager central controlling authority to delve into the business affairs of companies. That could lead to a situation that is even worse than the situation we have today. I do not think that will happen, because I, for one, am impressed with the quality and integrity of ASIC’s approach and its concern to ensure that the register is there to protect corporate Australia and not to pry into its affairs other than when absolutely necessary.

There are only two other issues I wish to raise, and they concern fees. The member for Kingston raised concerns about fees saying that that was not cost recovery but taxation. Then he suggested that fees will go up. I say, with the greatest respect, that he has not read the budget papers. The fees have been capped in the budget as at 30 June 2004. So that suggestion by the member for Kingston has no merit whatsoever. I was pleased, however, to hear that he and the opposition do support the legislation.
There is only one other matter that I wish to raise, and that concerns the ad hoc amendment which removes the discriminatory age limit of 72 years in relation to the election and re-election of directors of public companies. Shortly, the government will be introducing age discrimination legislation. But is there any limit on wisdom, corporate wisdom or leadership by reference to age in this country? Of course there is not. It has been said—in other societies and in earlier times—that the older one gets, the wiser one gets. This legislation is now putting to public attestation that very point. We cannot afford to lose the skills and wisdom of older Australians who run our public companies by placing age limits upon their contribution. Their contribution should be qualified and limited only by the quality of that contribution, and that will be a matter for the shareholders of the corporations to decide for themselves. This program of reform is ongoing. It will continue the good work of the government to maintain a strong corporate legislative background to ensure that corporate Australia continues to contribute robustly to the success of the Australian economy. I support the legislation.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (11.03 a.m.)—I will be quite brief because I have just been called down to the main chamber to sum up another bill; a couple of speakers have dropped off the list. The bills introduced by the government on 12 December last year—Corporations Legislation Amendment Bill 2002, Corporations (Fees) Amendment Bill 2002 and Corporations (Review Fees) Bill 2002—represent a further instalment of the government’s Corporate Law Economic Reform Program. The bills implement the seventh stage of the program known as streamlined lodgments and compliance—or CLERP 7.

The CLERP 7 reforms simplify and reduce document lodgment and compliance procedures for Australian companies. This will facilitate a more efficient and competitive business environment. The changes will be of particular benefit to small business. Around one million proprietary companies will no longer need to provide ASIC with an annual return, thus significantly reducing paperwork—and that was referred to by the member for Wentworth. Small business will also benefit from reduced business costs and charges, and from being able to access more reliable, accurate and timely information. The reforms contained in this legislation will cut the compliance burden for Australian companies. The bills will streamline the relationship between business and the Australian Securities and Investments Commission. They are a further illustration of the objective of the government’s Corporate Law Economic Reform Program to provide a modern and efficient regulatory framework for Australian business and to encourage wealth creation for the benefit of all Australians.

The member for Kingston referred to the matter of revenue. The situation is that the cost recovery arrangements for ASIC must be viewed as a whole, taking into consideration the overall costs of the regulatory scheme. A significant proportion of the corporations fee revenue is ultimately transferred to the states and the Northern Territory under the Corporations Agreement. In 2002-03, it was in excess of $150 million. In addition, some fee revenue was notionally allocated to fund operations of other bodies that perform functions under the national corporate regulatory scheme—for example, the Director of Public Prosecutions and the Australian Accounting Standards Board.

In a given financial year there may be a surplus or deficit where the overall costs are factored in. For example, the early years of operating the National Corporate Regulation Scheme generated a significant accumulated deficit. Corporation fees are set by the government in the context of a policy that over time the overall costs of the corporate regulatory framework are
recovered. These arrangements are subject to consideration in the Productivity Commission’s inquiry report No. 15, Cost recovery by government agencies. The ASIC arrangements are to be reviewed in line with the government’s schedule of reviews in response to the Productivity Commission’s report announced by the Minister for Finance and Administration in December last year. I thank the opposition for its support and commend all three bills to the chamber.

Question agreed to.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (11.06 a.m.)—by leave—I present a supplementary explanatory memorandum to the bill and move government amendments (1) to (6):

(1) Schedule 1, item 30, page 13 (lines 10 to 16), omit paragraph (a), substitute:

(a) either:

(i) if the company became registered as a company after the commencement of this Act—the anniversary of the company’s registration as a company under this Act; or

(ii) otherwise—the date of the company’s incorporation or registration as a company, as recorded in a register maintained by ASIC under section 1274; or

(2) Schedule 1, item 30, page 13 (after line 18), after subsection (1), insert:

(1A) If:

(a) a company was incorporated as a company or became registered as a company before the commencement of this Act; and

(b) there is no date of incorporation of the company as a company or registration of the company as a company recorded in a register maintained by ASIC under section 1274; and

(c) paragraph (1)(b) does not apply to the company;

the review date for the company is the date determined by ASIC and notified to the company.

(1B) If, apart from this subsection, the review date for a company would be February 29, the review date for the company is February 28.

(3) Schedule 1, item 30, page 14 (lines 6 and 7), omit “the next anniversary of the company’s or scheme’s registration”, substitute “the next review date for the company or scheme”.

(4) Schedule 1, item 30, page 14 (lines 9 and 10), omit “the next anniversary of the company’s or scheme’s registration”, substitute “the next review date for the company or scheme”.

(5) Schedule 3, page 28 (before line 5), before item 1, insert:

1A At the end of subsection 205G(1)

Add:

Note: Under section 353, ASIC may determine conditions that must be complied with when lodging documents electronically under this subsection.

1B At the end of subsection 205G(3)

Add:
Note: Under section 353, ASIC may determine conditions that must be complied with when lodging documents electronically under this subsection.

1C At the end of subsection 205G(4)
Add:
Note: Under section 353, ASIC may determine conditions that must be complied with when lodging documents electronically under this subsection.

(6) Schedule 3, item 3, page 28 (lines 14 to 21), omit section 353, substitute:

353 Electronic lodgment of certain documents

(1) ASIC may determine conditions in relation to the electronic lodgment of documents:
(a) that must be given to a relevant market operator under section 205G; or
(b) that must be given to ASIC under section 792C.

(2) The electronic lodgment of a document covered by a determination under subsection (1) is only effective if the lodgment complies with the conditions determined.

(3) ASIC must publish in the Gazette a copy of any determination under subsection (1).

Today I am moving on behalf of the government a small number of amendments to the Corporations Legislation Amendment Bill 2002. The amendments proposed further refine some of the provisions of the bill as well as correcting some minor drafting errors.

Government amendment (1) will amend new paragraph 345A(1)(a) in the bill, which concerns review dates for corporations. As currently drafted, the bill provides that the review date for a company registered before the commencement of the Corporations Act 2001 on 15 July 2001 is the anniversary of its registration under the old Corporations Law. For these older companies, the Corporations Law provided that they were to be taken as registered as a company at the commencement of the law, namely, 1 January 1991. The amendment under item 1 will provide that for companies registered under or that pre-existed the old Corporations Law the review date will be the date of the company’s actual incorporation or registration as a company as recorded in a register kept by ASIC. This will provide for a more even spread of review dates for this large number of older companies, allowing more efficient processing.

Amendment (2) follows from amendment (1). Amendment (2) inserts a new subsection 345A(1)(a), which provides that, where there is no date of incorporation or registration recorded in a register kept by ASIC, ASIC will be able to determine a review date for the company. This will ensure that all companies are able to be provided with a review date. Amendment (2) also inserts a new subsection 345A(1)(b) to provide a special rule for companies that were registered on 29 February in a leap year. The review date for such companies will be 28 February.

Proposed amendments (3) and (4) will replace a reference in new section 345C to the next anniversary of a company’s or scheme’s registration with a reference to the next review date for the company or scheme. In its present form, new section 345C could operate in an anomalous manner where a company has changed its review date once, which is permitted under the bill pursuant to proposed section 345B, and wishes to do so again. The amendment will allow ASIC to have regard to the new review date.

Government amendment (5) will add new items to insert notes at the end of three existing subsections of the Corporations Act which will alert the reader to proposed section 353 under the bill. The subsections affected are 205G(1), 205G(3) and 205G(4). The amendments will
assist with the reader’s ability to understand the interaction between new section 353 and the existing subsections mentioned.

Amendment (6) deals with new section 353. Under that section, ASIC will be able to determine conditions that must be complied with when lodging documents electronically under sections 205G and 792C. The proposed amendment makes minor changes to clarify who was the recipient of the documents that are required to be lodged. At present the bill does not identify the recipients. The amendment provides that in the case of section 205G it is the relevant market operator. For section 792C, ASIC receives the information. I commend the amendments to the chamber.

Question agreed to.

Bill, as amended, agreed to.

Ordered that the bill be reported to the House with amendments.

CORPORATIONS (FEES) AMENDMENT BILL 2002

Second Reading

Debate resumed from 12 December, on motion by Ms Worth:

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.

CORPORATIONS (REVIEW FEES) BILL 2002

Second Reading

Debate resumed from 12 December, on motion by Ms Worth:

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.

NATIONAL BLOOD AUTHORITY BILL 2002

Second Reading

Debate resumed from 11 December 2002, on motion by Mr Andrews:

That this bill be now read a second time.

Mr Griffin (Bruce) (11.13 a.m.)—Let me firstly state that Labor members are supporting the National Blood Authority Bill 2002. There are a few observations and comments I would like to make about the origin and operation of the bill. There are continual advances and developments in the field of blood transfusions as therapy for blood loss and deficiencies. It is a rapidly changing environment. These developments have resulted in major complexities both in the range of activities and organisations involved in the blood and blood products environment. To date the responsibilities for these activities have been divided between the states, territories and the Commonwealth resulting in an uncoordinated approach to major issues of blood supply, safety and quality.
Access to safe, secure and affordable blood and blood products is a critical public health matter and there is a wide range of groups and activities involved in the supply of both. Volunteer donors who provide the foundation for the blood supply in Australia; the Australian Red Cross who provide the national blood service; governments that jointly fund Australia’s blood supply and make the laws to deal with the sector; and, finally, the national plasma fractionator, CSL Ltd—a public company and contractually obligated to the Commonwealth government—are all stakeholders. There are also the hospitals and other associated health organisations that bear a large responsibility for the handling of blood and blood products.

The National Blood Authority Bill 2002 seeks to redress the problem by establishing a national body that will take a coordinated approach to policy setting, governance and management of the Australian blood sector. A major review of the blood sector was undertaken in 1995. The Commonwealth review of the Australian blood and blood products system—or the McKay Wells review—led to the formation of the Australian Red Cross Blood Service. Following on from the McKay Wells review, a national Blood and Blood Products Committee was formed with the aim of strengthening policy coordination in this area between states, territories and the Commonwealth.

A second review in 1999—the review of the Australian blood banking and plasma product sector, chaired by Sir Ninian Stephen and the report released in March 2001—sought to address issues of disjointed administrative arrangements, poor cost-effectiveness and new technologies in the sector. It was also a concern at this time that demand for blood and blood products was exceeding supply, to the extent that it was compromising the effective treatment of some patients.

According to the health department there are some 30 different agreements on blood supply between the various governments and the Red Cross, and all include a diverse range of regulations. This leads to confusion when blood is being transferred between states and territories, with unused blood sitting in one location while being desperately needed in another. The Stephen review concentrated on strengthened governance and financing arrangements, quality assurance in supply and use, and ongoing monitoring and review of the blood sector. The review examined in detail activities in the health system responsible for meeting Australia’s blood needs—ranging from the blood donation process and testing through to the distribution and use of blood and blood products.

In particular, the Stephen review examined challenges for the Australian blood sector, which included the potential effects of emerging infectious agents, pressures from market globalisation, shortages of some products nationally or within states and territories, ensuring best use of resources and appropriate assessment of new technologies, concerns about the fragmented approach to management information and quality assurance in the sector—which poses a potential risk to governments, doctors, recipients and the community—and potential supply risks associated with Australia’s dependence on a single plasma fractionator in an environment of strict import constraints.

Arising from this critical and comprehensive examination was the recommendation that a National Blood Authority be established to provide a coordinated and national approach to the blood sector, thereby improving the administration and management of Australian blood supply. The Stephen review emphasised that all Australians should continue to have access to
safe and high-quality blood transfusion services and that Australia should be well equipped to meet future challenges in this sector of the health system.

It is proposed that the National Blood Authority be established as a Commonwealth agency under the Financial Management and Accountability Act 1997, and be subject to the Public Service Act 1999 and the Auditor-General Act 1997. The NBA will have responsibility for planning and budgeting for adequate supply of blood to Australia and will also liaise and collect information across Australia on issues relating to blood products and blood services. A National Blood Authority board will be established under this bill, with board members serving four-year terms after selection by the ministerial council and appointment by the minister. It is proposed that the board will include a person representing the interests of the Commonwealth, one or two persons representing the states and territories, and a representative from the community. The board will also include persons with expertise in public health issues relating to human blood and a person with financial expertise.

The board will prepare a corporate plan and an annual report for the minister, which will be presented to parliament. It is anticipated that the NBA will draw together national blood supply planning and management under one umbrella, ensuring sufficient supply and providing a clear focus on safety and quality of blood products and services. The principal functions of the NBA, as proposed by this bill, are the annual supply and production planning of blood products and services; the entering into and management of contracts for the collection and distribution of blood products and services; the gathering of information regarding demand, supply and cost of blood products and services; and the facilitation and funding of research and policy development.

The explanatory memorandum states that there will be minimal financial impact from the introduction of the bill, with the Commonwealth’s contribution towards funding the NBA to be met from existing forward estimates. It is proposed that the NBA be funded jointly by the Commonwealth and each of the states and territories, with the NBA reporting to the Commonwealth minister for health and to the Australian Health Ministers Advisory Council promptly after 30 June each year.

The Stephen review noted that Australia has a blood sector of which it can be proud, and the contribution made by voluntary blood donors was recognised. However, it was also noted that there continues to be scope for improvement. A coordinated national approach on blood matters in the context of national public health and risk management is essential.

Continually emerging international and national scientific and technological developments require constant monitoring along with effective and prompt responses as these come to light. The vigilant control and assessment of future supplies will keep Australia almost self-sufficient in its supply of blood and blood products. Thorough national policy measures along with tight regulatory controls will continue to assist the blood sector to maintain high levels of safety and quality. Uniform national standards in donor selection, collection measures, testing and processing, storage and transport of blood and blood products are critical to the safety and quality of Australia’s supply.

The Stephen review recommended that existing programs, which currently provide external oversight of quality assurance in laboratory testing of blood supplies, also be coordinated nationally. Opportunities for public health and safety gains lie in the better utilisation of blood and blood products and a national coordinated approach will realise these gains. However,
hospitals and blood collection agencies have a large part to play and more action will be required in this area, including tighter quality assurance measures. There should be no impediments to attaining or maintaining safety and quality best practice standards, and national strategies to ensure sustainable improvements and mandatory compliance with a national quality assurance program are essential.

The national approach to the supply of blood and blood products will hopefully ensure that effective and efficient services will be delivered, that new and emerging developments will be responded to and acted upon quickly and that responsible and responsive policies and guidelines will be developed. A single line of financial accountability and governance will reduce the current complexities and make way for a more consultative approach between government and key organisations. Labor is committed to ensuring that all Australians have affordable access to a safe blood supply and high-quality service. We believe a National Blood Authority with a coordinated approach will go a long way to maintaining this. The opposition is pleased to be able to support this bill.

Mrs ELSON (Forde) (11.22 a.m.)—I am pleased to speak in strong support of the National Blood Authority Bill 2002. This bill will be beneficial to all Australians by improving and enhancing the management of Australia’s blood supply at a national level. These changes are part of a national approach to reforming the Australian blood sector arising from recommendations of the 2001 review of the Australian blood banking and plasma products sector, a review chaired by the highly respected Sir Ninian Stephen. Like everything the Howard government does, this bill is aimed at making practical changes that are in the national interest and that will benefit all Australians. Unlike Labor, this government is about practical actions rather than just slogans, concepts and discussion papers.

The Stephen review identified the needs for reform of the current system, including the establishment of the National Blood Authority as a way of addressing the current system, which is somewhat fragmented and has no formal mechanisms for evidence based assessment of new products, services and technologies. Under the national blood agreement, the role of the Australian Health Ministers Conference as the policy maker will be maintained and supported by the blood committee. The National Blood Authority will be the operational body to manage the national blood supply on behalf of the Commonwealth, states and territories. Funding of the blood sector will be on a cost share basis, with the Commonwealth meeting 63 per cent of the cost and the states and territories 37 per cent collectively. This effectively maintains the relative cost share which has been in place over the past 10 years. The bill will also improve mechanisms to promote safety and quality of the Australian blood supply.

Like so many things in this great country of ours, the safety and quality of our blood supply is something that many of us take for granted. Of course, it is something that we must remain vigilant about and this bill will help enhance our ability to ensure that safeguards and controls are in place. The National Blood Authority will undertake a range of functions on behalf of all states and territories, including the annual supply and production of blood products and services, establishing and maintaining contacts for the collection and distribution of blood products and services, gathering information regarding demand, supply and the cost of blood products and services, and facilitating and funding research and policy development.

On the administrative level, the bill sets out conditions for the establishment of the National Blood Authority board, the appointment of board members and the creation of the statu-
tory position of the general manager. The National Blood Authority board will comprise the 
chair, a Commonwealth member, one or two state and territory members, a community repre-
sentative, a public health expert with expertise in blood issues, and a business or financial 
member to ensure that the broad spectrum of both government and health experts are repre-
sented.

Once again, the Howard government is determined to ensure that the board is relevant and 
that all sectors are represented and able to reflect the values and needs of the Australian com-
munity. It is important that these new arrangements will see the continuation of existing regu-
lations for collecting, processing, distributing, exporting and importing blood and blood prod-
ucts. It will also ensure the provision of the products free of charge to patients and other users, 
based on clinical needs and appropriate clinical practices. The reforms proposed will ensure 
the preservation of key principles that have served the national interest well in the past— 
voluntary donations of blood supplies by donors in the Australian community and the national 
self-sufficiency in blood and blood products. The bill will strengthen accountability in the 
blood sector and ensure that Australians’ blood supply will continue to be adequate, safe, se-
cure and affordable.

Currently, the states and territories enter agreements with the Australian Red Cross Blood 
Service for both operation and capital cost. Prices paid for products and services across the 
states and territories differ and do not reflect the actual production cost. States and territories 
use different qualities and quantities of products that are not necessarily related to clinical 
needs. Because states and territories pay an annual grant to the Australian Red Cross Blood 
Service, rather than paying for goods consumed, there are few price signals relating to the 
product use. Capital grants made to the Australian Red Cross Blood Service are made on an 
ad hoc and as needed basis.

Despite meeting 50 per cent of the cost of this service, the Commonwealth has very little 
say on the distribution of these grants. Currently, there are no price signals at all in relation to 
Commonwealth Serum Laboratory products, which are actually 100 per cent Commonwealth 
funded and used by states and territories. The lack of price signals on the volume of goods 
consumed may lead to stockpiling and potential wastage. What surprises me most is that there 
is no current formal national approach to evidence based assessment or innovations in prod-
ucts and services or to the safety and quality issues. At a time when medical innovations are 
occurring so rapidly and bringing enormous lifestyle benefits in the treatment of this disease, 
it is imperative that we have a national assessment process to ensure that the treatments are 
available to those who need them most.

I was very pleased to meet recently with representatives from Novo Nordisk, a world-
leading company in diabetes, growth hormone therapy, hormone replacement therapy and 
haemostasis management. They have brought to my attention the advantages that the National 
Blood Authority Bill 2002 will bring to haemophiliacs in Australia. This most significant 
change represents the last chance for a small marginal group of Australian boys and men with 
haemophilia and inhibitors. Inhibitor patients do not respond to conventional haemophilia 
treatment and inhibitor development leads to rapid deterioration. They have the short straw of 
the haemophilia treatment. It is estimated that there are about 50 boys and men with inhibitors 
in Australia. The typical health and lifestyle effects of haemophilia are spontaneous haemor-
rhages in joints, muscles and tissues, which cause permanent damage and chronic pain. These 
effects are increased in inhibitor patients due to the lack of an effective treatment.
Factor VIIa is the only Therapeutic Goods Administration registered treatment in Australia for inhibitors and is recognised as best practice. Current access to Factor VIIa is largely restricted to life and limb-threatening situations. There is limited provision in Victoria and access is variable in other states. Inhibitor patients thought a critical breakthrough in assessing the effective treatment of Factor VIIa had occurred in 1997 when the Australian Health Ministers Advisory Council agreed to a fifty-fifty funding formula between the Commonwealth and the states and territories. In 2001, the Stephen review noted that the new scheme for imported blood products and related products, including Factor VIIa, was agreed between the Commonwealth and the states and territories in 1997 but that the agreements required to underpin the scheme have not yet been finalised. The six-year funding impasse means that the lives of patients are needlessly being jeopardised, increasing the risk of permanent joint damage and chronic pain and having an enormous impact on the quality of everyday life. I cannot comprehend the delay in delivering treatment to these Australian boys and men.

The National Blood Authority Bill 2002 and the national blood agreement it contains have the potential to resolve the inadequacy and inequity of access to Factor VIIa once and for all. This has been achieved by listing Factor VIIa in the national blood agreement in sufficient quantity to be first-line treatment for the control of spontaneous bleeds for all adults and children with inhibitors across states and territories. This will finally ensure that all Australian patients with inhibitors are not doubly disadvantaged and set apart.

According to the health department, there are currently a staggering 30 different agreements on blood supply between the Commonwealth, states and territories and the Red Cross. Every state has different regulations on things such as storage and donation as well. This means that there have been problems transferring blood between states and that some blood may have been sitting in one state hospital going unused when another state was desperately in need of that blood. The Red Cross has tried to move blood across the country but a national system will no doubt streamline this process.

There is no better example of the need for the national blood system than the tragic terrorist bombing in Bali. The Red Cross did a wonderful job. However, the process of getting blood to assist the victims would have been a lot easier if there had been a national system in place. This could have allowed the Red Cross to get on with the job of saving lives, instead of chasing blood from around Australia.

On the subject of the Red Cross, I would like to take this opportunity to thank them for the wonderful work they do in our community and throughout the whole of Australia. Their blood collection vans are regularly seen in shopping centres throughout my electorate and in times of national crisis they are the first ones to step in and lend a hand. Also I say a big thank you to the many constituents from my electorate who donate blood regularly through the Red Cross service. You certainly are the quiet achievers of our community and I often think you do not receive the recognition you deserve for giving up your time and your blood, blood that saves the lives of so many others.

As I have stated previously, the National Blood Authority Bill 2002 will not alter the existing arrangements for collecting, processing and distributing blood and blood products. After all, why fix something if it is not broken? The current processes of the Red Cross work well. However, the changes implemented by this bill will ensure a more streamlined system. I give my full support to the National Blood Authority Bill, which will ensure that we work towards
a national approach to blood supply matters and that Australia is best equipped to meet future challenges.

Dr WASHER (Moore) (11.32 a.m.)—The purpose of the National Blood Authority Bill 2002 is to establish a National Blood Authority to have responsibility for the overview and management of the supply of blood and blood products across this country. The National Blood Authority will be responsible for coordinating safety, quality and information systems on behalf of all governments in Australia. The bill is an integral part of the new national blood sector arrangements agreed to by Australian health ministers in November 2002 and, together with the new national blood agreement, represents the new national approach preferred and supported by all states and territories.

The endorsement of the bill has been the culmination of consideration and cooperation by all governments to bring about necessary reforms to Australia’s blood sector. However, the new national arrangements seek to preserve key principles that have served the national interest well to date. Two fundamentals that will remain unchanged are the voluntary giving of blood by donors without remuneration and the provision of blood and blood products from donated blood free of charge to patients.

The reforms outlined in the National Blood Authority Bill 2002 have been arrived at as a result of two major reviews of Australia’s blood and blood products system. The first, conducted in 1995—the McKay Wells review—led to the establishment of an Australian Red Cross Blood Service and a forum which aimed to strengthen national policy coordination. However, administrative arrangements across jurisdictions varied greatly, which severely hindered that coordinated process. As a result, a second review was undertaken in 1999. The review of the Australian blood banking and plasma product sector, the Stephen review, was released in March 2001. The review committee was chaired by the Rt Hon. Sir Ninian Stephen and consulted widely with industry, health agencies, government departments, professional organisations, service providers, researchers, interest groups and consumers. The purpose of the review was to advise on principles and directions for the blood supply sector in light of new and emerging challenges to the safety of blood and blood products and the adequacy of supply.

Among the new challenges facing the sector is the threat of new infectious agents which could compromise the safety of the blood supply. You will recall that a couple of years ago the Australian Red Cross Blood Service instituted a ban on donations of blood from people who had resided in the UK for more than six months between 1980 and 1996. This was in response to a growing concern that the human equivalent of mad cow disease, a variant of Creutzfeldt-Jakob disease, may be transferable through blood. The risk is extremely small and may not even exist. One hundred and twenty-two people have died from the variant CJD in the UK, out of a population of six million. Nonetheless, it was perceived that there may be an element of risk.

In my electorate of Moore, 24 per cent of the population are expatriate British or of British descent. Whilst they might not all have resided in the UK for more than six months between 1980 and 1996, a large proportion of them probably did. So that effectively precludes almost a quarter of the people in my electorate from donating blood. There would be other electorates in Australia with a similar demographic. So the reduction in numbers of people able to donate blood must have had a knock-on effect for the sector. One of the key elements of this bill is to
oversee and coordinate an adequate supply of blood and blood products across the whole nation.

The Stephen review also looked into the rising demand for certain blood products and concerns about product shortages in some areas. It looked into the availability of new technologies, such as a new test to enhance the safety and quality of the blood supply, and new products and treatments. There have been dramatic changes in the blood supply sector in the past 20 years or so with the advent of AIDS and the plight of many haemophiliacs who were infected with HIV before adequate screening of donors and heat treatment of blood products was introduced. The Stephen review also recommended that self-sufficiency in blood and blood products should remain an important national goal for Australia. Australia's achievement of near self-sufficiency in its supply of blood and plasma products ensures that continuing high levels of safety and quality should be achievable, as long as careful national policy measures and strong regulatory oversight is maintained.

It is therefore critical that uniform national standards for donor selection and for the collection, testing, processing, storage and transport of blood and blood products be applied and maintained to ensure the safety and quality of Australia's blood supply. Achievement of this and other recommendations in the Stephen review will be made possible by drawing the sector together and taking a national approach by establishing a National Blood Authority, as outlined in this bill. As the tragic events in Bali demonstrated, we face a national and international environment that is fast changing and uncertain, posing significant public policy questions. The National Blood Authority will ensure that Australia's needs are met by coordinating a national approach to the supply of blood and blood products. It will oversee the delivery of efficient and effective services and will respond promptly to new and emerging developments.

The National Blood Authority will plan and budget for the supply of blood and blood products and ensure that appropriate supply is maintained to all states and territories. The current approaches to financing and information management will be enhanced. It is in the interests of every state and territory, and the nation as a whole, to establish the National Blood Authority to provide best practice management of Australia's blood and blood product supply and to develop responsible and responsive policies. An example of past failures of best practice is the frequent failure of states to fund their 50 per cent of the cost of recombinant Factor VIIa for sufferers with inhibitor factor haemophilia. It is now hoped that the federal government arrangements with the states and territories, whereby the federal government funds 63 per cent, to their 37 per cent, will improve their enthusiasm to overcome past difficulties. I commend this bill to the House.

Mr SOMLYAY (Fairfax) (11.39 a.m.)—In following the member for Moore in this debate on the National Blood Authority Bill 2002, I note that, as a practising doctor in Perth, he is one of the members of this House who actually knows something about this matter. In Australia, we are the lucky beneficiaries of the wisdom and good sense of previous generations who ensured that we have one of the best blood systems in the world. In typical Australian community spirit, people voluntarily donate their blood to help others, and they do it for no remuneration. Blood is then freely provided to those who need it because of illness or injury.

The purpose of the bill, as set out in clause 4, is 'to establish the NBA as part of the coordinated national approach to policy setting, governance and management of the Australian blood sector as agreed in the National Blood Agreement'. The aim of this legislation is to en-
sure the continuation and safety of our blood system for present and future generations of Australians. The government funded blood sector is currently fragmented, with no formal mechanism for proper evidence based assessment of new products, services and technologies. Different jurisdictions cooperate with each other but still operate separately. This legislation aims to redress the problems arising from the lack of a national approach and thereby ensure cost-effectiveness and national standards of safety and quality.

Much legislation put to this parliament is contentious or expensive or has political ramifications for one party or another—not so this bill. The National Blood Authority Bill not only will have minimal financial impact but also comes before parliament with the prior support of all state and territory governments. The reforms proposed in the National Blood Authority Bill 2002 flow from, firstly, two major national reviews of the blood sector and, secondly, all jurisdictions in the field working cooperatively together, culminating in the national blood agreement at the Australian Health Ministers Conference—that is, the blood sector was independently reviewed and then all state and territory governments have agreed on how to resolve issues raised in those reviews. The result of this investigation and cooperation is the bill before us.

The Australian Red Cross Blood Service, the ARCBS, and the Australian Red Cross Society are both central to the successful implementation of these new arrangements. Both have been involved in their construction and both are supportive of them. The National Blood Authority will relieve the Red Cross of some of its current responsibilities, such as national supervision and juggling of national finances, and allow it to concentrate on other areas, especially on more local work. Currently, bilateral agreements between the states and territories and the Australian Red Cross Blood Service cover both operating and capital costs. States and territories pay annual grants to the Australian Red Cross Blood Service rather than purchasing the actual goods. Because the prices paid by various jurisdictions do not necessarily reflect production costs, there are few price signals in jurisdictions relating to product use. Currently there are no price signals at all in relation to CSL products, which are 100 per cent Commonwealth funded. This lack of price signals on the volume of goods consumed may lead to stockpiling and has the potential for wastage. Capital grants made to the ARCBS are on an ad hoc and as needs basis. While the Commonwealth meets 50 per cent of this cost, it has very little leverage.

The National Blood Authority established by this bill would oversee these purchases for all states and territories to monitor the price and quality of these products. The functions of the authority established by this bill relate to ensuring the quality, quantity and cost efficiency of blood products and services. As set down in clause 8 of the bill, the functions are:

(a) to liaise with, and gather information from, governments, suppliers and others about matters relating to blood products and services;

(b) to carry out ... annual plans and budgets for the production and supply of blood products and services;

(c) to ... ensure that there is a sufficient supply of blood products and services in all the States and covered Territories;

(d) to carry out national blood arrangements relating to the funding of:

(i) the supply of blood products and services; and

(ii) the NBA's operations;
(e) to enter and manage contracts ... for the collection, production and distribution of the blood products ...

(f) to carry out national blood arrangements relating to safety measures, quality measures, contingency measures and risk mitigation measures ...

(g) to provide information and advice to the Minister and the Ministerial Council ...

(h) to carry out national blood arrangements relating to the facilitation and funding of research, policy development and other action about matters relating to blood products and services;

(i) to provide assistance:

(ii) to the Board; and

(iii) to the advisory committees (if any) established—

in this legislation. Let us look again at the functions set out in clause 8 of the bill: to liaise with existing jurisdictions such as the Red Cross and state and territory governments; to gather national data on which to base decisions; to ensure quantity and quality of blood available throughout Australia; to facilitate research funding; and to advise the federal minister and the ministerial council of state and territory ministers. None of these functions threaten existing organisations. The Red Cross and the state or territory governments are all doing a great job, each in its own jurisdiction. This bill does not detract from that. The NBA will simply coordinate their efforts to ensure value, quality, quantity, research and technology on a national level. The bill seeks to ensure that Australians who need blood in any state or territory will receive it from other Australians, assured of safety and quality standards. It is what we have come to expect in Australia, but sometimes we need to update legislation to keep pace with technological and social change.

The Commonwealth review of the Australian blood and blood product system, the McKay Wells review, in 1995 highlighted the need for a national approach to blood products and services. As a result of this review, two initial steps were taken towards achieving a national approach. The blood and blood products committee was established to strengthen national policy coordination. In 1996, the Australian Red Cross Blood Service was established to establish free transfer of products between states and territories. However, the administrative arrangements still remained fragmented, and mechanisms and protocols for the establishment of new products and services were still not satisfactory. In seeking to redress this, the Commonwealth Minister for Health and Aged Care at the time, Dr Michael Wooldridge, established another investigation—the review of the Australian blood banking and plasma product sector, chaired by the Rt. Hon. Sir Ninian Stephen, in 1999. When it reported in March 2001, the Stephen review recommended the establishment of a national blood authority—that is, the subject of this bill—to oversee Australian blood supply, the need to coordinate demand and supply planning, and the need to improve processes for introducing new product services.

