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The SPEAKER (Mr Neil Andrew) took the chair at 2.00 p.m., and read prayers.

MINISTERIAL ARRANGEMENTS

Mr HOWARD (Bennelong—Prime Minister) (2.01 p.m.)—I inform the House that the Minister for Foreign Affairs will be absent from question time today and for the remainder of the week. The minister is travelling to Cambodia to attend the annual ASEAN Regional Forum and ASEAN Post Ministerial Conference meetings. The minister for Immigration and Multicultural and Indigenous Affairs will answer questions on his behalf.

AUSTRALIAN DEFENCE FORCE: WELCOME HOME PARADES

Mr HOWARD (Bennelong—Prime Minister) (2.01 p.m.)—On indulgence, I briefly remind the House, and through it the Australian people, of two welcome home marches which are planned for this week to allow the Australian public to show their support for Australian Defence Force men and women deployed to the war against terrorism in Operation Slipper, and the coalition to disarm Iraq, in Operation Bastille and Operation Falconer. The marches will be held in Sydney this week on Wednesday, 18 June and in Perth on Friday, 20 June. I should point out to the House that the locations of Sydney and Perth have been chosen because the overwhelming bulk of the units that were deployed are based either in or very near to those two cities.

I remind the House that, in the case of the welcome home parades after the INTERFET deployment, the parades were held in Townsville and Sydney because, once again, those locations corresponded to where the great bulk of the personnel were deployed from. The marches will be similar to Anzac Day marches. There will be form groups carrying identifying banners and there will be a reception held in each city. The concept is very closely modelled on the welcome home marches conducted for the INTERFET forces on their return from East Timor.

Arrangements were made to invite all members, on either side of the House, who represent areas of Australia where significant ADF establishments are located. I take this opportunity again to express to all of the men and women of the Australian Defence Force the unconditional admiration of the Australian people for the job that they have done. I invite particularly office workers and people in the city of Sydney and in the city of Perth to turn out in very large and enthusiastic numbers to give a very warm welcome home to the men and women of the Australian Defence Force.

Mr CREAN (Hotham—Leader of the Opposition) (2.04 p.m.)—On indulgence, I welcome the Prime Minister announcing the welcome home parades. I will be with him on Wednesday and Friday. I understood him to say that members of parliament are invited to the parades. My understanding is that on our side of the House none of the Sydney members of parliament have been invited.

The SPEAKER—I hear the Leader of the Opposition. I invite the Prime Minister to respond.

Mr HOWARD (Bennelong—Prime Minister) (2.04 p.m.)—There is nothing tricky about this. I have in front of me an email which says:

The list of politicians who are invited to the welcome home parade
It includes Bob McMullan, Tanya Plibersek, Kevin Rudd—we are waiting on a response from him—and Senator Chris Evans, who of course is the shadow minister. It happens, through coincidence, that there are a greater number of coalition members whose electorates include bases, but that is just an accident
of location. I want to assure that an invitation was extended to Warren Snowdon, and he nods his head, so you had better get your facts right, Leader of the Opposition.

Honourable members interjecting—

The SPEAKER—Order! Let us recall precisely what has happened. The Prime Minister has indicated, on indulgence, his intention to facilitate welcome home parades and that invitations have been extended. In response to a question from the Leader of the Opposition he has clarified the matter of invitations. While I will recognise the Leader of the Opposition, could I suggest that, rather than any indignation at this stage, it would be better that the matter, having been raised and clarified, be taken up in more detail beyond question time.

Mr CREAN (Hotham—Leader of the Opposition) (2.06 p.m.)—On indulgence, I accept that. But the first of these welcome home parades is tomorrow and, if in fact members on this side of the House have not received those invitations—Fran Bailey interjecting—Mr CREAN—Just calm down; I am entitled on this side of the House to ask a simple question of information.

The SPEAKER—I would have thought I had facilitated that.

Mr CREAN—I simply ask the Prime Minister to investigate and report back on what invitations were sent and when they were sent to members on our side of the parliament.

The SPEAKER—I will allow that matter. The Prime Minister may respond if he has some additional information.

Mr HOWARD (Bennelong—Prime Minister) (2.07 p.m.)—I have been informed that invitations were extended. Exactly when, I do not know—I will find out. I will make an investigation of that. Self-evidently, I have information that invitations have been extended and I also have information that invitations have been regretted, for reasons I fully understand. That is the case in relation to one or two members on the Labor Party side in relation to tomorrow. I have been informed that Mr Martyn Evans and Mr Warren Snowdon have extended regrets for the gathering in Perth. Senator Chris Evans has accepted—he, of course, is resident in Perth. He extended his regrets, though, for the invitation to come to Sydney tomorrow.

I might also take the opportunity of reminding the Leader of the Opposition that I wrote to him with details of tomorrow’s arrangements more than two weeks ago. I have to take the opportunity of rejecting any suggestion that there has been an attempt to short-change members on the Labor Party side regarding this. I have gone out of my way to extend the same courtesy to the Leader of the Opposition and members of his party as I have my own colleagues, consistent, obviously, with the fact that the Minister for Defence and I have been responsible for the arrangements. I might say that the courtesy that has been extended in relation to these matters by this government exceeds the courtesies that were extended to us when we were in opposition.

QUESTIONS WITHOUT NOTICE

Foreign Affairs: Travel Advice

Mr CREAN (2.09 p.m.)—My question is to the Prime Minister. Can the Prime Minister confirm that the Office of National Assessments briefed the Minister for Foreign Affairs on 18 and 19 June 2002 on the terrorist threat in our region? In response to a specific question that he asked about possible targets, was the foreign minister told that Bali, Riau and Singapore were assessed to be attractive targets for Jemaah Islamiah, which was identified as the primary regional terrorist threat, and that international hotels, night-
clubs, airlines and airports were assessed as being high on terrorist target lists? What action did the foreign minister take to provide this information, which he received four months before the Bali bombing, to the Australian travelling public?

Mr HOWARD—I can confirm to the Leader of the Opposition that the foreign minister has issued a statement today attesting that he was provided with an ONA briefing on regional terrorism on 18 and 19 June 2002. That has been the subject of a submission to a Senate Inquiry by the Office of National Assessments. The submission confirms that there was no intelligence warning of any kind about the attack on Bali—it confirms it.

Mr Rudd interjecting—

The SPEAKER—The member for Griffith!

Mr HOWARD—And it confirms, in that sense, the finding of the Inspector-General of Intelligence and Security, Mr Bill Blick, which was the subject of an unclassified report tabled in this parliament and a classified report that has been made available in full to the Leader of the Opposition. The ONA submission confirms that there was no intelligence warning of a possible terrorist attack in Bali. That is, as I said, consistent with the Blick report. During an ONA briefing on regional terrorism that took place on 18 and 19 June, one ONA analyst, in response to a question from Mr Downer, commented that Bali, Riau and Singapore could be attractive targets—

Mr Rudd—Were assessed to be attractive targets!

The SPEAKER—The member for Griffith!

Mr Rudd—Read it properly!

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

Mr HOWARD—This observation was based on speculation about what Jemaah Islamiah had the potential to do, not on any intelligence—I repeat, not on any intelligence. In some 20 written ONA reports on terrorism compiled between this briefing and the Bali attack, there was not one mention of the possibility of an attack in Bali. Significantly, ONA did not include this observation in any of its written assessments. Moreover, during the briefing, Mr Downer expressly asked whether the ONA analysts’ observation about Bali required a change in the department’s already strong travel advice for Indonesia. ONA’s response to the direct question was that there was no specific intelligence about any such threat. As a result, no change was made to the travel advice. Security warnings in the Department of Foreign Affairs and Trade travel advisories are based on careful assessments of available intelligence. At the time of the Bali attack, our travel advisory for Indonesia was consistent with other Western countries such as the US and the United Kingdom. It warned Australians of the potential for terrorist bombings, including in areas frequented by tourists.

Health: Tough on Drugs Strategy

Ms PANOPoulos (2.13 p.m.)—My question is addressed to the Prime Minister. Would the Prime Minister inform the House of the government’s ongoing commitment to its Tough on Drugs strategy? How has this policy succeeded in curbing the illicit drug trade and reducing the use of illicit drugs, particularly among young Australians?

Mr HOWARD—I thank the member for Indi. I take the opportunity of reaffirming the unconditional commitment of this government to its Tough on Drugs strategy. We remain committed to that strategy because it is right for the future of Australia, it is working and it has very strong support from the Australian public. It is the largest single initiative
ever undertaken in this country to respond to
the supply of, and to reduce the demand for,
illicit drugs. More than $1 billion has now
been committed and I acknowledge, in the
main, the cooperation of the state govern-
ments of Australia over the time that the pro-
gram has been in operation.

We have clear evidence that the commit-
ment is working. There are fewer people now
using illicit drugs. Fewer people are dying
from drug overdoses, particularly heroin.
More parents are talking to their children
about drugs. More treatment services are
now available and all states and territories
have now established diversion programs.
Since the commencement of Tough on
Drugs, more than eight tonnes of heroin, co-
caine, ecstasy and amphetamine have been
seized by law enforcement authorities. While
these are very encouraging results, more
needs to be done.

Mr Speaker, with your indulgence, I will
move briefly from the area of illicit drugs to
licit drugs. The reports in the media yester-
day highlighted that young women, in par-
ticular, are putting themselves at very serious
risk through the use of illicit drugs, alcohol
and tobacco, often, of course, compounded
by the use of cannabis. A key to reducing
drug abuse is to get the message across at a
very early age. The best way to do this is
through schools and by encouraging parents
to talk to their children about drugs. Every
school in Australia has received information
for use in educating young Australians about
drug use, focusing on illicit drugs and on
alcohol and tobacco. Parents also have a vital
role in educating their children, and the
booklet sent to parents during our 2001 Na-
tional Illicit Drugs campaign was designed to
encourage parents to talk to their children
about the danger of drug use. Research has
shown that, as a result, 78 per cent of parents
had discussed the issues raised in that book-
let with their children.

I am very pleased to say that the music in-
dustry recently joined forces with the gov-
ernment to promote a national alcohol cam-
paign specifically targeting young people
under the title of Drinking: where are your
choices taking you? I understand that Jake
Nicolaisen, from the band Another Race,
spoke eloquently at the launch and had a
simple message for young people when he
said:

There’s nothing cool about not being in control.
Our choices are our own, we live and die by
them, we prosper and fall and we can hurt or help,
but they are ours and we own them.

He could not have more eloquently and di-
rectly expressed, in language very under-
standable to young Australians, the sorts of
choices that young Australians face in this
area. This government remains resolutely
and unconditionally committed to its cam-
paign in relation to illicit drugs. But it also
recognises, as I am sure all members of this
House will recognise, that the abuse of alco-
hol and tobacco can also have dreadful con-
sequences. Binge drinking is a serious social
threat in this country. It is not only some-
thing which is a responsibility of schools and
community leaders; it is also a responsibil-
ity of parents. In fact, a major responsibility for
tackling the problem lies with parents and,
until there is a greater assumption of parental
responsibility, the problem will grow as a
threat to the future stability of our society.

Foreign Affairs: Travel Advice

Mr CREAN (2.17 p.m.)—My question is
to the Prime Minister, and it follows his an-
swer to my earlier question. Can the Prime
Minister confirm that it is not ONA’s role to
determine travel warnings but that that is the
responsibility of the Minister for Foreign
Affairs? Doesn’t the ONA submission re-
leased yesterday confirm that the foreign
minister was briefed about Bali being an at-
tractive terrorist target of Jemaah Islamiah four months before the Bali bombing?

Mr HOWARD—The arrangements regarding travel advisories do involve a judgment made by the foreign minister and by DFAT, and nobody is suggesting otherwise in my answer. But the point I made in the answer, and the point I would make again in reply to the Leader of the Opposition, is that you adjust travel advisories on the basis of specific information, and there was no specific information.

Mr Crean—It was an attractive target.

Mr HOWARD—I would remind the Leader of the Opposition that that was not based on any intelligence, any advice or any facts.

Taxation: Reform

Mr PYNE (2.19 p.m.)—My question is addressed to the Treasurer. Would the Treasurer advise the House of progress on the implementation of tax cuts for nine million Australians? How will this benefit Australians? Is the Treasurer aware of any alternative policies?

Mr COSTELLO—I thank the honourable member for Sturt for his question and for his devastating appearances on *Lateline* from time to time against various roosters of the opposition. Let me inform him, in answer to his question, that, as a consequence of this government’s economic management, from 1 July this year every Australian income tax payer will receive an income tax cut. For people who are on $25,000, there will be an annual cut of $327 per annum; for those who are on $35,000, an annual cut of $208; for those who are on $55,000, an annual cut of $448; and for those who are on $65,000, an annual cut of $573. That is an income tax cut for every Australian.

Unfortunately, it seems as if the Labor Party has decided to try to claw those tax cuts back by increasing state taxes in every one of the states and territories that it controls. If you are a Queenslander, you get an income tax cut from the federal government and the Queensland Labor Party claws back $88 with an ambulance levy on electricity bills. If you are a Victorian income taxpayer, you get a cut from the federal government and Steve Bracks puts up 300 taxes and fees to try to claw the money back. If you are in South Australia, the South Australian Labor government imposes a $30 water levy to try to claw back federal income tax cuts. There are gaming taxes here in the ACT and insurance taxes in WA. Now we see the Labor Party meanly trying to claw back income tax cuts by putting up fees, taxes and levies right around the states, and we say, ‘Don’t listen to what the Labor Party talks about on tax; look at what it does.’ Labor is the party of higher tax.

I am asked whether there are alternative policies. I have been sitting around this parliament now for seven years, waiting for an alternative economic policy. Notwithstanding my very keen interest—and nobody reads Labor Party press releases with the interest that I do—I am still to find an alternative economic policy. In fact, the Hawke-Wran review into Labor’s performance in the 2001 election said, on Labor:

This was the second consecutive election in which Labor failed to present a credible and comprehensive policy on taxation.

It also said:

Labor’s proposal to simplify and roll back the GST was a failure.

There has been a bit of talk about who the author was of the small target policy—and he is actually presenting himself as a rather small target at the moment, near the dispatch box. I want to say in defence of the member for Brand that he has never been a small target!
Mr Latham—Mr Speaker, I rise on a point of order. With respect to standing order 145, it is very hard indeed to see how this is relevant to the question that was asked by the member for Sturt.

The SPEAKER—I was listening closely to the Treasurer’s reply. The question included a reference to alternative policies, and it was in that context that I deemed the Treasurer’s reply was relevant to the question asked.

Mr COSTELLO—What are the alternative policies which are about to come through from Labor? Again, I fear they are making the same mistake they have made for the last seven years. Labor say on the one hand they want bigger tax cuts, on the other hand they want more spending and at the end of the day that they want bigger surpluses. That is how the member for Hotham got his nickname ‘B.S. Crean’—bigger surplus Crean. Ross Gittins said this in the Sydney Morning Herald yesterday in relation to Labor’s tax policy. I ask the House to listen to it:

Labor is selling two propositions: the Liberals aren’t putting enough money into government services and they’re making you pay too much tax. So it wants to portray itself as the party of bigger government and the party of lower taxation.

Remember that this is Ross Gittins, whom I never thought was a friend of the coalition in the past. I think Ross would be upset if we described him otherwise. Ross said that this makes Labor:

... the Magic Pudding Party. Under Labor, you can have your cake and eat it. Like Bunyip Bluegum, you can “cut and come again”.

The one principle Labor stands for now is the abolition of opportunity cost. You should be able to spend all dollars twice over.

We have been here for seven years and we have never figured out what Labor’s policy is. You take a dollar and you spend it twice, and at the end of the day you have lower taxes and bigger surpluses! When they call Labor the party of MPs, it is not the party of members of parliament, it is not the party of major policies; it is the party of magic puddings! There is the magic pudding from Jagajaga in relation to more spending on higher education, the magic pudding in relation to health, the magic pudding in relation to the member for Hotham spending dollars twice! All I can say is: why didn’t we think of that?

Environment: Murray-Darling River System

Mr KELVIN THOMSON (2.25 p.m.)—My question is to the Minister for Agriculture, Fisheries and Forestry. Does the minister stand by his statement reported in the Weekly Times that the final level of additional environmental flows for the Murray will be only 200 gigalitres? If this is not correct, what volume of environmental flows does he support in order to save the Murray? Isn’t his opposition to Labor’s policy of 1,500 gigalitres, the amount supported by all the science on the issue, condemning the river to a slow death?

Mr TRUSS—The federal government is currently engaged in a process involving all of the states who are a part of the Murray-Darling Basin Commission and the people in the Murray-Darling system in community consultations about an environmental flow regime. We are essentially looking at three benchmarks: one at 350 gigalitres, one at 750 gigalitres and another at 1,500 gigalitres. Work is being done on what can be achieved in relation to each of those potential environmental flows—where the water might come from and what cost would be associated from both economic and social perspectives. It is impossible to make judgments about which is the most appropriate choice until that work has been done. The opposition have jumped on a figure of 1,500 gi-
galitres without any engineering or hydrol-
ogy studies, without any social or economic
impact assessments being done and, of
course, without any costings being done. It is
an empty policy. It is one of these little tar-
gets that they want, where you just name a
number and then have no basis to support it.
That has clearly been the basis of their dis-
cussions to date.

No decision will be made in relation to
appropriate levels of flow under the Living
Murray initiative until the appropriate socio
and economic work has been done. Because
we want to make some progress as quickly
as possible in relation to these matters, the
commission has decided that we will seek to
make a first step initiative at its next meet-
ing, in November. On the basis of that work,
this would be a relatively small but key first
step, which would enable some identified
priorities to be addressed in an economically
and socially responsible way. We are engag-
ing the communities. We are dealing with
these issues in a constructive way and we
will deliver outcomes—something Labor has
never done.

Industry: South Australia

Mrs DRAPER (2.28 p.m.)—My question
is addressed to the Acting Minister for Indus-
try, Tourism and Resources. Would the min-
ister inform the House about the upgrade to
Holden’s Elizabeth plant in South Australia?
What does this say about the national econ-
y and what does this mean for South Aus-
tralia’s state economy and export opportuni-
ties? Are there any threats to the success of
the automotive industry, particularly to
workers in my electorate of Makin?

Mr HOCKEY—I thank the member for
Makin, who herself is a lover of Holdens and
is an excellent driver—much better than
some other colleagues, who I will not name!
This is great news for South Australia: the
Holden plant at Elizabeth had its inaugural
third shift yesterday. That means that, for the
first time, the Holden plant in South Austra-
ilia is operating 24 hours a day.

The member for Leichhardt, who was at
the inaugural ceremony yesterday, advised
me that the Holden plant at Elizabeth is one
of only a handful of car factories in the world
that operates 24 hours a day. That is a great
story. It means 1,000 new jobs, which will
affect the member for Makin’s electorate, the
member for Sturt’s electorate and a number
of other electorates. It means almost an extra
$50 million in wages in South Australia. That
boosts Holden’s work force in South Austra-
ilia to 5,200 employees. On top of that, there
will be approximately 1,000 new jobs in the
components industry, many of which are
small businesses. That is a great story in it-
self. It proves that the Australian automotive
industry is incredibly resilient.

Last year was a record year for produc-
tion, and this year is expected to increase
above that by seven per cent. That means
that Australia will have over 850,000 vehicle
sales this year. That has come about because
of consumer confidence and tax cuts.
Whether the tax cuts are the result of the new
tax system, which makes new vehicles
cheaper, or the result of tax cuts to fuel, they
all make a difference. The government has
not just given tax cuts but has provided $4.2
billion in assistance to the automotive indus-
try over the next 10 years. Sadly, the Labor
Party and the unions have had nothing to do
with this.

It was only recently that the automotive
industry was stalled by a wave of strikes,
many of them illegal. The automotive strike
rate was almost six times the national aver-
age. Strikes cost the industry around half a
billion dollars in lost production. Sadly, in-
dustrial action is again under way. Strikes
and bans have hit eight component producers
in the last month alone. If this campaign es-
calates into a five-day stoppage it will mean the loss of $230 million, and at least 20,000 employees will be affected. It will obviously affect exports, and it threatens up to $100 million in automotive exports. If the Leader of the Opposition is looking for a policy, I have a suggestion for him. It is a very simple policy. He can ring Dougie Cameron and say: ‘Listen, old buddy; listen, China. Stop the strike action, because it’s affecting jobs. Stop the strike action, because it’s affecting wages.’ If the Labor Party is serious about industrial relations and policy, it will stand up to the unions when it comes to strikes, and it will stand up for the workers in South Australia.

DISTINGUISHED VISITORS

The SPEAKER (2.32 p.m.)—I inform the House that we have present in the gallery this afternoon members of a parliamentary delegation from the Republic of Croatia, led by the President of their parliament, Mr Zlatko Tomcic. On behalf of all members, I extend to our guests a very warm welcome.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Environment: Murray-Darling River System

Ms LIVERMORE (2.33 p.m.)—My question is to the Minister for Agriculture, Fisheries and Forestry. I refer to the minister’s opposition yesterday to Labor’s $150 million policy to establish the Murray-Darling River Bank. Minister, why did the government’s budget have no new money for the Murray River, no new money for water rights and a $25 million cut to the National Action Plan for Salinity and Water Quality?

Mr TRUSS—I have seen reports that Labor have allocated $150 million to set up the Murray-Darling River Bank. I do not know whether it will be like the State Bank of South Australia or the State Bank of Victoria or how this $150 million will achieve the suggested targets that the Leader of the Opposition has identified. He said that he wants 1,500 gigalitres of water to run down the River Murray, and that he will buy it for $150 million. I do not know whether he has checked the water market but, for $150 million, you would be flat out buying 150 gigalitres, let alone 1,500 gigalitres. This is a classic example of an uncosted Labor policy. They have allocated an amount of money in their budget reply, but they have not thought out how they will achieve anything. They have done no engineering work and no planning. There has been no suggestion as to where the money will be spent or what it will achieve, and there has been no indication of where the water will come from.

If you think I am the only one who considers that $150 million is a pretty paltry contribution towards buying 1,500 gigalitres, you might like to take the advice of a guy you have probably heard of—former environment minister Graham Richardson. He might know a little more about this than the Leader of the Opposition or the member who asked the question. On the night of the opposition budget reply, he said:

Some of the things that the opposition leader had said are a little bit, I think, hard to believe. You are not going to save the Murray with $150 million. That is for sure. It needs a hell of a lot more than that.

That is what your own people think about your proposal to put up $150 million. It is indeed a fraud on the people of the Murray-Darling Basin, it is a fraud on the people of South Australia and it is a fraud on anyone who wants the environment in the River Murray system to be improved. You simply cannot achieve it with that level of money unless you take the water from people and do not give them any compensation. It is time that Labor came clean and told the truth.
about where the water is coming from and what it hopes to achieve with it.

Workplace Relations: Union Ballots

Mr McARTHUR (2.36 p.m.)—My question is directed to the Minister for Employment and Workplace Relations. Is the minister aware of allegations of ballot rigging and financial irregularities in an organisation registered under the Workplace Relations Act? Would the minister detail these allegations? What is the government’s response?

Mr ABBOTT—I thank the member for Corangamite for his question. I am aware of allegations made in last week’s Sunday program. These allegations were principally directed against Mr Greg Sword, who is the National Secretary of the National Union of Workers and the National President of the Australian Labor Party. One informant to the program accused Mr Sword of involvement in orchestrating union ballot rigging, and I quote the informant:

An army of workers, both from the NUW and from Network, on phone banks, work stations, day in, day out for about a week, all in support of one particular candidate of a rival union’s election.

More seriously, the Secretary of the Victorian Health Services Union, Mr Jeff Jackson, accused Mr Sword of involvement in an attempted bribe. He said:

People who are running on my ticket were invited to a meeting at the NUW’s office, which Greg Sword attended. And at that meeting, five other people who were involved in our ticket were offered an inducement of $190,000 to continue not supporting our ticket, basically to change sides.

Mr Sword is certainly entitled to a presumption of innocence. Everyone is entitled to a presumption of innocence, but these are very serious allegations indeed. I have asked my department to consider what laws may have been broken and what remedies may be available. No-one is above the law. This government is totally committed to the rule of law, and the rule of law should apply in trade unions just as it should apply everywhere else.

Veterans: London War Memorial

Ms O’BYRNE (2.39 p.m.)—My question is to the Prime Minister. Can the Prime Minister confirm that the $6.4 million budget for the London War Memorial has now blown out by $3.5 million, with a further $1 million blow-out to fund the party? As a result of bungles and delays—

Mr Secker—Not as much as Centenary House has blown out.

The SPEAKER—Member for Barker! The member for Bass has the call.

Ms O’BYRNE—isn’t the government now having to fly out tonnes of stone from Australia to complete the memorial? How does the Prime Minister justify this mismanagement and cost, given that this week, out the front of the parliament, there are hundreds of totally and permanently incapacitated veterans protesting against this government’s failure to honour its commitment to veterans?

An incident having occurred in the gallery—

The SPEAKER—Order!

Mr HOWARD—in answer to the honourable member for Bass, I will get advice on the figures that she has quoted. I do not carry them around in my head. I reject the suggestion that there have been any bungles or delays; certainly I reject any suggestion of bungles.

Ms Macklin interjecting—

The SPEAKER—Member for Jagajaga!

Mr HOWARD—There was a need, because of the failure of one of the contractors or consultants involved in the design to meet
deadlines, to find a replacement. That kind of thing happens. I might also—

Ms Roxon interjecting—

The SPEAKER—Member for Gellicbrand! The Prime Minister has the call.

Mr Howard—before those opposite get too excited with their interjections—remind the House that the stonework and the design in relation to this memorial is the responsibility of one and the same firm and of one particular person who was responsible for the tomb of the Australian unknown soldier, which was opened during the prime ministership of my immediate predecessor and which I think most people would agree is a wonderful piece of work. I think the memorial will be a very fitting tribute to those Australians who lost their lives in defence of the common values of Australia and the United Kingdom.

Ms O’Byrne—What about the veterans outside?

The SPEAKER—The member for Bass has asked her question.

Mr Howard—As to the question of the treatment of veterans, let me say to all those opposite that the Clarke report, which investigated conditions for veterans, is being considered by the government. There are some recommendations in that report which, I have to say, we will not be able to accept because they make recommendations that we do not think, in the circumstances, can be placed ahead of other priorities of the government. There is no government that has done more—

Mrs Irwin interjecting—

The SPEAKER—I warn the member for Fowler!

Mr Howard—in relation to commitment to veterans than has this government, but that does not mean to say that every proposition that is put to us on behalf of the veterans community is a proposition that we can meet. Let me also say to the honourable member that this government has demonstrated its commitment to Australian veterans and its willingness to listen to their concerns. For example, in the 2002-03 budget, we expanded access to the gold card to help veterans meet medical expenses. We did establish, as I mentioned, the independent Clarke committee to consider perceived anomalies in veterans’ entitlements and the level of benefits and support to veteran disability pensions. The committee has made a total of 109 recommendations on a wide range of issues. This is the recommendation in the conclusion of the independent committee established by the government:

... lifetime T&PI rate disability benefits are adequate when compared with community norms.

The government is still considering its response to the Clarke review. We are committed to listening to the views of ex-service organisations before announcing our response. The Repatriation Commission met peak national ex-service organisations in March to give them an opportunity to provide feedback on the report.

The government has already rejected one of the recommendations of the Clarke review, and that is that future access to the gold card should be subject to means testing. I mention that to make the point that anybody who sees the Clarke review as being a panacea for the concerns of the veteran community ought to read the fine print. One of the recommendations would have been overwhelmingly unacceptable to the veterans community—that is, the means testing of access to the gold card—and the government has already rejected that.

Ms O’Byrne—Mr Speaker, could you ask the Prime Minister to table the document from which he was reading?
The SPEAKER—Was the Prime Minister quoting from a document?

Mr Howard—It is marked confidential, Mr Speaker.

The SPEAKER—The Prime Minister’s document was marked confidential.