Since then, all jurisdictions have been working together through the Australian Health Ministers Conference to implement these recommendations. The legislation before us is the result; that is, the states and territories of Australia have considered and adopted the recommendations of Sir Ninian Stephen’s review, and this legislation is the result. This bill establishes the Blood Authority as a statutory body under Commonwealth legislation, principally the Financial Management and Accountability Act 1997, the Auditor-General Act 1997 and the Public Service Act 1999. Under this authority, it seeks to ensure national agreement on the objectives
of government for the Australian blood sector; a governance role for health ministers in federal, state and territory governments; a joint funding of the national blood supply by the Commonwealth, states and territories; and a nationally agreed framework for the management of safety and quality issues.

As was mentioned in the minister’s second reading speech, the National Blood Authority comes with safeguards. It will operate within policy approved by the ministerial council and in full consultation with all governments through a jurisdictional blood committee. While the policies of the National Blood Authority will be determined by the Australian Health Ministers Conference, the actual running of the authority will be directed by a board established under section 14 of this bill. The board is to consist of six or seven members: a chair, a representative of the Commonwealth, one or two members representing the states and territories, a community representative, an expert in public health issues relating to human blood and a financial or commercial expert. Under part 4, division 3, section 38 of the bill, the general manager of the National Blood Authority may also establish advisory committees to assist the NBA. This will ensure that specialist advice or investigation can be sourced for specific purposes.

The bill does not seek to change the Red Cross or the way in which Australians traditionally donate and freely provide blood products to those who need them. As I said, this bill establishing the authority aims to protect those principles. It directs the NBA to ensure both the essential quality and quantity of blood products and services in all states and territories. It also seeks to ensure the best price for production, using bulk national purchase rather than ad hoc purchase by individual jurisdictions. And, because there will then be better price and demand signals, wastage will be eliminated and the best value for funding will be obtained. I stress that the NBA does not replace any existing jurisdiction but is given direction from, and is complementary to, the Australian Health Ministers Conference.

The aim of this bill is to ensure that all Australians now and in the future have access to high-quality blood products as and when they need them, and that these products are purchased for the best price—that is, they are cost-effective for the funding. The bill aims to ensure that we are able to carry out evidence based assessment of all potential new products and services so that we can continue nationally to be abreast of, and involved in—if not leading—technological change. It aims to ensure that, if and when you need a transfusion, you can continue to be confident of receiving healthy blood freely donated by other members of the Australian community. I commend this bill to the House.

Dr SOUTHCOTT (Boothby) (11.52 a.m.)—I support the National Blood Authority Bill 2002, which proposes to establish the National Blood Authority. The bill tackles a very important aspect of the delivery of our health system. The National Blood Authority will improve and enhance the management of Australia’s blood supply at a national level. It will liaise and gather information across Australia on issues relating to blood products and services. It will plan and budget for the supply of blood and ensure that appropriate supply is maintained in all states and territories. It will also monitor the funding issues associated with the management and supply of blood products and services across Australia. All of these functions are extremely important to the safe, effective and equitable delivery of blood across Australia.

The 2001 review of the Australian blood banking and plasma product sector, which was chaired by Sir Ninian Stephen and reported during 2001, identified the need for reform of
what is currently a government funded blood sector. This sector is supplier driven and fragmented, with no formal mechanisms for evidence based assessment of new products, services and technologies. Jurisdictions have been working cooperatively, through the Australian Health Ministers Conference, towards a new national blood agreement. The new arrangements provide the opportunity for better cost-effectiveness within the system and a new focus on safety and quality issues on a national basis.

Under the national blood agreement the role of the Australian Health Ministers Conference as the policy maker will be maintained, supported by a jurisdictional blood committee. The NBA will be the operational body to manage the national blood supply, and blood sector funding will be on a cost share basis between the Commonwealth—63 per cent—and the states and territories—37 per cent collectively—with similar shares to those of the last 10 years. There will also be improved mechanisms to promote blood safety and quality. This is especially important given some of the problems we have seen in France and possibly Japan with the management of their blood supply and their delayed response to the evident problem of HIV.

The NBA, as a Commonwealth agency on behalf of all jurisdictions, will plan annual supply and production of blood products and services. It will manage contracts for the collection and distribution of blood products and services; it will gather information on demand, supply and cost of blood products and services; and it will facilitate and fund research and policy development. A major advantage of these new national arrangements is that they will replace the current state and territory based approaches to the purchase of imported blood products and related products.

I want to take the opportunity to address the issue of a small and marginalised group of Australian boys and men with haemophilia who have inhibitors to Factor VIII. Inhibitor patients do not respond to conventional haemophilia treatment, and inhibitor development leads to rapid deterioration. It is estimated that only about 50 boys and men in Australia have inhibitors to Factor VIII. The typical health and lifestyle effects of haemophilia—spontaneous haemorrhages into joints, muscles and tissues, which cause permanent damage and chronic pain—are exacerbated in inhibitor patients due to the lack of effective treatment. Recombinant Factor VIIa is the only TGA-registered treatment in Australia for inhibitors and is recognised as best practice. Current access to recombinant Factor VIIa is largely restricted to life-and limb-threatening situations. There is limited provision in Victoria and access is variable in other states.

This is an issue that has been around for at least five or six years. Inhibitor patients thought that a critical breakthrough in assessing the effective treatment of recombinant Factor VIIa had occurred in 1997, when AHMAC agreed on a fifty-fifty funding formula between the Commonwealth and the states and territories. The 2001 Stephen review noted that the new scheme for imported blood products and related products, including recombinant Factor VIIa, was agreed between the Commonwealth, states and territories in 1997 but that the agreements required to underpin the scheme had not yet been finalised. They still have not been finalised. The six-year funding impasse means that the lives of patients are being needlessly jeopardised, increasing the risk of permanent joint damage and chronic pain and impacting on quality of life every day.
The National Blood Authority Bill and the national blood agreement it contains have the potential to resolve the inadequacy and inequity of access to recombinant Factor VIIa once and for all. This can be achieved by the listing of recombinant Factor VIIa in the national blood agreement in sufficient quantity to be first-line treatment for control of spontaneous and surgical bleeds for all adults and children with inhibitors, across every state and territory. This will finally ensure that all Australian inhibitor patients are not doubly disadvantaged and set apart. It is also relevant to note that both the Australian Red Cross Blood Service and the Australian Red Cross Society have been engaged in and are supportive of the new national blood sector arrangements. I ask the minister to please take on board the concerns which relate to this very small group of patients. Please do all you can to resolve this impasse in the funding for the inhibitor patients with haemophilia. I support the establishment of the National Blood Authority.

Mr CADMAN (Mitchell) (11.59 a.m.)—In addressing the National Blood Authority Bill 2002, I want to endorse the words brilliantly expressed by the previous speaker, the member for Boothby, who is medically qualified. I am not, but I believe in the cause he is espousing. I want to record my support for the National Blood Authority. I am against authorities which are needless and an absolute waste of time and money. I believe we ought to be able to have these agreements without establishing new quangos. But if the benefit is going to be a resolution of the medical difficulties that have not been able to be negotiated since 1997, then it is worthwhile. I do not know what is wrong with the people who are involved in the AHMAC who have not been able to reach agreement between the Commonwealth and the states for a fifty-fifty cost sharing process for the benefit of the 50 or 60 men and boys who suffer from haemophilia.

I only need to read to the House parts of one letter—a poignant, distressing letter about an individual suffering from haemophilia. I refer to a letter dated 6 March 2001 from Franz Weber. He has given me permission to quote from it. It was addressed to the New South Wales Parliamentary Secretary to the Minister for Health, Ian McManus. He starts with the normal acknowledgments. What we are after here is that Factor VIIa should be available for haemophiliacs. Factor VIII is not successful. Factor VIIa, which is a product called NovoSeven, is critical for these men and boys. Factor VIII treatment, Franz says:

has been available for over 30 years. However, because of the inhibitor, this has not been available to me. Factor VIIa has been available for some years but is only provided at the Royal Prince Alfred for life threatening situations and unavoidable surgery.

He goes on to explain that he had three molars removed and did not have a bleed, because he had access to Factor VIIa. But then he was walking his dog down the street, the dog chased a cat or some other dog, and he was in bed for two weeks having bleeds in the elbows, knees and wrists, unable to do anything, simply because in that circumstance he was not eligible for treatment with Factor VIIa. I quote further from his letter:

I remember, at the age of 16, thinking I should keep a diary. All the interesting people did.

I think we all felt that way at 16. He goes on:

After six months I gave up in despair. It was filled with records of bleeds, the memory of which I wanted to forget rather than remember. However, I did keep track of a number of instances shortly after my experience with factor VIIa.

I have recounted those experiences briefly to the House. Then he goes on to describe his life:
Adolescence was spent outside the circle of peers. No surfing, no bike riding, no sport other than ping-pong at the Broderick House Hospital School for Spastic and Crippled Children, a school not renowned for its academic achievement. At 18 I found myself disabled, totally socially isolated and with no education to speak of.

He goes on:

In the last year of my studies, with an honours degree in sight, 30 years of meaningless suffering caught up with me and the black dog of depression sunk its teeth into my flesh. For almost 12 months I could not write a single sentence, let alone an honours thesis. In 1987 I joined the New South Wales Public Service with the expectation that I would reach middle management before I retired. But being off work for an average of three in every four weeks makes me a non-starter on the management career ladder.

I think that to deny people like this an opportunity simply because the states and the Commonwealth cannot settle a row is absolutely despicable. I am delighted that we are forming this useless quango just for this purpose. I think that, if you read the description of what it is going to do, you will see that it is not going to do much more than is being done now. But, for this reason alone, I support the bill.

Ms GAMBARO (Petrie) (12.03 p.m.)—I would like to add to the words of the previous speakers, the member for Boothby and the member for Mitchell, on the National Blood Authority Bill 2002. They spoke about some moving examples of the problems that have existed over the last several years, whereby people in genuine need of blood treatments have been toing and froing between the Commonwealth and the states. Clearly, their lives could have been enhanced or made much more superior if all of this disputation had not occurred in the first place. They are entitled to a decent way of life, as we all are. This has gone on for far too long.

Looking back at the history of all of this, I hope that, if it does one thing, it improves the situation that the member for Mitchell’s constituent has found himself in. I am sure that many other people in this country over the last more than several years have been in similar situations. I would like to add my support today in speaking about the recommendation of the review of the Australian blood bank and plasma product sector that a National Blood Authority be established to oversee the safety and quality of these blood products and services.

There was a review done, and the review identified a need for reform in this particular sector. As the member for Mitchell and others said earlier, the process before this was very fragmented. There was no mechanism for evidence based assessment of new products, technology and services; people who needed products went through endless anguish. The call for a national blood authority mirrors that of countries worldwide, including Canada. In 1997, the English edition of Nature published an article on the Canadian inquiry into the infection of thousands of Canadians with HIV and hepatitis C. The inquiry there advocated a national blood authority with the focus particularly on safety as a very high-priority area. This particular bill, the National Blood Authority Bill 2002, seeks to establish the National Blood Authority, which will be responsible for managing and coordinating Australia’s blood supply. Its objective is to ensure that supply is sufficient and to focus on both the safety and the quality of its blood products and services.

As I said earlier, it will ensure that quality, effectiveness and efficiency are up to scratch. It will be the first time in Australian history that we will have a national agency which will be responsible for the management and supply of blood and blood products. The current situation with states and territories is that they enter a bilateral agreement with the Australian Red
Cross Blood Service for both operating and capital costs. Prices paid for products and services across the states and territories differ, but they have never really reflected the actual production cost. Jurisdictions use different quantities of products, which are not necessarily related to the clinical need. The bill will ensure that there is greater consistency in the quality of products and services associated with the blood supply. Because the states and territories pay an annual grant to the Australian Red Cross Blood Service, rather than paying for goods consumed, there are very few price signals in the jurisdiction which relate to product use, which really does not make much sense to me. I am sure that this will be addressed in this bill.

Capital grants are made to the Australian Red Cross Blood Service. They are made on a very ad hoc basis. In the past, the Commonwealth has had very little leverage, while meeting 50 per cent of the cost. As I have said, there are no price signals at all relating to CSL products. At the moment, 100 per cent of them are Commonwealth funded. They are used also by states and territories. That lack of price signals and the volume of goods consumed could lead to stockpiling and potential waste.

There is no formal national approach to the evidence based assessment of innovations in products and services. We have heard of some of those innovations here. There has never been a mechanism to deal with them. I have had many representations—as has the member for Boothby, probably—from haemophilia sufferers. What they have had to go through is just a nightmare. It is a constant fight with the state and the Commonwealth. These people deserve some decency in their treatment and some standards and consistency.

In November 2002, federal, state and territory health ministers attended the Australian Health Ministers Conference. They agreed that they should establish the National Blood Authority. They asked for new arrangements for more formal processes in assessing new blood products. All in all, I see this as a benefit. I think that it will be a much more cost-effective system. It will focus on quality issues and safety. A key feature is the national blood agreement, which includes the establishment of a jurisdictional blood committee, a subcommittee of the Australian Health Ministers Advisory Council. That will support the Australian Health Ministers Conference as a policy maker. Also, there is provision for the NBA to manage the national blood supply on behalf of the Commonwealth, states and territories. There are also more improved mechanisms to promote safety and the quality of the Australian blood supply. The national blood agreement will also enable the National Blood Authority to participate in the process for national blood supply change proposals.

The Commonwealth and the states and territories will share the funding of the blood sector on a cost share basis. As previous speakers have mentioned, the new arrangement will be that the Commonwealth share will be 63 per cent, while each state and territory share will be 37 per cent. This maintains the relative cost share that has obtained over the last 10 years.

The bill provides some mechanisms which will improve the safety and the quality of the Australian blood supply. Both the Australian Red Cross Blood Service and the Australian Red Cross Society have been engaged in and are supportive of all of the new national blood sector arrangements. Both these national institutions are central to providing successful implementation of the new arrangements. The NBA will be established as a Commonwealth agency to undertake a range of funding issues on behalf of all jurisdictions, including annual blood supply and production planning for blood products and services. It will also enter into the management of contracts for the collection and distribution of blood products and services. It will
gather information regarding demand, supply and cost of products and services and it will also look at facilitating and funding research and policy development, which is very important in this area.

The bill will establish the NBA board. Its role will be to provide advice to the NBA through the general manager about the performance of the NBA’s function. It will consist of a chair, a Commonwealth member, two state/territory members, a community representative—which is highly important—a public health expert with expertise in blood issues and a business financial member. The bill also establishes as a statutory office the general manager of the National Blood Authority. It appoints conditions for the board members and the general manager of the NBA. In effect, it will enable the NBA to gather information other than personal information in relation to the performance of the NBA’s function.

There will be minimal financial impact from the introduction of the National Blood Authority Bill. The Commonwealth’s share of funding for the new arrangements will be met from existing forward estimates. One of the clauses in this bill, clause 9, will ensure that, in emergency situations, the needs of those who are outside those normal planning and operational processes of national blood supply can be met. That is very important. This measure demonstrates the rationale for a national blood authority and the flexibility that will ensue as a consequence of the bill.

In this day and age, information is an absolutely important commodity; the bill provides for the confidentiality of that information. Clause 11 of the bill provides that staff and board members of the NBA and any persons performing services, such as contractors or consultants, are bound to maintain confidentiality in regard to any information or documents that are accessible as a result of their employment.

The National Blood Authority Bill 2002, by establishing a national blood authority, will enable coordinated demand and supply planning and improve evidence based processes for a whole lot of new products and services in the blood sector. I ask the chamber to support this bill, and I support it wholeheartedly.

Mr GEORGIOU (Kooyong) (12.13 p.m.)—I begin my contribution to the debate on the National Blood Authority Bill 2002 by saying that, since the emergence of transfusion as a remedy for blood loss and blood deficiencies in the 1920s and 1930s, the Australian blood banking system has evolved into a world-class service but has also become unnecessarily complex. It is a source of some national pride that Australia is regarded as having one of the world’s safest blood supply regimes. This position is due to the stringent screening of donors when they offer blood; strict adherence to voluntary rather than paid donations, although it has to be said that there is still some ongoing debate about the relative benefits of free as against paid-for blood; and ongoing technological developments such as the introduction of nucleic acid testing of blood to reduce the time between infection and detection of viruses such as HIV and hepatitis C virus.

However, as the blood banking system has grown, a complex set of relationships has developed between the stakeholders. First, there is the Australian Red Cross Blood Service, which is responsible for obtaining the blood from volunteer donors, who form the key source of our blood supply; second, there is CSL Ltd, a public company that operates the national plasma fractionating facility which separates blood substances into their basic components; and, third—and this is where the most of the complexities emerge—there are Commonwealth,
state and territory governments, each jointly funding the Australian blood supply but each also
determining and implementing its own individual policies in the blood sector.

Given this policy framework, it is hardly surprising that Australia’s current regime of blood
supply management can be improved. According to the Department of Health and Ageing, in
2001, there were 30 different agreements on blood supply between the Commonwealth, the
states and territories and the Australian Red Cross Blood Service. Every state and territory
had different regulations on matters such as blood storage and donation. The complexity and
diversity of these regulations has led to problems in transferring blood between the states and
territories; instances of blood being available in one state’s hospital and going unused while
another state is in need are not unknown.

Despite the best efforts of the Red Cross to move blood around the country to balance sup-
ply and demand, the need for a uniform, national blood supply and management policy is
clear. In 1999, the Commonwealth commissioned a review into the Australian blood banking
and plasma products sector chaired by former Governor-General Sir Ninian Stephen. In an-
nouncing the review, the then health minister stated:

The international trend is for increasingly stringent testing of blood that yields marginal gains in safety
but often at a high cost. I am concerned that because of the currently split of roles and responsibilities
between the Commonwealth and the States, these improvements might not be implemented, or worse
implemented in a piecemeal manner across jurisdictions. I want to ensure we have a system that can
react in a uniform, effective manner to these safety requirements so that Australia continues to have a
safe, high quality blood supply.

After a thorough analysis of Australia’s blood banking arrangements, the Stephen review re-
leased its findings and recommendations in March 2001. Its key findings were that current
arrangements were inefficient and limited in their effectiveness. Sir Ninian said:

The multiplicity of agreements that underpins the flow of products and funds within the sector leads to a
fragmented approach to supply planning, priority setting and management, service delivery, perform-
ance reporting and accountability. They impede capacity to respond quickly and effectively to new
needs and circumstances, as changes require negotiation with many parties. The high cost of maintain-
ing the current arrangement, which is borne by governments and ultimately by taxpayers, is not the
most cost-effective use of available resources.

The primary recommendation of the review was the formation of the National Blood Author-
ity. The main responsibilities of this body would be the management of Australia’s blood and
blood product supply to meet both current and future needs and the development of national
contingency plans to be implemented in the event of threats to the quality or quantity of the
blood supply. The Stephen review also recommended that the National Blood Authority take
an active research and development role in cooperation with bodies such as the National
Health and Medical Research Council.

This bill establishes the National Blood Authority. The authority will manage and coordi-
nate Australia’s blood supply in accordance with the national blood agreement entered into by
the Commonwealth and the states and territories. The National Blood Authority will have a
wide range of functions. It will liaise with, and gather information from, sector stakeholders,
such as the Red Cross, CSL and hospitals, on issues related to demand, supply and the cost of
blood products and services. It will gather information regarding risks to blood supplies in a
particular state or territory. It will use this information to enter and manage contracts and ar-
rangements for the collection, production and distribution of blood and blood products to en-
sure that all Australian states and territories have an adequate supply of blood. Therefore, the likelihood, for example, of a surplus of A-negative blood in New South Wales and a critical shortage of A-negative blood in Victoria occurring simultaneously will be significantly reduced.

The authority will assume responsibility for the blood safety and quality regime important to the maintenance of public confidence in the system. Under the terms of the national blood agreement, the authority will be required to establish and manage contingency and risk mitigation factors developed in consultation with the jurisdictional blood committee—a subcommittee of the Australian Health Ministers Advisory Council. Further roles for the National Blood Authority will be the facilitation and funding of blood-related research and development in conjunction with other bodies such as the NHMRC.

Increased awareness of the potential for transfusion-transmitted infections, evolving largely from the HIV-AIDS crisis of the 1980s, focused attention on screening for blood-borne diseases. Since the 1980s, much scientific effort has been concentrated on the development of more and more sensitive tests to make further incremental improvements to the safety of blood transfusions. Centralising responsibility for research development into a single national body is far more likely to result in improvements in areas such as blood-screening technology than other approaches. The fact is that individual state and territory governments lack the resources to commit to the expensive research programs necessary to improve blood screening and the overall safety of the blood supply.

It is important to note that, although the National Blood Authority will assume central management and coordination of the Australian blood supply, the authority is a collaborative arrangement that reflects our federal structure—an arrangement that the Commonwealth and the states and territories unanimously agreed to in September 2001. The states and territories will have an input through the Australian Health Ministers Advisory Council, which will assume the role at its conference. One of the key functions of the ministerial council will be the determination of national policies for the blood banking system. Moreover, the contingency and risk mitigation measures developed by the National Blood Authority in consultation with the jurisdictional blood committee must be approved by the ministerial council. The board of the National Blood Authority will also have at least one position reserved for a representative of the states and territories.

In conclusion, I feel that it is significant that the new arrangements will not encroach upon any of the key principles that have served Australia’s blood banking system so well in the past. A commitment to national self-sufficiency in blood and blood products will remain, as will a commitment to voluntary, unpaid blood donations. Blood and blood-related products will continue to be supplied free of charge to patients. At the same time, the establishment of the National Blood Authority will make the necessary improvements to the Australian blood banking system—the coordination of the blood supply together with the development of uniform quality control guidelines and risk mitigation measures. I commend the bill to the House.

Ms WORTH (Adelaide—Parliamentary Secretary to the Minister for Health and Ageing) (12.23 p.m.)—I would like to firstly thank the opposition for their support for this important bill. I also thank all members who have contributed to this debate. The passage of the National Blood Authority Bill 2002 and the establishment of the National Blood Authority repre-
sent the implementation of the recommendations of the review of the Australian blood and blood product sector conducted by Sir Ninian Stephen. They also represent a best practice example of all Australian jurisdictions working together to bring about improvements in the health of Australians by promoting the effective national management of the Australian blood sector.

An important component of the new national arrangements has been the development of the national blood agreement, which sets out the arrangements between governments in relation to: the maintenance of the current strategic policy role of Australian health ministers for the blood sector, supported by a new jurisdictional blood committee; joint financing arrangements under which the Commonwealth will pay 63 per cent of blood sector costs and the states and territories will pay 37 per cent collectively; coordinated supply and demand planning processes; and new processes for evidence based assessment of new products and technologies. Health ministers agreed to the new national arrangements at their meeting in November 2002. Most jurisdictions have now signed the national blood agreement. Western Australia and the Australian Capital Territory are yet to sign, but have indicated their willingness for the agreement to be made public. The national blood agreement is being tabled in both houses of parliament today.

The expected commencement date of the National Blood Authority and the new arrangements is 1 July 2003, subject to passage of this bill by the parliament. Jurisdictions continue to work together to put in place arrangements to ensure a smooth transition to the new arrangements with no disruption to the national blood supply. In essence, the bill sets out the necessary operational elements to establish the National Blood Authority to undertake its primary task of managing and overseeing Australia’s blood supply on behalf of all jurisdictions.

While the National Blood Authority will undertake a liaison and coordination role in relation to the safety and quality of blood products and services, it will not be a regulator. The safety and quality of the Australian blood supply remains the job of the Therapeutic Goods Administration.

The bill creates the office of general manager, who will be responsible for the conduct of the National Blood Authority’s functions and in whom statutory powers will be vested. The bill also establishes a board that will advise the general manager in the conduct of the National Blood Authority’s functions.

The provisions contained in this bill will strengthen accountability in the blood sector and ensure that Australia’s blood supply continues to be adequate, safe, secure and affordable. Governments will be provided with better information to determine appropriate purchases in response to clinical need. Mechanisms will also be provided to ensure evidence based assessment of new sector initiatives, products, services and technologies through transparent evaluation of health gain. The establishment of the National Blood Authority is central to the achievement of these aims and will ensure the protection of consumers and maintenance of public confidence in Australia’s blood supply.

Australia has been well served by its blood sector in the past and our blood supply will continue to be based on the current policy principles of voluntary, unpaid donations and free access to blood products. These new reforms will build on the successes of the present system and streamline and strengthen arrangements into the future. I commend this bill to the chamber.
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.

**VETERANS’ AFFAIRS LEGISLATION AMENDMENT BILL (No. 3) 2002**

**Second Reading**

Debate resumed from 5 December 2002, on motion by Miss Jackie Kelly:

That this bill be now read a second time.

Mr Edwards (Cowan) (12.28 p.m.)—The Veterans’ Affairs Legislation Amendment Bill (No. 3) 2002 is largely a housekeeping measure attending to a considerable number of drafting deficiencies in the Veterans’ Entitlements Act. It is not controversial and hence I will limit my direct remarks on it to a very brief synopsis of its provisions.

Some amendments are beneficial. Firstly, I will look at child related payments. Originally, when the decision was made that payments for children should be made under the Social Security Act alone, children receiving a more generous allowance from Veterans’ Affairs were grandfathered until they reached 16. As a result of an oversight, those grandfathered allowances had their indexation provision removed and since that time ex gratia payments have been made to maintain the value of the allowance. This amendment restores the original indexation provision to those grandfathered allowances for a small number of children until they reach 16 and so avoids the need for ex gratia payments.

Currently the rules on the overpayment of service pension applying to the commutation of an asset test exempt income stream can be avoided by those on service pension where it is commuted and a second product is taken out with the proceeds of the original product and commuted immediately. In this way, the repayment of overpayments of service pension can be avoided. This amendment seeks to remove that loophole by extending the calculation period of the overpayment back to the origin of the first product. This aligns the Veterans’ Entitlements Act with the SSA.

With respect to the pension bonus scheme and accrual of unclaimed credits, currently pensioners, including service pensioners, receive a bonus for postponing their pension. However, in a case where a person has accrued an entitlement to a bonus as an age pensioner, and then becomes eligible for a service pension, that credit is lost. This amendment preserves that credit and allows its transfer for use if and when an application for a service pension is granted.

The calculation of a pension bonus currently contains some imperfections as the formula does not adequately provide for all the circumstances—for example, changes of rates in the value of the pension being deferred, and marital status. These amendments seek to calculate the value of the pension forgone with greater accuracy and without penalty to those whose eligibility and rate of pension forgone changes during the bonus period.

With respect to the backdating of partner service pensions, at present some partners of a T&PI veteran under 50 cannot access the partner service pension until the veteran’s claim for T&PI has been granted, even though a service pension for the veteran has already been granted. Because of the substantial time delay, this is considered unfair. The provision pro-
vides for an earlier date of effect for a T&PI veteran’s partner under 50—effectively backdating the claim to the payment date of the T&PI payment. This is beneficial and contains only minor costs.

In relation to the treatment of lump sum compensation payments, currently there is some inconsistency between the way in which the means test with the Social Security Act and the Veterans’ Entitlements Act deals with multiple lump sum payments flowing from the same event. This proposal provides that the VEA will be brought into line so that multiple lump sums are deemed to be one, with a preclusion period set accordingly.

Those are my more formal remarks in relation to the opposition’s support for this noncontroversial legislation. There are, however, a couple of other issues that I want to raise which are directly related to veterans’ issues. The first of these relates to the non-issue or dry-up of issue of national service medals. There are, as you may be aware, Mr Deputy Speaker Causley, a large number of national servicemen chasing their medals, which they want to have available to them for Anzac Day. I am sure if other offices are anything like mine, we have all had a number of calls from national servicemen seeking this medal.

I understand that the system for registering and considering claims by veterans for national service medals was shut down in December last year and that at this stage nothing has replaced it. I also understand that no applications for medals have been processed for some four months. The Minister for Veterans’ Affairs may be able to confirm that or, if I am wrong, perhaps explain to the Main Committee what the actual situation is. Whatever it is, I implore the government to address this situation so that as many as possible of the national servicemen who are entitled to this medal, who have applied for it and who are waiting for the medal, receive it before Anzac Day—remembering, of course, that some of these people have been waiting since 1952 for this medal. I ask the minister to respond when she sums up this debate.

The other thing that I want to address is the Gulf War health report, which was finally released yesterday. While I welcome the release of this report, I am somewhat amazed and find it difficult to understand why this report was not released before the troops went away. I have not had the opportunity to study the report in detail—and a report such as this does require some detailed study—but I have had the opportunity to read through it and to note some of the recommendations that attach to the report. The first of the recommendations is:

There should be wide promotion of the study findings to the veteran and service communities, the Departments of Defence and Veterans’ Affairs, the Repatriation Commission, the ADF Medical Officers, the broader Australian community and the scientific community.

It is unfortunate that troops have already been deployed to the gulf, because they are the people to whom this report should probably be most widely promoted. It is unfortunate that, while the minister had this report in her possession, she chose not to release it prior to their deployment. I join with my Senate colleague Senator Mark Bishop in calling for this report to be made available to those troops as soon as practically possible. The second recommendation states:

Consideration should be given to measures to reduce adverse psychological impacts of military service or deployment related activities on Defence Force personnel, especially in relation to better psychological preparation for the possibility of chemical or biological weapons attack.

I assume that most members have witnessed some of the vision of the war that is unfolding in Iraq. It looks horrific to me, sitting back watching it on TV. God only knows how it looks to
the troops who are on the ground and to the civilians who are caught up in that. But I assume that, while they are well trained and well supported—I certainly hope that is the case—they still feel the personal fear and personal vulnerability that every soldier carries. That vulnerability, as we now know from the Vietnam War—and from earlier events, I guess—often translates into post-traumatic stress disorder when the troops come home and when they adjust to civilian life or life in military service back in Australia.

Post-traumatic stress disorder is now much better diagnosed. While there is diagnosis, we have to make sure there is support for the troops so that they can deal with any issues that they may confront. Post-traumatic stress disorder is not something that you can see. I know, from my own experience over the years, that someone can look at a person in a wheelchair and see an injury. Unfortunately, many medics and many bureaucrats related to the Department of Veterans’ Affairs have looked at people who have suffered post-traumatic stress disorder and, because they cannot see it, they do not believe it. And this exacerbates the suffering that many ex-servicemen and ex-servicewomen feel. We are better educated about that situation now and we need to make sure that, as a result of that better education, we support the troops better on their return. Another recommendation which I briefly want to mention is:

Consideration should be given to developing a minimum health dataset collected routinely in a standardised manner on all individuals before active deployments.

Another recommendation is:
Consideration should be given to developing procedures for more accurately documenting exposures during active deployments.

I think that both of those recommendations are very important. I do not want to go into the report any more at this stage because, as I said, I have not had an opportunity to study it in the detail it requires, but I felt that it was important to touch on a couple of those matters. I hope that the minister will widely publicise this long-awaited report now that it is available.

Another issue I raise is a letter from a group of veterans in Western Australia on the subject of the Walk for the Troops. It reads:

I don’t know if anyone has told you about the ‘Walk for the Troops.’ Commencing at 0700 hours last Saturday morning, a group of broken down old diggers from Busselton set out from the Busselton jetty to walk to Perth to show our support for the boys and girls deployed overseas and for their families back here in Australia. At midday today we had arrived at Waterloo on the SW Hwy having walked through Capel and Bunbury in the last 4 days. Tomorrow morning we set out again and expect to be in Freo— that is Fremantle of course—

via Harvey, Waroona, Pinjarra, Mandurah and Rockingham by 7 April.

The support we have so far received along the way has been fantastic. Every 2nd or 3rd car in either direction toots and waves. People in Bunbury joined us as we walked. Many people have stopped us on the way and said that they are right behind us in what we are doing.

If you want to pass this message along to other families back in Oz or to any of our boys (and girls) in Iraq we would be very happy. We know what you and they are going through and all our heartfelt best wishes and support is with you and your loved ones.

If anyone wants to contact me, my mobile phone is switched on 24 hours a day ...

With our total support and fond best wishes ...

That letter is from Bob Wood and the walkers for the troops. It is addressed to the wife of one of the men who are currently deployed. Bob Wood is a former member of the 7th Battalion
Royal Australian Regiment and a very well regarded and respected veteran who has done a lot of work in the veteran community in Western Australia. I wish these walkers all the very best and, when I get back to Perth, I intend to go down at the first opportunity and spend some time walking with them.

The last issue I raise is a speech which I had the privilege to make in Belgium on Remembrance Day, 11 November, 2002. I made this speech on behalf of Commonwealth countries. It was one of the most moving veteran ceremonies I have ever attended. If anyone ever has the opportunity to go to Menin Gate on Anzac Day or Remembrance Day, it would be a trip well made because, if anything brings back to us the sadness of war and the totality of sacrifice, it is services such as these. The speech read:

Mr Burgomaster, Distinguished Guest, Ladies and Gentlemen
One of the main reasons for me coming to the battlefields of France and Belgium is to visit the gravesite of my uncle, Vernon Scott.