Medicare

Mr BALDWIN (2.44 p.m.)—My question is addressed to the Minister for Ageing, representing the Minister for Health and Ageing. Would the minister inform the House how the government’s sustainable and accessible Medicare policies are delivering real health outcomes to Australian families? Is the minister aware of any alternative policies?

Mr ANDREWS—I thank the honourable member for Paterson for his question and his interest on behalf of his constituents in the government’s Fairer Medicare package—a $917 million boost to Medicare and to the health system in Australia, which will make health more affordable, more available and more accessible. It will be more affordable for constituents of the member for Paterson because of the additional payments of up to $22,000 to enable general practitioners in electorates such as Paterson and in other parts of rural Australia to bulk-bill those seven million Australians who have concession cards. It will be more available also—and this is particularly important for people who live in rural areas of Australia—because it will resolve the difficulty of having to reclaim the Medicare rebate. There were often cases where people had to wait some time to do that and they had to travel distances to do that. They will be able to go to the doctor now and swipe their Medicare card, not having to go back to the Medicare office, queue and wait that extra time. This is a real benefit for Australians generally, particularly those in rural and remote areas of Australia.

Health will be more accessible in terms of Medicare and in terms of placing more doctors, particularly in rural and remote areas and also the outer metropolitan areas of Australia. Indeed, in the three years from 1997-98 to 2000-01, there was an increase of 11.5 per cent in the number of doctors in these areas; an increase overall from 5,700 to 6,663. As a result of this government’s Medicare package, there will be a more accessible, a more affordable and a more available Medicare system for Australians.

I am asked about whether there are any alternative health policies. The only alternative health policy has been the one to shore up the health of the Leader of the Opposition. I note that in his budget reply—

Opposition members interjecting—

Mr ANDREWS—I hear the interjections from the other side. We have the roosters and the turkeys waiting around for Christmas, and we have the mad dog and a few dead ducks. This is not an opposition; it is animal farm. In his budget reply, the Leader of the Opposition said that his approach to Medicare was a ‘cut and fix’ approach. We know what he wants to cut—that is, the private health insurance rebate. How do we know that? On 4 February this year, the health ministers of all the Labor states around Australia said that what the Labor Party federally should do is cut the private health insurance rebate. For the 37,000 constituents in the electorate of the member for Paterson, it would mean that the Labor Party, if it were to win government, would cut that rebate. In fact, it would mean a tax increase under the Labor Party for some 40,000 constituents of the Leader of the Opposition. What he wants to do under his policy—if the Labor health ministers have their way—is to cut the private health rebate. That is the cutting part of the Labor Party package.
Of course, we know what ‘fixing’ it is, because the former shadow health spokesman for the Labor Party, the member for Perth—now banished to the back bench—was proposing another tax increase, and that was a Medicare levy rise proposed under Labor. So what we know about the alternative policy is that it is a policy to slash the private health insurance rebate; to effectively increase taxes for ordinary Australians and to put up the Medicare levy.

Education: University Funding

Mr WINDSOR (2.49 p.m.)—My question is to the Minister for Education, Science and Training. Analysis undertaken by the University of New England of the proposed reforms to higher education, in particular funding for regionally based universities, shows that, in the case of the University of New England, there will be a shortfall of close to $1.8 million in the year 2005, even after the 7.5 per cent regional loading initiative. What guarantees and measures will the minister put in place to give regional universities that have all their infrastructure and infrastructure costs in the region—as opposed to major city-based universities with regional campuses—equity of funding and opportunity? As a minimum, will the minister look at including external units with compulsory residential school requirements in the calculations for funding such regional universities?

Dr NELSON—I thank the member for New England for his question and for raising issues which have already been raised with me by Senators Tierney and Macdonald. I also thank the member for New England for pointing out that, in the government’s $1.5 billion investment in Australia’s higher education over the first four years and $10.6 billion increased investment over 10 years, one of the key elements, which both the Prime Minister and the Deputy Prime Minister argued very strongly for, was to see that specific recognition was given to support and recognise the increasing burdens that are carried by universities and campuses in the regions of Australia. The result of that was funding of $122.6 million specifically for 31 universities in 54 campuses, and the University of New England will receive a 7½ per cent additional loading to its funding in recognition of the requirements that are being placed on the Armidale campus.

I should also point out that one of the many things in this package is, firstly, a 7½ per cent increase in the core funding for universities in the first three years, including the University of New England. If any university in any way is disadvantaged by the government moving to fund the university on the basis of the course content it delivers—and I do not accept it from the honourable member at face value; we will obviously be examining that in some detail—there is a $12.6 million transition fund specifically in 2005 to ensure that no university is disadvantaged.

I might also add that there will be 31,500 thousand additional HECS funded places in the first five years. The over-enrolled places at the University of New England, which attract only a quarter of the funding of the students up to the enrolment target, will become fully funded by the Commonwealth at a total cost of $347.6 million over three years.

Ms Macklin—Will they all stay there?
Dr NELSON—Those 25,000 places will indeed remain in the higher education sector.
Ms Macklin interjecting—
The SPEAKER—I warn the member for Jagajaga!
Dr NELSON—in addition to that, there will be 25,100 scholarships, 7,500 of which will be targeted for students in regional and rural areas to support accommodation.
costs—$16,000 each. There will be $138 million for a learning and teaching performance fund, specifically focused on universities such as the University of New England. In addition to that, we are increasing by $6.9 million the equity pool for universities over three years. A major withdrawer from that fund at the moment is the University of New England. There will be $10.3 million extra for the Indigenous support fund. That will be performance based. The University of New England has one of the most outstanding programs to support Indigenous students throughout the country.

In addition to that there will be major changes in relation to industrial relations and governance for universities. Australia’s vice-chancellors are here this week. I commend not only Professor Ingrid Moses, the Vice-Chancellor of the University of New England, but also all of the vice-chancellors for the leadership that they have shown in working with the government and even unions and students and the business community over the past year in developing a reform package that will build Australia’s future in higher education. Sadly, the only organisation that did not contribute in any way is on the other side of the parliament.

Education: Higher Education

Mrs HULL (2.54 p.m.)—My question is to the Minister for Education, Science and Training. Would the minister inform the House of recent responses to the government’s proposed reforms in the higher education sector, in particular those that might relate to Charles Sturt University in my electorate of Riverina? Is the minister aware of other statements or policies in this area?

Dr NELSON—I thank the member for Riverina for her question and her continuing and outstanding advocacy for Charles Sturt University. The government, as I just said, has announced a major reform package for Australian higher education. It is about the sort of economic and social development this country can expect over the next 10 to 20 years. Reform is necessary to make sure that we are internationally competitive in higher education.

Apart from the $1.5 billion of extra public investment in the first four years, one of the things that was argued to the government by each one of the vice-chancellors of the 38 universities was that they should for the first time be able to set their own HECS charge according to what they think the courses require in terms of a student contribution, that student contribution being paid back, of course, only when the student has finished university and is earning, under this package, in excess of $30,000 a year. The vice-chancellors of Charles Sturt University, the University of Wollongong, the University of Western Sydney, Macquarie University and indeed the University of Tasmania have all said that their HECS charges will essentially not change at all—and, of course, in Tasmania we had TasUni fees to stay as they are.

I was asked whether there were any other policies in this regard. Last Sunday week, in answer to a question in relation to Labor’s higher education policy, the Leader of the Opposition told the Sunday program, ‘It’s a work in progress’—which of course was also the title of one of Barry Jones’s books. Two weeks ago we had the member for Melbourne, who, when asked where Labor’s blueprint was, said, ‘I don’t know.’ So there is obviously a major challenge there. We have also had the member for Jagajaga, the Deputy Leader of the Opposition, running around as Henny Penny Jenny, telling parents that they are going to have to start saving up for their child’s higher education from the time of their birth—and it seems that the Leader of the Opposition has been swallowing some of this nonsense as well. I read with some interest, if not concern, in the
Australian of 12 June under the heading ‘Students united on division’:

Simon Crean ventured to the university’s—that is, the University of Western Sydney—Penrith campus yesterday to listen to students’ concerns, including those of one student who he said faced a $90,000 debt under the Government’s education reforms.

So I asked myself—

**Opposition members interjecting—**

**Dr Nelson**—Given the leadership qualities with which the opposition seems to be obsessed, I thought, ‘How could this be true?’ A student doing, for example, arts-law in 2005, under the current arrangements, would be paying $5,300 a year and would leave with an arts-law degree of $26,500. Under these proposals, if the University of Western Sydney decided, which it said it would not, to increase the HECS charge to the maximum possible amount—all of that money going into the university—that student would leave university with a debt of $34,500.

**Mr Crean**—Oh, that’s cheap; oh, that’s good!

**Dr Nelson**—The Leader of the Opposition says that that is cheap and that is good. Precisely—$34,500 to spend your working life as a lawyer, when the chippies and the boilermakers and the mechanics down the road in Penrith are paying for three-quarters of the education of those who go to university under this package.

Did the Leader of the Opposition actually say to this student, ‘Look, I don’t think you’ve got it right; I have carefully read this package, I’ve listened to the leadership of Australian universities and I have listened as the Leader of the Opposition to the minister for education and indeed the Prime Minister in the parliament’? No, he did not. An hour later he did a press conference and he said:

I was speaking to a student who is doing a combined law-arts degree. If that policy is put into place, her degree will cost $90,000.

It is at least intellectual laziness, and it is at worst an out-and-out lie that is being deceitfully perpetrated upon some of the most vulnerable families in this country to make them believe that in some way higher education will be beyond their means.

**Mr Latham**—Mr Speaker, I rise on a point of order.

**The Speaker**—Member for Werriwa, I will deal with the matter. The minister’s use of the word ‘lie’ was inappropriate and I ask him to withdraw it.

**Dr Nelson**—Mr Speaker, I withdraw. But it is obvious that—

**The Speaker**—Order! The minister will resume his seat or he will find himself in much deeper water. There is no conditional withdrawal, Minister.

**Dr Nelson**—Mr Speaker, I withdraw. But the Leader of the Opposition has been stating things which he knows—

**Opposition members interjecting—**

**The Speaker**—Order! I am listening to the minister.

**Dr Nelson**—The Leader of the Opposition has been making statements to Australians which he believes not to be true. The consequences of those statements, he has pointed out himself—

**Mr Latham**—Mr Speaker, I rise on a point of order. You have asked the minister to withdraw unconditionally. He should do so without adding those extra words—

**The Speaker**—The member for Werriwa will resume his seat.

**Mr Snowdon interjecting—**

**The Speaker**—I warn the member for Lingiari! Consistent with what has been the practice of previous speakers, I have required
the minister to withdraw unconditionally and he has done so. I listened closely to what he was saying. I would have reasonably concluded that he was in fact continuing his answer. I did not, for that reason, take any other action.

Dr NELSON—This issue rises above many of the things that pass for debate here on a day-to-day basis. This is about the attitudes, emotions and concerns of parents, and they deserve to be told the facts by governments and by oppositions. By all means debate the facts, but the Leader of the Opposition himself, in speaking to Laurie Oakes last Sunday on Channel 9, gave the consequence of what he, the member for Jagajaga and others on the other side are deliberately doing. Referring to the University of Western Sydney, he said:

Two thirds of the students on that campus are the first members of their family ever to go to a university ... and ... Laurie, they will be the last, because he’s putting up fees ...

If they are the last, it is because they will have been deceived and given misinformation by people who should know better—and the member for Brand knows what I am talking about.

Immigration: Visa Approvals

Ms GILLARD (3.02 p.m.)—My question is to the Minister for Immigration and Multicultural and Indigenous Affairs. Does the minister recall yesterday standing by his statement of 29 May—

Mr Pyne—Madam Muck!

The SPEAKER—Order! The member for Lalor will resume her seat. The member for Sturt will withdraw that statement.

Mr Pyne—I withdraw, Mr Speaker.

Ms GILLARD—Does the minister recall yesterday standing by his statement of 29 May about Mr Bedweny Hbeiche’s sisters in Australia? The statement was:

It was not before me or the department at the time Mr Cameron wrote his letter but it was before me when I made the decision in January 2002.

Minister, isn’t it the case that Mr Hbeiche’s original application for a refugee visa, which was lodged with the department on 1 August 1996, clearly details Mr Hbeiche’s three Australian citizen sisters? Will the minister, in keeping with the ministerial code of conduct, now correct the record, or will he continue to allow this statement of untruth to stand?

Mr RUDDOCK—The matters raised are only serious in the context that I would not want to knowingly mislead this House—let me make that very clear. What I said needs to be seen in terms of what I uttered on 29 May. What I said was that the information provided to me initially made no reference to the man’s family. I went on to say, ‘I have no idea whether my department may have received any other advice,’ to which the Leader of the Opposition interjected, ‘Find out.’ I then continued:

I could ask but I do not think it is relevant because it was not before me at the time I first considered the matter.

I said, and I repeat: it was not a matter which was relevant to me because it was not before me at the time when I first considered the matter. That is the relevant issue. The next issue arose in the context of a letter written by Mr Cameron. What I said in relation to that letter—and it is absolutely true—was:

It was not before me or the department at the time Mr Cameron wrote his letter but it was before me when I made the decision in January 2002.

Mr Crean—Not true!

Mr RUDDOCK—It clearly was, in the context, and you are clearly selectively quoting.

Opposition members interjecting—

Mr RUDDOCK—Absolutely. Those remarks were uttered absolutely in the context of Mr Cameron’s letter, and Mr Cameron’s
letter made no reference to the man’s family being in Australia.

**Tourism**

Mrs MAY (3.06 p.m.)—My question is addressed to the Minister for Small Business and Tourism. Would the minister confirm that the tourism industry is Australia’s largest employer and No. 1 export earner? Would the minister also advise the House how the federal government is helping the tourism industry to recover from the impact of the SARS epidemic?

Mr HOCKEY—I thank the member for McPherson for her question and look forward to seeing her and a number of other colleagues down in Melbourne for the Australian Tourism Exchange on Friday. It is one of the largest tourism exchanges in the world, and the government, together with the industry, has flown 650 buyers from around the world to meet with more than 1,200 Australian businesses to help promote the Australian tourism industry. It is a very big event. The member for McPherson knows just how important the tourism industry is to the Australian economy, not just to the Gold Coast but also to the Sunshine Coast, the Shipwreck Coast, the Snowy Mountains, Brisbane—

Mr Fitzgibbon—Abermain.

Mr HOCKEY—Abermain in the Hunter Valley and a range of other places. The government has announced, amongst many other things, a new $20 million campaign, involving $10 million of new money, that takes the Australian Tourist Commission to its highest ever budget of $99 million. This $20 million campaign is an adrenalin shot into the tourism industry to promote Australia internationally. We have opened up new marketing campaigns in Japan, Korea, the United States and the United Kingdom.

This has been welcomed by the industry, so much so that they have matched us dollar for dollar. I understand Australia is now the only country in the world that has had the industry match the government dollar for dollar in marketing tourism. That is a significant step forward. It was welcomed by ATEC. ATEC put out a press release which should warm the cockles of the Prime Minister’s heart. It said:

The Prime Minister went out of his way to state his government’s commitment to the industry at the ATEC Symposium in Perth last month and in the last few weeks he has been true to his word.

Yet, Mr Speaker, the Labor Party criticised this initiative. Can you believe that? It is hard to believe, isn’t it? We put more money into the tourism industry and the Labor Party, led by the member for Corio, criticised it. What a surprise!

This is on top of the green paper, which is a first of its kind blueprint for the future of the tourism industry. That was praised by ATEC in a document I am happy to table. ATEC represents about 150 members who are major exporters, about 4,000 other members and tens of thousands of jobs. It was praised by Restaurant and Catering Australia, which represents 29,000 businesses. It was praised by Richard Mulcahy of the Australian Hotels Association. Quite sadly, he is retiring; he is a good man. The Australian Hotels Association represents about 9,000 hotels and described the green paper as very welcome. ATSIC, which represents thousands of Indigenous Australians, particularly praised the initiative on Indigenous tourism. The green paper was praised by ACCI, which represents 350,000 businesses; by the
World Tourism Organisation; and by the Property Council, which represents 40,000 people. The only people who criticised it were the Labor Party. What a surprise! The Labor Party have never had a decent tourism policy. Add that to the list of all the policies which, to the great expectation of the Australian people, are going to come from the member for Hotham, but have not come to date.

Immigration: Visa Approvals

Ms GILLARD (3.10 p.m.)—My question is to the Minister for Immigration and multicultural and Indigenous Affairs and follows his last answer and his earlier statements to this House on the matter of Mr Bedweny Hbeiche. Does the minister really expect Australians to believe that he overruled his department and the Refugee Review Tribunal in granting permanent residency to Mr Bedweny Hbeiche on the basis of ‘new information’, when Mr Hbeiche supplied the very same information, concerning his three Australian citizen sisters, on his original application in 1996?

Mr RUDDOCK—It is quite true that in the documentation that was prepared for me by the department and considered by me on 26 October 1998 no reference was made to Mr Bedweny Hbeiche’s family being in Australia. That is clear. If you have any evidence to the contrary—and you seem to have access—

The SPEAKER—Minister!

Mr RUDDOCK—Mr Speaker, let me simply say that the opposition seem to have access to documents from my department relating to these matters. If they think there is a document in existence in my department that is different to what I have said, they should produce it.

Mr Martin Ferguson—you table the file.

Mr RUDDOCK—No. In relation to matters that involve people’s privacy, I am not intending to put departmental files on record every time you raise an issue. And that is what you are seeking. If you think there is evidence that I have misled the parliament, and I say that again deliberately, in relation to the document that was before me on the relevant date, 26 October 1998—the document that disclosed to me, at the time when I took the decision, that there were three family members in Australia—then produce it. I am not going to blame my department for what may or may not be put to me in relation to these matters; that is not my style. But the fact is those who raise this matter are impugning the integrity of my department.

Mr McMullan interjecting—

The SPEAKER—I warn the member for Fraser!

Mr RUDDOCK—In matters of this sort I act on the advice that is prepared by the department. I act on it with integrity; of course I do. That information was not before me when I first considered the issue on 26 October 1998.

Employment: Mature Age Workers

Mr TICEHURST (3.13 p.m.)—My question is addressed to the Minister for Employment Services. Would the minister update the House on services to help Australia’s mature age unemployed into work? Is the minister aware of any alternative proposals?

Mr BROUGH—I thank the member for Dobell, who is doing a very fine job on unemployment issues for the people on the Central Coast and, in fact, on all issues. He has been a breath of fresh air since he has come into this place. This government has a proud record of developing and implementing policy and producing results for Australia’s unemployed. The unemployment rate is now six per cent. In 1993 there were eight per cent of mature age people unemployed;
today, it is less than 50 per cent of that number—3.7 per cent of mature age Australians are unemployed. That is a great result and it is a result of the development and implementation of policy by the Howard government over the last seven years.

We realise there is always more to be done. You can never rest on your laurels, and you must always strive to get those other 3.7 per cent of mature age Australians into the workforce. To that end, we have training accounts, which we established as part of the Australians Working Together initiative, and we are revamping those to make them more flexible so that mature age people can actually go into a workplace and have informal training on the job. This will allow them to gain real work experience back at the coalface, so to speak, because they have told us that they would prefer to be working on the job rather than receiving formalised training outside of the workforce. We think this will be a positive initiative. In doing so, we are lifting the cap from $800 and leaving it open ended, so that our many fine Job Network members can identify the actual skills, training and initiatives that are needed and provide them to mature age people where they are required.

We have also today announced the Green Reserve contract, which will continue through to August 2005, and which has been won by Conservation Volunteers Australia. This is an ongoing, wonderful program that is providing mature age people—in fact, some 3,501 mature age people—with an opportunity to volunteer to gain self-esteem, and to be able to work in their communities to provide valuable assistance in those communities. This will give mature age people an opportunity not only to add to their own portfolio of experience but also to connect with the community.

Ms GILLARD—The member for Dobell rightly asked, ‘Are there any alternatives?’ There is only one alternative that I have seen from the shadow minister, and it involves calling for more money. At every opportunity he calls for more money for employment services. He never says where it is going to be spent, where it is going to come from or who it is going to target. The fact is that in the last 10 years, mature age unemployment has gone from eight per cent to 3.7 per cent under the Howard government. We are determined to see it go down further, and that will happen through the initiative of putting in good policies and ensuring that they are implemented.

Immigration: Visa Approvals

Ms GILLARD (3.17 p.m.)—My question is to the Minister for Immigration and Multicultural and Indigenous Affairs and refers to his last two answers. Can I remind the minister that, in relation to the matter of Mr Bedweny Hbeiche’s sisters, on 29 May in this House he said:

The SPEAKER—I would point out to the member for Mackellar that I have not as yet heard the question. However, I would point out to the member for Lalor that her preamble was at best highly unusual in that there ought to be a question asked. I ask her to come to the question.

Ms GILLARD—Thank you, Mr Speaker. I will recommence. I refer the minister to his statement to this House on 29 May when he said:
It was not before me or the department at the time Mr Cameron wrote his letter but it was before me when I made the decision in January 2002. Minister, can you now confirm—

The SPEAKER—‘Can the minister’.

Ms GILLARD—Can the minister now confirm that the information about Mr Hbeiche’s three Australian citizen sisters was before the Department of Immigration and Multicultural and Indigenous Affairs when Mr Cameron wrote his letter in relation to Mr Hbeiche’s refugee visa claim?

Mr RUDDOCK—I say this without checking, but I understand that the Labor Party has been hawking around a document that purports to be the application of Mr Hbeiche—

Mr Crean—You haven’t checked it?

Mr RUDDOCK—No, I have not.

The SPEAKER—Order! Member for Wills! I have already endeavoured to exercise some leniency.

Mr Gavan O'Connor interjecting—

The SPEAKER—I warn the member for Corio! I have exercised some leniency in allowing the member for Lalor to frame the question as she did. The least that I can expect is that the standing orders will be abided by and the minister will be heard in silence.

Mr RUDDOCK—I go back to the point I made on 29 May in responding to the Leader of the Opposition’s interjection. He said then, ‘Find out.’ I said:

I could ask but I do not think it is relevant because it was not before me at the time I first considered the matter.’

There may well be a departmental record of advice being given—

Mr Swan—Table the letter.

Mr RUDDOCK—No, I made it very clear that it was not relevant and it was not advised to me at the time when I made the decision. We come then to the question of the relevance that you put on Mr Cameron’s letter. The fact is that Mr Cameron’s letter raised issues with me again, and the department looked at it and determined not to put it to me on the basis that it raised no new information. The point that I was making was very simple: there was no reference in Mr Cameron’s letter to suggest the department should take family links into account and put that information before me. The two issues were quite clear and quite separate and—

Mr Swan—Table it.

Mr RUDDOCK—No, I will not. You can ask Mr Cameron whether he has permission to release somebody’s letter. The fact is that what I told the House then was true, what I told the House yesterday was true and what I have told the House today is true.

Youth: Self-employment

Mr DUTTON (3.21 p.m.)—My question is directed to the Minister for Children and Youth Affairs. Would the minister advise the House what the government is doing to encourage young Australians to start their own businesses?

Mr ANTHONY—I thank the member for Dickson, who has been a very good representative since he entered the 40th Parliament. What is good about the member for Dickson is that he has been involved in small business—like most members on this side of the House. In earlier days, he was in the child-care business—he had a direct interest in raising our children—and his previous role was in law enforcement in Queensland. He is certainly a very good addition to this side of the parliament.

The Australian economy has changed significantly over the last couple of years, and I think we have to recognise new programs and new techniques to help young Australians. The minister for education does a terrific job there. What we have to do is foster
youth entrepreneurship. Indeed, youth entrepreneurship, or a career path into small business, is a very good way of engaging young people on full-time career paths.

Mr Hockey interjecting—

Mr ANTHONY—I hear the minister for small business, who has been a very good advocate. He has continued to articulate that small business is one of the key engine drivers for the economy, and he reminds us that this side of the House is involved, and has a track record of members who have been involved, in small business—unlike the ALP in the Senate, where there still is not one member who has been involved in small business.

There are a couple of initiatives that I want to reiterate to the House. The first is called First Australians Business. This is a one-to-one mentoring program helping young Indigenous people. One particular example is a chap called Anthony Czygan—his mates call him Simmo. Simmo comes from Malak, up in the member for Solomon’s electorate, and he is a very good example of a young Indigenous man. He has set up Simmo’s Aboriginal Fishing Adventures. I am sure there are 34 members on that side of the House that might have some more free time to participate in those adventures. We are finding that through this one-on-one mentoring not only is his business expanding but also he is putting on more staff to help engage and give self-empowerment to young Indigenous Australians.

On that note, I would like to welcome a number of young Indigenous Australians who have come to the leadership group forum here in Canberra this week. These young people are engaged in their own advocacy. It is important to acknowledge that 40 per cent of the population of Indigenous communities are under the age of 15, so it is even more imperative that we give them the skills, particularly through fostering youth entrepreneurship, to give them career opportunities.

I would also like to acknowledge that one way the government is listening to young people is through our National Youth Roundtable. One of those individuals, James Austin from Cairns—in the member for Leichhardt’s electorate, who I know started out in small business in the waste industry—developed his own Internet business at the age of 17. Again, it is a very good example of a young person setting up their own business. Because of some of these programs, at the end of this year 52 Commonwealth nations have been invited to Australia to share in the knowledge that we have gained, through our forum called Creating Common Wealth, where we are inviting five members from those Commonwealth countries to attend. I hope it receives support from both sides of the House.

Immigration: Visa Approvals

Mr LAURIE FERGUSON (3.25 p.m.)—My question is to the Minister for Immigration and Multicultural and Indigenous Affairs. Can the minister confirm that he used his ministerial discretion under section 13 of the Australian Citizenship Act 1948 to grant citizenship to the corporate fugitive Mr Dante Tan even though Mr Tan did not satisfy the residency requirement? Will the minister confirm that his decision to grant Mr Tan citizenship was made after representations from the member for Parramatta? Did any other person make contact with the minister regarding this application?

Mr RUDDOCK—The issues in relation to citizenship are conducted in the department by the Minister for Citizenship and Multicultural Affairs. I will make inquiries and I will obtain an answer for the honourable member.

Mr Howard—Mr Speaker, I ask that further questions be placed on the Notice Paper.
AUSTRALIAN DEFENCE FORCE: WELCOME HOME PARADES

Mr HOWARD (Bennelong—Prime Minister) (3.27 p.m.)—On indulgence, Mr Speaker: at the beginning of question time the Leader of the Opposition, on indulgence, raised a matter about the invitations for the parade and asked that I get some more information. I have been able to obtain some information and this is what I have been told: written invitations were sent last Wednesday, 11 June to both coalition and ALP parliamentarians who have defence bases in their electorates. The RSVP date was Friday, 13 June. Some parliamentarians were invited to both parades, but most were invited to the parade relevant to their electorates.

Follow-up phone calls were made yesterday, 16 June, by officers of the department to those who had not replied. Members who required follow-up calls were the member for Sydney, the member for Griffith and the member for Hotham. Senator Evans—the shadow minister for defence—the member for Brand, the member for Lingiari and the member for Fraser did not require any follow-up calls because they had sent their RSVPs by last Friday. I have been told that the invitations to ministers, shadow ministers, and opposition office holders were sent to their Parliament House offices. In relation to other people, they were sent to their electorate offices by express mail. I provide this information to indicate that there has been no attempt to shut the opposition out. They have been treated fairly and properly, and any suggestion to the contrary I reject completely.

QUESTIONS TO THE SPEAKER

Indigenous Affairs: Reconciliation

Mr LATHAM (3.29 p.m.)—I have two questions to you, Mr Speaker. The first follows my question to the Treasurer, Mr Costello, on the matter of Aboriginal reconciliation. Have you received a letter from Reconciliation Australia signed by the co-chairs Jackie Huggins and the Hon. Fred Chaney asking you, as an act of reconciliation, to agree that members of parliament and ministers should answer questions on this important subject? They write that reconciliation requires a strategy from the whole of government and is both the duty and the direct responsibility of all who hold ministerial portfolios, including the Treasurer. Will you make a ruling as an act of reconciliation in agreement with Jackie Huggins and the Hon. Fred Chaney?