His mother and father, his brothers and sisters, never had the opportunity to visit his gravesite, to pay their respects and convey their love.

He is a man that my generation of family members never met. He was an ordinary Australian, born in the country town of Pinjarra in Western Australia, who like so many of his generation were called upon to do extraordinary things.

He died thousands of miles from home in a war that did not threaten him or his country. He came here as a volunteer member of the 51st Australian Battalion to do what he saw as his duty. His unit was involved in heavy fighting and he was wounded. He died at the age of 23 and is buried at Bapaume.

He was one of 60,000 Australian men killed in the Great War. Fit, healthy, young, strong of character and spirit, who answered his country’s call to arms and, like so many of his mates, a man who represented the heart and soul of our young nation.

A young man among many who never returned to their homes or their loved ones, from those dreadful days of 1914-18.

Why did he and so many like him come? They came because they believed above all in the freedom of nations and in the integrity and humanity of mankind.

He was one of many from similar backgrounds who came from New Zealand, Britain, Canada, South Africa and India to spill their blood and their youth in support of those from Belgium and France. Young men caught up in the butchery of war.

We look today at the white crosses and the names on the memorials of these battlegrounds here and in France and in countless cities and towns from all of these countries, and we can measure the enormity of their losses.

Our countries gave much but these men gave their all.

Young men of the Commonwealth who had their own hopes and dreams and loves and ambitions for the future. All cut short by the savage reality of war.

We can measure their losses but we cannot measure or even begin to comprehend their individual courage, their sacrifice, their horror or their determination to face the enemy at all costs and against all odds.

These battlegrounds are thousands of miles from home but they are very much a part of our heritage because the blood of our nations and our youth are spilled here.

Ours is indeed a proud heritage. One of freedom, one of pride, one of sadness at the cost of that freedom. But a heritage that is built on the basis that freedom is the greatest principle known to mankind.
We face the future, whatever that future may be, knowing that we owe a debt of gratitude to those whom we remember today.

We have an enduring responsibility to ensure that their sacrifices are never forgotten and that the qualities they put so much store by are the very same qualities which still form the fundamental premise upon which we build our nations today.

I know too that the men who fell in these fields would be comforted to know that they are not forgotten and that ceremonies like the moving ceremonies witnessed today are the tribute of grateful nations and grateful people, who will not forget nor forsake their ultimate sacrifice.

My uncle could not come home to his native country. But in a sense he is at home, resting in peace in friendly fields, with those who fell beside him. Not forgotten, not alone and in the company of brave men, of brave nations, who dared to stand together against a common foe.

I thank you for the opportunity to take part in the formalities here today and for the manner in which you do much to ensure the flame of remembrance burns brightest where once the darkest war clouds gathered.

That is the end of the speech. I wanted to read that into the Hansard for a couple of reasons. The first is, interestingly enough, because the walk for the troops will go through the hometown of Vernon Scott in Pinjarra. It is my hope that I might be able to join those who are walking for the troops when they visit that town.

The other thing is that I visited the cemetery at Bapaume, where my uncle is buried. It is a small cemetery, not much bigger than this room, but it is very well maintained—the grave-stones and the lawn are very well kept. I just wanted to pay tribute to those people who do look after those memorials and who do such a great job. I know the cost of upkeep of our war graves is significant but it is a cost which this nation can afford, and we must continue to maintain those cemeteries and those war graves well into the future. We all know, unfortunately, that from time to time the economic rationalists get hold of departments’ budgets and fail to recognise or understand what this cost goes to and what it means to our nation. We must be eternally vigilant to ensure that the economic rationalists never get their hands on the money that goes to maintaining these Australian war graves and these cemeteries. I also want to pay tribute to the men and women across many countries who actually go out and maintain with a great deal of love, affection and respect those grave sites. We support the legislation.

Mr Edwards—I am sorry. I thought that was the appropriate thing to do.

Mr HUNT (Flinders) (12.50 p.m.)—I am pleased to speak in support of the Veterans’ Affairs Legislation Amendment Bill (No. 3) 2002. I am pleased in particular to be able to follow my colleague the member for Cowan, who has a distinguished career in the service of this nation and who also spoke with great passion about the protection of those memorials which honour the Australian war dead. I have been fortunate to have spent one Anzac Day at Ambon in Indonesia. I witnessed the beauty of the ceremony, the recollection, the power of the memory and I understood, as the member for Cowan set out, some of the profound memories and the extraordinary commitment which flow from the deeds of Australian service personnel in the past.
This bill today is very timely. It comes within the context of three developments. The first development is the Australian service personnel serving overseas in active combat in Iraq as we speak. They face a hazardous and indeed perilous task, a task which is dedicated ultimately to pursuing the objective of providing a people who have not had liberty, who live under the yoke of heavy oppression and who live in a police state—a state with none of the democratic freedoms that we have—with an opportunity and with hope for the future. But they do so knowing that their future is our responsibility to protect back here.

The second development is the release of the Clarke review into veterans’ entitlements. Those recommendations contained within the Clarke review are under consideration and they provide for an extension of benefits in a number of areas. The third development, and one that I welcome in particular, is the statement by the Minister for Veterans’ Affairs yesterday that a rock-solid guarantee will be made that any changes that flow from the assessment and analysis of the Clarke review will only be to the net benefit of veterans throughout Australia—a guarantee that no veteran or veteran group will in any way have their entitlements diminished. I think those three developments provide a very important context for the discussion and debate of the Veterans’ Affairs Legislation Amendment Bill (No. 3) 2002.

In turning to the express provisions of this bill, this bill makes beneficial amendments to the Veterans’ Entitlements Act of 1986. In particular, there are four principal areas in which the benefits and changes accrue. Firstly, it is about indexing veterans’ child related payments and ensuring that they are indexed consistently with family assistance payments. Secondly, it is about safeguarding the age pensioners pension bonus scheme time accrued so, if someone is eligible for the war widows or widowers pension, the accrued time is not lost. Thirdly, it is about amending the legislation so that veterans’ partners pensions are paid from the date of initial lodgment of the application. The important thing here is that it establishes a regime in terms of application dates which is more favourable than the current situation for those seeking a pension. Fourthly, it is about ensuring consistency in determining the lump sum preclusion periods when people receive compensation lump sums.

In addressing the bill I wish to speak briefly about three elements: firstly, its background; secondly, its importance; and, thirdly, its provisions. I want to do so also by noting that within my own electorate there is a series of powerful advocates for the rights and concerns of veterans and the protection of their interests. The RSL groups on Phillip Island and at Bass, Kooweerup, Baxter, Somerville, Hastings, Dromana, Rosebud, Rye and Sorrento, amongst others, are strong groups committed to the individual care and protection of their veterans and also to the general improvement of veterans’ entitlements.

Those concerns have, to a large extent, already been honoured and advanced. Earlier this year, along with a number of other members, I spoke in support of the extension of gold card access to all veterans who have served overseas since World War II. That means that those who have served in subsequent conflicts—Korea, Malaya, Indonesia, Vietnam, the Gulf War, East Timor and now Iraq—will, on reaching the age of 70, be entitled to complete and comprehensive health care coverage for all ailments, irrespective of the cause.

I turn to the background to this bill. It seeks to overcome a series of challenges. The first challenge is in relation to veterans’ child related payments. With the introduction of the family tax benefit under the A New Tax System (Family Assistance) Act 1999, we found that a number of provisions under the Social Security Act were repealed. A consequence of that was that
child related payments under the Veterans' Entitlements Act no longer had a correlating benchmark; veterans' child related payments were unintentionally frozen at the level of the date of the introduction of the family tax benefit. That is the first challenge which this bill seeks to overcome.

The second challenge is in relation to commuted income streams and asset test exemption. Under the current scheme, pensioners benefit from a commuted means test exempt income stream. This is a challenge. I should explain to the House and to members of my community what commutation means. A commuted asset test exempt income stream means that moneys from any source which are transferred over to investment products such as superannuation, rollover annuities or ordinary annuities and other investments are working savings that do not reduce the amount of pension received. In essence, it is about preserving the benefit that someone can obtain from a veteran’s pension. Under the existing legislation, where new investment products have become available, some pensioners receive incomes from income streams that are judged ineligible for exemption. This bill expands the scope of exemption to protect the right of the veteran to the full pension, irrespective of some of the other sources of income that they are receiving.

The third challenge that the bill aims to overcome is in relation to the transfer of benefits under the Pension Bonus Scheme. The Pension Bonus Scheme was introduced in the Social Security and Veterans' Affairs Legislation Amendment (Pension Bonus Scheme) Act 1998. The challenge is that under this scheme people eligible for an age pension, age service pension or partner service pension who defer their claims and their entitlement are eligible to receive a lump sum pension bonus. However, the current legislation does not allow for people who have accrued a bonus period through the age pension scheme to transfer this bonus period over to the war widow or widower. That is the challenge which we are seeking to overcome here. An accrued bonus period—the equivalent of long service leave or an entitlement—which is carried over is not applicable under the current legislation.

The fourth challenge is in relation to a veteran’s partner’s entitlements—the husbands and wives of our veterans. Under the current legislation, the partners of veterans qualifying for the partner service pension must be at least 50 years of age or have a dependent child at the time of application. The challenge here is that veterans’ partners are paid only from the time that they reapply for the partner service pension, not from the date of their original claim if they are denied on a first attempt. This amendment to the legislation is effectively backdating the payment.

I will go through, in sequence, the importance of the changes contained in the bill. The first concerns the veterans’ child related payments. The bill ensures that veterans’ families receive child related payments that are adjusted coinciding with family assistance payments through the family tax benefit scheme. What does this mean in essence for veterans? It means that their child related payments are no longer frozen at the 2000 level. That is a very important development.

The second important development contained within the bill is that it transfers benefits to the Pension Bonus Scheme, overcoming the challenge that we identified. In essence, for ordinary veterans, the bill ensures that people who have already gone through the pain of loss need not be disadvantaged through losing their age pension accrued period entitlements in the transfer to the Pension Bonus Scheme.
The third important development is in relation to veterans’ partners’ entitlements. The bill ensures that partners of veterans receive their entitlements backdated to the date of the first lodgment of their claim. When a veteran applies for the disability pension at the special rate, their partner may also apply for the partner service pension. This is an important development.

The fourth important development is in relation to the lump sum compensation that they receive. The significant development here is that the bill ensures that there is consistency in the treatment of compensation payable in lump sums. When some people receive compensation lump sums, a preclusion period applies. This period affects the amount of pension payable. The bill ensures that there is a consistent approach in the calculation of multiple lump sums as a single lump sum so as to simplify the whole process.

This bill makes a number of improvements to the Veterans’ Entitlements Act 1986. It is essentially about ensuring that Australians who have served, or who have had members of their families serve, receive appropriate child related benefits, that they receive an equitable distribution of pension payments and that they qualify at an early and appropriate time for those benefits. In the broad scheme of things, the bill is a reflection of the government’s compassion towards the veteran community, its respect for their work and its appreciation for their service to the community. It fits within the broader context of reforms and feeds into the reforms which are likely to flow under the final assessment of the Clarke review, a deep and broad-ranging review into the range of entitlements offered to veterans who have served Australia overseas. I commend the Minister for Veterans’ Affairs for her work. I join with the opposition in providing bipartisan support for this bill and commend it to the House and to the broader Australian community.

Ms JANN McFARLANE (Stirling) (1.02 p.m.)—I rise today to discuss the Veterans’ Affairs Legislation Amendment Bill (No. 3) 2002. I support these amendments as a small, positive step to ensuring that our veterans are treated with the respect and gratitude that they deserve. Given that another generation of Australian service men and women are now fighting a war in the gulf, we should be mindful not to repeat the mistakes we made in treating the health problems suffered by Vietnam and Gulf War veterans. Many veterans who I come into contact with still suffer frustration in dealing with the complexities of the system. I would like to raise some of the issues that this bill has yet to address.

A major problem faced by a large number of veterans is a lack of awareness of any entitlements they qualify for and are entitled to. Unless they are a member of an RSL club or similar organisation, there is little in the way of the advertising of benefits. This is wrong. In my previous career as a community worker, I struggled for years to educate people about the benefits and services they could access to make their lives easier. As a parliamentarian, I am still fighting to educate and empower my constituents to access the services they are entitled to—services and benefits that would make their lives that little bit easier.

Some people in our community are vocal in their opposition to welfare services. However, I have not come across anyone who begrudges the services provided to veterans in our community, who have put their lives on the line for our country. This bill goes some way to address some of the need to improve resources to the veterans and their families.

In my electorate there is a veteran who is also fighting for veterans. I would like to use this opportunity in the debate to acknowledge the efforts of Greg Young in our local community. I
met Greg at one of the first community meetings that I held in my electorate in 1999. Greg turned up to a few of my early meetings and gave me a really hard time at the meetings. He was certainly passionate in his advocacy for veterans. As time went on, I found out that Greg was active in the RSL and as an advocate for veterans. Greg also contributes to the local community through his efforts within the Innaloo Sportsmen’s Club.

Greg approached me last year to run veterans advocacy appointments for my constituents on Monday afternoons. At these appointments Greg has been able to help many of my constituents with their problems. The assistance Greg provides is in such high demand that we have extended the hours on Mondays to all day. Greg does this for his community and, as I said before, I would like to publicly recognise his efforts today. We have had feedback from many of the veterans who have been assisted by Greg, and they have all greatly appreciated his efforts. I am grateful to have such a community minded person in my electorate.

What sort of work does Greg do? He has been able to help many veterans discover exactly what they are entitled to and assist them in securing these benefits. However, there are many others in the community who have not been fortunate enough to come into contact with people like Greg. I have advertised the service in the last two editions of *Jann’s Journal* and will be doing so again in the next edition, due out soon. Greg is one of the people who have come across the anomalies which are being addressed by this bill today. There have been many instances of wrong information being given out by Department of Veterans’ Affairs personnel. Sometimes the mistakes are made as both department and client experience communication problems. Other problems exist because people eligible for services and benefits just have no idea at all that they are eligible. How do we fix this problem?

One suggestion made by Greg, and one that I feel has real merit, is for a list of ex-service organisations and advocates who specialise in this type of service to be made available to all veterans. The view in the last few years that the number of veterans would decrease as World War I and World War II veterans passed away no longer holds water. Operations such as the current war in Iraq and our role in East Timor will see a significant number of our current service people become eligible for veterans benefits in the future. I can offer the service in my office through volunteers such as Greg, but there needs to be a centrally coordinated effort to do this. There is little point in improving benefits for our ex-service men and women, as this bill attempts to do, if they are unable to access the correct information needed to claim them. I encourage more members of parliament to offer services similar to the one run in the Stirling electorate. But we must all lobby on behalf of our veterans to formalise the education of our veterans.

Apart from education about services, there are still some problems with the entitlements that our veterans are currently receiving. Of great concern to many people is the differentiation between warlike and non-warlike injuries. This may lead to the situation where two veterans with identical injuries suffered whilst serving overseas may be treated differently based on whether or not the injury happened in the front line or not.

Since 1935, the service pension has been available to all those who have ‘qualifying service’—those who have been exposed to hostile forces. This issue has been brought into the spotlight recently, after the introduction of the gold card to those who served in World War II. Those who did not see service in a designated theatre of war did not qualify for a card, as they were not seen to have been at risk of hostile fire. This can cause problems for those who served in...
our defence forces during World War II in Melbourne and Sydney. They made a valuable con-
tribution to our nation’s security and yet cannot qualify for a gold card even though they were
posted according to the needs of the defence forces at the time. They were members of the
armed forces who volunteered to serve their country, and they are now being penalised despite
the fact that they had no input into the decision not to send them to the front line.

The application of exposure to danger rules will always be problematic. I also recognise
that those who have served under the risk of hostile fire do suffer from unique cases of stress
and trauma that need to be acknowledged. There will always be those who disagree with deci-
sions that are made, but we need to do as much as we can to ensure that we come to the fairest
conclusions possible. It is necessary to find a balance between the recognition of the unique
circumstances faced by those with ‘qualifying service’ and a total disregard of the valuable
contribution made by those who did not face a direct risk of enemy fire but who nevertheless
made an invaluable contribution to their country.

The disability support area experiences similar problems. I would have liked to see this is-
issue addressed in this bill. To qualify for entitlements, it must be shown that the illness or dis-
ability can be traced back to active service. Assessments are sometimes difficult or flawed due
to poor or incomplete records. It may be difficult to assess the factors that lead to a disease or
illness. The Gulf War Veterans Health Study has made some very critical findings and rec-
ommendations regarding the medical and psychological preparation of our Defence Force
troops for the service conditions to be encountered in Iraq. I only hope that this time around
more of an effort has been made to prepare our troops than was made in 1991 and that on their
return they are given the proper assessments so that they will not have the difficulties in ac-
cessing disability support that veterans in the past have faced.

Difficulty in accessing disability support pensions is not the only problem that veterans
face when they are not correctly prepared for service and adequate records are not kept. As I
am sure you are all aware, veterans do not just want payouts; they require a wide range of
support services, from medical treatment to counselling after their experiences. The poor
treatment that veterans have received in the past has also meant that many have missed out on
the help they need. I spoke about this issue in my first speech in this place and about the im-
 pact it had on my mother and family, as both my father and stepfather were World War II vet-
erans who would have benefited from counselling services. This is an issue that needs to be
examined so that current as well as future veterans are given every chance to lead a normal
life after they return home from service.

In addition to the need for proper records and preparation before deployment, we must rec-
ognise that there is often a subjective element of judgment involved in such situations that can
result in disputes over the fairness of a decision. Improvement in these areas will obviously
reduce the degree of subjectivity that is involved in such decisions, but people are unique and
there will always be a need for judgment calls. In these cases, it is important that the veteran
does not feel that he or she has not been heard. Often such cases are not exclusively a dis-
agreement about financial matters but are about feeling that one has been listened to and un-
derstood. If we make it a priority to ensure that the veteran is satisfied that his or her claim
has been treated with the respect it deserves, we will achieve something very important.

Perhaps the most important thing is to ensure that those in most need receive the assistance
they require. The Prime Minister has rejected means testing as an alternative; it was some-
thing that this bill could have quite adequately covered. This is unfortunate. If we cannot come to any satisfactory conclusions regarding eligibility based on vague and ill-defined notions of hazard, we should at the very least seek to ensure that those who are in greatest need do not miss out on much-needed income. Means testing for gold card eligibility in particular is one solution to coping with the overwhelming demand for this valuable resource. The Prime Minister’s refusal to consider this option will mean that funding for the gold card will be put under enormous pressure, and many may miss out on receiving one. As increasing age brings with it the inevitable increase in health costs, we must ensure that this resource is not put under so much pressure that those in need miss out. The current drought and the enormous expense that the Prime Minister has inflicted on our country by sending our troops off to fight another nation’s war are going to deplete the funds we have available for the important areas of health, education and income support, especially social security and veterans’ entitlements. This makes it even more important that we direct those funds to those most in need. Making things more difficult still for veterans is the need for continual proof every three months that they have a disability, in order for their payments to continue. They may even be sent to another doctor at the request of their caseworker.

Greg Young is currently in contact with one man who had his payments stopped after the military compensation board forced him to see another doctor, who overturned his previous doctor’s diagnosis. Whilst I agree that we need to ensure that funds are being directed to those who are truly in need, there is concern about the power of a caseworker to send the recipient to a doctor who is not of the veteran’s choosing and who does not have the experience and history of the veteran’s health problems and medical treatments. This may lead to people with genuine disabilities having their payments cut off due to a minimally informed or biased decision by the non-treating doctor.

There is also concern over the availability of funding for home care so that veterans are enabled to continue living independently in their own home or with the family. As I am sure you are all aware, this is not a concern that is limited to veterans. However, it is one that is particularly relevant to this debate. This bill could easily have covered some increases in resources to the Veterans’ Home Care Program. Home care is a valuable aspect of health. Where possible, surely it is preferable for all concerned to have this option available for people who are ill or for people who have a disability. Home care assists in lightening the load on already overburdened hospitals. It gives people the benefit of living in a caring and familiar environment, which can only increase their general wellbeing. Sufficient funding for this program should be a priority for the government. The Liberal Party has long promoted the importance of the family, yet once again it has failed to back up its claims with any sort of real change or adequate resources.

Anyone who believes in the family and agrees that where possible people should be able to remain at home with their loved ones will agree that home care is in need of urgent funding increases. Home care is one of the biggest issues for the veterans in my electorate of Stirling. No doubt it is the same for veterans around the country and for the families of our veterans also. This bill could have a direct influence on this issue by increasing the funding. The issue of veterans’ entitlements is a particularly urgent one, given that we will soon be faced with a new group of returning service men and women who will need to know, and should be able to expect, that their government will not see them disadvantaged. The members of our defence forces risk their lives to defend our nation, and they must never be allowed to feel that their
sacrifices are not appreciated. A big part of this is to ensure that they receive compensation that is relevant and appropriate.

The Prime Minister has frequently asked that we respect our troops and the work they are doing; I agree. They are brave men and women who risk their lives for this country. I ask today that the Prime Minister heeds his own advice and makes a real effort to ensure that when our troops return home they do not feel that their government has failed them like it has failed veterans in the past. This will not be easy and will not be achieved by small amendments here and there. It requires a commitment on behalf of all of us here in parliament to listen to the concerns of the veterans in our community and to ensure that they are treated with the respect and consideration they deserve. If the government guarantees to do this then I support the bill. If not, I condemn the government and ask its members to look into their hearts, eradicate their meanness and give our veterans a fair go.

Mr CIOBO (Moncrieff) (1.16 p.m.)—It is appropriate that we should be discussing the Veterans’ Affairs Legislation Amendment Bill (No. 3) 2002 in this current climate, at a time when Australia has its troops abroad again serving the national interest of this country and serving as liberators of people. It is high time that we also take this opportunity to consider and to reflect on the legislation that is before this chamber and its subsequent impact on veterans that have served their country previously. When you consider that Australia has some 2,000 troops in Iraq at the moment and in the vicinity of Iraq, and when you consider that most recently we had peacekeeping forces in East Timor, you recognise that veterans make a very important contribution.

As the youngest member of this parliament, I will never forget the very important contribution that veterans made to the history of our nation when they fought to ensure that Australia remains the free and democratic country that people from my generation have to enjoy each and every day. Not only did veterans make a contribution when they served their country and when they fought for freedom, but each and every veteran continues to make a very important contribution to their community as each day passes.

I am delighted also to represent the Gold Coast, specifically the seat of Moncrieff. The Gold Coast has the fourth-largest veteran population in Australia. In my electorate alone, there are just under 3,000 veterans that have either moved to the Gold Coast or who come from the Gold Coast originally. They are part of a broader conglomerate of veterans who call the Gold Coast home, some 16,500 of them. In fact, the Gold Coast has been a strong rallying point for veterans for many years now. I know that my predecessor, the Hon. Kathy Sullivan, had a very close relationship with the Gold Coast veteran community. I have enjoyed the warmth of spirit in the way that they have embraced me as their new member since my election in November 2001. I certainly have made sure that I have met with as many of my veterans as possible, to make sure that they understand the very strong interest that I have in their affairs. It certainly is the case that the veteran community on the Gold Coast is strong. They are a good-natured mob and they are a bunch of very noble people who I know make a very important difference to the Gold Coast’s daily functioning.

Turning to the bill that we are discussing today, the Veterans’ Affairs Legislation Amendment Bill (No. 3) 2002, I would highlight that this bill makes a number of minor amendments to the Veterans’ Entitlements Act 1986. These amendments—and I am pleased to see the Labor Party supporting them—are universally recognised on both sides of the political divide as
being necessary. They are amendments that address anomalies that exist within the current Veterans’ Entitlements Act. The amendments that are proposed in this legislation amendment bill are beneficial because, as I said, they correct anomalies, but they also provide greater clarity to the policies that will apply through the Department of Veterans’ Affairs, the policies put in place by this and previous governments.

The Veterans’ Affairs Legislation Amendment Bill (No. 3) 2002 also aligns the provisions of the Veterans’ Entitlements Act with social security law. I have in the past met with a number of veterans who have indicated to me that they cannot fathom the rationale when there is an anomaly between social security law and the Veterans’ Entitlements Act. It is certainly the case that this legislation will go a very long way towards addressing those anomalies.

When you look at the specifics of this bill, you see that it contains a number of provisions that go to the core of addressing these anomalies and providing clarity to the policies that will apply through the Department of Veterans’ Affairs. In particular, the amendment provisions within the bill provide for the continued indexation of child related payments of income support that, unfortunately, are being received by a diminishing number of people. This is an important change and one that I know will be welcomed by the children of veterans and those who have a veteran in their family.

In addition, the bill makes amendments to the pension bonus scheme. Some amendments contained in this bill will enable persons who have become eligible for a Veterans’ Entitlements Act pension and who have been members of the equivalent scheme under the social security system to have that period of membership counted for the purposes of their membership of the veterans’ entitlements scheme. This is an important point to recognise. Historically it was the case that membership of the social security scheme was not counted. But, as a consequence of this bill, I know that a number of veterans will be glad to hear that that membership will now be counted as part of the Veterans’ Entitlements Act scheme.

The amendments will also remove an anomaly that has prevented the backdating of claims for partner service pensions in circumstances where the claimant was the partner of the original claimant—that is, the veteran. You sometimes had the situation where a veteran had been granted a backdated disability pension at a special rate, yet their partner was ineligible to receive the back payment. As a consequence of this legislation, that anomaly will no longer exist. There are also provisions within this legislation that amend the compensation recovery provisions to align the treatment of multiple lump sums of compensation with the provisions of social security law. Again, this is important because it provides uniformity between the social security system and the Veterans’ Entitlements Act.

In essence, the various amendments contained within the legislation do not have a major impact on veterans’ lives insofar as they only address the few anomalies that existed. But, for veterans who were suffering as a result of those anomalies, this legislation will be very important because it will address the concerns they had as a consequence of the anomalies. All of these amendments further improve the repatriation system so that it continues to take into account more appropriately the individual circumstances and needs of particular veterans.

I reflect, too, on the way the veteran community is regarded. I take this opportunity to recognise that, over the past 18 months or so since I was elected, I have certainly enjoyed having the chance to meet hundreds of veterans who reside on the Gold Coast. On a number of the occasions I have met with veterans, they have indicated to me that there are a number of
anomalies within the current legislation. As I said, this bill is an important step in addressing those anomalies. In addition to that, I want to reassure all veterans on the Gold Coast and elsewhere that this government—and I, as a member of this government—will continue to listen intently to what they say with regard to anomalies.

About two weeks ago the Minister for Veterans’ Affairs was provided with the final report of the Clark review, which reviewed anomalies in the veterans system. The minister is currently having a look at that final report. The government will be making further announcements about ways it will be addressing the veterans’ repatriation scheme to make sure that it continues to be even more equitable. I highlight and put on the record that other members of the government and I—and the opposition—will continue to listen very closely to what the veteran population has to say about the anomalies in the system. And there are anomalies; I recognise that.

As I said at the outset, the veteran population do a great deal in the community. They served their community very proudly in the various conflicts in which they fought and they continue to serve their community today. I am proud to have a strong association with—to name just a few—the Southport RSL, the Nerang RSL, the Surfers Paradise RSL as well as TPI associations, the Vietnam Veterans Federation and the Vietnam Veterans Association. These are only a small, select number of the groups with which I have had dealings. I raise them because each of them plays an important role in the community.

The Nerang RSL recently held a charity auction night to help raise funds for Gold Coast based victims of the Bali bombings. This goes to the core of what I was speaking about earlier, when I said that the veteran community continue to do what they can to help and to support their local community. Lloyd Yelland is an active member of the Nerang RSL. I specifically mention him as a person I have had very close dealings with over time. I look forward to working together with Lloyd and his cohorts at the Nerang RSL. Ralph Ind of the Surfers Paradise RSL is a gentleman whom I have had dealings with on a number of occasions and who I know has in his heart the best interests of the veteran community.

As a government I am most pleased to highlight and put on the Hansard record the fact that we are responsive to and address veterans’ needs—not always totally successfully, but certainly with the best of motives and with true bona fides. For example, we recently provided the Southport RSL with $57,900 in funding for a community bus service. We have also provided the Vietnam Veterans Federation with $27,500 to put towards their club house and associated infrastructure in my suburb of Nerang. These are just a couple of examples, but they go to the core of what is important when it comes to veterans’ affairs. What is important is not just providing money or saying, ‘We have listened to you,’ and leaving it at that; it is about providing funding for associated support networks. It is recognised far and wide that the veteran community has a number of unique needs. One way of addressing these unique needs is to ensure that funding goes towards the community projects and community support that are necessary to ensure that veterans enjoy and get the best use out of what they are entitled to from this government.

I also acknowledge and put on the record the fact that the staff at the Department of Veterans’ Affairs in Southport do an absolutely outstanding job. To Kathy and her team I say a very big thank you. They are a team of people who I know have the respect of the veterans community on the Gold Coast. They do an outstanding job. My staff and I would have a lot more
work to do if it were not for the fact that the Department of Veterans’ Affairs is so capable, prompt and efficient in the activities that they undertake.

I am pleased to commend this bill to the House. It is an important bill. It addresses a number of anomalies and, more importantly I hope, serves as a flag to demonstrate that as a government we work hard to ensure that the veteran community continues to be looked after. I provide the full weight of my support to the veteran community and commend this bill. I conclude by saying that I will always be a strong advocate for the Gold Coast veteran community and I am pleased to work closely with them.

Sitting suspended from 1.29 p.m. to 4 p.m.

Ms JACKSON (Hasluck) (4.00 p.m.)—I rise in support of the Veterans’ Affairs Legislation Amendment Bill (No. 3) 2002. As many members have identified, this is a fairly noncontroversial piece of legislation which essentially addresses anomalies in the Veterans’ Entitlements Act by amending a range of provisions to bring it into line with similar provisions in the Social Security Act and with the Veterans’ Entitlements Act generally. Some of the amendments will either close loopholes or correct oversights and will also, I concede, introduce some minor improvements. As such, I do support the bill.

In debating this bill, I also take the opportunity—as many other members before me have done—to address some related issues with regard to veterans’ entitlements. I think it is particularly appropriate to do so at this time when, as a nation, we currently have troops committed in Iraq. I think we need to consider the welfare of our veteran community as well as the welfare of currently serving defence personnel. It is ironic that, while the government has been very quick to send our troops to fight in Iraq, the level of priority that has been given to the health and quality of life of those who have served this country continues to be very low. You have to ask what level of confidence those young men and women who are now involved in the conflict in Iraq can have in this government when it comes to the provision of their repatriation benefits.

I particularly want to look at the track record of the Howard government when it comes to the treatment of the veteran community. There has been an awful lot of talk about the government’s commitment to veterans and its respect for our troops—but, frankly, very little action. On the last occasion that I spoke on legislation before the parliament concerning veterans’ affairs, I spoke about the concerns of some of my constituents with respect to the veterans gold card. Many doctors are now refusing to provide free medical treatment to gold card holding veterans and many are threatening to pull out of the scheme because of the government’s failure to negotiate an agreement with doctors that will enable them to provide an adequate level of care to gold card holders. We are told that the doctors claim that the schedule fees—that is, the Commonwealth medical benefits scheme rates—are now below the actual cost of providing some services.

I believe that the government and certainly the minister are fully aware of the problem and, it seems to me, are refusing to address this issue. Indeed, veterans are likely to be made to seek medical treatment as general patients and pay the gap between the Medicare rebate and the fee being charged by the doctor. I believe that veterans deserve to have free access to health care, especially in their older years or if they are suffering from service related injuries. They are entitled to free treatment—the free treatment that they have been promised. This is part of the deal we do with them when we ask them to make a commitment to serve their
country. As I say, that is particularly relevant given those Australian service men and women currently serving in the gulf as I speak today. They are prepared to make the ultimate sacrifice for their country and they deserve to be provided with an adequate level of health care on their return.

One cannot talk about veterans’ issues without a passing reference to the Gulf War Veterans Health Study. The belated, obviously politically timed, release of the Gulf War Veterans Health Study—and I say that because it was released well after the deployment by this government of troops to Iraq—demonstrates the government’s lack of commitment to veterans and the welfare of service personnel. With almost 20 per cent of Gulf War veterans currently receiving compensation for illness or disability, the early release of the report would have provided important information for the troops who are now serving in Iraq and for their families who are anxiously waiting for them at home, and could very well have served to better prepare them for their time in the gulf than those who served in 1991.

The Prime Minister was able to fast-track the deployment of our troops to the gulf, so why hasn’t he or his government been able to fast-track the release of this important report? This report does not contain sensitive strategic information that needed to be kept secret. Service personnel and their families, as well as veterans and their families, deserve to be told the truth. The Defence Force health information and record keeping deficiencies that have been exposed in the report need to be rectified to ensure that complete and accurate service personnel medical histories are maintained for future evidence in the event of permanent illness and compensation claims.