The SPEAKER—Can I respond to the member for Werriwa by saying, no, I have not received any such correspondence. It may be that it is on the desk of my chief of staff. I am not suggesting it would be delayed there, but it has not come to my desk as yet.

Mr Latham—Mr Speaker, I seek leave to table the letter from Reconciliation Australia.

Mr Tuckey—Mr Speaker, it’s a private letter.

Mr Latham—I have a copy of it—it is not too private. The privacy just ended.

The SPEAKER—I will let the member for Werriwa know when I am in receipt of the letter. I am in the hands of the parliament as to whether or not leave is granted for its tabling. It is not a matter of concern to me, other than the member for Werriwa has brought my attention to it.

Mr Latham—I appreciate that.

Leave not granted.

Parliamentary Language

Mr LATHAM (3.30 p.m.)—My second question concerns a ruling you made last month, saying that the use of the word ‘you’ is out of order in opposition questions.

The SPEAKER—I hesitate to interrupt the member for Werriwa, but the use of the
word ‘you’ being out of order has nothing to do explicitly with opposition questions. It was a generic comment, not in reference to opposition questions.

Mr LATHAM—Given the generic ruling, why were the ministers for immigration and education able to use this word repeatedly today without being brought into order?

The SPEAKER—the member for Werriwa will resume his seat! I would point out to the member for Werriwa that if he cares to check the Hansard record, which may or may not include all of my interruptions, and certainly with any look at the tape, he will discover that I made a genuine effort as frequently as I could to draw the minister’s attention to the fact that the remarks should be addressed through the chair, and I will continue to do so.

Questions on Notice

Ms CORCORAN—Mr Speaker, under section 150 of the standing orders, I wonder if you would mind writing to the Minister for Transport and Regional Services, seeking reasons for the delay to answer my question No. 1611, which went on the Notice Paper on 18 March this year.

The SPEAKER—I will follow up the matter for the member for Isaacs as the standing orders provide.

Questions on Notice

Mr DANBY—Also under section 150 of the standing orders, will you ask the Minister representing the Minister for Revenue and Assistant Treasurer why my question No. 1237 of 11 December last year has not been answered?

The SPEAKER—I will follow up, as the standing orders provide, the inquiry made by the member for Melbourne Ports.

Mr Costello interjecting—

The SPEAKER—Order! Treasurer!

Mr Martin Ferguson—Hey, Jellyback!

The SPEAKER—The member for Batman is warned!

AUDITOR-GENERAL’S REPORTS

Report Nos 46 to 49 of 2003-04

The SPEAKER—I present the Auditor-General’s audit reports Nos 46 to 49 of 2003-04 entitled No. 46—Australian Industry Involvement Program-Department of Defence; No. 47—Implementation and management of the Indigenous Employment Policy-Department of Employment and Workplace Relations; No. 48—Indigenous Land Corporation—Operations and performance follow-up audit-Department of Immigration and Multicultural and Indigenous Affairs; and No. 49—Management of the navigation aids network-Australian Maritime Safety Authority.

Ordered that the reports be printed.

PAPERS

Mr ABBOTT (Warringah—Leader of the House) (3.33 p.m.)—Papers are tabled as listed in the schedule circulated to honourable members. Details of the papers will be recorded in the Votes and Proceedings and I move:

That the House take note of the following papers:

Debate (on motion by Mr Latham) adjourned.

MATTERS OF PUBLIC IMPORTANCE

Telstra: Privatisation

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

The Government’s intention to privatise Telstra
I call upon those members who approve of the proposed discussion to rise in their places.

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

Mr Tanner (Melbourne) (3.34 p.m.)—The Howard government’s long, slow crawl back to the rotting corpse of its Telstra policy is finally coming to a conclusion. According to the Australian yesterday, after months of hiding behind the low Telstra share price, after months of National Party cowardice, after months of fudging a potential response to the Estens inquiry into regional telecommunications services, after having deferred the sale yet again in the recent budget and after having cooked the national accounts in order to glorify the value that Telstra has retained in the books, finally the government is about to come clean about its plans for Telstra and finally it is proposing to introduce the Telstra sale legislation to the parliament.

It looks like the plasma TVs have done the trick. They have been hiding for months with the Telstra sale legislation, but it looks like those great TVs—with Senator Alston watching the football and the Prime Minister watching the cricket—have done the trick, after the government was wavering a bit about what it might do. The Australian people are entitled to ask: what are the implications for them and what are the implications for telecommunications services in Australia of the proposed sale of Telstra? If they want to find the answer to that question, all they need to do is look at the recent record of Telstra and look at what has been happening already.

If the Australian people, particularly in regional Australia, want to see the future for telecommunications services with a privatised Telstra, they can get a pretty good indication of what that future will look like simply by examining what has been occurring in Australia in recent years. What Australians will see, if they examine the recent record of Telstra under the Howard government, is a catalogue of disasters—all of them connected with the government’s obsession with privatising Telstra.

If we take a close look at where the privatisation strategy is already heading, we can see a very clear picture and get a very good foretaste of what telecommunications services will be like in Australia if the Howard government’s plan to sell Telstra succeeds. First, we see a network that is now held together with bandaids and bits of string—a network that is suffering enormously as a result of serious declines in capital investment and employment by Telstra. We have gas bottles being used all around the country as temporary fixes to maintain air pressure in the cables. We have cables being run over hay stacks and across people’s front lawns, disturbing the kangaroos in parts of regional Australia. All sorts of stories of that nature come to my office. We have huge costs mounting up because of Telstra’s own bungles with encapsulant gel—the Seal the CAN strategy. We have a list of over 100,000 supposed routine maintenance tasks that are in fact faults and defects in the network which are not being addressed. Why is all of this occurring? Because capital expenditure has dropped from $4.7 billion in 1999-2000 to $3.2 billion in the current financial year—that is a $1.5 billion drop in capital expenditure.

Similarly, over the same three years, the number of staff in Telstra has dropped from over 50,000 to little more than 37,000 people. The bulk of those staff reductions have occurred in regional Australia; the bulk of them being attributable to people who fix the network, maintain the services and deliver the services to people in the field. Now Tel-
stralia proposes to gut its information technology capacity, predominantly in Melbourne, and outsource the vast bulk of its IT activities to Indian companies conducting the work in India. That is the recent story of service delivery and jobs from Telstra.

What Australians would also see, if they examined the record to see where things are heading, is $2.5 billion lost in dodgy investments in Asia. They would also see massive increases in line rental fees. In the second half of last year, Telstra reaped 10 per cent more revenue—a further $124 million—from an increase in line rental fees. For the first five months of the financial year just about to be completed, Telstra made a net gain of about $80 million as a result of the line rental increases. They got $124 million extra and they gave back only about $40 million in call reductions. That money comes straight out of consumers’ pockets and it is in effect a regressive tax, because everybody—the poorest people and the richest people—pays the same or roughly the same line rental fees. It means that the tax implicit in these line rental increases falls hardest on low-income earners. Line rental fees for telephones in this country three years ago were $11.65 a month. They are now up to around $25 to $26 a month and they are heading towards $32 a month. That is a regressive tax on low-income Australians—another effective levy by the Howard government.

If Australians examine another part of the record for rapidly heading towards privatisation of Telstra, they will also see Australia trailing the field internationally in the rollout of broadband. We have gone from being 13th in the OECD—not a particularly spectacular performance—to now being 19th in the OECD. Only roughly two per cent of Australian households are connected to broadband or high-speed Internet services, compared with seven per cent in the United States, 8.5 per cent in Belgium and 11.7 per cent in Canada, a country that is fairly comparable with Australia. Why? Because Telstra is dragging the chain, it is subject to inadequate competition and it prefers to milk the benefits of existing products like ISDN rather than really push broadband services hard. People will also see inadequate competition throughout telecommunications generally. Telstra is still totally dominant, it still has an effective monopoly in many parts of the sector and it is still being pursued relentlessly by the ACCC to try and ensure that it does not leverage that monopoly to benefit itself at the expense of consumers. With inadequate regulation and inadequate controls on the part of the government, Telstra still exercises far too much dominance in the market.

These are the issues in telecommunications in Australia. The government has one policy to deal with all of them—one policy response for all of those issues—and that is to sell Telstra. Will selling Telstra lead to more investment in Telstra’s network? I do not think so. Will it lead to more jobs and more workers in the field to service the needs of regional Australians? No. Will it lead to less speculative losses as a result of dubious investments in Asia by Telstra, using up the cash flow from its monopoly in Australia? No. Will it lead to lower line rental fees for Australian consumers? No. Will it lead to a faster rollout of broadband services accessible to all Australians? No. Will it lead to stronger competition? Definitely not. We are already seeing what privatisation means for Telstra and telecommunications in Australia. We are getting a foretaste now, but we will get it in spades if the government succeeds. Just to top it off, you have the additional miasma of dodgy corporate behaviour starting to sink in. You have plasma TVs for the Prime Minister and the communications minister and a $1 million payout contract for the CEO if he fails—so, if he gets sacked for
poor performance, he will get a $1 million bonus—a great reward for failure.

The Howard government have been hiding for months. They have been running away from the issue. They are frightened because they face the overwhelming opposition of community opinion on this. They have been trying to avoid saying anything. They are trying to hide behind inquiries and ensure that the National Party is not too upset by the fact that the vast bulk of its constituents hate this policy. They held an inquiry, led by a mate of the Deputy Prime Minister, which was a total whitewash. It has taken them seven months even to get around to responding to that inquiry. So they have gone to ground. But, behind the scenes, just like Dr Frankenstein experimenting in his laboratory, they have been working away and putting together the pieces to privatise Telstra. They have nicked a few body parts from the graves of the odd dead ideology around the place, they have thrown in a few ingredients from investment bankers and lawyers and they have sent the servants away so they do not know what is going on—that is the National Party, of course. They even cooked the books—the national accounts—to make the value of Telstra look better as part of their overall strategy. Shortly, they are going to whack on the electricity and breathe life into the monster. It will be unleashed on unsuspecting Australian consumers, the people in regional Australia, workers and all of those people who have the most to lose as a result of Telstra’s privatisation.

We still have a chance to stop this dangerous and ill-founded experiment. We still have an opportunity to tackle the problems in Australian telecommunications. We still have a chance to tackle the issues in regional telecommunications, to accelerate the broadband rollout, to redress the problems that many lower income consumers are facing as a result of having to pay higher fees for line rentals and to protect consumers who, in many cases, suffer sharp business practices and unfair attacks on their rights in the telecommunications sector generally. That means primarily rejecting privatisation as the solution to the problems in telecommunications, because it is not the solution. The move towards privatisation is at the heart of the problems that I have identified. The vast bulk of the Australian community understand that and therefore reject the privatisation approach.

We need a different approach. We need the approach that Labor is committed to—the approach that I announced last week, the approach the Labor Party will introduce in government—and that rests on four key things. First, under Labor, Telstra will be returned to its core responsibilities. It will be required to get back to its primary role of delivering telecommunications services that are accessible and available to all Australians. It will be required to scale back on its foreign involvements and its media ambitions. Under Labor, Telstra will be a carrier, not a broadcaster; it will be a builder, not a speculator. Second, under Labor, Telstra will intensify its focus on broadband rollout to ensure that we have the platform for the future of our economy and for the future of the information society in Australia that it should be providing. Third, we will have a stronger, stricter competition regulatory regime which will be designed to ensure that there is a strict separation within Telstra of its wholesale and retail activities so that access can be provided to access seekers on effectively equivalent terms, the terms with which it has provided Telstra already. And the ACCC will be given stronger powers to ensure that it can enforce genuine competition so that consumers have some real choice, some genuine choice in the marketplace. Fourth and finally, under a Labor government, there will be stronger consumer protection. We will not
allow line rental fees to be increased without effectively giving back money in the way of lower call costs. The government promised that the line rental fees would effectively be cancelled out by call costs being reduced. What was the outcome? Within the first five months of that new price control regime being in place, there was $80 million extra for Telstra. We will not allow that to occur.

Labor does not support Telstra’s media ambitions. We find Telstra’s involvement in Foxtel difficult to defend, both on competition grounds and on the appropriateness of public ownership of pay television. Labor does not support big, risky investments in Asia by a publicly owned telecommunications carrier—in this case, Telstra. Labor does not support the gutting of Telstra’s IT operations and, therefore, the decimation of the engine room of the Australian IT sector, which Telstra is currently pursuing. Most importantly of all, Labor does not support privatising Telstra.

A Labor government will bring Telstra back to its primary responsibilities. Telstra will be required to operate in a more open, transparent and accountable way in order to maximise genuine competition in the sector. It will be required to focus its energies on maintaining a high standard network and on accelerating the rollout of broadband services which will be accessible to all Australians. It will be prevented from increasing line rentals without returning any increases in the form of lower call costs and, along with other telecommunications carriers, it will be subject to stricter regulation to protect consumers.

Labor believes in public ownership of Telstra, because telecommunications services are essential services. A privatised Telstra would be a giant private monopoly, too powerful for any government to regulate effectively. Just like the banks, Telstra would focus on the most lucrative markets in the bigger cities at the expense of people in regional Australia and lower income earners. People in regional Australia understand that a privatised Telstra will be just like the banks: out of town as quick as you can blink. Under Labor, Telstra will deliver high quality telecommunications services to all Australians, not just to those who happen to have the money to pay for it.

Mr McGAURAN (Gippsland—Minister for Science) (3.49 p.m.)—This is an issue of such importance and moment for the Labor Party that we have not had a single question on it during this week or several preceding weeks! Literally hundreds of questions have been available to the opposition, which they have taken up, but they have not dealt with Telstra. Anybody listening to the shadow minister just now would form the impression—superficially, at least—that this was a telecommunications company on the verge of collapse. He maintains that ‘bandaids and bits of string’ are holding together its infrastructure. He said that they use gels and that cables are across haystacks and people’s front gardens. It is of such concern to the opposition that they have not asked a single question about it. Why do they do it to the member for Melbourne? Why do they use this issue of privatisation as a filler and expose him to the obvious ridicule of the government? He does not ask questions about it and the tactics committee does not allow questions to be asked, and therefore his claims and exaggerations are seen for what they are: just meaningless criticism without substance and without solution.

Sadly, I fully intend to answer each and every one of the bogus charges raised by the shadow minister today. But, first, let us put it into context. The opposition are not interested in this issue because it does not occupy any of the parliament’s time, except for the occasional quite infrequent matter of public
importance when the opposition need a filler. And today is a filler. They have nothing else they wish to pursue, despite the proclaimed return to policy debate to put the government under pressure. Instead, we have the old chestnut of privatisation of Telstra brought out. Indeed, the shadow minister, the member for Melbourne, proposed his MPI off the back of a report in yesterday’s *Australian* newspaper regarding Telstra privatisation plans being revived by the government. I am informed by the Minister for Communications, Information Technology and the Arts that the report is inaccurate. Yet there have been 20 questions asked by the opposition since this first appeared. Not a single one of them has been on Telstra. Surely question time is a more appropriate forum for the opposition, particularly the member for Melbourne, to express his concern, to explore the issue and to put the government under pressure. But, instead, either he avoids question time or the tactics committee—having regard to his rather low standing in that august body at the moment—does not allow him to pursue it.

I cannot take very seriously the member for Melbourne’s claims, but I am deeply concerned on two fronts. The first is that his now seemingly personal battle against Telstra’s current management and staff continues unabated. Again, it is an avalanche of abuse and criticism, and his challenges to their commitment to consumers and customers are a reflection on not just their competence but also their integrity. That disappoints me. Why is the member for Melbourne engaged in this campaign of slur and abuse? The second thing that worries me is the so-called policy plan of the member for Melbourne, which will have to be teased out. The Labor Party’s approach to the future of Telstra is going to require more than—and I timed it—a three-minute explanation.

**Mr Tanner**—I did a speech on it last week!

**Mr McGauran**—He reminds me by way of interjection that he gave a speech on it last week, but that was overshadowed by other events occurring within the Labor Party last week and did not see the light of day. I must get a copy of it; I presume it is on the ALP’s or the member’s own website. I will study it for its worth, but from the brief summary he gave of it today I think I might be wasting my time—because there is no worth in what he said.

I fear that those who recommend or make investment decisions will be pouring over every word the honourable member for Melbourne uttered last week in his speech and again in the MPI, because there is no doubt that to the extent the opposition has a policy it is to intervene in the day-to-day management of Telstra. There is no doubt that the objectives listed by the member for Melbourne as to Telstra’s future purpose and operations involve ministerial intervention. We all know what that will mean for the value of Telstra and the holdings of hundreds of thousands of Australian shareholders. I am deeply concerned that the shadow minister, the member for Melbourne, has outlined today a policy of intervention and ministerial direction which will substitute government management of Telstra for the board of directors and the executive. The opposition is on very dangerous ground. Unless the member for Melbourne is prepared to spell out the exactness—in other words, the limits—of intervention and ministerial direction, everyone is going to be left guessing or, quite frankly, expecting that it will be a wholesale intervention. That is very worrying.

We are going to have the member for Melbourne and the cabinet running Telstra, not Ziggy Zwikowski or the board. If he thinks the stock market and shareholders
believe he and his colleagues in the cabinet can do a better job than an independent board with a responsible CEO and senior managers, he has another thought coming. I fear for the value of Telstra under those conditions. The sooner the member for Melbourne clarifies the situation, the better. The problem for the member for Melbourne is that he does not address the issue of ownership—

Mr Tanner—Yes, I did!

Mr McGauran—All right, the shareholding will remain as it presently is, in which case you cannot run Telstra as a business from the cabinet room. That is the worst possible thing you could do, and I do not believe that the shareholders of Telstra would want that. You are jeopardising the share price of Telstra with this ad hoc policy that does not solve the issue of ownership.

Let me now state the government’s position on the future ownership of Telstra, which is crystal clear. We will not proceed with any further sale of Telstra until we are fully satisfied that arrangements have been put in place to deliver adequate telecommunications services to all Australians. That has been the bedrock of our position, and we have not shifted from it. The Prime Minister has made it clear that any future sale of Telstra depends upon, firstly, the government being convinced that services in the bush—in country and regional areas of Australia—are up to scratch; secondly, the passage of the legislation through parliament; and, thirdly, a share price that maximises the return to the taxpayer. We have set down quite clearly our position on the ownership of Telstra and put down the conditions.

Before we can satisfy the first condition—that services are satisfactory in country areas—we have to await the response of the government to the report of the Estens inquiry, which is an entirely creditable report. It provides a very comprehensive assessment of current services in regional Australia and detailed recommendations as to the adequacy of services and the arrangements that should be put in place to ensure that all Australians, wherever they live, share in the benefits of further developments in technology. I understand from the minister for telecommunications, Senator Alston, that our response to the Estens inquiry will be made in the very near future. Given these considerations, in the context of the 2003-04 budget statement, the Minister for Finance and Administration indicated that the future sale of Telstra is more likely to take place in the 2005-06 budget year than in the 2004-05 budget year.

Allow me very quickly to address the criticisms of a hysterical nature—leaving aside the inaccuracy of them—of the member for Melbourne. The first is with regard to the job cuts. He said emotively that Telstra’s workforce has declined from some 50,000 to about 37,000. It is no secret that Telstra has been pursuing a cost reduction strategy in recent years which has involved and resulted in a reduction in its workforce, but to remain competitive Telstra—and it is highly competitive, thanks to this government’s competitive regime—and other industry players have to focus on delivering quality services at lower prices to consumers. Telstra is not Robinson Crusoe in this regard in either the IT sector or any other sector of industry or commerce.

Telstra states that it does not have specific targets in relation to the job cuts but that redundancies can occur at any time, that services are satisfactory in country areas—we have to await the response of the government to the report of the Estens inquiry, which is an entirely creditable report.
Melbourne, in accusing Telstra of not spending enough money, must recognise the commercial and business environment in which it must operate.

Looking now at the generalised criticism of the Telstra infrastructure, securing services by maintaining infrastructure is incredibly important. We recognise as a government that reducing fault rates is an important issue. That is why we implemented regulatory safeguards such as the customer service guarantee and the new network reliability framework, which are aimed at boosting Telstra’s network reliability.

The Australian Communications Authority monitors Telstra’s performance under the customer service guarantee and under the network reliability framework, and it reports on the performance quarterly. While faults will occur—it is a massive network, so of course they will—and will attract media coverage and be highlighted in the parliament, it is important to remember that Telstra operates over 10 million fixed services, and the vast majority of these operate efficiently and reliably. Telstra’s most recent public report under the network reliability framework showed the national average availability of phone services in April this year was 99.92 per cent. The national percentage of services with no faults for the same period was 99.08 per cent. So 99 per cent of Telstra’s fixed services operate without fault.

The honourable member mentioned in passing the gel sealant. In relation to the specifics of Telstra’s weatherproofing sealant, Telstra has advised that, as part of the general maintenance regime of its cable network, a weatherproofing gel is used to seal cable joints against weather damage. The product has been in use since 1997, and Telstra believes the gel continues to be effective on the vast majority of the joints and that issues relating to the remaining joints are being addressed. Nevertheless Telstra believes the product is at the end of its life cycle, and has begun replacing the gel where required. So why abuse Telstra? Telstra is more committed to servicing customers, whatever their postcode, than the honourable member for Melbourne will give it credit for. You are always talking down Telstra. You are always reflecting on Telstra’s professionalism, its commitment and its dedication to the people it serves. Spend some time with me at Telstra Countrywide in Gippsland or any of the other Countrywide facilities throughout Australia. Those people are locals. They cover local territory and they respond to local issues and local concerns raised by local people. It is terribly unfair that the member for Melbourne, in such a generalised and destructive way, abuses Telstra and the people of Telstra. Telstra is not some entity; it is made up of people who take their jobs very seriously and respond in a very dedicated way.

With regard to the gas pressure, Telstra has advised that cable pressurisation through the use of gas bottles is a method used to protect the copper network from water damage. Telstra is aware that the cable pressurisation system needs to be upgraded and is working to achieve this. With regard to the line rentals, the government imposes retail price controls on Telstra to drive efficiency and return the improvements and the savings to customers. We know that most Telstra customers will receive a $1.60 increase in monthly line rental charges, balanced by a drop in local call rates by one or two cents per call. So, on average, reductions in call charges for services covered by the price controls are likely to outweigh line rental increases. We have a safety net for low-income earners.

On all the points—all the criticisms he raised—the member for Melbourne has not put it in a balanced, measured way. He has a
personal crusade against Telstra. As a result, it is distorting his judgment, and he has come up with this half-baked idea of the government running Telstra, which will destroy the value of Telstra in an instant. I urge the member for Melbourne to reconsider carefully and thoughtfully. Take advice and consult with the people of Telstra. If you have a mistrust or a dislike of certain people, so be it, but do not taint everybody in Telstra because of your personal obsessions and crusade. Work with Telstra, work with the government and develop a proper policy with regard to Telstra. (Time expired)

Ms HOARE (Charlton) (4.04 p.m.)—The Howard government has been so determined since it gained office in 1996 to flog off Telstra that it has deliberately neglected and ignored the declining levels of service for people right across Australia. It is now well known that the government is planning to sell the remaining 50.1 per cent of Telstra to bankroll the Liberals’ upcoming election campaign.

This slush fund, though, will be paid for by all Australians, who will see a greater loss of service, a loss of jobs throughout regional Australia and, undoubtedly, higher and higher prices. The Howard government has overseen Telstra’s failure to invest in adequate infrastructure upgrades to inflate the prospective share price. This is a disgraceful way for a government to act and, with a supportive Telstra board, you have to be moved to ask questions about the plasma television sets that found their way into the lounge rooms of Senator Alston and the Prime Minister.

All members of this place would encounter constituents on an almost daily basis who have terrible problems with Telstra services. In my electorate of Charlton we have inadequate infrastructure to cope with the very high demand for Internet services. It is only through the good, hard work of local Telstra employees and management that some advances in this area have been made, but there is no support from the top and certainly none from the government.

Cooranbong and Martinsville, in my electorate, have had no access to broadband services for a long time. I joined residents some time ago in lobbying for improved services, and I am very pleased that, by working with local Newcastle and Lake Macquarie Telstra Countrywide people, we have secured access to broadband services. The launch of these services will take place on 4 July this year. This long needed improvement will benefit the residents and small businesses in the area. It is a great shame the Liberal-National coalition government shows no interest in improving access to telecommunications services like we have in Martinsville and Cooranbong. This government is not interested in ordinary people and their communities. This government is only interested in what the big end of town wants.

We have heard the National Party paying lip-service to the needs of regional and rural Australians. The Deputy Prime Minister got one of his National Party mates to head up an inquiry to justify the complete sale of Telstra. Is the constituency of the National Party really going to benefit from this sale? No, of course it is not, nor are my constituents or the constituents of any other member in this place. This privatisation is not in the interests of any Australian family or small business, but the government does not care. The government can only see the cash and the promises it will buy in an election. A fully privatised Telstra will forget ordinary Australians, just as the banks have, and chase after the money of the big end of town.

Australia is a huge country and depends on the telecommunications infrastructure provided by Telstra. How could a govern-
ment properly sell out the public interest in this infrastructure? To lose control of something so important is beyond imagination. The government is paranoid about security and is out there exploiting Australians’ fears, yet it is prepared to divest the public’s ownership of this crucial infrastructure that should always be in the hands of, and controlled by, the government. What is even more extraordinary is that cabinet seriously considered raising the allowable foreign ownership of Telstra limit above 35 per cent. It is outrageous that Telstra should be sold at all, but preposterous that the government could allow Telstra to be bought by foreign interests. It just shows how out of touch this government is. It does not understand that ordinary Australians do not take $45,000 Roman holidays. People expect a certain level of service and expect their politicians and governments to provide for their needs.

In Newcastle and Lake Macquarie the community does not receive the level of service it should. The time taken to correct faults, install lines and access broadband services does not meet community standards. My constituents have complained bitterly about the increase in phone charges. Many seniors and pensioners in Charlton rely on the phone for their health. They may not make many phone calls but they have it there just in case, and they have to pay for the privilege. People from Newcastle and Lake Macquarie, like all Australians, demand a fair go from Telstra and expect the government to demand that minimum standards such as the universal service obligation be enforced. We have seen that Telstra is failing urban and regional Australia by not repairing phone faults on time. Every day I am approached by people in my electorate complaining about how long it takes to get their phone fixed—and for some of my constituents this has life or death implications.

One of my constituents has a severe medical condition and, at the time this was brought to my attention, had been undergoing what she terms a ‘medical emergency’ for some time. She is housebound, lives by herself and requires hospitalisation constantly. She relies on her Telstra telephone to make calls for assistance and receive medical advice. She advised me that she had contacted Telstra some time before and provided them with a statutory declaration detailing her condition and her need for medical prioritisation in the event of a fault occurring on her line. My constituent had two telephone lines functioning—one for the phone and the other for a computer. First her phone line became faulty, and that was followed shortly after by the second line. She contacted Telstra and advised them of her medical condition. She told me that she had obtained priority for her serious medical condition. Unfortunately, this service did not provide her with any assistance or priority. My constituent told me that it took over two weeks to fix the fault.

In Newcastle and Lake Macquarie the community does not receive the level of service it should. The time taken to correct faults, install lines and access broadband services does not meet community standards. My constituents have complained bitterly about the increase in phone charges. Many seniors and pensioners in Charlton rely on the phone for their health. They may not make many phone calls but they have it there just in case, and they have to pay for the privilege. People from Newcastle and Lake Macquarie, like all Australians, demand a fair go from Telstra and expect the government to demand that minimum standards such as the universal service obligation be enforced. We have seen that Telstra is failing urban and regional Australia by not repairing phone faults on time. Every day I am approached by people in my electorate complaining about how long it takes to get their phone fixed—and for some of my constituents this has life or death implications.