I also want to address the report that was released following the Clark review—the recent review of veterans’ entitlements by Justice Clark which was commissioned by the government to address the obvious gaps that existed in the veterans’ entitlements scheme, which this legislation seeks to amend. While veterans will be pleased with some of the recommendations contained in the review, many veterans and their representative organisations are, and will be, disappointed. Several recommendations contained in the review reflect clear needs in the veteran community, such as war widows being denied rent assistance and the inclusion of disability compensation payments as income in the Centrelink means test. These should have been addressed. It should be noted that the latter recommendation is a Labor initiative that the government has rejected on a number of occasions.

Some of the recommendations in the review have been well received by the veteran community. The onus is now on the government to clearly state what parts of the Clark review it accepts and will implement and to provide a clear timetable for that implementation. All the signs from this government are that they are more than prepared to throw money at sending young Australian men and women to war but not spend on repatriation and compensation when they return. As the review has highlighted, the level of repatriation for veterans is inadequate and the government needs to act now.

One of the issues in the Clark review that I was particularly concerned about—and I raised it last time I addressed the Veterans’ Entitlements Act in the parliament—was that the counter-terrorist training undertaken by our Special Air Services personnel should be recognised and declared as hazardous service so that they have access to entitlements under the Veterans’ Entitlements Act. I am disappointed that the recommendation of the Clark review does not seem to have led to a speedy resolution of this issue. Counter-terrorist training has not at this stage
Imagine my concern when I see news reports of statistics such as these, which appeared in the *Age* on Monday, 24 February this year in an article entitled ‘A matter of honour’:

Since 1979, when the group began counter-terrorist training, 26 out of 2300 SAS soldiers have died in training, compared with five fatalities from among all the other defence forces. More than 700 have been injured.

Frankly, those statistics put in stark relief the kind of training we are asking of those specialist SAS troops who deal with counter-terrorism. If we are hoping to encourage people to become members of the Defence Force and participate in this important area of training, we need to recognise that service and properly compensate them when they are injured—or, indeed, their families when they are killed. I again call on the government to give serious consideration to this important and outstanding problem in the area of veterans’ compensation.

As I have said, all the signs are that it is vitally important at the moment that we show our support to the veteran community and that we effectively express our support to those Defence Force personnel who are currently serving in Iraq. As part of that, it is important to be open and honest about the kinds of things that people have been confronting in their past service.

One of the other criticisms that has recently been made of the Clark review, particularly by the TPI Association, is that, contrary to undertakings given by both the Prime Minister and the minister, not all of the information and material placed before the review has been made available or open to members of the veterans’ community. I join my voice to that of the TPI Association in calling on the government to ensure that the full body of material that was put before the committee and used for it to base its conclusions upon is made available to the ex-service community so that they can understand the basis of the committee’s recommendations.

Before I conclude my brief remarks in respect of this legislation, I wish to mention the national service medals that the government has finally made available to national servicemen. I express my great concern at the delay in providing those medals to a number of my constituents who have requested and are due those medals. Indeed, I understand that the processing of those medals has not occurred for some months now. I make a particular request in light of the fact that Anzac Day is only weeks away and many of those servicemen wish to have their national service medals so that they can proudly display them during Anzac Day ceremonies. Perhaps the minister in her response generally to the legislation might give us a clear idea of the efforts being made to have those medals made available in a timely fashion—hopefully in time for Anzac Day.

I conclude my remarks by commending those organisations in my electorate which continue to lobby on behalf of veterans and veterans’ organisations, including my RSL clubs, the women’s auxiliaries that support them, the TPI Association and the Vietnam Veterans Association. The work they do for returned service men and women is commendable, and I certainly record my gratitude for their ongoing work. I look forward to being with them this Anzac Day, when I know that many of them will be feeling a great sense of concern for their comrades at arms who are currently deployed in the Middle East. As I said, I support this bill.
I will close by extending yet again my best wishes and those of my constituents to those troops who are currently deployed in the Middle East.

Ms HOARE (Charlton) (4.12 p.m.)—As outlined in the Bills Digest for the Veterans’ Affairs Legislation Amendment Bill (No. 3) 2002, the purpose of the bill is to update some minor anomalies in the Veterans’ Entitlements Act 1986 and to align provisions in the Veterans’ Entitlements Act with mirror provisions in the Social Security Act 1991. The bill proposes to make minor amendments to the VEA to fix up anomalies and to make consequential amendments arising from changes to the SSA. The main provisions of this legislation include amendments concerning child related payments, the commutation of income streams, the accrual of certain pension bonuses under social security law, the calculation of pension bonuses and the backdating of claims for partner service pensions in certain circumstances. There are also amendments to achieve alignment with social security law concerning the treatment of compensation payable in lump sums.

As the legislation supports the veteran community, I would like to take the opportunity to speak about some of the activities that have been undertaken by the veteran community in my electorate of Charlton. One group of events that I would like to refer to in particular—as the member for Hasluck did before me—is in relation to the anniversary of the national service medal. I have had three presentations so far in the electorate of Charlton where I have presented 85 ex-national servicemen with their ANSM. I have been honoured to present the medal to ex-national servicemen in my electorate in recent years. I have worked closely with the national service organisations and RSLs on many projects, and I am delighted that the contributions of national servicemen are now recognised with a medal.

The commemorative medal is not only a physical reminder of their contributions as national servicemen, it is also a symbol of the nation’s gratitude to all who served as national servicemen between 1951 and 1972. National service was first introduced in 1951 by the Menzies government in response to the world situation at the time and aimed to enable Australia to have a large pool of partially trained young men who could be quickly mobilised if necessary. All men turning 18 were required to register and, once their initial training obligation was completed, they were required to remain in the military reserve for five years. For the first six years, 33,000 men entered the scheme, with over three-quarters electing to serve in the Army. That scheme was abolished at the end of 1959.

The Menzies government introduced a new scheme in 1964, again in response to the worsening international situation. At that time, all 20-year-olds were required to register and selection was via a ballot for a two-year commitment in the Regular Army. The scheme ended in 1972, when Gough Whitlam on his election as Prime Minister abolished conscription. Many elected to stay in the Army and it became a long-term career path. Some nashos are still in the Army, including many senior officers. In both of these cases, many national servicemen acquitted themselves admirably in places like Korea, Malaya, Borneo and Vietnam, as well as here in Australia. The Labor Party has long advocated the recognition of national servicemen who were conscripted from all walks of life into military service during the fifties, sixties and seventies.

The federal government established the Anniversary of National Service 1951-1972 Medal to acknowledge the men who served in the two national service schemes. Further, in the Commonwealth of Australia Gazette in October last year, it was stated that the medal may be
awarded to a person who was registered under the National Service Act 1951, elected to meet his or her obligations under that act by completing part-time service in the citizen forces and completed such service. There was a reference made to the processing of application forms from these ex-national service people for the Anniversary of National Service 1951-1972 Medal. The detail that I received as I followed up applications from many of my constituents was that the last applications for the medal which have been processed were those received in the first week of May 2002. Knowing these dates will be good for all of the members in this place. They can relay them to their constituents who have been asking.

The last applications were processed before the Christmas break. At that time, the department had relocated offices and were in the process of installing new computers and software. They were to have recommenced processing those applications in March this year. However, there were more technical problems and the department were looking at transferring most of the process to Canberra over the next few weeks—that is, from now—so that the process will no longer be stalled and can get under way again. Unfortunately, when our constituents try to call, because there has been such a backlog and the processing has not occurred, the 1800 number is forever engaged. So I hope this will give all members of this place an opportunity to give their constituents who are asking about the processing of their application and where it is up to some idea of what is happening. Those dates were: the last applications were processed before Christmas, and they were the applications which were received by the department in May 2002. So, unfortunately, those people who have not yet received their medals and are hoping to have their medals presented to them prior to Anzac Day this year will be waiting until Anzac Day next year.

Also, at a special meeting on 17 March last week, the Westlake Macquarie subbranch of the National Servicemen’s Association of Australia had a meeting which was chaired by Cec Donaldson, who is the president of the Toronto RSL subbranch and the patron of the Westlake Macquarie subbranch. In attendance at that meeting was Jeff Hunter MP, the member for Lake Macquarie, who is a patron. He presented the state flag to the subbranch. Also in attendance were Mr John Mills MP, the member for Wallsend, and Mr Milton Orkopoulos MP, the member for Swansea. At this meeting the branch was awarded its charter and banner by the state secretary of the association, Mr Moran, who stated that the Westlake Macquarie branch was the 43rd branch to be opened since the association’s inception. The charter and the banner were accepted on behalf of the subbranch by the subbranch president, Mr Ron Meadows. Unfortunately, because parliament was sitting I was unable to be there for that presentation; however, I am a proud patron of the Westlake Macquarie subbranch of the National Servicemen’s Association of Australia.

I am also a proud patron of the National Service and Combined Forces Association of Australia. I join with my colleague the member for Hasluck in taking an opportunity in the debate on the Veterans’ Affairs Legislation Amendment Bill (No. 3) 2002, to thank all of those good people in our communities—in the various associations and support groups and in the various RSL subbranches, as well as the women’s auxiliaries—who do so much for our veteran communities and who will continue to do so much. Their workload will increase as our service men and women hopefully return home safely from the gulf.

I would like to mention the organisations in my electorate of Charlton which do such a great job, the RSLs and the women’s auxiliaries that support them so much: the Boolaroo-Spears Point RSL subbranch, the Cardiff RSL subbranch, the Morisset-Dora Creek RSL sub-
branch, the Toronto RSL subbranch and the Wangi RSL subbranch, as well as the National Service and Combined Forces Association, the Westlake Macquarie subbranch of the National Servicemen’s Association, the Westlakes Ex-Service Women’s Association and, of course, my dear friends Beth and Bear at the Westlakes Veterans Support Group.

In conclusion, we all know wonderful people who serve the veteran community so well. One of those has been Harry Creek. Harry has just retired as the secretary of the Toronto RSL subbranch, and I join all members of the Toronto RSL subbranch—and probably all members of this place—in extending my very best wishes to Harry on his retirement from office. Harry and I have enjoyed a long and happy working relationship. His experience and contributions to the community will be sorely missed. However, after 50 years of holding office, I believe he has earned a rest. I would also like to extend my congratulations on the many achievements Harry has gained, which demonstrate his commitment and loyalty to his country and his hard work for his community and his family. Harry Creek, we salute you.

Mr HARDGRAVE (Moreton—Minister for Citizenship and Multicultural Affairs) (4.23 p.m.)—Mr Deputy Speaker, it is always nice to see you in the chair. I am very pleased, on behalf of Minister Vale—who has some other matters to attend to—to sum up for the government. In doing so I want to pay ongoing tribute to Danna Vale as the minister. I know that today she announced that she is looking at increased penalties for defence medals fraud, which I welcome. There have been a lot of good contributions from members on both sides about matters to do with their local RSL clubs and national service medals, which I will try to comment on as well. Minister Vale has said that penalties for fraudulently claiming defence service will increase fifteenfold under legislation she is looking at—which is very worthwhile. The fact that she is looking to ensure that the good standing of all those who wear medals is made certain is yet another measure by this government to enhance the already high standing of those in the veterans’ community and is welcome.

This government and its predecessors over the last eight decades have developed a comprehensive repatriation system that recognises the special standing and the needs of our veteran community. The Veterans’ Affairs Legislation Amendment Bill (No. 3) 2002 is further evidence of the Howard government’s continued commitment to improve the delivery of the compensation and assistance that is available to veterans and their dependants through the repatriation system.

The bill implements a number of minor policy changes that will improve the operation of the repatriation system by removing certain anomalies which have disadvantaged a number of veterans. Other amendments in the bill will improve the delivery of benefits provided under the Veterans’ Entitlements Act. The bill includes amendments to the VEA to reflect legislative changes to the social security system that will ensure that both systems continue to operate consistently and fairly.

The bill also includes amendments to provide for the continuation of the indexation of the saved payments of child related income support being received by a small number of families receiving a service pension or income support supplement. The bill also includes further amendments to the income stream provisions to prevent the potential misuse of the rules that allow for the early commutation of an income stream and the continued application of a favourable means test treatment for that income stream.
This bill makes amendments to the Pension Bonus Scheme to provide that, in certain cases, a period of membership in the Pension Bonus Scheme that has accrued under social security law will also count towards the calculation of a pension bonus payable under the VEA. Other amendments to the Pension Bonus Scheme will ensure that the pension bonus will more accurately reflect the total amount of deferred pension and the marital status of the pensioner during the period the bonus was accrued. The bill also provides in specified circumstances for the backdating of a partner service pension that is payable to the partner of a veteran.

The remaining amendments will align the compensation recovery provisions applicable to multiple lump sums of compensation with those that apply under social security laws. These amendments are very worthwhile and are supported, it seems, on both sides. We are pleased to see that support from the Australian Labor Party.

Before concluding my comments, I would like to make a number of general observations regarding some of the contributions that have been made today. Each member that has spoken has talked with a great sense of pride about the local RSL and veteran communities in their own electorates. As a local member, I certainly do appreciate the strong work that is being done by the RSLs in the advocacy that they have provided to veterans in my own area. In fact, I often reflect that we are one of only six countries with 100 years of democratic traditions—the USA, the UK, Canada, New Zealand and Switzerland being the other five. With Anzac Day coming up, it is timely to remind ourselves that we could not make that boast if it had not been for those who were prepared in a time of conflict to stand our ground for us by putting on a uniform and serving their country. As a government, we are always—and have been during our seven years—demonstrating our commitment to veterans and their families. We are always looking for improvements to the repatriation system to ensure that we continue to meet the needs of those who have given so much to this country for so long.

Wearing my ministerial hat, I also want to thank the RSL national executive and the President, Major General Peter Phillips. He talked about Harmony Day last Friday—21 March—and said that it would be a poignant occasion, given the troubled times in world affairs and divisions over our involvement in Iraq. But, as he quite rightly said—and I thank him for his comments—it is all the more reason to make every effort to secure harmony at the grassroots of our society. He conceded that the RSL had historically had some difficulty with multiculturalism as a government policy per se but said that they were very supportive of this government’s emphasis on inclusiveness. He made the very telling observation that veterans know well that, in the trenches, colour, race or creed count for little—a mate is a mate—and that is how it should be in the Australian community. Major General Peter Phillips and the RSL should be congratulated for that sort of leadership, and we thank them for that.

I have listened to each of the contributions of other members and I can certainly see some similar points in my own electorate. The Sherwood-Indooroopilly subbranch of the RSL have made a wonderful contribution, for instance, to the local community’s knowledge of our national symbols and emblems. They have set up information booths at local shopping centres in the lead-up to Australia Day. They have showcased posters and brochures. They have shown information books on our flag, our floral emblems, our national anthem and much more. John Turner, who is a pension officer with the South-East District RSL Greenslopes Welfare and Advocacy Service based at Greenslopes Private Hospital, deserves a mention. He was awarded a 2003 Moreton Community Achievement Award for his work. According to his mates, his dedication is second to none in helping veterans and their families with claims and
entitlements. He conducts his work through much research, travelling, visiting members and networking, all at his own expense. It is people like John who embody the true spirit of veterans all over our country. They never seem to stop giving.

There has been a great deal of applause from the veteran community and the nashos for the Howard government’s initiative in introducing the national service medal. I believe the popularity of this medal has exceeded all expectation as the community has embraced, far too many years after the fact, those who served during the times of national service. I understand that the Department of Veterans’ Affairs have been somewhat penalised by a move of the branch that has been handling the processing of these medal applications. That move is now complete. In their new environment they will be able to streamline the processing of the applications for these medals more than a little, so I invite those honourable members who have talked about these matters to reassure their local veteran communities of the government’s commitment to ensuring that all of those entitled to receive a medal do receive one. In fact, next week I will be offering veterans in my local community a morning tea as we celebrate that service to Australia in the handing out of national service medals to more veterans in my area.

I finish with the observation that the Salisbury subbranch of the RSL in my area have been supported by the state government of Queensland with a 99-year lease on the park at 25 Industries Road, Salisbury, which they use twice a year, on Anzac Day and Remembrance Day. It is good to see the state government helping the local RSL in that way, but it has been somewhat tainted by the fact that, even though the park has no toilets, the Brisbane City Council say that they must pay sewerage charges on this park. There might be sewerage and water pipes running past the property but nobody at the RSL is accessing them. So the Brisbane City Council, in their poor spirit of community service, are charging the RSL $500 for absolutely zero use of this sewerage service. That is not in keeping with the work done by both sides of politics at the federal level and at the state level. This is from a Brisbane City Council which, on the day World War I veteran Eric Abraham died—a week ago tomorrow—took down the Australian flag and put up the United Nations flag at Brisbane City Hall. The churlish nature of Jim Soorley is well known. Happily, he will soon be leaving Brisbane City Hall, and we hope the Australian flag will fly there again and on the Storey Bridge, as it should.

Nevertheless, I believe strongly that both sides of politics at the federal level have had an ongoing and long-lasting commitment to our veteran community, and the Howard government has demonstrated its continued commitment to veterans and their families with the initiatives contained in the bill which is before this chamber. I do not believe that anybody could dispute the fact that no group is more deserving of our admiration and our gratitude than those men and women who have served Australia in times of war and conflict. I commend this 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.
Debate resumed from 12 December, on motion by Mr Costello:

That this bill be now read a second time.

Mr McMULLAN (Fraser) (4.35 p.m.)—The Terrorism Insurance Bill 2002 is in response to a profound and serious market failure in the insurance industry. Following the September 11 attacks, terrorism insurance and reinsurance have been fundamentally withdrawn. Loans to business are typically secured by mortgages or charges against company property. If a terrorist event destroys business property and the business then defaults on its loan repayments, lenders will be exposed to loss if there is no insurance cover. There is evidence—that the lack of terrorism cover has been jeopardising commercial development, as financial institutions have been unwilling to extend credit to property owners who are not insured against damage incurred in a terrorist attack. If action is not taken, the failure of the insurance industry to provide terrorism cover may impact on significant drivers of economic growth and employment.

The unwillingness of insurance companies to provide terrorism cover is not surprising. The attacks on 11 September 2001 resulted in the largest insurance event in history. Insurance losses as a consequence of that event are estimated to be approximately $50 billion to $60 billion. Up until that horrific event, terrorism risk was generally regarded as negligible in markets such as ours. Some insurers may not have explicitly priced for it, as the probability of an event and its impact are very difficult to estimate. Regrettably, terrorism risk is no longer something that can be ignored.

The government has taken far too much time to respond to the problems caused by the withdrawal of cover. I am quite sure the Treasurer began to receive strenuous representations from bodies such as the Property Council of Australia soon after 11 September 2001. The Property Council and others certainly discussed this issue with me on a number of occasions prior to the time that the government finally and belatedly announced that it was going to take some action. The Property Council and others, like the Insurance Council of Australia, quite reasonably asked me not to make their concerns public because they did not want to aggravate the existing problem in the market. But for all this time the government was receiving reports that terrorism cover was being withdrawn, and it was being encouraged to establish a reinsurance pool to pay terrorism-related claims.

In 2002, evidence began to mount that the withdrawal of cover was having an effect on investment in major projects. When I visited the United Kingdom in July last year, I made a point of raising this issue with the Association of British Insurers and, as a consequence, I publicly called for the government to act. Yet still the Treasurer did nothing. In August last year the Treasury secretary was prepared to publicly acknowledge the problem. Dr Henry said:

... the private market is failing to provide a product—terrorism insurance—even though the social benefits of its provision exceed the costs of supplying it.

Such market failure constitutes a persuasive case for government intervention. I think Dr Henry put it very well. A Trowbridge Consulting study commissioned by the Treasury found that virtually no terrorism insurance related cover was available for commercial property and
business interruption and that such cover as was available was at prices well in excess of perceived risk.

In October 2002, the Treasurer finally announced details of his proposed scheme, and this bill seeks to implement its key elements. Unfortunately, even after all this time, details of the scheme were still being negotiated last week, and the opposition have only recently been briefed on the changes. As I will outline, Labor have a number of concerns about how the scheme will operate and we will therefore seek to have this bill referred to the Senate Economics Legislation Committee to explore these issues.

Against that background, I turn to the detail of the bill. The bill deems that eligible insurance contracts must provide the same amount of cover for eligible terrorism losses as they provide for losses or liabilities arising from other causes. For example, if a business is insured against fire for $100,000, it will also have, as a consequence, $100,000 cover against damage caused by a terrorism incident.

The term ‘eligible insurance contract’ is defined to include contracts to provide insurance cover for loss or damage to tangible property located in Australia either with or without insurance cover for business interruption losses arising from loss or damage to property or insurance cover for public liability associated with the property.

Under the proposed scheme, insurance companies will be able, but not obliged, to lay off some of the risks involved in providing terrorism cover by seeking reinsurance through a Commonwealth statutory body established by the bill, to be known as the Australian Reinsurance Pool Corporation, or ARPC. The minister may give written directions to the ARPC in relation to the performance of its functions and the exercise of its powers. One of the most important directions that the minister may give is to set premiums payable by insurers to the APRC for reinsurance. At present the government has proposed that the base reinsurance rate for terrorism cover be set at two per cent of underlying premium; additional surcharges of two per cent and 10 per cent, respectively, will apply to urban and CBD insured property.

It is envisaged that the corporation will levy these premiums for three years to build up a reinsurance pool of $300 million. In the event of an incident, the insurance industry would be required to bear the first $10 million in losses, with a maximum exposure of $1 million per company or four per cent of gross premium before having recourse to the then established reinsurance pool. In the event that losses from an incident exceed the resources of the pool, the bill provides that the Commonwealth will guarantee the liabilities of the corporation up to a total of $10 billion.

The minister must publish directions relating to premiums and retention amounts. However, it is important to note that these directions are not disallowable instruments. The bill provides that every three years the minister is to review the need for the operation of the act. Wouldn’t it be welcome if we concluded that, at the conclusion of one of those reviews, we were back in a situation where special cover for terrorism insurance was not required? Unfortunately, I have to say that one is not very optimistic that that is going to happen quickly.

Labor support the need for a scheme to deal with market failure. Therefore we will not be opposing the bill in the House, but we certainly want to examine it more closely before a Senate committee. As I indicated earlier, we have a number of concerns about the operation of the proposed scheme. I would like to outline some of the issues which underlie those concerns.
Under amendments proposed by the government and acceptable to the opposition, the bill will apply to eligible insurance contracts in force on or after 1 July 2003. That, I think, is a positive improvement. Many other nations are also grappling with the impact of the withdrawal of terrorism cover, and a variety of different approaches have been tried. For example, in the United States, legislation requires commercial insurers to offer terrorism cover to all insureds, but they have the right to accept or reject this coverage. Under the Terrorism Risk Insurance Act 2002, the US government will pay 90 per cent of any losses up to $100 billion above a retention amount based on the insurer’s premium earnings.

The UK government encouraged the insurance industry to establish a mutual insurance company, Pool Re. Membership of the company is voluntary and is open to any insurer offering commercial property insurance in the UK. The company is authorised only to write reinsurance relating to terrorist risks on commercial property insurers. Pool Re reinsures its liabilities with the UK government. Germany has recently established a plan based on the UK model.

Under both the US and UK approaches, property holders are able to assess the risks and decide whether they need to purchase terrorism insurance. In contrast to these approaches, the Australian government’s proposed model says that property owners holding policies covered by the scheme will be compelled to take out terrorism insurance. The US and the UK believe that compulsion is not needed to address the market failure. As the explanatory memorandum acknowledges:

The absence of insurance cover for terrorist risk is not a problem for any property owner who considers their property at low risk or is prepared to accept the risk themselves.

I note the concern that small business groups have expressed with regard to the proposal. Last week COSBOA rejected the proposed scheme as imposing an unnecessary impost. Compulsion requires policyholders at low risk—that is, for example, commercial property owners in regional Australia—to subsidise the premiums of those at high risk such as the owners of CBD property. It might be that this compulsion is necessary because of the small size of the Australian market and the need to diversify risk. To date, however, the case has not been made strongly—or, in my view, adequately.

The opposition believe that there has been inadequate consultation in the development of the bill and that the issues surrounding the need for compulsion should be thoroughly examined by the Senate committee. We do not have a closed mind about this compulsion issue. Other countries have found it unnecessary, and we will need to have explained to us either why compulsion is a preferable route—and that seems to me unlikely but possible—or why it is necessary in Australia, notwithstanding that it is not preferable, because of significant differences in our market; for example, questions of market size. Those are issues that should properly be addressed by the Senate committee, and I will listen with interest to their conclusions.

Another concern that we have with this scheme is the quantum of the premium that will be charged by the insurance companies. Currently the bill contains no limit on the price that insurers may charge their customers for the terrorism cover that they will be compelled to purchase. The explanatory memorandum states that the government proposes to explore ‘acceptable cost recovery arrangements’ but gives no indication of what these arrangements may involve. It also suggests that commercial market pressures can be expected to ensure that pre-
mums charged to policyholders do not significantly exceed charges for reinsurance. My col-
leagues and I do not share the government’s confidence that the insurance market will func-
tion this way. The record of the insurance companies in recent times does not inspire confi-
dence that premiums charged for terrorism cover will be reasonable. We do not wish to see a
repeat of the experience with public liability insurance where, despite extensive law reform,
premiums continue to rise.

The US experience also suggests the need for some controls over premiums. Following the
introduction of legislation requiring companies to offer cover, there have been reports of pre-
mium increases exceeding 100 per cent, and insurance companies have been accused there of
profiteering. Therefore, we will seek to use the committee process to explore measures that
could be taken to ensure that insurers do not engage in price exploitation and to insert a provi-
sion, consistent with the government, in relation to the introduction of terrorism insurance.

Mr McMULLAN—Before the necessary suspension, I was speaking about the concerns
the opposition has about prior experience in other areas of insurance reform, the experience in
other countries that have made reforms in this area and the outcome in terms of insurance
premium increases. In the case of the United States, there have been reports of premium in-
creases exceeding 100 per cent and accusations of profiteering. When this terrorism insurance
product does come on the market it may well do so in a way that does not reflect the best
competitive market that is in many areas of insurance. We will seek to use the committee
process to explore measures that could be taken to ensure that insurers do not engage in price
exploitation in the introduction of terrorism insurance.

One option that the parliament has looked at would be to insert a provision consistent with
the government’s Medical Indemnity (Prudential Supervision and Product Standards) Bill
2002. That provision requires insurers to offer medical indemnity premiums that are reason-
able. The medical indemnity legislation requires APRA to issue guidelines outlining what
constitutes a reasonable premium. That is a formula that we have applied to the doctors as a
form of insurance protection that might be offered in an area where the market is not operat-
ing fully and competitively. It may well be that that is a provision that ought to be available to
hundreds of thousands of small businesses that are going to be confronted with this issue as a
result of this bill with regard to terrorism insurance. But that is not the only way the matter
could be handled; an alternative approach would be to empower the ACCC with similar pow-
ers to those which it exercised in relation to the GST.

What we are convinced of is that this is an issue that needs to be addressed, that the bill
does not address it and that the Senate committee in looking at the matter should come to a
view about the most effective way to address it. Of course, we would be pleased if we were
assured that there was just going to be a great competitive upsurge of supply of terrorism in-
surance as a result of this bill and that no such regulatory regime is required. But that is not
the international experience and it has not been the experience when similar areas of reform
have been undertaken. That is a proper matter for subsequent investigation.

Another issue concerns the potential for property owners who feel they are not at risk to
avoid terrorism insurance premiums by insuring offshore. The Association of Risk and Insur-
ance Managers has reported that this is not an uncommon practice amongst large entities in
In conclusion, the Labor Party accept that there is a strong case that the withdrawal of terrorism insurance constitutes a profound market failure which needs to be remedied by legislative action. Therefore, we are not opposing the bill, and we look forward to a bill that we can all support going through both houses of the parliament. But we have a number of concerns about the operation of the scheme, and we would like these matters to be more closely examined. It is a cause of great concern to me that the government has not acted with urgency on this matter. We all became aware of the problem very soon after September 11—certainly by October 2001. The scheme was not announced for 12 months—not until October 2002. The bill to implement the scheme was introduced in December and has been listed for debate in March. However, the start-up time for the proposed scheme, belated as it is, is 1 July, so there is still time to ensure that the response to the withdrawal of cover is appropriate. So I indicate on behalf of the opposition that we will not be opposing the bill in the House of Representatives. We want to see the bill pass. We want to have a close scrutiny of it, but we are very confident that we will be able to find an agreed form of legislation that we can all support. That is what we will be seeking. We will be seeking in the Senate to have the matter examined in more detail. But there is a market failure and it does potentially have profound ramifications. Therefore, it is a matter that we need to address promptly, and that will be our responsible approach to addressing this real problem in our insurance market.

Ms JULIE BISHOP (Curtin) (5.06 p.m.)—This building is not an old building. In fact, the parliament only opened its doors some 15 years ago. Just five general elections have passed since that day. Yet it would be very fair to observe that it is unlikely that this place has ever been so sombre or so wrenched or the atmosphere so grave as it was in the week beginning 14 October 2002—nor is it likely to be again, we pray. As each day of that week wore on, as we inched that little further away from the events of that terrible Saturday night in Kuta, so we seemed to fall as a parliament and as a nation into the morass of despair. In fact, I have never felt quite so sad as I did in that memorial service in the Great Hall, seeing the family and friends of the victims united in their grief.

On that Saturday night, 12 October, in Paddy’s Bar and the Sari Club on Kuta Beach in Bali, a foul crime was committed. That night, 180 young people in the prime of their lives—Indonesian, Australian and others—were murdered and hundreds more were maimed by bombs planted by Islamic terrorists. In the days after this atrocity, as the news reports, the television scenes, the recriminations and the tears washed over this nation, we came to the realisation that we are all New Yorkers now. We have as a nation been touched by the hand of terrorism. I was in Bali a few weeks back with a tourism task force, an initiative of the Indonesian government organised by Gavin Anderson and Co., to look at the impact of this terrorist attack on Bali tourism, which is, in a word, devastating. Standing on the levelled site that was formerly the Sari Club, I was left with the awful realisation that, as it has happened there, it could happen here.

This government has reacted to these circumstances with commendable energy. We have redoubled our commitment to the international fight against terrorism, we have strengthened
Australia’s counter-terrorist forces and we have made a genuine effort to enlist into action the greatest advantage a free nation has in battling this scourge—the eyes and ears of its citizenry. It is to the discredit of some, including some in this place, that the good faith of the great majority has been disparaged by the politicking of a small minority. No sensible person could judge the recent national security campaign to be anything but an appropriate response to the terrorist challenge, yet there has been this absurd theatrical response to the campaign—the fridge magnet campaign, if you will. That response ought to be considered with the disdain that it deserves.

The federal government has also taken the first steps to bolster Australia’s economic defence against terrorism by reforming our insurance laws. In fact, some 13 days after the Bali bombings on 25 October 2002, the Treasurer announced the details of a scheme for replacement terrorism insurance. The bill before us today, the Terrorism Insurance Bill 2002, will address the public’s very real concerns about the inaccessibility of affordable insurance—particularly for commercial property and vital infrastructure—against terrorist damage. A survey conducted by the Association of Risk and Insurance Managers of Australasia in early 2002 revealed that more than 40 per cent of companies had had terrorism excluded from policies renewed after 11 September 2001. Of those companies yet to renew, 64 per cent had been advised that cover would not be available. This has, in turn, had an impact on the economy more generally.

The Australian Bankers Association has advised that the absence of terrorism insurance is likely to delay or deter large-scale infrastructure projects in the future. As the Treasurer noted in his second reading speech, this inaccessibility is an instance of genuine market failure. A gap exists in the provision of information concerning terrorist risk, while the costs of any terrorist attack are likely to be considerable. This is not, of course, a problem unique to Australia. Other nations have sought to ensure that any market failure occasioned by fears of terrorism was resolved through public intervention.

In Britain, a nation that has endured over three decades of Irish republican terrorism, a pool reinsurance company, Pool Re, was brought into being in the early 1990s to ensure that British property remained insured against terrorist attack. Across the Channel, the French government took a similar step in the wake of September 11, instructing the state owned insurance company, Caisse Centrale de Reassurance, to cover the costs of damage above an annual €1.5 billion ceiling. The Bills Digest notes that similar schemes have been adopted in Spain, South Africa and Israel. In the United States, where total insurance losses stemming from the September 11 attacks have been estimated at between $US35 billion and $US75 billion, Congress passed the Terrorism Risk Insurance Act late last year.

The Australian initiative, of which this bill is integral, will provide replacement insurance to cover commercial property and infrastructure for damage and associated costs that might result from terrorist attack, whether in the form of explosion, flood, fire, aircraft impact or biological or chemical weapons. Under the new arrangements, to be administered by a statutory corporation to be known as the Australian Reinsurance Pool Corporation, insurance companies will be required to provide this cover but will be able to access a fund pool of premiums expected to be worth approximately $300 million. Should—God forbid—any terrorist attack occur in the future, the industry would bear the first $10 million in claims, with each company having an exposure limit of $1 million annually. Beyond that $10 million, the federal government would step in, first through the $300 million funds pool, then with up to $1
billion from a commercial loan facility operated under Commonwealth guarantee and finally up to $9 billion through the direct reinsurancer of the federal government.