In September 2002, urban New South Wales reported the worst Telstra customer service guarantee performance across all areas of Australia, with just 83 per cent of faults fixed on time. It seems that Telstra always has something to blame, like bushfires or flooding. How about realising that, if you sack a large number of your workers, they are not there to physically fix people’s phones? Telstra has never invested enough resources in the Hunter and appears to lack any appreciation of our growing needs in, and expectations of, telecommunications. Telstra cut its work force by over 4,000 in the last financial year and cut its capital expenditure by $600 million. This may have something to do with Telstra’s poor customer service performance in places like my electorate of Charlton.
Now Telstra want to charge more for the phone lines they cannot fix on time, and the Howard government is letting them. One thing is for sure: if the government gets its way and privatises Telstra without any price controls, things will get much, much worse, and the people of Australia will not cop it. We recently heard in Senate estimates hearings that Telstra is looking at cutting even more workers. Telstra simply cannot meet the service needs of its customers now. How can the government possibly expect people to buy the idea that, with lower staff numbers, service can be maintained or improved? Of course they cannot, and my constituents and electors right across Australia will hold the government to account at the next election.

Last month I was contacted by a constituent who was an employee of Telstra. He and seven of his work mates were sacked by Telstra. My constituent advised me that Telstra is behind with all repairs and maintenance work in our local area. The company has requested that its employees cash in rostered days off to catch up on some of the enormous backlog of work. He also said that Telstra is bringing employees from country New South Wales to Newcastle and Lake Macquarie, paying them travel and overtime allowances, to fill in for the shortage of workers and help reduce the backlog. This is absolutely crazy! Surely it makes more sense to employ more people locally rather than bring workers in from country areas—where they are obviously needed—to places like Newcastle. But, no, the local workers are being put off.

At the next election the Australian people will have the choice between Labor’s policy to retain Telstra in public hands and get Telstra back on the job of providing decent and affordable communications services, and the Liberal-National Party policy of flogging it off to the big end of town, increasing prices and lowering service levels. Only Labor will ensure that Telstra remains in public hands, that our vital infrastructure is protected, that services are enhanced and that the telecommunications needs of all Australians are met. On the other hand, the Howard government is sure to try to bribe the electorate with money from the sale of the rest of Telstra and then hand Telstra over to the control of big business. The Australian people will not be fooled and will not allow this miserable government to sacrifice Telstra jobs and services in regional Australia in order to bankroll its promises at the coming election.

Mr CIOBO (Moncrieff) (4.13 p.m.)—I rise this afternoon to speak on the matter of public importance that the ALP has decided to raise this afternoon despite the fact that, for so many months, the ALP has not said boo about Telstra. In fact, the last comments that I recall from the shadow minister for communications in regard to Telstra were at a press conference he held on 2 February. What did he say on 2 February? The press conference was called so that the shadow communications minister could announce to the assembled throng that Labor was dropping its policy of structural separation. On 6 February he called the media together and announced to all that Labor’s policy of structural separation was dead and that it would be adopting a policy that was no longer predicated upon structural separation.

What is most interesting about the ALP’s position is that the shadow minister announced in the course of his press conference, ‘We have not finalised in the formal sense our policy position.’ The ALP did not actually have a formal policy position but nonetheless the shadow minister convened a conference to announce that their non-formal policy position was in fact being renounced.

Then today we heard in the course of about three minutes the ALP restating its
policy position. What did we discover today? We discovered that the opposition’s new policy position is in fact to refamiliarise itself with and to reintroduce its whole notion of structural separation. So we went from it not actually having structural separation to it saying that it was dropping structural separation to it today—less than six months latter—saying that the ALP’s position is to reintroduce structural separation.

I have to say it is a good thing that the member for Melbourne was looking at running for the leadership of the ALP, because clearly he has some good form in the area of flip-flopping. It is very clear that the ALP has no policy position when it comes to the structural separation of Telstra or more generally to Telstra’s actual structural protocols.

It was very interesting to hear today that the shadow communications minister and the member for Charlton both raised the issue of plasma TVs. I hark back to a debate in this very chamber in March of this year when the shadow minister had half an hour to put forward the ALP’s position with regard to high definition television. Instead of actually enunciating the ALP’s position on HDTV, the shadow minister spent 25 minutes—85 per cent of his opportunity—to enunciate a policy focused on ridiculing the Prime Minister and the Howard government’s communication minister about using plasma TVs for a period of some three to six months. That is essentially what the opposition is about: the denigration of solid policy and a complete failure to put up any alternative policy. It is a great shame that we see that continue today.

The fact is, what I heard today from the shadow communications minister was a speech that I could have used in support of the privatisation of Telstra. But before I explore that further I would like to highlight very clearly to the chamber and to those listening the government’s position with regard to the privatisation of Telstra: we will not privatise Telstra until it is shown that regional services are up to scratch. We have made great improvements—strong improvements—over the past several years to greatly increase not only access in regional areas but also quality of service to regional Australia.

I highlight this from my own experience. When I recently went to Crows Nest, Blackbutt and other areas in regional south-eastern Queensland, they spoke in glowing terms about the services they receive from Telstra. I cannot help but think that the member for Charlton was using a little bit of poetic licence when she claimed that every single day she is contacted by constituents claiming that they are having problems with Telstra.

I have to say that things must be very different for the member for Charlton because in the 19 months since I came to office I have had people come and raise with me issues involving Telstra on probably three occasions. On each of those occasions, Telstra responded swiftly and effectively to the concerns. Rather than focus on broad generalisations and excessive exaggerations from the shadow communications minister and from the member for Charlton, I would prefer to focus on the facts.

What I found most interesting from the shadow communications minister was the array of various facts that he brought forward to highlight how Australians would be worse off if Telstra were fully privatised. We heard about declines in capital investment, we heard about reductions in the total labour force, we heard about write-offs in capital expenditure and we heard about the slow down in the broadband roll-out. Each and every one of these points is a very strong argument for exactly why Telstra should be privatised.
It is because of the half pregnant policy that the Labor Party absolutely insists that we adopt with regard to Telstra that Australians are suffering. It is because the Labor Party forces us into a situation where the government must face a continual conflict of interest between being the regulator, being the majority shareholder and also being concerned with the policy aspects of protecting consumer interests as the third limb that all Australians suffer. Government is not a creature particularly adept at meeting all three of those demands and needs. It is little wonder that Telstra’s share price continues to fall. It is a direct consequence of the Labor Party’s continuing obfuscation of this issue and continuing unwillingness to accept that there presents for all Australians, and especially for Telstra shareholders and for Telstra consumers, great opportunities and benefits—opportunities and benefits that would flow from full privatisation.

I heard with great interest the shadow communications minister raise a number of questions this afternoon—questions that he alleges should be asked prior to privatising Telstra. But were these the same questions that the ALP asked when it came to the Commonwealth Bank? Were these the same questions that the ALP discussed in their caucus meetings when they decided that, despite what they had said a couple of years earlier about not privatising 50.1 per cent of the Commonwealth Bank, they were going to go ahead and do it anyway?

I cannot help but wonder whether once again the opposition would like to pull the wool over everybody’s eyes; would once again like to make out that they are in fact concerned with the needs of Australians. They couch it in terms of retaining majority share ownership of Telstra but they may very well be concerned with privatising the full amount of Telstra.

The one important difference that I would highlight is that when the coalition privatised a public asset we do so to retire government debt—some $90 billion of government debt that the Labor Party left as its legacy when it was voted out of government. In fact, if you look at the actual figures there has been some $30.2 billion raised as a consequence of the sale of the first two tranches of Telstra.

Of this $30.2 billion, $1.2 billion has gone into improving regional services, $1.2 billion has gone into the Natural Heritage Trust and the balance, some $27.8 billion, has been used to retire ALP debt. That stands in very stark contrast to what the opposition does when they are on the government benches and when they occupy Treasury bench. They squander asset sales—not to retire debt but to use on current expenditure. They would sell Telstra off so that they could then pump that money into their very expensive campaign promises, which were made without any direct link or anchor back to the real world—a world that demands that governments be accountable for the promises they make and the expenditure they seek to make.

It has been interesting watching the opposition lately and, in particular, listening to their arguments with regard to why Telstra should not be privatised. I highlight a comment that Alan Wood, the economics editor for the Australian, made on 19 March 2002. He said:

... the Government lost more than $24 billion on the stock market during the past 2½ years ... Because it still owns 50.1 per cent of Telstra, and Telstra shares have fallen from a peak of more than $9 in November 1999 to $5.45 yesterday.

That was in 2002, and it was because of the opposition’s policies. (Time expired)

Mr WINDSOR (New England) (4.23 p.m.)—I have spoken on this issue before, and even though time is drifting on in terms of the activities that Telstra, and particularly
Telstra Country Wide, are conducting, I am still very much opposed to the further privatisation of Telstra. I would like to make a few comments in relation to this particular issue, and I thank the member for Melbourne for bringing on this matter of public importance. This issue, in terms of this parliament and the current debate that the Prime Minister has raised in relation to the Senate, is one of real importance to country people. The privatisation of Telstra will require senators in particular to take a firm stand for country people, because it is very apparent that country members of the coalition in particular are not really representing their constituents on the issue. If anybody goes to country Australia and asks people whether they want Telstra sold, they will get a resounding, ‘No, we don’t. We don’t trust government.’ That is not an aspersion on this particular government. Government generally is not trusted in relation to the provision of essential services such as telecommunication services.

The three country Independents—the member for Kennedy, the member for Calare and me—did a survey of our constituents last year. I would urge the country members of the various parties to do the same thing in relation to their constituents and get a bit honest about their representation of those people. That survey was criticised by the minister, Senator Alston, which I expected. But a resounding 98.9 per cent, I think, of people answered that survey by voting very much against the sale of Telstra. Within my electorate I think there were over 6,000 respondents. Someone will say there were 78,000 people who did not respond, but we can all run those sorts of arguments. The one poll that will determine if the government’s agenda, particularly in country areas, still has the sale of Telstra on it will be the next election. It will be an issue that I will be running very strongly on, and I am sure some other members in the parliament will be running strongly on it as well.

One of the issues that comes up from time to time in relation to privatisation generally is the issue of community service obligations. The minister, the Prime Minister, the Deputy Prime Minister and a number of the proponents of the further sale of Telstra have claimed, ‘Trust us, we can take care of this through legislative arrangements, or we can do it in the various regulations that the parliament has some degree of control over.’ I take people back to the sale of Sydney airport, which took place last year. Prior to the sale the minister for finance, Senator Nick Minchin, and the Deputy Prime Minister, who had carriage of the sale, were saying that the noise restrictions, the access issues from regional airports, the various landing operation issues et cetera were essentially being safeguarded by government regulation. I bring to the attention of the House an article of Thursday, 27 June 2002 in the Financial Review, which said:

The Minister for Finance, Nick Minchin, also conceded that a future government would be open to try to change existing regulations.

This was in terms of the Sydney airport. The article also said:

“Those caps and the curfew are in legislation—referring to Sydney airport—they will not change, the company can’t change it, only the Parliament can change those limits,” Senator Minchin told the Seven Network.

The article quoted Senator Minchin again:

Obviously we can’t bind future governments, but I can’t imagine any government in the future changing those rules.

He was referring to the privatisation of an airport there, but exactly the same principles are at stake here in terms of a major, publicly controlled—at the moment—telecommunications company; that is, Telstra. On 27 August last year, I raised a question with the
Prime Minister in relation to constitutional law. The Prime Minister was a little flattered that I should ask him about his view of constitutional law—though I am sure Minister Williams at the table has a better view than the Prime Minister. However, I invited the Prime Minister to give his legal opinion as to whether one government can bind successive governments in relation to regulations and the community service obligations that could be imposed upon a fully privatised Telstra. The Prime Minister answered that, under our Constitution, one parliament cannot bind a future parliament in relation to those regulations or legislative arrangements that could govern the privatisation of Telstra.

Therein lies the problem and the need for the Senate to be very vigilant in this issue. As I said earlier, I think this is a very good argument for the need for a Senate, especially a Senate that is prepared to take on board the views of a minority group. Even though rural and regional Australians may be a minority group representing 30 per cent of Australians, they are not being represented by the country members in the coalition. It will be up to senators to take on board the very real concerns that country residents have in relation to the sale of Telstra and the loss of services that will accrue. Almost by definition, the full privatisation of Telstra would mean a loss of services to those who are remote, those who have distance to contend with and those who are small. There will not be a political imperative to drive service provision to those smaller areas. That will mean a shrinkage of services in country areas and a removal of the competitive aspects that new telecommunications services deliver to country people; it will mean that country people will be further disadvantaged.

In conclusion, I would like to raise the issue of a recent letter that appeared in the *Northern Daily Leader*. It was written under the name of the regional area manager for Telstra Country Wide out of Armidale, and it was critical of some assertions I had made about the removal of infrastructure services staff from the New England and north-west area. The letter virtually called me a liar. I do not mind being called a liar—that is part of being in politics, I guess—but the letter was not, in fact, written by Ian Peters, the regional area manager of Telstra Country Wide. It emanated from the corporate affairs division of Telstra in Sydney. I have asked the minister and the state manager of Telstra to let me know who actually wrote that letter, because my advice is that it is fraudulent to write a letter under the name of a person who did not sign the letter and to have the letter printed under that name. Obviously, people within my electorate believed it to be signed by Ian Peters. The minister seems not to have picked the message up, but I call on him to make some investigations about that and about the use of Telstra corporate affairs staff and the names of some very good people from Country Wide to play a political game. Telstra Country Wide in the New England electorate give a very good service, and they are doing that because there is a political imperative, being driven by the current government, to try to put Telstra in a position where it can be sold.

I repeat as I started: I am very much opposed to the sale of Telstra, and I believe that, by far, the great majority of country people are opposed to any removal of the remaining publicly owned portion of Telstra.

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

**COMMITTEES**

**Selection Committee**

Report

The **DEPUTY SPEAKER** (Hon. I.R. Causley)  (4.33 p.m.)—I present the report of the Selection Committee relating to the
consideration of committee and delegation reports and private members’ business on Monday 23 June 2003.