Interested stakeholders, including the Property Council of Australia and the Insurance Council of Australia, have welcomed this initiative, and this bill ought to be welcomed likewise by the members of this House. I would hope that all of us in this place are generally sceptical of government economic intervention. We all ought to recognise that intervention occasions unexpected as well as expected consequences, negative as well as positive. Yet we should also remain cognisant that there are some—and I emphasise ‘some’—instances of market failure in open economies. There is a need for certain public goods and there is occasionally a need for legislation of this type to bridge difficulties generated by extraordinary circumstances.

There has been wide consultation in relation to this bill and, while it has received the support of the Property Council of Australia and the Insurance Council of Australia, I can understand the criticism from some sectors of the insurance industry as to the compulsory nature of the scheme, given the range of risk that could be applicable—from negligible to high. But I also appreciate the fundamental need for the accumulation of a credible funds pool, particularly within a reasonable period. Furthermore, I certainly share the Treasurer’s hope that the market will in time restore a commercially viable and reasonably priced system of private terrorism insurance and end the need for this new arrangement. Not only will such a development be welcome for its inherent advantages but also it will signal the final victory of free peoples over the terrorist gunmen and bombers. I commend this bill to the chamber.

Mr SNOWDON (Lingiari) (5.16 p.m.)—I am pleased to be able to talk about the Terrorism Insurance Bill 2002 which, as other speakers have pointed out, addresses the gross market failure in the insurance industry following the terrorist attacks of 11 September 2001. Following the attacks, the insurance and reinsurance companies have withdrawn coverage for terrorism risk. The difficulty of obtaining insurance has thrown into doubt major projects, as financial institutions have been unwilling to lend unless the property owners are fully insured against the risk of terrorist attacks. The scheme this bill introduces aims to address this market failure by the establishment of the Australian reinsurance pool corporation, and it compels insurance companies to provide cover for terrorism on all policies in all classes of insurance included under the scheme.

An interesting aspect of the bill is that it has been brought in as a temporary measure to address a temporary market failure. I am not quite sure why the government regard it as a temporary market failure. I would have thought that, prior to September 11, there was little thought that there would be terrorist threats of the type that we have suffered since, including the awful events of September 11 and Bali. Under those circumstances, I am not sure that the market could have anticipated those sorts of situations. I believe that, whilst the market is an appropriate place for some avenues in a capitalist system, it is clear that markets do not always operate in a convenient way. In fact this instance, whilst I am not sure that I call it a failure, describes the inadequacy of the market to take account of particular circumstances which were unforeseen.

The fact that they were unforeseen, however, raises a couple of questions about risk. I would have thought that one of the issues we have to deal with here is the risk assessments that are being made by insurers and the insured about the possibility of terrorist activity. It
concerns me somewhat that the government seems in the current circumstances to be a bit blase about the possibility of increased terrorist activity resulting directly or indirectly from the events in Iraq. I note that we have already had a government initiated public relations exercise in which $20 million was spent effectively to give everyone in Australia a fridge magnet to highlight the government’s concerns about terrorism; but in the current environment, when it is a real issue for the Australian community, the government is all but mute.

Even after both the United States and the United Kingdom governments have issued statements predicting an increase in the risk of terrorist attacks, the Howard government refuses to admit the full and enduring consequences of its actions in relation to Iraq. The US State Department had this to say directly after the outbreak of the war:

As a result of the military action in Iraq, Indonesia’s frequent political demonstrations may escalate, increasing the potential for anti-American violence and for terrorist actions …

Yet in question time on Monday we had the Prime Minister tell us:

The overall threat level in Australia has not changed since the beginning of the war in Iraq.

He defended his position not to raise general threat levels in the region for places such as Indonesia, apart from the heightened awareness in relation to Surabaya. We have to ask ourselves why, because he would know that threats have been made. The Chairman of the Islamic Defenders Front in Indonesia, Habib Rizieq, said on 20 March:

When the attack against Iraq happens the allies will face thousands of new Osama bin Ladens who will destroy US interests around the world … Every citizen who directly supports the US is considered kafir harbi—

that is, Westerners, who deserve to die. I am concerned about that, as I am sure are all Australians and, I believe, all members of this parliament. But it does us no good not to honestly appraise the potential increased risk that results directly from those sorts of assertions.

Mr Deputy Speaker Lindsay, you and I were fortunate last year to visit Indonesia and to talk to a number of moderate Islamic leaders who voiced this concern to us. As late as last month when Islamic leaders were in Parliament House they expressed the view that there was a concern that there would be extremist Islamics who would undertake terrorist activity as a direct result of the intervention of the coalition of the willing in Iraq. If the elites in Indonesia are aware of that threat and the potential that has for increased terrorist risk, then it seems to me that the elites in Australia should be similarly aware. Unfortunately it appears that that is not the case.

It is worth noting that on 18 February this year the former Indonesian foreign minister, Ali Alatas, was quoted by IslamOnline as saying:

The looming US-led war on Iraq will create a fertile ground for extremism in the Islamic and Arab world in an unprecedented way.

That reinforces what I have just said. Dr Alatas was quoted further on IslamOnline:

He warned that the war on Iraq will change the majority of Indonesian Muslims from moderate, tolerant people into ‘radical movements which would break their silence by a loud outcry’.

Of course we hope that is not the case, but it does raise serious questions about the terrorism risk that we are confronting. While it is all very well to talk about market failure, there are some events that you will not anticipate and some events that you can anticipate. But I would
have thought that there is a responsibility upon government to make a realistic risk assessment of what we actually do confront, and I am not sure that that has happened.

It is also worth while noting that, two weeks prior to that intervention by Dr Alatas, the current Indonesian foreign minister, Hassan Wirajuda, told Lateline much the same thing. He said that he made it clear that Australia’s unthinking obeisance to the American President had very direct implications on our position and reputation in the region. When Tony Jones asked Mr Wirajuda:

… Malaysia’s PM, Mahathir, has accused Australia of acting like America’s deputy sheriff and says this will damage our relations with our neighbours.

Do you share those concerns?

Mr Wirajuda said:

We do share, yes, and I think many countries in the region do share the positions of Malaysia in this regard.

When he was asked about whether he was worried about public opinion in the streets of Indonesia, he said:

I would say that the intensive campaigns and even talking about war against Iraq would tend to radicalize certain elements in our society, in the Islamic world in particular. And, you know, it’s very easy for the masses in the Islamic world to conclude that this war against Iraq is in the end a war against Muslims. The Iraq question will not be seen in isolation.

It seems to me that we have to have proper regard for those views. Personally, I am not comfortable with the assurances we are currently being given by the Prime Minister or the foreign minister in relation to these matters. We do know that there are some very credible sources predicting an increase in terrorist activity following on from the war in Iraq. In my view, this question of risk is very important.

The fundamental question is: why will this increase in terrorist activity occur? Terrorism emerges in those groups that are disenfranchised and disaffected. Its root cause is division—social and economic—and increasing division will exacerbate terrorism, not combat it. It appears to me that this government is hell-bent on creating as much division as possible in our region. It may not intend to be doing this but, in my view, that could result. An increase in division will have a polarising effect, pushing the moderates to the extreme, liberally breeding extremism and, potentially, terrorism. The increase in support in the UK and the US for war is one piece of evidence for this polarisation of the West. But this does not mean that war is right or moral.

In terms of this whole question of terrorism and risk, over the last few weeks I have observed that, while there have been a great many measures taken by governments in relation to heightened security measures—for example, around Parliament House—as a result of concern about potential terrorist attacks, in many parts of Australia there has been very little change in security status. As you would know, Mr Deputy Speaker Lindsay, as a traveller through regional Australia, airports are a good example. If I go through Canberra airport to fly to Sydney, I get security cleared so that I can board the aircraft. This happens in Sydney, Brisbane and all the major metropolitan centres and major regional centres. But if I get on a plane in Darwin and fly to Alice Springs via Tennant Creek and Katherine, when I get off or on the plane at Tennant Creek there are no security checks.
There seems to be this view that somehow or other the only risks that we are really concerned about are risks from terrorists who will hop on a plane in a metropolitan centre. That seems to me to be a very weird calculation. I note that this piece of legislation that we are discussing has major import for those in the CBD. So one assumes that, as you move further out from the CBD, the risk assessment is less. So, ultimately, you get to a place like Tennant Creek or Nhulunbuy, which is a major centre on the coast of Northern Australia, and the terrorist risk is non-existent. Is that what is being said? As a person who lives in regional Australia and travels in remote communities and through these airports consistently, I would have thought that there is as much potential risk from a person getting on an aircraft in Nhulunbuy as there is from someone getting on the same aircraft in Darwin. You do not have to be Einstein to work that out. Yet it appears that little or no action is being taken by this government in relation to addressing the security needs of regional airports not only in Northern Australia but also throughout Australia generally. In today’s Age, Mr David Wright-Neville, the former senior analyst of the Office of National Assessments and now a senior researcher at Monash University, said in relation to terrorism:

It is overseas that the heightened risk of terrorist attack should most concern Australians. Especially worrying are parts of our own neighbourhood—Indonesia, the Philippines, Malaysia and even southern Thailand. In all these places, the Howard Government’s foreign policies have revived negative images not seen since the bad old days of the White Australia policy. I am not only referring to the predictably puerile antics of Malaysia’s Prime Minister Mahathir Mohamad; in other parts of the region traditionally less antagonistic towards Australia, such as the Philippines and Thailand, we are increasingly “on the nose”.

The Government disputes this assessment and points to bilateral counter-terrorism co-operation and free-trade talks as evidence of our neighbours’ fondness for Howard’s Australia. But this misses the point. Terrorism grows not out of dislike in government circles—but out of a deeper existential animus at the community level.

and this is very important: not from the elites—but out of a deeper existential animus at the community level.

and that is very important.

Neighbouring governments co-operate on counter-terrorism and trade because they are interested in addressing their own security concerns and in making more money out of Australian consumers. But the ordinary folk from whose ranks terrorists draw their recruits are not disciplined by the perquisites of government. They are motivated more by emotion and gut feeling, and it is here the real danger lies.

I take you back to my comments from Ali Alatas and Mr Wirajuda. What they pointed to is this very point: the non-elites in the community are what we have to be concerned about. It is all very well for the government to have a cooperative relationship with the Indonesian authorities, but how do you work through those levels of the community which are not directly controlled by the minister or the Indonesian President, but live in outlying regions and are subject to the discourse that may go on in a remote community where people’s literacy levels are reasonably low, where they do not have access to television or other media and they rely on what is being said to them by some extremist leader? You can foresee what could well happen under those circumstances.

That is why, whilst I understand the intent of this bill in terms of the insurance needs—and it is very clear that they need to be addressed—I am concerned about the way in which the government is going about informing the whole Australian community about the issue of terrorism. I reject absolutely the $20 million spent on the fridge magnets to remind us of this
fact. The opposition accepts the need to have this sort of legislation to ensure there is appropriate insurance, but I ask again: on what do we base our risk assessment? It seems that the risk assessment is based on a wing and a prayer, because you would be led to believe by this government that the level of risk seems to be diminishing, when I would have thought that all the evidence is that it is in fact increasing.

The Labor Party believes that the compulsory aspect of this bill should be further examined by a Senate economics committee. I can understand why that should be the case. I can understand why those people who are being told that they will need to take out compulsory insurance, when they themselves believe that they are at no risk of terrorist attack and make that assessment, are bound to contribute to the pool to provide for high-risk areas where it is assessed that there could be some nefarious act by a terrorist. As you will have gathered from my contribution, I am concerned not so much by this legislation, but by the fact that we are contemplating this legislation. This demonstrates the order of importance with which we should discuss terrorism. Unfortunately, I am not sure that the government recognise that in the general milieu or in the general cut and thrust of debate within the federal parliament.

Mr Hunt—You just spent a summer criticising us.

Mr SNOWDON—I hear an interjection. I am glad for this intervention. What I am saying now is that what the government has done is try to downplay the potential impact on Australia of consequential terrorist activity as a direct result of Australia’s intervention as part of the coalition in Iraq. I am pointing out to the honourable member, should he bother to listen, that this is not a view expressed solely by me but by people within the region who have far more knowledge of their own communities than I do. As you would be aware, Mr Deputy Speaker Lindsay, as you took part in these discussions in Indonesia last year, it is a concern within the community. What we are seeing now is a heightened level of concern as a direct result of this intervention in Iraq. I would have thought any reasonable person would be led to the view, as I have been, that this means we will potentially confront increased terrorist activity. I do not believe that, over the last couple of days, the government has acknowledged that fact at all. Indeed, the member who intervened was sitting in the House of Representatives yesterday when we had this discussion.

I am also pointing out—just for the sake of the honourable member—that, despite the sending out of fridge magnets, no attempt has been made to increase security measures for people who live in regional Australia, particularly those who fly on aircraft.

Mr Hunt—Air marshals.

Mr SNOWDON—This poor person clearly has not travelled on regional airlines across Northern Australia. If he had, he would understand what I am talking about. If he has ever been to Nhulunbuy, which is a very busy little town, he would understand what I am talking about. I can get on an aeroplane in Darwin and fly to Cairns via Nhulunbuy. I will be security cleared if I get on the plane in Darwin and I will be security cleared if I get on at the other end in Cairns, but not in Nhulunbuy. What does that say about the arrangements? I would have thought even to you that it is most obvious that we need to do something about improving security arrangements in regional airports.

The DEPUTY SPEAKER (Mr Lindsay)—Order! The use of ‘you’ is inappropriate.

Mr SNOWDON—I beg your pardon. I was referring to the honourable member, through you, Mr Deputy Speaker.
Mrs MAY (McPherson) (5.36 p.m.)—I want to make a few short comments today in support of the Terrorism Insurance Bill 2002 and about the impact it will have on both my electorate and this country. Most of us would agree in this House that September 11 and the Bali bombings were among the most horrific and devastating events that this generation has ever seen and this country has ever faced. From the two incidents thousands of people lost their lives and thousands more were injured. The human loss was certainly devastating, and to all of us who tried to fathom the reasons for these attacks some very important questions were posed.

The sad fact is that, as well as concentrating on the loss of many lives, we must now also concentrate on the financial loss from and the financial consequences of both these attacks, particularly how they affect people here in Australia. On the day of September 11, insurance companies lost at the most conservative estimate $35 billion. Some reports even suggest that companies may have lost up to $75 billion. After losing so much money on one single day, insurance companies are, understandably but sadly, gradually withdrawing their terrorism cover. The point of view of the insurance company is that they are protecting themselves against a risk, but the withdrawal of this cover is causing large-scale projects to be thrown into doubt. That is particularly relevant to the Gold Coast. Large-scale projects such as skyscrapers, convention centres and sporting facilities are now experiencing much more difficulty in attracting finance and investment as a result of the withdrawal of this type of cover.

Financiers are refusing to finance these projects as they believe the risk to be too high in the absence of terrorism cover, while investors are also reluctant to invest for the same reason. When these two groups do not back these types of projects, large-scale works are brought to a standstill. I do not think I need to say here today that if these projects are brought to a standstill there will be a decline in growth and for those who make their living in this area there will be hardship. Once again I say that this is particularly relevant to the Gold Coast and our booming building industry and large-scale projects. We need to keep those projects going for employment and for all the subsidiary industries supported through them.

The Terrorism Insurance Bill 2002 before the House today seeks to prevent this from happening by establishing surety of cover in the event of a terrorist attack. The way in which this operates is very simple. This bill will require every eligible insurance contract to include terrorism risk cover. Insurance companies will then pay a proportion from two to 12 per cent of premiums collected from these insurance contracts to a Commonwealth fund, administered by a new statutory authority—the Australian Reinsurance Pool Corporation. In the event of a terrorist attack, insurance would cover the first $1 million per insurer or $10 million per incident. The government’s scheme would cover anything in excess.

This course of action is the only one open to us. Normally, when situations such as this eventuate, the government would seek a private sector solution or simply allow the private sector to adjust, as it has for hundreds of years. In my view, the statement of Thomas B. Reed really sounds true in this case. He said:

One of the greatest delusions in the world is the hope that the evils of this world are to be cured by legislation.

That is correct most of the time, but in this case the government does need to come on board. It needs to be there to help. The market itself cannot adjust to what is a very serious problem.
The government needs to come on board so that that is fixed, to give some surety out there in the building industry.

Due to the risk of high payout on a low-probability event, premiums on terrorism cover have skyrocketed. This has pushed the cost of insurance above the reach of most and made offering this cover very unprofitable. Whilst it is very costly to buy, there is still a very strong market for this product, a fact I can personally confirm after receiving many phone calls and letters from developers on the Gold Coast, particularly those who are building very high buildings.

There is still a demand for the product. The free market is not able to offer it. In this case, it falls to the government to offer some assistance to provide this service. Instead of blowing out the budget on this item and costing taxpayers millions of dollars, the federal government has worked to build a partnership between government and the private sector. I believe this is the best solution possible. Consumers are gaining private sector efficiency backed up by government surety. The end result is that this bill will ensure that the market is still catered for and that those who will be insured for this type of cover will be adequately covered.

On the Gold Coast, as I have said, this bill has been very welcome. We have some very large infrastructure projects under way at the moment. They would be the hardest hit if there is—and we all hope there will never be—any sort of terrorism attack. They would definitely be very hard hit if this sort of insurance was not put in place to protect them. At the moment, we have a convention centre being built on the Gold Coast. It is a very large convention centre, one we have been waiting a long time for. We are also building Q1. Many of you will have heard about Q1. It will be the world’s largest and highest residential tower. It is over 80 storeys high. Where there is a project of that size, we need to know that that sort of insurance cover is there to protect. The investors want to see that sort of protection; the financiers want to see that sort of protection. It is important that these projects are kept on track and under way. It is important that they are built. With this piece of legislation in place, people know that they can go ahead with these projects with that surety there.

When these developments continue, they provide employment not only for those who work on the building site and local building product suppliers but also for the general stores, local plumbers, drainers and all sorts of people who work on these projects. It keeps our building industry going; it keeps it afloat. And it keeps our employment going. The financial flow-on from a bill like this is tremendous. It has an enormous impact on Gold Coast city. That is reason enough for us here tonight to support this bill. Because of September 11 and Bali, the target is not only buildings and landmarks but all sorts of infrastructure. We need to focus very much on Q1, which, as I said, is one of those very tall buildings that could become a target in the future, though we certainly hope not.

This bill gives us a workable solution to a problem that has confronted us since September 11 and the Bali attacks. It is a workable solution. It gives the investors in these sorts of projects, and financiers, surety for the future to keep building and it has flow-on effects to the community through employment opportunities and in keeping everything flowing very smoothly. I would say to everyone in the chamber here tonight that support for this bill is important. I am proud to support the bill and I commend the government for introducing it.

Mr WILKIE (Swan) (5.44 p.m.)—Since the attacks of September 11, insurance companies and reinsurers have withdrawn their cover for terrorism risk. As we have
seen from media reports, major projects have been thrown into doubt and major financial institutions are unwilling to lend on projects unless property owners are insured. I point out to honourable members opposite that, whilst they may be building a convention centre or facility in Queensland, the reality is that, if they came to Perth, they would see the real thing. Perth is getting the best convention centre in the country. I encourage the honourable members opposite to come along and be part of any future conventions. We are going to show the rest of the country how it is done.

Let me go back to the Terrorism Insurance Bill 2002. As a result of unwillingness to lend to projects without adequate insurance, there have been calls from the property and banking industries for a government scheme in Australia. Many overseas countries have government schemes. These countries include the UK, the United States, Spain, France, South Africa, Germany and Israel. How do schemes adopted by other countries compare with the government’s proposed scheme? The British scheme was set up in 1993 to ensure the continuous availability of insurance cover for damage and loss caused by acts of terrorism. Terrorism insurance had become largely unavailable in the UK after a spate of IRA terrorist attacks. The British government was concerned about the disruption that would occur to commerce and industry if there was a lack of insurance coverage for acts of terrorism. This concern led the government to set up Pool Reinsurance Company Ltd, commonly known as Pool Re.

Pool Re is a mutual insurance company which has been established and regulated in the same way as any normal insurance company would be and which is covered by the normal European Union regulations. Its charter states that it is authorised only to write reinsurance in relation to terrorist attacks or terrorist risks on commercial property insurance. The difference between this company and other reinsurance companies is that it reinsures its liabilities with the government of the United Kingdom. Pool Re pays the United Kingdom government a reinsurance premium and will recover any terrorism claims that exceed its own resources. Pool Re provides reinsurance coverage to the commercial property insurance market in the United Kingdom. It provides reinsurance to insurers who provide cover on industrial, mercantile, office and commercial residential properties. It does not provide reinsurance for homes, personal property or cars of private individuals; it also does not provide reinsurance for acts of terrorism on liability, aviation, workers compensation and accidental death. Any insurer operating in Great Britain and offering commercial property insurance can become a member of Pool Re. Insurers are not obliged to become members; however, the protection of government backed reinsurance is available only to Pool Re members.

If an insurer decides not to become a member of Pool Re, that company has three options. If the company wishes to write commercial property insurance, the company may, first, offer cover without protection against terrorism; second, try and find terrorism reinsurance cover in the private market; or, third, operate without reinsurance protection. Pool Re’s capital is its own, being built up from accumulated profits. Pool Re may borrow, and any loans or other lines of credit are guaranteed by the United Kingdom government. At the end of 2000, the company had accumulated a surplus of some £665 million. Since its inception in 1993, Pool Re has reimbursed for a number of terrorist bombings; in 1996, it reimbursed insurers approximately £100 million. There have been no claims since 1996.

Pool Re pays claims using a combination of internal and external resources. First, accumulated underwriting profits are used; once these are exhausted, Pool Re can call for an assessment on its members of up to 10 per cent of their current year ceded premiums. If this is not
sufficient, Pool Re may draw on any investment income it has accumulated to pay claims. The British government, as a reinsurer of last resort, will meet any claims that may remain. It is interesting to note that there is no limit to the amount of this government guarantee. Rates for terrorist coverage were initially set quite high for the most targeted zones. Some property owners experienced a threefold increase in their total insurance premium. However, as the funds in Pool Re have grown and the terrorist problem has subsided, rates have been reduced. Pool Re discounted rates by 40 per cent in 1995 and substantially reduced them in 1999. Despite the claims that have been paid, Pool Re’s surplus has grown significantly.

On 26 November 2002, in response to September 11, President Bush signed into USA law the Terrorism Risk Insurance Act 2002. The legislation creates a federal terrorism reinsurance program to serve as a federal backstop for terrorism insurers in the case of future terrorist attacks. The purpose of this act was to establish a federal terrorism insurance program to administer a system of shared public-private compensation for insured losses resulting from acts of terrorism in order to protect consumers and create a transitional period for private insurance markets to stabilise. It is to be a three-year program, terminating on 31 December 2005, plus a transitional year for the balance of 2002. For the purpose of this act, terrorism was defined as:

... any act that is certified by the Secretary of Treasury, in concurrence with the Secretary of State and the Attorney General of the United States:

a. to be an act of terrorism;

b. to be a violent act or an act that is dangerous to human life, property, or infrastructure;

to have resulted in damage within the United States, or outside of the United States in the case of ... a United States flag vessel ... or the premises of a United States mission ...

The terrorist act must have been by an individual or individuals acting on behalf of a foreign person or foreign interest as part of an effort to coerce the US population or government. Losses from the act must exceed $5 million. An eligible insurer is any entity or affiliate that is a recipient of direct earned premiums for any type of commercial property and casualty insurance coverage. It is licensed—or admitted—to provide insurance in any state, is approved for the purpose of offering property and casualty insurance by a federal agency in connection with maritime, energy or aviation activity, or is a state residual market insurance entity or state workers’ compensation fund. It also meets any other criteria that the secretary may reasonably prescribe.

The program is triggered by the occurrence of an event determined by the Secretary of the Treasury to be an act of terrorism, and losses from the act, as I said before, must exceed $5 million. There is a cap on assistance of $US100 billion per year, with the 2002 transitional year combined with 2003. For the first two years insurers must offer terrorism insurance in all commercial policies. Coverage must be available on terms identical in terms, amounts and other coverage limitations applicable to losses incurred from events other than acts of terrorism. The US Secretary of the Treasury has discretion to extend the requirement to the third year and insurers are obliged to disclose terrorism insurance premiums and the existence of the federal backstop.

In Australia this government’s proposed legislation to introduce a scheme for terrorism insurance will have similarities to both the UK scheme and the US scheme. Here it is proposed that we have a statutory authority called the Australian Reinsurance Pool Corporation, ARPC, to manage the scheme. It will cover commercial property and infrastructure facilities and in-
clude associated business interruption and public liability. The legislation would make the provision of terrorism risk on all policies compulsory. The legislation would enable, but not oblige, insurance companies to reinsure their terrorism risk exposure with the ARPC. Premiums payable would depend on the risk of the insured properties and facilities.

The scheme would require businesses to purchase insurance that some may not want, need or be able to afford. Business in rural areas, especially in parts of Western Australia, with a low risk of terrorist attack would have great difficulty coming to terms with yet again subsidising big business in the cities by paying increased insurance premiums. Given that the government has already proposed that small farms be exempt from the requirement to have terrorism insurance, why would they not include the large stations that cover huge areas of Western Australia and Aboriginal communities in remote areas, as well as the myriad small businesses throughout rural Australia?

There seems to be a lot more consultation needed before this bill is passed. The lack of consultation and information sharing with small business means that many small businesses, if they are aware at all that there is to be terrorism insurance, have little awareness of the probable impact that such an insurance scheme will have on them. The Australian scheme would cover damage caused by terrorist activities, including causes such as fire, flood, explosion, aircraft impact, biological and chemical but not nuclear causes.

I am very pleased that the proposed reinsurance scheme includes aircraft impact; however, this is aircraft impact as a result of terrorism. What really concerns me, given that Perth international airport is in my electorate and is being used on a regular basis by military aircraft—in fact, the airport has seen the incidence of military aircraft use triple in recent weeks—is that the prospect of aircraft impact is not beyond the realms of probability. In fact, as the level of military use increases and given the type of aircraft being used there, it is obvious that there is an increased risk of this happening. I note further that this reinsurance will not cover such things such as home and contents insurance, contents insurance, motor vehicle insurance or aviation insurance.

In the airport alone there is the potential for unmitigated disaster if one of these military aircraft has an accident on take-off or landing, particularly if it is due to a terrorist act. Add to this the location of the airport: it is close to Kewdale and Belmont, which are densely occupied industrial and residential areas. It is not unreasonable to be made nervous by the use of Perth airport by our military and the US military, given that in recent times we have had a number of military incidents in the Perth region. I know that I have covered these before, but I will touch on them again. First, on 2 October 2001 an S211 Marchetti trainer crashed and exploded at the Pearce air base. That was a military flight with a trainee pilot from the Republic of Singapore Air Force. On 17 January this year an FA18 Hornet belonging to the US Navy ran out of runway and crashed into the bush at Pearce air base. Also, a bushfire in the Lancelin region of WA was caused, we believe, by the ignition of non-exploding bomblets dropped by an FA18 on a training run.

If there is to be a requirement that all those insured must take out terrorism insurance, it is important that the price charged is reasonable and that there is a cap on fees. Measures must be put in place to ensure that insurers do not engage in price exploitation in relation to the introduction of compulsory terrorism insurance. The withdrawal of insurance cover for acts of terrorism clearly shows that there has been a market failure, and this must be addressed.
Given the lack of consultation, my concern is that, in addressing this problem through the Terrorism Insurance Bill 2002, the fix will in some cases cause hardship that was not previously there. So, whilst I commend the idea of the bill and some of the issues expressed in it, I also believe that there are some concerns. However, I commend the bill to the House.

The DEPUTY SPEAKER (Mr Lindsay)—I thank the member for Swan. Before calling the member for Flinders, I would just like to wish him well on the eve of his marriage on Saturday.

Mr HUNT (Flinders) (5.57 p.m.)—Thank you very much, Mr Deputy Speaker, for your generous sentiments. The Terrorism Insurance Bill 2002 draws together the essence of the impact of terrorism. It links three essential themes. Firstly, we know that the outcome of September 11 and the terrorist action in Bali was, first and foremost, a human tragedy. Lives were lost, families were sundered, homes were rent and people were torn from each other. Secondly, it created a security crisis—something that has had an impact on the world as we know it in the 21st century. Unfortunately, the prediction of Francis Fukuyama in the early 1990s, after the fall of the Berlin Wall, that we have reached the end of history was wrong. What we have now is not so much a battle between competing political ideologies but a battle between the predominant political ideology and those who seek to pursue extremism in the forms of different chauvinisms, whether they be religious or national. That will play itself out in the great security battles we face now and may face over the coming years.

The third effect of September 11 and Bali has been economic. It is all about the question of maintaining our economic base, our progress and our capacity to produce, reproduce and develop. It is essentially about maintaining our ability to develop as a society. This bill deals squarely and expressly with the third arm of the consequences that have flowed from September 11 and Bali. In particular, we know that since September 11 more than 40 per cent of companies engaged in development and construction have had terrorism excluded from their insurance policies as they have sought to renew them. That puts financing for key projects in jeopardy and, in turn, puts the major projects themselves in doubt. The effect of this is two-fold. One, the specific projects are at risk. Two, the jobs associated with them—both in terms of the creation of these projects and in terms of their maintenance once they are finalised—are forfeit. That has an impact on a multiplier basis throughout our society.

In that context and against that background, this bill has three clear purposes: firstly, it sets up a framework for a terrorism insurance scam; secondly, it establishes a statutory authority to be known as the Australian Reinsurance Pool Corporation—which, as the member for Swan rightly pointed out, draws from both the British and American experience; and, thirdly, it fills a gap caused by a market failure. We have seen that the withdrawal of terrorism insurance from over 40 per cent of building projects represents a market failure. It represents a market failure because of a lack of adequate information to price the risks arising from terrorism. That is the significant problem.

In this speech I want to briefly address four elements. I want to address the background to the bill and its importance, to respond to some of the criticisms and to address in detail the provisions of the bill. In looking at the background, we all understand that September 11 had a major impact on the insurance industry. It led to the withdrawal of cover for terrorism risk by insurance companies and, importantly, by reinsurance companies. It is not just the retail providers of insurance but also the wholesalers who aggregate and lay off risk throughout society.
So it has a significant impact on the entire insurance industry. As a result, large enterprises have been finding it impossible to obtain terrorism insurance, which in turn jeopardises both building contracts and loan contracts—so the finance industry is also brought into it. Therefore, we have a question about risk and consequences for industry.

In the US, such risks have already materialised. Approximately $15 billion worth of construction projects have been suspended due to the inability to obtain insurance cover. As a consequence, within Australia calls have been made for the government to provide a financial safety net, to be the insurer of last resort in claims arising from terrorist acts. Normally it is not the role of the government to interfere with acts of business and industry, but this is a unique situation because it is the result of a worldwide political phenomenon which is having an impact on the economic base. In that situation, because of the notion that there is a worldwide political phenomenon with a worldwide political and security impact, which in turn has an economic impact, it is reasonable, prudent and, above all else, necessary for government to act as the insurer of last resort under prescribed and defined circumstances. In that context, in May 2002 the Commonwealth of Australia announced that it would offer remainder insurance for losses above the cover available from individual insurers and would be introducing a pooling arrangement.

I now turn to the second element of my presentation, and that is the question of the importance of this legislation. It is important because it compels insurance companies to provide cover for terrorism risk on all policies in all classes of insurance, including under this particular scheme. Therefore, insurance companies will be able to reinsure their terrorism risk exposure through the scheme now being created under the Terrorism Insurance Bill. The significance of that is that such coverage becomes available to all firms seeking to develop and bring forth new construction projects, that all of the insurance companies are bound into that process and that the Commonwealth acts as an insurer of last resort, underpinning the system in each case. The effect is to support the banking, real estate and insurance industries and to inspire confidence for building developers—and to do so through the creation of a fair, prudent and reasonable levy.

The third element I wish to address is the criticism which has been raised. The member for Swan in his discussion disputed the compulsory nature of the scheme. He was concerned—and I understand his concern—that some businesses may not want terrorism insurance but would be obliged to take out property, business interruption or public liability cover. My response to the member for Swan is twofold, and it rests in part with the argument made by another member of the opposition, the member for Lingiari. The member for Lingiari said, ‘There is a risk,’ complaining that there was not adequate recognition of the risks faced by rural Australia; yet that is the very point which the member for Swan presented in the alternative. So my first response to the member for Swan as to why this scheme should be compulsory is that people throughout Australia face a risk no matter where they are. There is, of course, a gradation of that risk. Some areas have less risk than others. In that situation, the premiums will reflect the difference in risk. The second answer is that, as with the third-party insurance scheme, the provision of a nationally based pool of funds is extremely important. By creating a nationwide scheme, we create a pool which is sufficiently deep to cover all and to insure in common. That is the very nature of insurance. This is effectively a third-party insurance scheme for the building industry in case of acts of terrorism. I hope that addresses the key criticism.
Finally, I address the core provisions. Essentially the scheme is established to cover commercial property and infrastructure facilities, and it includes associated business interruption and public liability cover. Most importantly, it provides for a pool of funds of up to $300 million to be funded by the premiums. The level of insurance cover and excess for terrorism risks would match the level of coverage and excess otherwise provided under a policy. How would this scheme operate? In the event of a terrorist incident—which all of us here and all Australians sincerely hope would not occur on Australian soil—the insurance industry would bear the first $10 million worth of claims, subject to an individual company exposure limit of $1 million per annum. After that, the government scheme would operate to pay claims. In that situation a Commonwealth minister or senior official would make a declaration as to whether an event falls within the scheme—that is, whether it is a genuine terrorist action—in order to facilitate rapid claim settlement and avoid disputes.

This is an important bill in ensuring that al-Qaeda, bin Laden and those who carried out the Bali terrorist acts are not able to achieve one of their subsidiary aims. Their principal aim was to tear at the heart of a small group of people and instil fear within a society. Their subsidiary aim was to cause longer-term economic disruption, which in turn creates social disruption. This bill is a response to that malicious attempt to eat away at one of the pillars of our society. In that context, I believe it is an important step forward. It is sensible, it is prudent and it will have an impact in preserving jobs, enhancing the economy and ultimately—and above all else—defeating those aims which were conceived in malice and executed in hatred. I commend the opposition for their support and I commend the bill to the House. I believe that it will be an important step forward in preserving jobs and preserving the integrity of the Australian economy and society.

Mr KING (Wentworth) (6.09 p.m.)—On Boxing Day 2001 at a small farm in the New England ranges in northern New South Wales, I was seated at a table with a former Speaker of this House and other members of my wife’s family and my own family. A Christmas card was opened, and from the card fell some white powder. Being the conscientious and sensible person he is, the former Speaker immediately rang the local police, who contacted the SES in the area. Fully rigged SES uniformed officers attended about half an hour later and the whole of the farm was cordoned off for the rest of the day. The place was thoroughly examined and the house was checked. The contents of the envelope were, of course, scrutinised and taken away. The initial indication was that it was not anthrax powder as had originally been suspected. Nonetheless, the SES officers, and later the area commander, commended those involved for their appropriate caution.

I would like to read out to the House an account of something not dissimilar to that, which occurred in the United States just two months earlier, on 15 October 2001. It reads:

At 10 o’clock on a warm autumn morning in Washington, D.C., a women—her name has not been made public—was opening mail in the Hart Senate Office Building on Delaware Avenue. She worked in the office of Senator Tom Daschle, the Senate majority leader, and she was catching up with mail that had come in on the previous Friday. The woman slit open a hand-lettered envelope that had the return address of the fourth-grade class at the Greendale School in Franklin Park, New Jersey—a rather prosaic address, you might think—

It had been sealed tightly with clear adhesive tape. She removed a sheet of paper, and powder fell out, the colour of bleached bone, and landed on the carpet. A puff of dust came off the paper.

… … … …
Odourless, invisible, buffeted in currents of air, the particles from the letter were pulled into the building’s high-volume air-circulation system. For several minutes, fans cycled the air throughout the Hart Senate Office Building, until someone finally thought to shut them down. In the end, the building was evacuated for a period of six months, and the cleanup cost twenty-six million dollars.

Those are two small incidents—although the second one is obviously not small in terms of cost—that illustrate how the world has changed since September 2001 and, for us here in Australia, since October 2002. It has changed completely, turned upside down. What were thought to be boundaries are no longer boundaries. Where no boundaries existed because no-one thought they were necessary or that it was possible that they would be crossed, boundaries are now being erected. What we assumed was a safe and free social environment no longer is.

The commercial world is particularly affected, because it is concerned with the enormous and unprecedented cost of terrorism to property destroyed by terrorists. The obvious example is the twin towers in New York, but I have given two other examples—one domestic and one in an office. They are not far-fetched; they are real. It is important that the costs associated with damage to property and the impact upon the lives of people who have been affected by terrorist events are addressed by the government. I therefore support the Terrorism Insurance Bill 2002, and I commend the work that has been put into it by the Treasurer, government officials, commerce and property owners generally.

I will not go into the details of the legislation; others have done that and I will not repeat their helpful comments. But it is important to note that, from a commercial point of view, the Australian legislation—if, of course, it is agreed to by this parliament—has several advantages over the equivalent British legislation. First and foremost, contrary to the British model, this legislation will not establish a liability fund; rather, it will establish a pool. The importance of that is this. Let us assume that you have a terrorist event that is going to cost, say, $500 million. Several buildings have been destroyed; there are unknown, unimagined property losses and other losses; there is interruption to business and to the lives of many different people.

In the UK model, the way the system will work is that all relevant insurers who may be involved will be called upon to pay up immediately so as to establish the fund. It is like a limited liability fund that is established when a large ship goes down at sea, incurring, sometimes, billions of dollars in liability. But the Australian model is different. Our model is, I think, preferable, for this reason: insurers reinsuring with the pool pay a premium—a percentage agreed to by the pool underwriters—on a periodic basis. So the pool is quickly established as an actual fund, not as a liability concept which gives rise to disputes about whether or not a terrorist event has occurred or whether it is appropriate to protect this building owned by Merrill Lynch over here rather than that building owned by Meriton over there.

These sorts of issues will not become a problem under the Australian legislation, because the power will lie with the Treasurer of the day to declare a terrorist event, and that will automatically lead to a claim upon the pool. The pool will have been established already because of the payments made on a periodic basis by the insurers reinsuring with the pool. Funds will actually have already been put into the pool and will be readily available to be called upon immediately to pay out in respect of an event.
One of the problems that this country has faced with the bushfires that we have had—and I am sure that the member for Cowper would be familiar with these problems, having regard to the problems that have occurred on the North Coast—is that homes, property and livestock have been destroyed, but insurance has been slow in reimbursing and indemnifying people. In some cases, governments have set up charitable institutions and people have paid money into charitable funds. It has taken sometimes 12 months, sometimes two years, for the money to find its way into the hands of the people who have been so adversely affected.

Under this scheme, those moneys will be there already. If the amount of the claim exceeds the pool, which is $300 million, then the government will pay the difference. Of course, the Treasurer, initially, baulked at the idea of an open-ended liability for the taxpayers of this country. He put a cap of $10 billion on the government’s liability. But the industry have convinced him—and I am pleased that they have—that there should be no cap. Rather, there should be a process whereby there will be a continuing, periodic payment to establish a pool of funds that will be available to pay out in the event of a terrorist event as defined in the deemed provisions of insurance policies covered by this legislation.

I commend this legislation to the House and I commend, too, the insurers of this country, who have worked so hard to ensure that this legislation is administratively workable and a sensible outcome for those whose property has been adversely affected or who have suffered significant loss. It is also important to note that superannuation funds have been involved in this process—alongside the administrative bodies to which I have already referred and property owners.

It is important to appreciate how this eventually will be paid for—how the risk will be spread across the community. Of course, normally, there are insurance provisions in leases of commercial property. The signal benefit of this legislation is this: provisions which require lessees to insure risks in relation to loss, public liability, business interruption et cetera—the sort of risks that are covered by the deemed terrorism insurance provided for by this legislation—already exist in most leases, if not all. All this legislation does is impose an additional rental increment upon the lessees by reference to the premium which the insurer reinsuring with the pool must pay.

So it is not the insurer who pays; it is ultimately the property owners or the property lessees who pay this increment that ultimately goes to the establishment of a pool. That is fair. This is insurance which is designed to ensure that the risks of terrorist events are spread across the commercial community. This is insurance that would not be available but for the action taken by the government. That is why the government’s initiative is important. Had the government not acted, we would not have had any insurance at all for terrorist events. The initiative deems provisions in policies to exist. It then establishes the pool and sets up a funding mechanism to ensure that there will be a ready pool of resources to indemnify those who have lost.

The final thing I want to mention is the Treasurer’s role. It is interesting how the bill, with its proposed amendments, deals with this issue. It is probably sufficient to go to the terms of the original bill to see how that happens, and it is particularly set out in clause 6. One of the limits upon the Treasurer in declaring an act to be a terrorist act is that it must not be an act of war. That is important because there is, as we all know, a difference between a terrorist act and an act of war generally. But it will be a fine thing, or it may be a near run thing, for a
Treasurer in some situations of international terrorism today to ensure that the difference between an act of war and an act of terrorism is clearly kept in mind.

I recommend that, when this particular piece of legislation comes into law—and I hope that it does so quickly—the administrators establish a protocol to determine when and in what circumstances acts of terrorism as distinct from acts of war exist. It cannot be forgotten that we are involved in the war against terrorism. In one sense that suggests, in accordance with the terms of this legislation, that there is some lack of distinction between the two. But there is a distinction, and the bill clearly says that there is. It is important that that is the case. I suspect the real reason is this: only the cabinet can determine what is an act of war and deal with it accordingly, but it is for the minister administering this act—the Treasurer—to determine, no doubt in consultation with those who advise him or her, what is an act of terrorism. In most cases it will be obvious, but in some cases it will not be. I encourage those administering the statute to establish protocols to determine what is an act of terrorism for practical purposes, which will be by reference to examples in other parts and by reference to appropriate research and advice. I commend the bill to the House.

Mr HARTSUYKER (Cowper) (6.23 p.m.)—The Terrorism Insurance Bill 2002 is another example of the government responding to the uncertainty which has evolved since the horrific events of 11 September 2001. Since 11 September, virtually no terrorism risk insurance or reinsurance has been available for commercial properties and infrastructure in Australia. The only cover against acts of terror has been priced at such levels that the cost of insurance far exceeds the level of risk involved. There are many reasons for this, but the absence of any information to allow the market to determine the risks of terrorism and the potential exposure of insurance companies has certainly contributed to the current circumstance.

Having a commercial property market which has the confidence to borrow and invest in our cities and towns is essential to communities right across Australia. A commercial property market which has the security of comprehensive insurance coverage, including being indemnified against losses as a result of a terrorist attack, plays a crucial role in the ongoing growth of local economies. A lack of security can have an impact on investment projects. This has flow-on effects on the job market and other sectors which depend on confidence within the business community. That is why the Terrorism Insurance Bill is so important to the stability of our nation.

The federal government already boasts a proud record of addressing issues that have undermined the insurance market. Members on this side of the House recognise the important role the federal government is playing in providing stability in some parts of the insurance sector that have faced total collapse. For example, the federal government has been a leader in restoring responsibility and commonsense to the public liability sector market. Additionally, the federal government has led the way in addressing medical indemnity issues that have resulted from the collapse of UMP. In addressing all of these matters, the federal government has taken steps to ensure a framework is put in place which restores security to the insurance market and allows business people and the wider community to get on with their day-to-day activities.

That same commitment from the federal government is evident in this Terrorism Insurance Bill. Under the scheme proposed in this bill, the government will establish interim measures which will provide terrorism insurance cover in the short to medium term. The scheme will
cover commercial property and infrastructure facilities by compelling insurance companies to provide terrorism insurance cover. In turn, insurance companies could reinsure their terrorism risk exposure through the Australian Reinsurance Pool Corporation, which will be set up by the federal government. Through a pool of funds which is to be established by the Commonwealth, $300 million would be available to cover those commercial entities that have incurred loss as a result of an act of terrorism. In addition, the federal government will also enable access to up to $1 billion in excess of the pool funds through a commercial loan facility, and a further $9 billion through reinsurance cover will be provided by the Commonwealth. However, although the federal government is addressing the insurance needs of the commercial sector, the insurance industry will also play a contributing role. Insurers will have to make a contribution to the fund pool and the industry will be obliged to provide the first $10 million in cover per incident. The obligation on insurers to provide terrorism cover through the scheme is a positive step which will give the private insurance market the opportunity to re-emerge from the impact of September 11.

As I noted earlier, the status of terrorism cover was redefined following the attack on the World Trade Center. The attack alone forced the international insurance community to re-evaluate the terms of their cover. Like all businesses, insurers have to work towards profitability by weighing up their costs against their revenues. Insurance is a spreading of risk and, as such, insurance companies must price their premiums in relation to the expected value of claims with regard to the type of cover provided. Clearly the events of September 11 and the subsequent tragedy in Bali prompted the insurance industry to reassess their risk levels. The biggest dilemma was to come up with data that accurately reflected the risk. Until the level of risk can be appropriately analysed and more accurate estimates of the frequency and probable loss established, insurers are unlikely to offer affordable cover for losses which result from acts of terror.

The indiscriminate nature of terrorism makes it particularly difficult to balance the potential losses against sustainable premiums. It is for this reason that the federal government has chosen to intervene. While on the surface this bill does provide assistance to the insurance industry and commercial investors, the benefits of this scheme will flow through to all consumers. If commercial property investors are burdened by exorbitant premiums, then they will in turn pass on these increased costs to tenants in order to secure an acceptable return. Similarly, the tenant has to be able to achieve a return on his costs and as a result these high costs of insurance premiums will ultimately be passed on to consumers by way of increased prices for goods and services. By establishing the Australian Reinsurance Pool Corporation, the federal government is guaranteeing terrorism insurance cover for businesses at an affordable price.

While I have focused primarily on the costs associated with terrorism insurance cover, there are other economic implications that I would like to note. As the member for Cowper, my electorate covers much of the beautiful coastline and hinterland on the North Coast of New South Wales. The region is recognised as one of the premier places to visit and therefore enjoys a vibrant tourism industry. However, in recent times the industry has confronted challenges that have been out of its control. We all know the impact of September 11 on international travel. Our region suffered the same fate as many other parts of Australia, with a drop in the number of overseas visitors. While the region has been able to benefit from a relatively
buoyant domestic tourism market, the drop in international tourism visitations is of obvious concern.

When the world experiences a tragedy such as September 11, it is only human nature that people will re-evaluate their wants, needs and values. Those considerations extend to where and when people choose to travel. It is one of the unfortunate realities of terrorist acts that they are not only barbaric and inhumane but have wider implications for the freedom of people. In the Western world, we appreciate the freedom and liberty which come from living in a democratic country. Unfortunately, acts of terror prompt insecurity in our minds and doubts in our actions. That, in turn, can have an impact on the routine of our daily lives and therefore the dynamics of local communities. As a free people, we can enjoy the confidence that comes with peace, stability and a good quality of life. However, when that confidence is rocked, there is a ripple effect which undermines the social and economic fabric of our society. In that sense, our tourism industry has experienced not only the grief that has resulted from September 11 but also the damage it has done to one of the most vibrant sectors in our local economy. However, 18 months down the track the federal government has displayed true leadership to address many of the issues which have arisen from the ongoing threat of terrorism. We have improved our national security as a matter of priority. That has been a major step taken by this government.

Compounding the problems of September 11 was the collapse of Ansett; that also had a far-reaching impact on our tourism industry. As a result of that, relief packages for suffering industries were provided by the government to affected areas. For example, the Ansett Holiday Package Relief Scheme provided $15 million in relief funding to tourism businesses directly affected by the collapse of Ansett. The program targeted particular businesses that honoured components of travel packages for which they were not paid, in order to keep faith with their customers. The federal government introduced a holiday incentive program where a $150 rebate was offered to encourage Australians to take a domestic holiday. All of these measures sought to reduce the impact of the inevitable downturn in tourism as a result of the collapse of Ansett and September 11.

The Terrorism Insurance Bill is yet another example of the coalition government responding to the needs of all Australians in what has been a particularly difficult time. In the formulation of the bill, the government has consulted widely with relevant stakeholders; as a result, representatives from key sectors have expressed support for the reinsurance pool scheme. The Property Council of Australia has endorsed the federal government’s proposed scheme to provide insurance cover against terrorism risks. The Chief Executive Officer of the Property Council of Australia, Peter Verwer, has placed on record his support. In the Weekend Australian of 26 October, Mr Verwer acknowledged that the financial community was threatening to withdraw funding from new projects but said that this bill would end that sort of uncertainty. The Executive Director of the Insurance Council of Australia, Alan Mason, is on record as saying that the federal government’s pool proposal not only provides cover to business by spreading the cost over the entire insurance community but will make cover more affordable and widely available.

In conclusion, this bill meets all the federal government’s objectives of working with industry to establish a sensible solution to a substantial challenge which terrorism has presented to the commercial property industry. It maintains the maximum possible private sector involvement, it has been prudently priced to ensure that the Commonwealth is compensated by
those who benefit from the assistance it allows, and it allows for the eventual re-emergence of commercial markets for terrorism risk cover. I commend the bill to the House.

Mr McARTHUR (Corangamite) (6.33 p.m.)—As other speakers have indicated, the Terrorism Insurance Bill 2002 is a measure to ensure that insurance will be available for projects and for the insurance industry generally when it has become no longer available because of the impact of the events of 11 September 2001. The withdrawal of cover for terrorism has meant that insurance companies would no longer take on risks, and likewise for reinsurance companies.

The 11 September events were the largest insurance events ever recorded. It is estimated that between $35 billion and $75 billion worth of insurance was claimed after those events. That was never contemplated by the insurance industry. The people in the United States and in the UK—even those insurers of Lloyd’s—did not anticipate such a catastrophic event. They may have anticipated one building being struck by aircraft or a bomb, but for both buildings to be wiped out was beyond all the realms of possibility. In this case, 60 to 80 per cent of the ultimate losses lies with the reinsurers. Obviously, they have a lot of difficulty in handling that. As a result, cover for terrorism has been removed from all new treaty reinsurance as from January 2002.

If you know something about the insurance industry you would know that it would be reasonable—with the current events in Iraq and terrorism—for insurance companies to be ducking for cover. Interestingly enough, I understand that Lloyd’s of London, who have had some difficult times over the last few years in terms of their premium writing and unforeseen events that have taken place, have the highest capacity to underwrite in their history, at £14½ billion—which is a remarkable amount of money.

This legislation provides a safety net by being the insurer of last resort in claims arising from terrorist acts. That is quite reasonable and even members opposite, I think, would agree with that. My good friend the member for Blaxland does not always agree with me, but I think on this occasion he might go along with some commonsense and some understanding because in the longer run he may be in government and this particular problem may emerge under his jurisdiction. That will be some time in arriving, I know—it might be another 15 years—and I am encouraged that he will be on the backbench for that length of time.

As I was saying, it was impossible to get terrorism insurance—that is fairly obvious under this set of circumstances—so it was having an impact on projects in Australia as people were not prepared to take the risk. In May 2002 the government made an offer for the remainder insurance losses, above the cover available from insurers, to be put in a pooling arrangement. This ensured that these insurance arrangements were kept in the private sector but allowed the re-emergence of a commercial market for terrorism risks cover. The well-known insurance brokers Marsh Pty Ltd, in their bulletin of December 2002, say:

If the Bill is passed in its current form then, from 30 June 2003, all insurance . . . providing coverage for commercial property in Australia, will be required to provide cover for acts of terrorism. Terrorism coverage will include chemical or biological attacks, but exclude nuclear attacks.

Tourism insurance will be compulsory, which contrasts with the United States (US) Terrorism Insurance Act . . .

Another overseas example is the UK Pool Reinsurance Company, established after the IRA attacks. In France, the state owned Caisse Centrale de Reassurance, under government guarantee, covers physical and property damage caused by terrorist attacks above an annual €1.5
billion ceiling. There are special terrorism risk mechanisms in Spain, South Africa and Is-
rael—and I guess companies in those countries would need that sort of coverage in view of
current events. Under the US terrorism act of November 2002, it is compulsory for insurers to
offer terrorism coverage for an additional premium. Obviously, the psychology and attitude in
America has been dented by the events of 11 September, and they are taking no risks.

The government here in Australia will compel commercial property owners to purchase ter-
rorism risk cover when ensuring their properties. This is because one cannot predict when
terrorism will occur—it might be in country areas; it could occur at any time. It is unprevent-
able, as recent events have indicated. There has been terrorism in tourist areas. The example
of Bali is often quoted and in Australia we live in some apprehension that that might happen
here in some of the tourist areas where there may be foreign nationals.

There is a need for a reasonable fund pool of at least $300 million to start the ball rolling,
and to do this the terrorism surcharge will increase premiums by between only two per cent
and four per cent, for smaller businesses. According to the insurance broker Marsh Pty Ltd,
reinsurance premiums will vary between two per cent and 12 per cent depending on location,
but average about five per cent. That seems fairly reasonable given the possibilities of a major
catastrophic event and the sensitivity and concern that insurance companies have about this
whole matter in the current international circumstances.

As Trowbridge Consulting have said, voluntary participation in a scheme would be un-
workable; so this bill has come in to ensure a practical solution to the whole problem of ter-
rorism insurance. The bill proposes to cover commercial property infrastructure facilities and
include associated business interruption and public liability cover. It would compel insurance
companies to provide cover for terrorism on all policies. Companies may reinsure their terror-
ism risk and exposure under the proposed scheme. The pool of funds is planned originally to
accumulate $300 million funded by the premiums. The first $10 million worth of claims
would be borne by the insurer and claims above that would be borne by the government. To
quote from the description by McCulloch Robertson lawyers of 5 December 2002:

[The legislation] will make it compulsory for insurers issuing commercial policies for property damage,
business interruption and public liability to include statutory terrorism cover in the policy and to collect
a premium to be remitted into the pool of funds. The pool will comprise $300 million to be collected at
the rate of $100 million over a year, for three years. On the happening of a terrorist event, insurers will
meet claims at first instance and then claim reimbursement from the fund, which will pay losses from
three tiers:

I think this is important, because it sets it out very well—
the pool’s funds up to a limit of $300 million
up to $1 billion excess of the pool funds from a commercial loan facility guaranteed by the Federal
Government then
up to $9 billion in excess of the commercial loan facility for ‘reinsurance’ (in effect a government in-
demnity) provided by the Federal Government ...

The art indemnity fund—to which I will refer in a minute and on which I did some work as a
member of the parliamentary committee—reflects that sort of approach by this government
and, to be fair, previous governments.

The bill defines a terrorist act—and I think this is important—as ‘an act or threat that
duces death or serious harm to a person; causes serious damage to property; endangers an-
other’s life; creates a serious risk to public health or safety; or seriously interferes with, dis-
rupts or destroys an electronic system such as a telecommunications system, financial system,
transport system or essential public utility; and is done or made with the intention of advanc-
ing a political, religious or ideological cause and coercing or intimidating a Commonwealth,
state or territory government, a foreign country or the general public in either Australia or a
foreign territory’. Advocacy, protest and dissent or industrial action will be excluded from the
definition of terrorism where such actions are not intended to cause serious physical harm,
death, endangerment of life or serious risk to the health or safety of the public.

The Australian Reinsurance Pool Corporation, when created, will have its funds depleted
from time to time. The rates will be reviewed in order to repay the commercial loan and the
reinsured facility and replenish those funds. So there is a commercial approach whereby, if
there is a sudden call upon the funds, the bill allows for a replenishment of these funds from
time to time. The scheme would operate from 1 July 2003, and this bill proposes its imple-
mentation. I understand that it has the support of the banking and real estate industries. Obvi-
ously the insurers have been unwilling to cover terrorist attacks, as they have been unwilling
to cover some of the public liability risks associated with normal activity.

I finish by referring to the very good art indemnity scheme run by the Commonwealth and
supported by both the Labor Party and the current coalition. I was a member of the Standing
Committee on Transport, Communications and the Arts which looked at the very fundamental
problem of art indemnity in a way similar to the current proposal before the parliament. I will
quote a couple of paragraphs from this, because it demonstrates the ability of government to
cover some of these almost uncoverable risks. In the case of art indemnity, there was an inter-
esting argument about who might cover the premium. Fundamentally, art indemnity arranges
insurance coverage for high-value works of art that come from international sources to tour
Australia. Obviously the question of who covers the insurance is asked.

I will quote the figures from the report so that we get them right. In the year 2002-03, there
were exhibitions worth a total of $2.6 billion. Given a financial assessment of that risk, it
would cost $1.165 million for the premium. The report says:
Undoubtedly, in the event of a major incident involving damage to works of art, premiums would rise.

However, the DCITA—

that is, the department—

stated that at the current premium rates it expected to be able to cover $2 to $3 billion in total exhibi-
tions per year.

The fundamental problem in the case of this reinsurance is whether governments can handle
the reinsurance problem and, in the case of art indemnity, cover these works of art. This
scheme allows the government to carry the risk. Mr Robert McKay, the current chairman of
Art Exhibitions Australia, states:

Our fear is ... that, as it now becomes an item in the department of art’s budget, the user-pays principle
may cause that premium to bring about a change in government policy. Our fear is that if the govern-
ment policy of the past 21 years were to change and changes were to be made then we believe that will
destroy what has been built up over the last 21 years. The economics of the industry cannot carry the
cost.

Without going into detail, I commend the art indemnity scheme supported by both govern-
ments for the last 21 years. It does allow, at a reasonable cost, works of very high value to be
brought to Australia by aircraft. They are very well protected in the aircraft and are carried by personal courier. The ability of Art Exhibitions to execute the physical transport is of a very high order. The fundamental thesis that the federal government would undertake the cover for no premium is to be commended, given the total aspect of seeking insurance for works of art.

Both these schemes are to be commended. Whilst the federal government may be up for a payment at some future date, that is a matter of risk and a matter of judgment. In both cases it means that Australians can enjoy works of a very high calibre and of outstanding quality, because we have developed that art indemnity scheme. In the case of the Terrorism Insurance Bill before us, it allows Australia to get on with the insurance cover. It allows the government to come in at a later stage in a commercial way to cover unforeseen risks, such as September 11 in the US, and allows the government, as the lender of last resort, to cover this amount of insurance. I commend the legislation to the House and I commend the government for providing a sensible, commercial and national solution to a very complex problem.

**Mr JOHNSON (Ryan)** (6.49 p.m.)—I am delighted to speak on this important Terrorism Insurance Bill 2002 and to have the opportunity to contribute to the debate of my colleagues in this parliament. The purpose of the bill is relatively straightforward, as the previous speaker, the member for Corangamite, has alluded to. It is effectively to set up a scheme for terrorism insurance and to establish a statutory authority, the Australian Reinsurance Pool Corporation, which will have the responsibility of managing the scheme.

The horrific events of 11 September 2001 in the United States changed the world in many ways. It is apparent to all in this country that the human tragedy and the devastation caused by those aircraft in those terrible attacks on the twin towers in New York has reverberated around the world. It is fair to say that the cost is in fact immeasurable. Clearly, the financial markets and the commercial world have been especially affected. The financial significance of the attacks was quite substantial. It was the worst ever single act of terrorism and had a major impact, in particular, on the global insurance industry. This government now has the responsibility of addressing the issues that have been caused by that terrorist attack.

In Australia, the result of that attack was the significant withdrawal of cover for terrorism risk by insurance and reinsurance companies. According to the Reinsurance Association of America, the expected losses from the 11 September attacks are estimated to be $35 billion to $75 billion—a figure that is difficult to comprehend; but those are the figures that have been provided. In his address to the Insurance Council of Australia Conference in August last year, the Secretary to the Treasury, Mr Ken Henry, spoke about those attacks and the impact in particular on the insurance industry internationally. Mr Henry, whose skills and experience in the Treasury related portfolio are pretty substantial, stated:

Views have had to adjust on two things critical to the business of insurance: first, assessments of the probability of occurrence of a catastrophic terrorist event; and second, assessments of the probable scale of financial damage that might be inflicted by an act of terror.

In Australia, there are around 150 private general insurers and reinsurers operating and employing some 35,000 people. There is no doubt that the general insurance industry is a substantial one, and it is a substantial contributor to the economic activity of this country. Mr Henry went on to say:
The true significance of the insurance industry lies in the fact that if it didn’t exist a large proportion of
the rest of the economy wouldn’t exist either. Without a reliable mechanism for pooling and transferring
risk, much economic activity simply would not take place.

A safe, stable insurance industry is vital for underwriting stability and confidence in economic and so-
cial interaction—in underwriting the economy and society.

The change in the international environment has meant that some forms of insurance such as
terrorism insurance—insurance that we take for granted—are simply not available today or
are available only at premiums that are beyond the capacity of most organisations that would
be taking out such premiums in the first place. These changes have had a major impact on
business and commercial projects being undertaken. There have been reports that large enter-
prises are finding it not only impossible to get terrorism insurance but that, in turn, this was
jeopardising future commercial arrangements and throwing major projects into substantial
confusion.

Terrorism represents potentially tremendous losses with unpredictable frequency. The in-
ability to address this problem of incomplete information means that insurers and reinsurers
face enormous difficulties in determining appropriate premiums and writing insurance con-
tracts for this type of risk. However, insurance companies are currently investigating all kinds
of ways that could allow them to overcome these challenges. The initial impact of this market
failure was particularly heavy on the aviation industry, and reinsurers and insurers generally
gave notice that coverage for terrorist risks would be effectively terminated immediately.

The Commonwealth government and many other governments around the world have
taken a course of action and have instituted arrangements to avoid a complete shutdown of the
industry, which would be devastating to relevant economies. In Australia, this has been in the
form of an indemnity to cover third-party terrorist risks. The withdrawal of insurance cover
for terrorist risks has affected most insurance policies in Australia, not just, as I mentioned,
those of the aviation sector. It affected the aviation sector in particular, but I stress that it is an
issue that covers a spectrum of commercial organisations and industries.

The Terrorism Insurance Bill 2002 establishes a framework to implement the scheme for
replacement terrorism insurance announced by the Treasurer last October. The development
of the scheme follows calls from the community in particular for the government to intervene
and to play a part in addressing these major challenges in the market. As the House would be
aware, the government has consulted with the Insurance Council of Australia, major individ-
ual insurers, the Australian Banking Association, the Property Council of Australia, reinsurers
and brokers. So it has consulted widely to develop arrangements that we now see in this bill—
adequate arrangements that will address some of the major challenges confronting the coun-
try.

While there is no doubt that there are grounds for the government to intervene at this point,
I would like to stress that terrorism insurance arrangements will not be open-ended. It is im-
portant that there is some kind of time frame for the government’s intervention and for its
cover. Intervention by the Commonwealth government on this issue is consistent with the
need to maintain, to the greatest extent possible, private sector involvement; ensure that the
risk transferred to the Commonwealth is appropriately measured; and allow the re-emergence
of commercial markets in this area.
I want to refer to some of the main features of this scheme. These would cover commercial property and infrastructure facilities and would include associated business interruptions and public liability. The compulsory deeming of terrorism cover is essential to allow accumulation of a credible pool of funds within a reasonable period. Universal terrorism insurance is designed to avoid problems of undiversified risks and uncertainty as to who will be eligible for compensation in the event of a terrorist attack. The bill also establishes a statutory authority, the Australian Reinsurance Pool Corporation, that has the charter responsibility to provide reinsurance cover to insurers for losses that arise from a declared terrorist incident or activity.

Insurers who seek terrorism reinsurance through the Australian Reinsurance Pool Corporation will retain part of the risk of liability from a declared terrorist incident. The Treasurer will set the retention by issuing directions to the corporation. Initially, it is anticipated that the retention will be set at some $1 million per insurer per annum and $10 million across the industry per incident. The Treasurer will also be able to direct the corporation on premiums to be charged for the reinsurance. Premiums collected from those insured will be paid by insurers to the scheme in order to fund some $300 million. So it is a pretty substantial figure.

The government’s objective is to operate the scheme only while terrorism insurance cover is commercially unavailable. As such, reviews of the scheme, of the international climate and of the global terrorism risks will be conducted every two or three years. It is important to assess the state of the market and the state of the international community at this difficult time and in the foreseeable future. The uncertainty in a market makes it impossible to stipulate the details or the timing of the wind-up of the scheme and of the use of the funds accumulated by the scheme. But, as I alluded to earlier, it is important to stress that this is not something that would be indefinite, which of course would be completely unsustainable. Components of the scheme—including pricing, classes of insurance required to provide terrorism risk cover and the level of underwriting available—are flexible. They are not set in legislation; they are not set in stone. This is very clearly to encourage a re-emergence of the commercial market.

I want to touch very briefly on my electorate of Ryan. A significant number of local constituents have called me in relation to this issue. There is particular interest from substantial developments that are taking place in the Ryan electorate. It is a growing area, there is significant commercial growth throughout the Ryan electorate, and so this bill has an enormous positive impact on the people of Ryan and particularly those in the area of commercial development and related infrastructure facilities development.

Following the Treasurer’s announcement on the scheme last year, the Property Council of Australia chief executive, Mr Peter Verwer, was reported as saying that developers could now proceed with confidence. He said:

The financial community was threatening to withdraw funds from new projects and to finance sales.... This ends all of the uncertainty.

The Treasurer’s announcement was also welcomed by the Insurance Council of Australia. ICA Executive Director Alan Mason stated:

The Government’s pool proposal will provide cover to business that is currently unavailable. By spreading the cost over the entire insuring community it will make cover more affordable and widely available.

In conclusion, I want to reassure all those in my electorate who have contacted me—the significant commercial developers and significant commercial investors who will find this bill
very helpful, very relevant and very timely— that the government’s eye is very much on the
ball. I commend the bill to the House.

Mr GEORGIOU (Kooyong) (7.00 p.m.)—Considerations of the economic impact of Sep-
tember 11 pale into insignificance when compared with a murder of 3,000 innocent people. It
is nonetheless incumbent upon the Commonwealth to deal with the economic consequences
of terrorism and not least with its impact on insurance. The terrorist attacks of September 11
have had a major impact on the insurance industry globally. In June last year the Treasury
commissioned an assessment of the Australian insurance industry. After consultations with
representatives of the insurance, property and banking industries, it found that, because of the
perceptions since September 11 of a heightened risk of terrorism, very little terrorism related
insurance cover was available for commercial property or for loss of revenue caused by inter-
ruption to normal business activity. What cover was available had not been taken up because
it was available only at a price that far exceeded the perceived cost of the risk, with high ex-
cesses and relatively low maximum coverage in the event of a terrorist attack.

The lack of comprehensive insurance cover for commercial property and infrastructure fa-
cilities reflects a market failure—a market failure that has adverse consequences for society
even if, as we all fervently hope, no further terrorist attacks occur. Lenders usually require
that large commercial borrowers maintain comprehensive insurance. Accordingly, some new
development projects have been stalled because of the unwillingness to lend money to pro-
jects without insurance coverage in respect of terrorist acts. In the case of the US, a recent
survey found that $15.5 billion worth of real estate projects had been stalled or cancelled be-
cause of the scarcity of terrorist insurance. The evidence in Australia is not quite as direct but,
in April 2002, Standard and Poor’s warned that the property industry would suffer if the crisis
over the lack of terrorism insurance dragged on. The Property Council of Australia warned
that up to 65 per cent of institutionally held property would soon not have terrorism insurance.
A month later, in May 2002, the Property Council said, ‘There is about $80 billion worth of
commercial property uninsured at the moment, and you can easily double that amount in in-
frastructure.’

The prudent economic management of the Howard government has meant a strong Austra-
lian economy. Indeed, the OECD recently recommended Australia as an example for the rest
of the world’s advanced economies to follow. However, the impact of the market failure in
terrorism insurance has the potential to constrain our economic growth. Government interven-
tion is warranted until such time as the risks from terrorism are sufficiently small to encourage
commercial insurers to again provide cover on reasonable terms against terrorism, or until the
insurance and reinsurance industries develop more appropriate methods for pricing such risks.

The Terrorism Insurance Bill 2002 establishes a scheme which will override any terrorism
exclusions in eligible insurance policies covering loss or damage to eligible commercial prop-
erty and infrastructure facilities. A terrorist act is defined as an action, or threat of action, with
the intent of intimidating or coercing a government of the Commonwealth, a state or territory
or a foreign country, or the Australian public, with the intention of advancing a political, reli-
gious or ideological cause.

Under this bill, terrorism insurance will provide cover for damage caused by terrorist activ-
ity or the threat of terrorist activity, including fire, flood and explosion, and biological, chemi-
cal and aircraft impact. Individual policyholders will receive a level of insurance cover and
excess for the effects of a terrorist act commensurate with the cover and excess under their existing property insurance policy. Take, for example, a small business with an insurance policy that provides a maximum of $1 million cover for damage by fire but excludes fire caused by a terrorist act. Under the provisions of the Terrorism Insurance Bill 2002, the exclusion for fire damage caused by a terrorist act would be overridden.

All insurance companies will be able, but not compelled, to reinsure their terrorism risk exposure with the Australian Reinsurance Pool Corporation, a new statutory authority that this bill establishes. Reinsurance gives insurers the opportunity to spread the risk and protect themselves against claims that would otherwise empty their reserves. The ability to reinsure is critical to insurers’ ability to provide cover against terrorist acts. The reinsurance pool will be funded by terrorist risk surcharges to be levied on individual policy premiums, and premiums will continue to be set by insurers. The effect of this will be that those who benefit from the scheme—namely policyholders who will again be able to obtain insurance cover against acts of terrorism—will bear the cost of funding the pool. The Treasurer has announced that it is estimated that the reinsurance pool will grow to $300 million within three years. This is on the basis of an initial surcharge of two per cent on eligible policy premiums, together with an additional surcharge of 10 per cent for commercial properties located in capital city CBDs, and two per cent for urban commercial properties.

In the event of a terrorist incident there will be a four-level structure to meet the costs of eligible claims. At the first level, the insurance industry will bear the first $10 million worth of claims. This I think is not an amount that will place an excessive strain on the Australian insurance industry, particularly as individual insurers will have an exposure limit of $1 million per annum.

If the total amount of eligible claims arising from a terrorist act exceeds $10 million, the second level of the claims structure of the government reinsurance pool will be activated. The Reinsurance Pool Corporation is liable to compensate insurers for liabilities incurred by them under a protected contract, to the extent that the liability arises solely because the bill overrides terrorism exclusions. The corporation’s ability to pay claims will be dependent on the amount of money in the reinsurance pool. As I said, this is estimated to be $300 million three years after the inception of the scheme.

If the government reinsurance pool is not sufficient to meet all eligible claims, the third level will come into play, whereby the Commonwealth will provide a further $1 billion from a commercial line of credit. Finally, in the event that this, too, is exhausted, the fourth level will comprise a government guarantee with respect to money payable by the Reinsurance Pool Corporation. This guarantee is not limited; however, the bill also provides that, if amounts payable under the guarantee exceed $10 billion, the minister must declare a reduction percentage. In that case the amounts payable for terrorism cover would be reduced by the reduction percentage. Through this the government would seek to limit the amount payable for terrorism insurance to $10 billion.

Analysis of current premiums suggests that the additional burden imposed on small commercial operators by the proposed premium surcharge would not be an unreasonable impost. Indicative data presented by the Insurance Council of Australia suggest that the premium scales proposed by the bill would, for a small suburban business, mean a likely additional burden of between $15 and $35 a year.
Initially, the universality of the proposed scheme was criticised by some who felt that their property was not at significant risk of terrorist attack—for example, those who run small businesses on the outskirts of our capital cities. The scheme outlined in this bill takes into account those concerns. This is evidenced by the two-tier system, which takes into account property location, and provides that properties in capital city CBDs pay a higher surcharge.

A universal scheme is necessary to allow a substantial pool of premium surcharge funds to accumulate within a reasonable time frame. It might also be taken into account that a terrorist attack on something like an electricity power station may have a significant impact on a wide range of businesses and their ability to operate effectively, regardless of their size or location. Overall, the proposed scheme has been warmly welcomed by the insurance, banking and property sectors. Preceding speakers have outlined some of their points, so I will not go over that again.

The Australian government’s intervention is not without international precedent. Other Western governments have been similarly compelled to introduce schemes to address their respective domestic market failures in terrorism insurance. In November 2002, the US Congress passed the Terrorism Risk Insurance Act, which makes it compulsory for insurers to offer terrorism insurance in all commercial policies. Under the act, insurers must offer terrorism coverage to commercial policyholders on terms identical to coverage against loss or damage from non-terrorist events. Since December 2001 in France—which has been spoken about in the House often over the last couple of weeks—the cost of all physical and property damage caused by terrorism, in excess of the first 1.5 billion euros worth of damage each year, has been guaranteed by the state-owned French reinsurance company.

It is not the government’s intention to use this bill as an opportunity to make a permanent entrance into the insurance market. Rather, it intends to operate this scheme only while insurance cover against terrorist activity is unavailable commercially on reasonable terms. Accordingly, reviews of the scheme and the status of the global terrorism insurance market will be conducted at least once every three years after the scheme’s inception, in order to assess the potential for the government to terminate the scheme.

In conclusion, this bill will provide much-needed certainty to the commercial property, banking and insurance sectors. It will compel insurers to provide terrorism risk insurance on eligible policies, and it will give them the option of reinsuring that risk with the Australian Reinsurance Pool Corporation. The characteristics of the scheme will ensure that the impost on individual insurers and insured will not be excessive. It will put an end to the market failure in terrorism risk insurance that has arisen since the terrorist attacks of 11 September 2001. I commend the bill to the House.

Ms GAMBARO (Petrie) (7.12 p.m.)—I would also like to speak in support of the Terrorism Insurance Bill 2002. As previous speakers have mentioned, the bill sets out interim measures to address the failure of the market to address the costs and the risks associated with terrorism and to supply cover in the event of a terrorist attack. This bill is very important because it establishes a framework for a scheme for replacement of terrorism insurance, as announced by the Treasurer in October of last year. The government decided to intervene in the insurance market following calls from the community and subsequent discussions with key industry stakeholders, including banks and representatives of property owners, insurance and reinsurance companies, industry associations, insurance brokers and actuaries.
In effect, the bill will mean that all eligible insurance contracts will include terrorism risk cover. It is very important that this bill establishes a statutory authority called the Australian Reinsurance Pool Corporation. The authority will provide reinsurance cover to insurers if loss occurs following a declared terrorist attack. In effect, it will retain some of the risk of liability from such an incident. According to the Australian Bureau of Statistics, the Australian Reinsurance Pool Corporation would be classified as a public financial corporation. Consequently, there would not be any impact on the underlying cash balance from premium income and the payment of claims. The objective of the scheme, as encompassed in this bill, is to provide a pool of funds that will be funded by premiums.

As previous speakers have said, it is estimated that there is a pool of roughly $300 million that will be established from premiums collected from the insured and those paid out by insurers to the pool. The rationale for the pool of $300 million is to provide in the event that a claim exceeds the resources of the pool and a loan may need to be sought. The pool will be supplemented by a back-up line of credit of $1 billion, which will be underwritten by the Commonwealth, as well as the Commonwealth government indemnity of $9 billion. These measures will give aggregate cover of up to $10.3 billion when the pool is fully funded.

It is the government’s intention that the scheme will operate only while tourism cover is commercially unavailable on reasonable terms. Reviews of the scheme and of the global terrorism situation will be conducted every two to three years to ascertain the market situation and the possibility of winding up the scheme. But while uncertainty in the market still exists, there is difficulty in detailing the wind-up of the scheme and the use of funds accumulated by this scheme. There are several components of the scheme that are deliberately flexible in order to promote the re-emergence of the commercial market in tourism insurance. These components include things such as pricing, the level of underwriting available and the different classes of insurance required in providing terrorism risk cover.

In June and July of last year, an assessment of the Australian insurance market found that the only available cover—when compared to previous available cover—was priced in excess of the perceived cost of the risk and had large excesses and low maximum coverage. In effect, the market was not meeting the capacity for this type of insurance. According to the Australian Prudential Regulatory Authority, the risk associated with the high payout from a low-probability event could not be managed through increased premiums or capital. Most insurers in the marketplace would not offer terrorism risk insurance within property cover, as they themselves could not obtain reinsurance. Many institutions such as banks, superannuation funds and fund managers are not set up to manage insurance risk. Superannuation funds are actually excluded from taking risk on board; there is also a suggestion, according to APRA, that a suitable supply of terrorism risk insurance would not appear in the short to medium term, either domestically or in global markets. It was in light of this that the government announced in May 2002 that it would establish an interim measure that would deal with this particular situation. As part of the measure, the government decided that the scheme would include private sector involvement and assurances that pricing of risk transferred to the Commonwealth should be appropriate. It should also allow for the re-emergence of the Australian commercial insurance market in an area of terrorism risk and other global solutions.

The government does not wish to be involved in the insurance market in the long term but will operate this measure only while tourism insurance cover is unavailable on reasonable terms. Another possible benefit of the scheme is the intention to underwrite state and territory
workers compensation and compulsory third-party motor vehicle insurance. This, of course, will be subject to discussions with state and territory governments, and would include contributions from those governments if it were to occur. The development of this scheme is in response to calls from the community for the government to intervene and avoid possible commercial investment stalemates such as those experienced recently in the United States property market.

The world today is a very different place from what it was two years ago. September 11 and Bali have left an indelible print on the way that we view and judge the world. From a commercial point of view, the current situation has left many a business without insurance cover in the event of a terrorist situation affecting their business. For insurance purposes, terrorist risk is a very difficult thing to price; insurance premiums are based on the probability of occurrence, as always, and also the size of the resulting loss. But, because of the lack of information, those two variables are often very difficult to quantify; as a result, insurers cannot determine the appropriate premiums and they cannot go into contracts incorporating terrorism risk. While insurance companies are investigating methodologies that can overcome this problem, I envisage that this situation will not dissipate. The government has therefore decided to step in and instigate arrangements in the form of an indemnity to cover the third-party terrorist risk thus avoiding a shutdown of the insurance industry. Governments in the United States, France and Germany have instigated similar arrangements, and they have intervened to correct the problem of the lack of insurance cover.

The lack of comprehensive insurance cover for commercial property or infrastructure could have a dramatic effect on the property sector and the Australian economy at large. Commercial property projects could be stalled, also stalling the introduction of millions of investment dollars from the Australian property market and subsidiary markets. A Real Estate Roundtable survey in the United States recently found that, as a consequence of the uncertainty in terrorism risk premiums, more than US$15.5 billion worth of real estate projects had been stalled or cancelled across 17 states.

September 11 occurred at a time when global markets were contracting. The impact, particularly on the airline and tourism industry, resulted in diminished growth and heightened unemployment in many OECD countries. Australia was not one of those, fortunately. Although we did feel the impact of this particular event on our shores, the consistency of the Australian economy and its ability to produce positive and encouraging growth rates, exceeding three per cent, were certainly encouraging.

A recent article in the Economist stated that Australia had weathered the Asian crisis of 1997-98 and the general global downturn of 2001 and was now in its 12th year of uninterrupted economic expansion. The article went on to say:

Not surprisingly, the OECD declared Australia’s economy to be one of the rich world’s best performers. There is absolutely no denying that the external factors that affect our economy and that we are not immune to will certainly cause us to be challenged in the future. By adopting measures that create employment growth and opportunity in our industry and markets, we have a strong chance of maintaining that very strong growth in the economy.

Since 1996, the government has worked to reform the labour market and has provided responsible fiscal and monetary policy. Previous OECD reports have paid tribute to this reform process and have attributed the marked reduction in Australia’s structural unemployment rate.
to the progress that we have been making on these structural reforms—in particular, the steps that we have taken to improve the operation of the Australian labour market. The Workplace Relations Act 1996 stands as a beacon in the redirection of Australia away from a prescriptive and complex set of awards and towards a more flexible industrial relations system. However, the OECD cautioned us in 2001 that we should go against a revision of past policies that do not improve job growth opportunities for the Australian labour market. The OECD also pointed to the existence of continuing impediments to the effective operation of the labour market, affecting industrial relations, labour market assistance and welfare-to-work and school-to-work transitions. I include this point as a direct reference to the Senate’s refusal to pass the Workplace Relations Amendment (Fair Dismissal) Bill 2002 [No. 2]. At a time when we should be considering opportunities for growth in our labour market, the opposition have demonstrated their refusal to endorse such opportunities.

The bill before us tonight will inject confidence into the commercial insurance market. By virtue of the nature of insurance, any uncertainty in that market will flow on to the commercial building and investment sectors. The lack of adequate insurance in the event of a terrorist attack has already been shown to curtail property projects and subsequent investment in the commercial property sector. Once projects are stalled, that reduction in approval trickles down to investment holdings such as property and superannuation trusts. The result is a reduction in investment returns, and, of course, that impacts on confidence.

One of the key advantages of this bill is the inclusion of industry participation—participation with the Australian Reinsurance Pool Corporation through compulsory provision of insurance. Optimal reinsurance will encourage commercial insurers and reinsurers to stay in the domestic market. Not only will this maintain diversity in the insurance market; it will increase the willingness of the market to re-engage terrorism risk cover. The government is indeed cognisant of the need to encourage the re-emergence of this type of insurance in the commercial insurance market. Being mindful of this, the government intends to monitor developments in domestic and global commercial insurance and the reinsurance market but to withdraw from the market once adequate cover is available.

The bill before the chamber ensures the government’s commitment to addressing the inadequacy of the commercial insurance market as a result of world events. It is a poignant reminder of the current global situation and the responsibility of the government to continue to act in the national interest. I therefore ask the chamber to support this bill.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (7.26 p.m.)—I am particularly pleased, on behalf of the government, to sum up this very important debate on the Terrorism Insurance Bill 2002. This bill is of very great importance. The government is concerned that this lack of comprehensive insurance cover for commercial property or infrastructure may lead to less financing and investment in the Aus-
Australian property sector and consequently wider economic impacts. The decision to implement a replacement terrorism insurance scheme followed calls from the community for the government to intervene in an area of clear market failure. The scheme has been developed in consultation with key stakeholders, including insurance and reinsurance companies, banks, representatives of property owners, industry associations, insurance brokers and actuaries.

The Terrorism Insurance Bill 2002 establishes the framework to implement the replacement terrorism insurance scheme announced by the Treasurer on 25 October last year. The amendments to be moved by the government later on will mean that the bill renders terrorism exclusion clauses in eligible insurance contracts ineffective in relation to loss or liabilities arising from a declared terrorist incident. The bill also establishes a statutory authority, the Australian Reinsurance Pool Corporation, with which insurers may reinsure their terrorism risks subject to their retaining a small proportion of them. Insurers will be obligated to meet the first $10 million of claims from any declared terrorist incident, with the safeguard that no single insurance company will bear in any year losses in excess of $1 million or four per cent of gross commercial property premiums, whichever is the smaller.

The Treasurer will also be able to direct the Australian Reinsurance Pool Corporation on premiums to be charged, based on the underlying base premium for the reinsurance. Premiums collected from insureds will be paid by insurers to the scheme in order to fund a $300 million pool and to repay any loan required in the event that claims exceed the resources of the pool. The intention of the government is for the scheme to give aggregate cover of up to $10.3 million when the $300 million premium pool is fully funded. While the Commonwealth has provided an unlimited guarantee to the ARPC, the Treasurer will have the power to declare pro rata reductions to claim payments to try to limit the exposure of the Commonwealth to $10 billion. In the event of a terrorist incident in Australia after 1 July this year, individuals and organisations that have taken out insurance contracts to cover commercial property will benefit from this scheme.

The objective of the government is to operate the scheme only while terrorism insurance cover is unavailable commercially on reasonable terms. As such, reviews of the scheme and also the global terrorism risk reinsurance market will be conducted every two or three years to assess the state of the market and hence the possibilities for winding down or withdrawing the involvement of the Commonwealth.

I am told that time is short. I would usually give honourable members, particularly opposition members, the courtesy of responding to the points that they have raised in the debate. However, I would simply like to comment on one point that the member for Lingiari made. He asked why the government is ignoring the terrorism threat in regional Australia. I just want to point out to him that the Terrorism Insurance Bill 2002 provides cover for all commercial property in all areas of the country. It recognises that the risk is likely to be less in rural areas and this is reflected in the proposed premium pricing structure. I commend this bill to the chamber.

Question agreed to.

Bill read a second time.

Messages from the Governor-General recommending appropriation for the bill and for the proposed amendments announced.
Bill—by leave—taken as a whole.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (7.32 p.m.)—by leave—I present a supplementary explanatory memorandum to the Terrorism Insurance Bill 2002 and move government amendments (1) to (8):

(1) Clause 3, page 2 (after line 12), after the definition of *eligible insurance contract*, insert:

> **eligible property** means the following property that is located in Australia:

(a) buildings (including fixtures) or other structures or works on, in or under land;
(b) tangible property that is located in, or on, property to which paragraph (a) applies;
(c) any other property prescribed by the regulations.

Note: Roads, tunnels, dams and pipelines are examples of eligible property.

(2) Clause 3, page 2 (line 20), omit the definition of *insurance*.

(3) Clause 3, page 2 (after line 22), after the definition of *member*, insert:

> own, in relation to eligible property, includes:

(a) owning the property together with another person or other persons; and
(b) having an insurable interest in the property.

(4) Clause 3, page 2 (line 26), omit “30 June”, substitute “1 July”.

(5) Clause 3, page 2 (line 28) to page 3 (line 6), omit the definition of *underlying property*. 

(6) Clause 6, page 5 (lines 25 to 28), omit subclause (7), substitute:

> (7) A reduction percentage must be specified if the Minister considers that, in the absence of a reduction percentage, the total amounts paid or payable by the Commonwealth under section 35 (including amounts not related to the act or acts specified in the declaration) would be more than $10,000 million.

(7) Clauses 7 and 8, page 6 (line 5) to page 7 (line 34), omit the clauses, substitute:

### 7 Eligible insurance contracts

(1) A contract of insurance is an *eligible insurance contract* to the extent that it provides insurance cover for one or more of the following:

(a) loss of, or damage to, eligible property that is owned by the insured;
(b) business interruption and consequential loss arising from:
   (i) loss of, or damage to, eligible property that is owned or occupied by the insured; or
   (ii) inability to use eligible property, or part of eligible property, that is owned or occupied by the insured;
(c) liability of the insured that arises out of the insured being the owner or occupier of eligible property.

(2) A contract covered by subsection (1) is not an eligible insurance contract to the extent to which it is:

(a) a contract of reinsurance; or
(b) prescribed by the regulations for the purposes of this subsection.

(3) A contract of insurance is not an eligible insurance contract if it is made in the course of State insurance not extending beyond the limits of the State concerned.

(4) This section extends to contracts made before the commencement of this section.
8 Effect of terrorism exclusions in eligible insurance contracts

(1) A terrorism exclusion in an eligible insurance contract has no effect in relation to a loss or liability to the extent to which the loss or liability is an eligible terrorism loss.

(2) For the purposes of subsection (1), terrorism exclusion means an exclusion or exception (however described) for:

(a) acts that are described using the word “terrorism” or “terrorist” or words of similar effect; or

(b) other acts (however described) that are substantially similar to terrorist acts as defined in section 5.

(3) If:

(a) apart from this subsection, an amount (the base amount) would be payable under the contract, solely because of this section, in respect of a declared terrorist incident; and

(b) a reduction percentage applies to the declared terrorist incident; and

(c) if the contract was made on or after 1 October 2003—the insurer is reinsured with the Corporation in respect of the whole or a part of the insurer’s liabilities under the contract that arise solely because of this section;

then the base amount is to be reduced by the reduction percentage.

(4) The Corporation is liable to compensate an insurer for:

(a) a liability incurred by the insurer under a protected contract, to the extent that the liability arises solely because of this section; and

(b) expenditure incurred by the insurer in connection with, or arising from, the assessment, management, conduct, rejection, defence or settlement of a claim by the insured, to the extent to which the claim is:

(i) under a protected contract; and

(ii) in respect of a liability that arises (or is alleged to arise) solely because of this section.

For the purposes of this subsection, protected contract means an eligible insurance contract that is in force at the startup time or is entered into after the startup time and before 1 October 2003.

(8) Clause 35, page 19 (lines 18 and 19), omit subclause (2).

The amendments to the Terrorism Insurance Bill 2002 will alter the timing for collection of premiums, render ineffective terrorism exclusion clauses rather than deeming terrorism cover into eligible insurance contracts, alter the definition of eligible insurance contracts and provide certainty to insurers that they will not be exposed to liability for terrorism losses above their individual retentions set in reinsurance contracts with the Australian Reinsurance Pool Corporation. The amendments reflect the outcome of discussions with stakeholders, including the insurance industry, banking representatives and commercial property owners.

The Insurance Council of Australia advised that it would not be possible for its members to be in a position to commence collecting terrorism risk premiums from the government’s previously announced start-up date of 30 June 2003. Because of the lead time required by insurers to effect systems changes, the government proposes to provide terrorism cover under the scheme from 1 July 2003 but only oblige terrorism reinsurance premiums to be paid to the ARPC from 1 October 2003. This is reflected in amendment (4).
The changes to clause 8 proposed in amendment (7) are designed to more correctly reflect the intent of the government that recoverable losses or liabilities arising from a declared terrorist incident be of a type or character that would otherwise be covered by the eligible insurance contract. The effect of the proposed change is that, rather than deeming terrorism cover into eligible insurance contracts, the legislation would render ineffective terrorism exclusions. This would effectively replicate the provision of terrorism risk insurance prior to 11 September 2001.

The proposed amendment to clause 8(4) will also make the ARPC liable to compensate insurance companies for incidental claims expenditure that relates to claims under eligible insurance contracts that are in force before 1 October 2003. The original draft of the bill defines ‘eligible insurance contracts’ as those that provide insurance cover for loss or damage to tangible property. The reference to tangible property is considered to be too broad. This would cover property that does not have any link to real property and goes beyond the rationale for the government’s involvement in terrorism risk insurance—namely, to give a sufficient surety to banks and project financiers that the commercial buildings and projects they are building are appropriately protected. The changes to clause 7 contained in amendment (7) will mean that only those contracts that relate to real property—that is, buildings or other structures or works on, in or under land—and its contents are eligible. This will more clearly delineate the boundaries of what is covered by the scheme.

Amendments (6) and (8) are interrelated. The bill currently provides for a $10 billion Commonwealth guarantee of the ARPC. Clause 6(6) allows the Treasurer to declare a percentage reduction in claims payments by insurers if otherwise it was likely that the corporation would be unable to meet all of its liabilities to them. While acknowledging the comfort that clause 6(6) provided, insurers remain concerned that, should the government underestimate the likely level of claims flowing from an event or series of events such that the funds available to the ARPC were exhausted, they could still be left with exposures to policyholders in excess of their retentions. The proposed replacement of clause 6(7) and the amendment to clause 35 clarify that, in the event that there is a miscalculation of likely claims, the Commonwealth will bear the consequences, not the insurers.

Amendments (1), (2), (3) and (5) relate to definitions in the bill. The changes define ‘eligible property’ and ‘own’ and delete the definitions of ‘insurance’ and ‘underlying property’. The definitions of ‘eligible property’ and ‘own’ are relevant to the interpretation of amended clause 7. Definitions of ‘insurance’ and ‘underlying property’ are made redundant by other proposed amendments to the bill.

The proposed amendments finetune the scheme in order to ensure that it will be workable from the start-up point. On that basis, I commend these amendments to the Main Committee.

Question agreed to.

Bill, as amended, agreed to.

Ordered that the bill be reported to the House with amendments.

Main Committee adjourned at 7.38 p.m.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

Transport: Roads of National Importance Program
(Question No. 103)

Mr Martin Ferguson asked the Minister for Transport and Regional Services, upon notice, on 13 February 2002:
With respect to the Roads of National Importance program can he provide the requests for funding under this program submitted by each State and Territory Government for the (a) 1999/2000, (b) 2000/2001 and (c) 2001/2002 financial years.

Mr Anderson—The answer to the honourable member’s question is as follows:
The following table shows proposals put forward by the States and Territories for consideration under the Roads of National Importance programme in each of 1999-00, 2000-01 and 2001-02. The Commonwealth also becomes aware of other candidate Roads of National Importance projects through community representation.

<table>
<thead>
<tr>
<th>State/Territory</th>
<th>Project</th>
<th>Year Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>Pambula Bridge</td>
<td>2001-02</td>
</tr>
<tr>
<td></td>
<td>Extension of Pacific Highway programme beyond 2005-06</td>
<td>1999-00, 2000-01 and 2001-02</td>
</tr>
<tr>
<td>Victoria</td>
<td>Princes Highway – Melbourne to SA border</td>
<td>1999-00</td>
</tr>
<tr>
<td></td>
<td>Princes Highway – Melbourne to NSW border</td>
<td>1999-00</td>
</tr>
<tr>
<td></td>
<td>Calder Highway – Melbourne to Mildura</td>
<td>1999-00</td>
</tr>
<tr>
<td></td>
<td>Scoresby Freeway</td>
<td>2000-01</td>
</tr>
<tr>
<td></td>
<td>Princes Highway - Pakenham to NSW border</td>
<td>2000-01</td>
</tr>
<tr>
<td></td>
<td>Princes Highway – Geelong to SA border</td>
<td>2000-01</td>
</tr>
<tr>
<td></td>
<td>Western Ring Road - Western Highway to Princes</td>
<td>2000-01</td>
</tr>
<tr>
<td></td>
<td>Freeway</td>
<td>2001-02</td>
</tr>
<tr>
<td></td>
<td>Calder Highway</td>
<td>2001-02</td>
</tr>
<tr>
<td>Queensland</td>
<td>Douglas Arterial Road</td>
<td>1999-00</td>
</tr>
<tr>
<td></td>
<td>Peninsula Development Road</td>
<td>2000-01</td>
</tr>
<tr>
<td>Western Australia</td>
<td>Peel Deviation</td>
<td>2001-02</td>
</tr>
<tr>
<td>South Australia</td>
<td>Port River Expressway (stage 2)</td>
<td>1999-00, 2000-01 and 2001-02</td>
</tr>
<tr>
<td>Tasmania</td>
<td>Burnie – Smithton Road</td>
<td>2001-02</td>
</tr>
<tr>
<td></td>
<td>Hobart Port Access</td>
<td>2001-02</td>
</tr>
<tr>
<td></td>
<td>East Tamar Highway</td>
<td>2001-02</td>
</tr>
<tr>
<td></td>
<td>Lyell Highway</td>
<td>2001-02</td>
</tr>
<tr>
<td></td>
<td>Illawarra Main Road</td>
<td>2001-02</td>
</tr>
<tr>
<td></td>
<td>Lilydale – Scottsdale Road</td>
<td>2001-02</td>
</tr>
<tr>
<td>Northern Territory</td>
<td>Tiger Brennan Drive</td>
<td>1999-00, 2000-01 and 2001-02</td>
</tr>
</tbody>
</table>

Education, Science and Training: Program Funding
(Question No. 721)

Ms Burke asked the Minister for Education, Science and Training, upon notice, on 19 August 2002:

1. Are there any programs administered by the Minister’s Department that provide, or have provided, funding to local government authorities in (a) 1996-97, (b) 1997-98, (c) 1998-99, (d) 1999-2000, (e) 2000-2001 and (f) 2001-2002.
If so, for each program for each of the years that funding was granted to local government authorities, (a) what was the level of funding provided to each local government authority, (b) what was the purpose for which the grant was made and (c) in which federal electoral division or divisions does this local government authority fall.

Have any concerns been raised with the Minister’s office or the Minister’s Department from (a) local government authorities or (b) other organisations regarding cost shifting onto local government in regard to any programs administered by the Minister’s Department; if so, (a) to what program or programs did the concern relate and (b) were any investigations undertaken by the Minister’s Department in relation to these concerns; if not, why not; if so, what were the findings of these investigations.

**Dr Nelson**—The answer to the honourable member’s question is as follows:

**Major Local Government Funding Programmes**

1. The Department of Education, Science and Training administers a wide range of programmes with funding of approximately $12 billion per annum. A number of these programmes may provide for payments to be made to local government authorities through eligibility criteria. However, payment data cannot be easily collected on solely local government authorities.

A large number of the Department’s programmes have been established to make payments to specific organisations, for instance the majority of schools programmes make payments to the government and non-government education sectors such as State Government and Block Grant authorities, higher education programmes make payments directly to universities and payments for vocational education are made to the Australian National Training Authority.

Specific programmes that are likely to have some payments made from year to year to local government authorities are:

- **The Workplace English Language and Literacy (WELL) Programme** which provides funds to assist enterprises (or training providers that have obtained enterprise support) to provide workers with English language and literacy skills to help them meet their current and future employment and training needs. It particularly targets workers who are at risk of losing their jobs because of their low literacy skills. An employer contribution towards the costs of the training is required. Some funds are also used for development of training resources and projects to encourage industry to become involved in language, literacy and numeracy.

  From 1998 to 2002 WELL has funded between 300 to 400 recipients a year with on average 25 of the recipients being local government.

  Under the Indigenous Education Strategic Initiative Programme (IESIP) an agreement may be approved for the payment of money to an educational institution for a particular project. Applications for Targeted Outcomes Projects (TOPs) are accepted from educational institutions, associations and support agencies in the preschool, school and vocational education and training sectors. The aim of these projects is to support improved educational outcomes for Indigenous students in educational institutions that do not meet the minimum student number eligibility for Supplementary Recurrent Assistance (SRA) in their own right.

  The **Vocational and Educational Guidance for Aboriginals Scheme (VEGAS)** is part of the National Aboriginal and Torres Strait Islander Education Policy (AEP). It provides funding to sponsor organisations which develop projects to help Indigenous students and their parents, and Indigenous prisoners in lawful custody, including juvenile detainees, to make decisions about their continuing education, training and employment.

  The Commonwealth has made available $4m over 2002 and 2003 to fund 21 Partnership Outreach Education Model (POEM) pilot projects nationally. Partnerships and positive relationships between young people and their families and communities, community service agencies, schools, governments at all levels and business underpin all POEM projects.

  The POEM pilots target as a first priority young people (aged 13 – 19) who are disconnected from mainstream schooling. In certain circumstances, POEM projects might also provide assistance to young people who have a tenuous connection to school.

  Each POEMs project is testing ways of engaging with the target groups and of providing flexible and accredited education and training options in supported community settings. POEM projects help participants to reach their full potential by providing opportunities for them to develop their
education levels, life skills and employability skills. For many young people with complex issues, this process often requires significant time therefore participation in POEMs does not have a maximum time limit. When each individual participant becomes ready to exit POEMs, the projects help them to re-engage with a mainstream education option (eg school, TAFE or university), access further training, gain work or participate in community activities. Sustainable local support networks will add to the success of this planned process by maintaining support for the young people while they are in POEMs and after they leave.

The Jobs Pathway Programme (JPP) which assists young people make the transition through school and from school to further education, training or employment through the provision of assistance that focuses on the skills and knowledge required to enhance future career opportunities.

(2) My Department has examined the question. A response detailing the allocation of funding for all Department of Education, Training and Science (DEST) portfolio programmes to each of over 700 councils over 6 years would not be practicable and would not warrant the resources required to undertake this task. In addition, Local Government areas (LGAs), as a responsibility of the States and the Northern Territory, do not necessarily align with Commonwealth electoral division boundaries. Both Commonwealth electorate division boundaries and Local Government boundaries would have changed over this period. However, information that may assist in building up a picture has been provided in response to 1).

(3) See (2) above.

Centrelink: Overpayments
(Question No. 1000)

Mr Danby asked the Minister representing the Minister for Family and Community Services, upon notice, on 16 October 2002:

(1) Has the Government placed advertisements in newspapers Australia-wide advising recipients of payments like Newstart allowance or Parenting Payment to let Centrelink know when their circumstances change in order to not only keep the social security system fair, but also so that they will not have to pay back any overpayments.

(2) Were all individuals who provided Centrelink with up-to-date information on their personal details not asked to pay back any overpayments.

(3) In 2001-2002 how many recipients of the Child Care Benefit were overpaid despite providing Centrelink with up-to-date and accurate information on their income.

(4) In 2001-2002 how many recipients of the Child Care Benefit were overpaid but later received a waiver for the overpayment.

Mr Anthony—The Minister for Family and Community Services has provided the following answer to the honourable member’s question:

(1) A Government advertising campaign was run to encourage Centrelink customers to notify Centrelink whenever their personal circumstances changed as this could affect their entitlement to a social security payment. The campaign also noted that delays in notifying changes in circumstances may result in an overpayment. The campaign did not include messages regarding waiving the recovery of any overpayment a customer may have incurred. This campaign was administered by the Department of Family and Community Services.

(2) The Support the System that Supports You Campaign was designed as a preventative measure. The campaign’s aim was to encourage customers to report changes in their circumstances promptly and avoid incurring a debt. In some cases, a debt has been incurred where customers failed to promptly report such changes. Normal recovery arrangements applied to the recovery of these debts.

(3) A family’s exact entitlement to Child Care Benefit is determined when payments are reconciled at the end of the financial year. Reconciliation will result in overpayments being recovered and underpayments being topped up. When a family experiences a change in their circumstances, the Family Assistance Office (Centrelink) helps families get their estimate right and explains the implications of underestimating or overestimating income. Families whose estimate of income was accurate from the start of the financial year, would not have been overpaid. Families who experi-
enced a change in their circumstances during the year and provided an updated estimate may still have experienced an overpayment for any period prior to the change.

(4) For the 2000-2001 financial year the government introduced the $1000 transitional waiver to assist families adjust to the new tax system. This waiver will not apply to the reconciliation of 2001-2002 entitlements, therefore Child Care Benefit overpayments will be subject to normal recovery arrangements.

Transport: Roads to Recovery Program
(Question No. 1317)

Mr Martin Ferguson asked the Minister for Transport and Regional Services, upon notice, on 4 February 2003:

(1) Further to the answer to question No. 2194 (Hansard, 7 June 2001, page 27661) concerning Roads to Recovery program funding, for each year of operation of the program, which local government authorities (LGAs) have not certified that expenditure on roads funded from its own sources in a particular funding year has not been less than the average of the amounts expended on roads from these sources over the years 1998-99 to 2000-2001.

(2) Does his Department validate the information contained in the certifications by LGAs; if so, what are the validation processes; if not, does any other organisation audit LGA expenditure on roads.

(3) How many LGAs have had their certification validated.

(4) What are the results of the validation processes undertaken.

(5) What was the total LGA expenditure on roads in (a) 1998-99 and (b) 2001-2002.

(6) What was the total Roads to Recovery expenditure on roads by LGAs in 2001-2002.

Mr Anderson—The answer to the honourable member’s question is as follows:

(1) All LGAs that have provided annual reports have provided the certification required by the Roads to Recovery Programme guidelines.

(2) (3) and (4) The Roads to Recovery guidelines require LGAs to submit auditors’ certificates in conjunction with their certifications.

(5) My Department does not hold this information.

(6) My Department holds enough information to provide a good estimate of this figure. However, it is contained in the annual reports submitted by councils and it would be necessary to manually extract it from over 700 individual files. In the circumstances, I am not prepared to allocate the resources to undertake this task. However, Roads to Recovery expenditure during 2001/02 could be expected to be in the same order as the amount paid to LGAs by the Commonwealth during that year ie $300 million.

Nuclear Energy: Lucas Heights Reactor
(Question No. 1355)

Mr McClelland asked the Minister for Science, upon notice, on 5 February 2003:

(1) What is the name of the company that has been awarded the contract to construct a new nuclear reactor at Lucas Heights in NSW.

(2) What are the related corporate entities to the company.

(3) Is he able to say whether the company or any related corporate entity has been the subject of complaint in respect of a nuclear reactor constructed in Egypt; if so, what has been the (a) nature and (b) outcome of those complaints.

(4) Was a contractual condition to the company being awarded the contract an agreement that waste could be returned to Argentina.

(5) Are there any legislative restrictions on the receipt or handling of waste by the Argentinean Government or any corporations or instrumentalties entrusted with that function.

(6) What will be the system of supervision of the construction of the nuclear reactor and will that supervision involve any acknowledged international expertise other than from the company or related bodies corporate.
(7) What supervision if any will be in place upon the commissioning of the new nuclear reactor to ensure that safety mechanisms are not overridden in order to hasten the time in which the reactor becomes operational.

(8) Is he able to say whether the International Atomic Energy Agency of the UN in Vienna was checking the problems of the Egypt reactor; if so, what was the result of the inquiry and what conclusions were drawn.

Mr McGauran—The answer to the honourable member’s question is as follows:

(1) As announced by the then Minister for Industry, Science and Resources in July 2000, a contract was signed at that time between ANSTO and INVAP S.E.

(2) INVAP is owned by the Argentine province of Rio Negro. It also has links to the Argentine National Commission for Atomic Energy (CNEA). INVAP has two (2) Subsidiary Companies, Black River Technology, Inc. (USA) and INVAP DO BRASIL LTDA (Brazil).

(3) This issue was extensively addressed during the work of the Senate Select Committee for an Inquiry into the Contract for a New Reactor at Lucas Heights (“the Senate Committee”). Both INVAP and ARPANSA gave extensive evidence to that Committee about the issues raised with respect to the ETRR-2 reactor (Committee Hansard, pp 210-11, 235). It should be noted that following construction of the ETRR-2 reactor, the Egyptian Government, after an international tendering process, awarded INVAP a contract in 1999 to provide a radioisotope production plant.

(4) No. As noted in the Senate Committee Report, as a contingency arrangement to current reprocessing contracts with COGEMA (France), INVAP is contractually committed to arrange, on request, the processing of spent fuel from the replacement research reactor. There is no contractual requirement that this take place in Argentina. Should the arrangement come into effect, all wastes arising from that processing must be returned to Australia.

(5) Article 41 of the Argentine Constitution prohibits the importation of hazardous and radioactive wastes. As noted in the Senate Committee Report, the Argentine regulator (ARN) and the Argentine Government have advised the Australian Government and ANSTO that under the Argentine constitution and Argentine legislation, spent fuel is not considered to be ‘waste’. The office of the Argentine Federal Government Attorney, in its capacity as the highest legal advisory agency in the Argentine Federal Government, advised in June 2001 that the temporary entry of irradiated fuel elements for treatment purposes would not breach the Argentine Constitution. The Senate Committee found that:

“since the ARN is the highest regulatory authority on nuclear issues in Argentina, neither INVAP nor ANSTO could have sought, at this stage, any greater assurance as to the validity of their contractual arrangements than they have been given (paragraph 9.52).”

(6) ANSTO is accountable for management of the project and the project team includes staff with recognised international expertise. ANSTO will also need to satisfy requirements as set out by ARPANSA and the Australian Safeguards and Non-proliferation Office (ASNO). During the assessment of ANSTO’s application for a construction licence and in assessing the significance of faulting on the site, ARPANSA drew extensively upon overseas expertise.

(7) ANSTO is proud of its ongoing safety record. A major consideration at all times and in all operations at ANSTO is the well being of the 800-plus people who work at ANSTO, and the wider community. Accordingly, ANSTO would never contemplate the sort of actions suggested in the question.

As is clear from the decision of the CEO of ARPANSA to issue a construction licence, the safety mechanisms in the reactor are intrinsic to its design, and cannot be “overridden” by the operators. Commissioning of the reactor will not be possible without the grant by ARPANSA of an operating licence. Grant of such a licence will be dependent on ARPANSA’s satisfaction that the reactor has been constructed in accordance with the conditions set out in the Construction Licence and the engineering specifications set out in the Safety Analysis Report. ANSTO will also have in place a Reactor Facility Quality Management System. ARPANSA will review all stages of the Commissioning Plan, which will include detailed operating limits and conditions.

Both ANSTO and INVAP are accredited to ISO-9001 quality assurance standards. Adherence to those standards (which is subject to regular external audit) would make a step such as that proposed in the question impossible.
(8) See paragraph 6.140 of the report of the Senate Committee.

**Education: Islamic Schools**

(Question No. 1375)

Mr Danby asked the Minister for Education, Science and Training, upon notice, on 5 February 2003:

(1) Further to the answer to question No. 1192 by the Minister for Immigration and Multicultural and Indigenous Affairs, to how many Muslim (a) institutions and (b) religious schools in Australia does the Saudi Government provide funding.

(2) What conditions are attached to the funding.

(3) Is he aware of any Australian Islamic Schools that receive Saudi funding and that mandate the teaching of the radical Wahabi-ist, al-Qaeda, or JI doctrines rather than other moderate forms of Islam.

(4) Is he aware of any teachers referred to in question No. 1192, and who teach radical Wahabi-ist, al-Qaeda, or JI, doctrines in Australia.

Dr Nelson—The answer to the honourable member’s question is as follows:

(1) and (2) I am unable to provide answers to question (1) because my portfolio does not collect information about Muslim institutions or schools which only have as their purpose the teaching of religion. There are 24 non-government schools in receipt of Commonwealth General Recurrent Grants funding which identify as having an Islamic affiliation.

(2) All non-government schools must be registered by State education authorities to be eligible for Commonwealth funding. This means that Islamic schools must be registered under State law by the relevant State Minister. Non-government schools must also meet Commonwealth educational and financial accountability requirements including a commitment to the National Goals for Schooling in the Twenty-First Century.

(3) All non-government schools are free to raise private income through tuition fees from parents and from other supporting organisations. Non-government schools are not required to disclose to the Commonwealth the details of the sources of their private income. My portfolio has no evidence that the Islamic schools operating in Australia are teaching radical Islamic doctrines. All non-government schools in receipt of Commonwealth funding must meet State and Territory requirements for curriculum and teaching.

(4) I am not aware of teachers who are espousing Wahabi-ist, al Qaeda, or JI, doctrines in Australia.

**Social Welfare: Age Pensions**

(Question No. 1386)

Mr Jenkins asked the Minister representing the Minister for Family and Community Services, upon notice, on 6 February 2003:

On the most recent data, how many age pension recipients reside in (a) Victoria and (b) the postcode areas of (i) 3074, (ii) 3075, (iii) 3076, (iv) 3082, (v) 3083, (vi) 3087, (vii) 3088, (viii) 3089, (ix) 3090, (x) 3091 and(xi) 3752.

Mr Anthony—The Minister for Family and Community Services has provided the following answer to the honourable member’s question:

(a) 462,063.

(b) (i) 2,773. (ii) 2,645. (iii) 903. (iv) 1,402. (v) 2,493. (vi) 959. (vii) 1,869. (viii) 438. (ix) 65. (x) 78. (xi) 279.

Data current as at 06/12/2002.

**Shipping: Foreign Seafarers**

(Question No. 1438)

Mr Danby asked the Minister for Transport and Regional Services, upon notice, on 11 February 2003:
(1) Further to the answer to question No. 828 (Hansard, 4 February 2003, page 81), is he able to say what factors are taken into account when commercial decisions are made.

(2) Were other factors taken into account other than commercial decisions; if so, what; if not, why not.

Mr Anderson—The answer to the honourable member’s question is as follows:

(1) No.
(2) CSL makes its commercial decisions against its own criteria.

Shipping: Foreign Seafarers
(Question No. 1440)

Mr Danby asked the Minister representing the Minister for Defence, upon notice, on 11 February 2003:

(1) Further to the answer to part (4) of question No. 828 (Hansard, 4 February 2003, page 81) by the Minister for Transport and Regional Services, could the Minister provide a breakdown of the vessels used for the East Timor operation by country of flag and crew.

(2) What vessels, including the country of flag and crew, were rejected for use in the East Timor operation and why were they rejected.

(3) What was the main difference between those vessels that were used and those that were rejected for the operation.

(4) If price was the main factor, what caused the price differential.

(5) What material was transported by these merchant vessels.

(6) What material was transported by vessels with either a foreign crew or foreign flag.

(7) What employment instrument governed the pay and conditions of the crew of each vessel.

(8) Could the Minister provide copies of these employment instruments.

Mrs Vale—The Minister for Defence has provided the following answer to the honourable member’s question:

(1) A breakdown of the vessels used for the East Timor operation by country of flag and crew is provided at part (6). Since the establishment of the United Nations mission, Perkins Shipping have run a weekly service from Darwin. These are regular, public transport services. Defence has not chartered these vessels, and freight for operations in East Timor has been transported on consignment.

(2) No vessels that tendered for operations in East Timor were rejected.

(3) Refer to part (2).

(4) While price is normally a significant factor in any commercial support decision, it has not been a significant issue in the case of shipping to support operations in East Timor.

(5) The material transported by merchant vessels is provided at part (6).

(6) The material transported by merchant vessels with foreign crews or flags is listed below.

<table>
<thead>
<tr>
<th>Ship Name</th>
<th>Country of Registration</th>
<th>Dates Used</th>
<th>Details of Load</th>
</tr>
</thead>
<tbody>
<tr>
<td>MV Lady Valisa</td>
<td>Norway</td>
<td>16SEP – 8OCT 1999</td>
<td>11 x Land Rover 4x4, 5 x Land Rover 6x6, 1 x Land Rover 6x6 Dualcab, 1 x Land Rover 6x6 Ambulance, 1 x Land Rover 6x6 Emergency Response, 6 x UNIMOG Trucks, 1 x Merlo Forklift, 2 x 1Tonne Trailers, 9 x 1/2 Tonne Trailers, 2 x 3/4 Tonne Trailers, 1 x 8Tonne Trailer, 1 x Pallet, 1 x Shelter, 8 x Trunks 1 x Communications Centre Equipment, 15 x Pallets Stores</td>
</tr>
<tr>
<td>MV Baltimore Saturn</td>
<td>Bahamas</td>
<td>9 - 10OCT 99</td>
<td>10 x 20Foot Shipping Containers, 1 x 8Foot Shipping Container, 10 x UNIMOG Trucks, 2 x 3Tonne Forklifts, 2 x Bushmaster, 8 x 8Tonne Trailers, 3 x 1Tonne Trailers, 1 x Case Backhoe 580E, 1 x Bulldozer TD15C, 1 x Medium Wheeled Tractor LXI20, 1 x Rough Terrain Tractor W36, 1 x Tadano Crane, 1 x Box Metal Shipping Steel Type B, 4 x Merlo Fork-</td>
</tr>
<tr>
<td>Ship Name</td>
<td>Country of Registration</td>
<td>Dates Used</td>
<td>Details of Load</td>
</tr>
<tr>
<td>----------------</td>
<td>-------------------------</td>
<td>--------------</td>
<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>MV Baltimore Saturn</td>
<td>Bahamas</td>
<td>17 - 19OCT99</td>
<td>Lifts, 4 X 20Tonne Trailers, 40 x Pallets, 22 x UNIMOG Trucks, 2 x Case Backshoes 580E, 6 x Land Rovers (4x4), 5 x 1/2Tonne Trailers, 14 x 8Tonne Trailers, 6 x MACK Trucks, 1 x 1/2 Tonne Trailer, 20 x 8Tonne Trailers, 1 x Kitchen Field Mobile, 1 x Land Rover, 1 x 1Tonne Trailer, 2 x Rough Terrain Forklift, 2 x 20Tonne Shipping Container Trailers, 2 x MERLO Forklifts, 2 x 20 Tone Plant Trailers, 2 x Pacific Ace Forklifts, 2 x Lathe Shelters, 4 x Onion Tanks, 4 x Wooden Boxes, 5 x Transfer Liquid Pumps, 1 x Crate of Tentage, 2 x Crates of Chairs, 1 x Pallet Small Socks, 1 x Pallet of Tables, 1 x Pallet Honey Pots, 3 x Pallets Ice Machines, 1 x Nissan Patrol Utility, 6 x Bundles of Tent Poles, 5 x Pumps 1200LPS, 4 x Pallets Plastic Trunks, 34 Pallets Lithium Batteries, 1 x 50Tonne Spreader Bar, 5 x 20Foot Shipping Containers 2 x 13Foot Shipping Containers 18 x Pallets Track, 1 x Pallets Sprockets, 11 x Pallets Wheels, 73 x Porta Loos, 19 x Skips, 10 x Pallets Cement, 2 x Pallets Poppers 2 x Pallets Dolly, 8 x Bundles of Timber, 6 x Trunks, 458 Drums of Oil variants, 20 Drums Hydrocarbon Liquid, 74 x Pallets Star Picks (6ft), 12 x Pallets Star Picks (20ft), 16 x Pallets Danet Wire, 7 x Pallets Concertina Wire, 4 Tie Wire Rolls, 32 x Pallets Sandbags, 21 x Pallets Corrugated Iron, 4 x Wooden Boxes, 1 x Small Trunk, 2 x MACK Trucks, 6 x 45kg Gas Decanting Bottles (373kg), 3 x Pallets Boxed Stores, 2 Pallets Sodium Hydrate, 1 x Pallet of Plastic Hose, 1 x Pallet of Batteries</td>
</tr>
<tr>
<td>MV Baltimore Saturn</td>
<td>Bahamas</td>
<td>25 - 26OCT99</td>
<td>22 x 8Foot Shipping Containers, 13 x 20Foot Shipping Containers, 19 x MACK Trucks, 1 x Tadano Crane, 1 x Crane Heavy Duty P&amp;H, 1 x Rough Terrain Forklift W36, 2 x Land Rover 4x4, 2 x Land Rovers 6x6, 1 x Bobcat, 2 x UNIMOG Trucks. 12 x 8Foot Shipping Containers, 8 x 20Foot Shipping Containers, 9 x Mack Trucks, 2 x Rough Terrain Forklift W36, 2 x Tadano Cranes, 13 x UNIMOGS, 11 x Landcruisers, 7 x Land Rovers 4x4, 2 x Hino Trucks, 3 x Land Rovers 6x6, 2 x Rough Terrain w14, 5 x Merlo Forklifts, 2 x Lighter Amphibious Re-supply Craft, 2 x Industrial Forklifts</td>
</tr>
<tr>
<td>MV Svendborg Guardian</td>
<td>Denmark</td>
<td>3 - 18OCT 99</td>
<td>22 x 8Foot Shipping Containers, 13 x 20Foot Shipping Containers, 19 x MACK Trucks, 1 x Tadano Crane, 1 x Crane Heavy Duty P&amp;H, 1 x Rough Terrain Forklift W36, 2 x Land Rover 4x4, 2 x Land Rovers 6x6, 1 x Bobcat, 2 x UNIMOG Trucks. 12 x 8Foot Shipping Containers, 8 x 20Foot Shipping Containers, 9 x Mack Trucks, 2 x Rough Terrain Forklift W36, 2 x Tadano Cranes, 13 x UNIMOGS, 11 x Landcruisers, 7 x Land Rovers 4x4, 2 x Hino Trucks, 3 x Land Rovers 6x6, 2 x Rough Terrain w14, 5 x Merlo Forklifts, 2 x Lighter Amphibious Re-supply Craft, 2 x Industrial Forklifts</td>
</tr>
<tr>
<td>MV Calatagan</td>
<td>Hong Kong</td>
<td>29SEP – 2OCT 1999</td>
<td>22 x 8Foot Shipping Containers, 13 x 20Foot Shipping Containers, 19 x MACK Trucks, 1 x Tadano Crane, 1 x Crane Heavy Duty P&amp;H, 1 x Rough Terrain Forklift W36, 2 x Land Rover 4x4, 2 x Land Rovers 6x6, 1 x Bobcat, 2 x UNIMOG Trucks. 12 x 8Foot Shipping Containers, 8 x 20Foot Shipping Containers, 9 x Mack Trucks, 2 x Rough Terrain Forklift W36, 2 x Tadano Cranes, 13 x UNIMOGS, 11 x Landcruisers, 7 x Land Rovers 4x4, 2 x Hino Trucks, 3 x Land Rovers 6x6, 2 x Rough Terrain w14, 5 x Merlo Forklifts, 2 x Lighter Amphibious Re-supply Craft, 2 x Industrial Forklifts</td>
</tr>
<tr>
<td>MV BBC Germany Antigua and Barbados</td>
<td></td>
<td>16JAN – 30APR 2000</td>
<td>67 x 20Foot Shipping Containers, 22 x 8Foot Shipping Containers, 4 x Bobcats, 1 x Bulldozer D3, 2 x Graders, 2 x Roller Self Propelled. 5 x Bulldozers, 2 x Medium Graders, 3 x Medium Tractors, 40 x UNIMOG Trucks, 8 x Mack Trucks, 67 x Land Rover 4x4, 19 x Land Rovers 6x6, 1 x Box Metal Shipping Steel Type A, 33 x Armoured Personnel Carriers, 6 x Land Rover 4x4, 9 x Land Rovers 6x6, 17 x UNIMOG Trucks, 5 x Mack Trucks, 3 x Merlo Forklifts, 5 x 8Foot Shipping Containers, 1 x Box Metal Shipping Steel Type A, 17 x 20Foot Shipping Containers</td>
</tr>
<tr>
<td>MV CEC Pioneer Denmark</td>
<td>1FEB - 30MAR 2000</td>
<td></td>
<td>6 x Land Rover 4x4, 9 x Land Rovers 6x6, 17 x UNIMOG Trucks, 5 x Mack Trucks, 3 x Merlo Forklifts, 5 x 8Foot Shipping Containers, 1 x Box Metal Shipping Steel Type A, 17 x 20Foot Shipping Containers</td>
</tr>
<tr>
<td>MV Lady Elaine Norway 16SEP - SNOV 1999</td>
<td>Norway</td>
<td></td>
<td>2 x UNIMOG Trucks, 1x Land Rover 6x6, 6x Land Rover 4x4, 1x Merlo Forklift, 6x 1/2Tonne Trailers, 1x 3/4 Tonne Trailer, 6x Pallets Communications Equipment</td>
</tr>
<tr>
<td>MV Lady Elaine Norway 27SEP - 29SEP 1999</td>
<td>Norway</td>
<td></td>
<td>2x 20Tonne Trailer, 2 x Class 6 Mooring Buoys, 2 x Class 6 swinging Buoys, 1x Class 1 Mooring Buoy, Assorted Chains, Assorted D Shackles, 3 x UNIMOG Trucks, 1 x Mole Trailer</td>
</tr>
<tr>
<td>MV Lady Elaine Norway 5OCT - 7OCT 1999</td>
<td>Norway</td>
<td></td>
<td>8 x Pallets Cement, 4 x Large Bags Cement, 2 x Bundles Wood, 1 x Bundle Arc Mesh, 1 x 20Foot Shipping Containers, 4 x Pallets Softdrinks, 16 x Stacks Duckboards, 33 x Pallets Personal</td>
</tr>
<tr>
<td>Ship Name</td>
<td>Country of Registration</td>
<td>Dates Used</td>
<td>Details of Load</td>
</tr>
<tr>
<td>-------------------</td>
<td>-------------------------</td>
<td>-----------------------------</td>
<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>MV ARKTIS Dream</td>
<td>Denmark</td>
<td>28DEC - 30 DEC 1999</td>
<td>Trunks, 3 x Pallets Weapon Boxes, 4 x Pallets Plastic Matting, 1 x Pallet Razor Wire, 6 x Pallet Tables, 1 x Pallet Safe/Wooden Box, 5 x Pallets Star Pequet’s, 6 x Pallet Cardboard Boxes Folded, 1 x Pallet Fans, 1 x Pallet Small Generator Sets, 1 x Large Generator Set, 3 x Pallet Sandbags, 6 x Crates Tentage, 1 x Crate Sewing Machine, 1 x crazy Camouflage Poles, 2 x Crates of Water in Jerry Cans, 1 x Crate Cardboard Boxes, 1 x Crate Electric Cords / Powerboards, 2 x Large Crates Miscellaneous Contents, 1 x Crate Bench Seats, 1 x Crate Fuel in Jerry Cans, 1 x Pallet Air Conditioners, 2 x Pallets Bench Seats, 2 x Pallets Fuel in Jerry Cans, 1 x Pallet Camouflage Nets, 8 x Pallets Trunks, 1 x Pallet of whiteboards, 1 x Pallet Folding Chairs, 1 x Pallet Communication Centre Trunks, 6 x Pallets Small Trunks, 1 x Pallet First Aid Trunks, 1 x Pallet Trunks / Plastic Matting / Whiteboards, 1 x Pallet Case Mail Distribution, 1 x Pallet Communication Centre Box / Folding Chairs, 1 x Pallet Vehicle Canopies, 1 x Pallet Radio Troop Gear, 1 x Pallet Wooden.</td>
</tr>
<tr>
<td>MV ARKTIS Dream</td>
<td>Denmark</td>
<td>31 DEC 1999</td>
<td>77 x 20Foot Shipping Containers Empty, 40 x Reefers, 3 x Flat beds (Gas Bottles), 6 x Tank Containers empty.</td>
</tr>
<tr>
<td>MV ARKTIS Atlantic</td>
<td>Denmark</td>
<td>26SEP - 28 SEP 1999</td>
<td>16 x 20Foot Shipping Containers, 12 x 8Foot Shipping Containers, 2 x Satellite Dish on Trailers, 4 x Sullage Trucks</td>
</tr>
<tr>
<td>MV ARKTIS Atlantic</td>
<td>Denmark</td>
<td>16OCT - 18 OCT 1999</td>
<td>3 x 25000Ltr Waste Disposal Tank, 20 Mini Skips, 1 x Small Forklift, 2 x 60Tonne Trailers, 3 x 20Tonne Trailers, 4 x 45000Ltr Bladders, 1 x 20Tonne Plant Trailer, 1 x Bulldozer D3, 2 x Frontend loaders, 933, 14 x Mack Trucks, 3 x Medical Boxes, 2 x M57 Stoves, 2 x Pallets 120 buckets, 2 x Box Trailers, 2 x Landrovers, 1 x Land Rover 6x6, 2 x S-Liner Prime Movers, 3 x 8Tonne Trailers, 10 x 20Tonne Plant Trailers, 2 x Medium Tractors LX120, 2 x 933 Roller, 2 x Ingersoll Rand SP56DD Roller, 1 x Case 580E Tractor, 1 x Rough Terrain Tractor W36, 2 x Caterpillar 130 Graders, 2 x TD15 Bulldozers, 3 x 20Foot Shipping Containers, 1 x Tadano Crane</td>
</tr>
<tr>
<td>MV ARKTIS Ace</td>
<td>Denmark</td>
<td>02SEP - 04 SEP 2000</td>
<td>18 x Armoured Personnel Carriers, 1 x Mack Truck, 1 x 20Tonne Trailer, 1 x Merlo Forklift, 6 x 20Foot Shipping Containers, 5 x Transportable Huts, 3 x UNIMOG Trucks, 5 x Land Rover 4x4, 7 x Land Rover 6x6, 7x 1/2Tonne Trailers, 1 x I-Tonne Trailer, 1 x Kitchen Field Mobile, 1 x Australian Standard Light Armoured vehicle (ASLAV), 2 x Lighting Trailers, 1 x Box Metal Shipping Steel.</td>
</tr>
<tr>
<td>MV ARKTIS Grace</td>
<td>Denmark</td>
<td>10OCT - 11OCT 1999</td>
<td>3 x 20Foot Shipping Containers</td>
</tr>
<tr>
<td>MV STAR BIRD</td>
<td>Denmark</td>
<td>19DEC - 20DEC 1999</td>
<td>2 x Bulldozer, 1 x Roller SP56D, 1 x Medium Tractor LX120, 2 x Graders, 1 x S-Line Prime Mover, 1 x 60Tonne Trailer, 1 x Dolly Converter, 5 x Mack Trucks, 3 x 20Tonne Trailers, 3 x 1/2Tonne Trailers, 1 x Flat Bed Rack, 1 x UNIMOG Truck, 1 x Compressor, 1 x Water Purification Trailer CPC 20, 1 x Water Purification Trailer CPC 7.5, 1 x Mixer Cement, 1 x 30KVA Generator, 1x Excavator Rock Hammer, 2 x Cages Tentage.</td>
</tr>
</tbody>
</table>
(7) As the merchant vessels chartered by Defence were time, or voyage, chartered for an international voyage the crews operated under conditions that govern pay and conditions of their vessel’s country of registration.

(8) I am unable to provide copies of these employment instruments as they are not visible to Defence through the charter or freight consignment process.

Health: Suicide Prevention
(Question No. 1516)

Mr Bevis asked the Minister representing the Minister for Family and Community Services, upon notice, on 13 February 2003:

(1) Over the last three financial years, what programs has the Government operated or funded through non-government organisations to assist young Australians at risk of suicide or for youth suicide prevention programs.

(2) Over the last three financial years, what sum of funding was given to which organisations.

Mr Anthony—The Minister for Family and Community Services has provided the following answer to the honourable member’s question:

• No youth programs administered by the Commonwealth Department of Family and Community Services specifically fund youth suicide prevention programs for at risk young Australians.

• Through FaCS youth programs, Reconnect, Youth Activities Services (YAS) and Family Liaison Worker (FLW) and Job Placement, Education and Training (JPET), funding is provided to community organisations and local councils to deliver a wide range of early intervention and prevention services in local communities.

• Early intervention and support strategies focus on working with young people and their families to encourage family reconciliation and engagement with education, employment and the community.

Taxation: Family Payments
(Question No. 1578)

Ms Jann McFarlane asked the Minister representing the Minister for Family and Community Services, upon notice, on 6 March 2003:

On the most recent data, how many Family Payment recipients who receive more than the minimum payment reside in (a) Western Australia and (b) the postcode areas of (i) 6018, (ii) 6019, (iii) 6020, (iv) 6021, (v) 6022, (vi) 6029, (vii) 6060, (viii) 6061 and (ix) 6062.

Mr Anthony—The Minister for Family and Community Services has provided the following answer to the honourable member’s question:

(a) As at 7 February 2003, there were 102 935 recipients of Family Tax Benefit (Type A) at a rate greater than minimum rate resident in Western Australia. Please note that there is no legislative minimum payment rate for Family Tax Benefit Type B.

(b) Please refer below for a table of the required postcode breakdowns.

<table>
<thead>
<tr>
<th>Postcode</th>
<th>FTB (A) ‘Above Minimum Rate’ recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>6018</td>
<td>1039</td>
</tr>
<tr>
<td>6019</td>
<td>512</td>
</tr>
<tr>
<td>6020</td>
<td>526</td>
</tr>
<tr>
<td>6021</td>
<td>718</td>
</tr>
<tr>
<td>6022</td>
<td>250</td>
</tr>
<tr>
<td>6029</td>
<td>53</td>
</tr>
<tr>
<td>6060</td>
<td>820</td>
</tr>
<tr>
<td>6061</td>
<td>2865</td>
</tr>
<tr>
<td>6062</td>
<td>1612</td>
</tr>
</tbody>
</table>