The report read as follows—

Report relating to the consideration of committee and delegation reports and private Members’ business on Monday, 23 June 2003

Pursuant to standing order 331, the Selection Committee has determined the order of precedence and times to be allotted for consideration of committee and delegation reports and private Members’ business on Monday, 23 June 2003. The order of precedence and the allotments of time determined by the Committee are as follows:

COMMITTEE AND DELEGATION REPORTS

Presentation and statements

1 AUSTRALIAN DELEGATION TO CANADA AND THE 108TH INTER-PARLIAMENTARY CONFERENCE: Report of the Parliamentary Delegation to Canada (31 March to 3 April 2003) and the 108th Inter-Parliamentary Conference Santiago, Chile (5-12 April 2003).

The Committee determined that statements on the report may be made — all statements to conclude by 12.45 p.m.

Speech time limits —
Each Member — 7 minutes.

[Proposed Members speaking = 2 x 7 mins]


The Committee determined that statements on the report may be made — all statements to conclude by 1.05 p.m.

Speech time limits —
Each Member — 5 minutes.

[Proposed Members speaking = 4 x 5 mins]


The Committee determined that statements on the report may be made — all statements to conclude by 1.25 p.m.

Speech time limits —
Each Member — 10 minutes.

[Proposed Members speaking = 2 x 10 mins]

4 SCIENCE AND INNOVATION — STANDING COMMITTEE: Report: The Innovation Wave: the case for increasing business investment in R&D.

The Committee determined that statements on the report may be made — all statements to conclude by 1.45 p.m.

Speech time limits —
Each Member — 10 minutes.

[Proposed Members speaking = 2 x 10 mins]

PRIVATE MEMBERS’ BUSINESS

Order of precedence

Notices

1 Mrs Moylan to move: That this House:
(1) acknowledges the suffering and hardship experienced by the Iraqi people from years of neglect of essential services and the dictatorship of Saddam Hussein;
(2) notes the grave consequences of this neglect to human health, contributing to the second highest infant and child mortality rates in a list of some of the poorest countries in the world;
(3) notes the consequent poor state of essential services in Baghdad and other areas of Iraq and commends the efforts of the coalition, the United Nations and non-government organisations to provide emergency services to the people of Iraq;
(4) notes the major ongoing challenges facing the people of Iraq including the need for continued rehabilitation of essential services such as sewerage and sanitation and notes that a major effort is underway to improve these services;
(5) commends the Australian Government for the substantial contribution to humanitarian aid and reconstruction in Iraq, notably in
relation to agriculture, where Australia is
taking the lead with the United States; and

(6) notes that Australia’s contribution of $100
million is the 5th highest of the 15 main
contributing countries; and

(7) acknowledges the contribution of AusAid
and Australian non-government organisations
in the delivery of health services, water and
sanitation work, co-ordination and logistics,
food distribution, refugee preparedness and
mine action and agriculture. (Notice given
16 June 2003.)

Time allotted — 30 minutes.

Speech time limits —
Mover of motion — 10 minutes.
First Opposition Member speaking — 5 minutes.
Other Members — 5 minutes each.

The Committee determined that consideration
of this matter should continue on a future day.

Ms Hall to move:
That this House:

(1) recognises that Australia has an ageing
population; and

(2) calls on the Government to:
(a) address the chronic shortage of aged
care beds;
(b) resolve the issues surrounding phantom
beds;
(c) provide more community care packages;
(d) ensure that aged care resources are
located in areas of greatest need; and
(e) provide positive initiatives to improve
the quality of life of older Australians.
(Notice given 9 December 2002.)

Time allotted — remaining private Members’
business time.

Speech time limits —
Mover of motion — 10 minutes.
First Government Member speaking —
5 minutes.
Other Members — 5 minutes each.

The Committee determined that consideration
of this matter should continue on a future day.

BILLS RETURNED FROM THE
SENATE

The following bills were returned from the
Senate without amendment or request:
Criminal Code Amendment (Hizballah) Bill
2003
Taxation Laws Amendment (Personal Income
Tax Reduction) Bill 2003

EXPORT MARKET DEVELOPMENT
GRANTS AMENDMENT BILL 2003

Second Reading

Debate resumed from 16 June, on motion
by Mr Vaile:

That this bill be now read a second time.

Dr Emerson (Rankin) (4.35 p.m.)—
When I was speaking on the Export Market
Development Grants Amendment Bill 2003
last night, and the clock struck 9 p.m. and the
adjournment debate began, I was referring to
one of the excuses that the government has
used to explain its appalling performance on
the trade front. The chief excuse that it has
used is that Australia is experiencing the
worst drought in 100 years. The fact is that
we have witnessed 17 successive monthly
trade deficits, and the first part of that series
was before the drought had taken effect.
Nevertheless, it is true that the drought has
exacerbated the situation and will continue to
contribute to trade deficits in this country.

I want to point out that, even during the
worst drought in 100 years, primary com-
modities account for 63 per cent of Aus-
tralia’s merchandise exports, and that is up
from 59 per cent in the last year of the pre-
vious Labor government. This government has
failed to continue the diversification of Aus-
tralia’s export base which was embarked
upon by the previous Labor government and
which was going so well. Labor had recognised, even before the terms of trade collapse back in 1985, that Australia was vulnerable to poor seasonal conditions and to any slump in primary commodity prices. From its first day, Labor set about structural change in the Australian economy that would insulate us from such adverse conditions in our primary commodity industries. Then, when the terms of trade crisis hit and the then Treasurer, Paul Keating, warned of the danger of Australia becoming a banana republic, further measures were adopted. When the Labor government lost office in 1996, a spectacular increase in sophisticated manufactured exports had been achieved.

Now, in the worst drought in 100 years, this government has put Australia in a parlous situation where again 63 per cent of our merchandise exports are contributed by primary commodities, compared with 59 per cent in the last year of the previous Labor government. The other way of looking at this is to examine the growth in exports of sophisticated manufactured goods. That growth has slumped a massive 60 per cent under this government. This is further testimony to the failure of the government to continue the diversification of Australia’s export base which was so successfully initiated by the previous Labor government. To put it simply, this government is returning Australia to a farm and quarry, and its trade strategy is to pray for rain. That is the fact of the matter.

We are now vulnerable again to poor seasonal conditions and to downturns in rural commodity prices and mineral export prices. And the government’s trade strategy is to pray for rain. It has done nothing active on the trade policy front.

Respected economist—and certainly not someone known for his radical views—Saul Eslake of the ANZ Bank has pointed out this alarming slowdown in the growth of Australia’s exports of sophisticated manufactured goods and has wondered aloud whether an explanation for this is the lack of attention to industry plans and export encouragement on the part of this present government. Of the sophisticated manufactured exports that are doing well, each and every one has been the subject of some form of an industry plan. Automotive exports continue to perform well. The automotive industry— assembled vehicles and components—has benefited from Labor’s industry plan for that industry: the so-called Button plan. Similarly, the pharmaceutical industry has been a strong exporter for Australia and there has been substantial growth in exports from that industry. Again, it was the subject of a Labor plan: factor F. Factor F was replaced by the Pharmaceutical Industry Investment Program. That program, PIIP, was a much smaller version of factor F. Nevertheless, the pharmaceutical industry has been a major contributor. The other industry that has contributed to value-adding exports, in a rather spectacular way, has been the wine industry.

The second excuse that the government uses in trying to explain away Australia’s appalling export performance under its stewardship is that there has been a global economic slowdown. The fact is that many of Australia’s major customers are growing quite strongly. Certainly, if you analyse the import figures for many of our major trading partners, those imports are growing very strongly—the major exception being Japan. If it is the global economic slowdown, the government needs to answer this question: why is Australia losing market share in Asia,
the European Union and the United States? If it is a global economic slowdown then that should affect the exports of all countries. There should not be a change in the relativities, but there has been a change in the relativities. It is much to Australia’s detriment, because we are losing market share in these countries.

The outlook is really quite bleak. It is a little bit like the story of the frog in the boiling water. The frog is put in a saucepan, the heat is turned up and the frog does not notice that the water is getting hotter and hotter. In the end the frog boils to death but each degree has been imperceptible to it. This government is a frog because that is what is happening with these 17 successive trade deficits. Its cheer squad—writing some of the editorials in the major newspapers—says there is no problem on the trade front for Australia. What is one deficit; what are two deficits; what are a few deficits? I ask: what are 17 deficits? The 17 deficits are a problem. They are a problem but, because there has been one after another and because the government says, ‘It’s just all market forces, don’t worry about it,’ these 17 deficits have crept up on the government. They have crept up on the commentators in the media who apologise for the government and say that it is not a problem. It is a problem.

Even the government has been forced to admit it because it had to put together the budget, which was released just last month. In the budget papers the government estimates that in the current financial year, 2002-03, net exports will have stripped 2¾ percentage points off Australia’s GDP growth rate. Many countries do not grow by 2¾ percentage points but in the budget papers the government estimates that net exports—our appalling trade performance—in this current financial year will have stripped 2¾ percentage points off our growth rate.

It also estimates that, in the coming financial year, there will be a further detraction, but one of a much smaller magnitude. Those forecasts, yet again, are overly optimistic, because they are based in the first instance on the assumption of a US60c Australian dollar. When the budget was brought down, the Australian dollar was US65c. It is now above that, and there are no signs that the Australian dollar is going to fall back to US60c in the foreseeable future. That is another factor exacerbating Australia’s already parlous trade deficit. So the detraction from growth that the government forecast for the coming financial year will, inevitably, be greater. I refer to a Westpac-ACCI survey for the June quarter that was released today. It says, in part:

... there was a sharp slowing in export activity and confidence amongst exporters.

This signal from the exporters is probably the most important factor for understanding the likely move to cut interest rates by the Reserve Bank over the next few months. Most indicators point to housing activity slowing somewhat, pushing much more responsibility onto the export sector to hold Australia's growth pace at around 3%. Manufacturers cover an increasing share of Australia’s exports and the signal from this Survey is hardly encouraging given the Government’s current forecast that exports will grow by 8% through 2003/04.

Here is today’s survey for the June quarter throwing serious doubt, as it should, on the government’s forecast for the coming financial year of eight per cent growth in exports. We know with the SARS virus that our exports of tourism services—and many other exports—have been affected adversely. I know that a lot of produce is exported in the holds of passenger planes into markets in East Asia, and those flights have been curtailed quite seriously. This is seriously affecting our exports to East Asia. That is yet another factor that the government must take into account in working out whether we have...
a satisfactory trade policy or not. The answer to any sensible person is that we do not, because we have been returned to a farm and a quarry, where the government’s only trade policy is to pray for rain.

There is no end in sight to the succession of trade deficits. There have been 17 already and there are many more to come. With each and every monthly trade deficit, the current account deficit gets worse. Under this government, Australia has experienced both its worst ever and its second-worst current account deficit. But the government says, ‘What’s the problem? It’s all to do with the markets. We don’t need to worry any more, because Australia is essentially a deregulated market.’ We do need to worry because, when those current account deficit figures come in every three months, they, in turn, contribute to Australia’s net foreign debt.

Many members of this parliament might remember the then shadow Treasurer, Peter Costello, rolling out his ‘debt truck’ in 1995, accusing the Labor government of ‘reckless economic management’, and the present Prime Minister saying that no government had done more to denude the sovereignty of this country than the Labor government. Why? Because net foreign debt was $180 billion. It took decades for Australia’s net foreign debt to accumulate to $180 billion; it took seven years under this government for it to double to $362 billion. The Prime Minister said that the Labor government was a reckless economic manager which had done more than any other to denude this country of its economic sovereignty and that it had handed this country over to the foreign bankers of the world—when debt was $180 billion. They then promised to fix foreign debt. He said that one of the first priorities of his government and his Treasurer would be to fix the current account deficit and to fix foreign debt. Fix it! They have doubled it in just seven years. It is now $362 billion. When the Treasurer rolled out the debt truck and said that the country had been ‘roomed’ by $180 billion worth of debt, he said that it was the equivalent of $10,000 for every man, woman and child in Australia. By that measure, it is now the equivalent of $18,000 for every man, woman and child in Australia. This government has addicted Australia to debt.

Australian families are struggling to make ends meet. As a consequence, Australia is struggling to make ends meet. This is the highest taxing government in Australia’s history, yet it has cut vital services such as bulk-billing and access to a university education for children from lower income families. It is taxing more but cutting services, making it more and more difficult for Australians to make ends meet. Australians are struggling to make ends meet, and that is showing up in the official statistics. There is record credit card debt, record household debt, record low savings rates and a record high ratio of debt to household disposable income. It is obvious that Australians have been saddled with record debt under this government’s economic management policies and, just as Australians struggle to make ends meet, so Australia struggles to make ends meet. This is reflected in foreign debt crashing through the $360 billion barrier. What is the government’s remedy? Pray for rain and say it is not a problem. It says, ‘This is all private debt now.’

The main way that the government reduced public debt was to sell the first half of Telstra. It now says that it is all okay because it is mainly private debt. But Australia surely is vulnerable to increases in interest rates. Any country, any corporation or any individual that owed $362 billion to someone else should be a bit worried about increases in interest rates. Australian home buyers would be badly affected by any increases in interest rates because they too are saddled with record debt. But the government says, ‘No. It
is all right; it is all just part of the market now; it is all self-correcting.’ It does not explain what the correction might involve. The correction might well involve severe pain for Australian families. If interest rates did rise globally or as a result of economic mismanagement from this government, the impact on Australian families could be devastating.

The government has made Australia vulnerable to changes in primary commodity exports, it has made Australia vulnerable to poor seasonal conditions and it has made Australians vulnerable to any increase whatsoever in interest rates. But the government says, ‘It is not a problem; it is just all the market at work.’ Well, the market can be very cruel, and the market is being very cruel on those millions of Australians who have been adversely affected by this government’s policies—its high-taxing policies and its withdrawal of such basic services as education and health.

The reason that we are debating this bill is that one of the key policy instruments—the Export Market Development Grants Scheme—at the disposal of the government to remedy this appalling situation has been cut by 36 per cent by this government. We are today debating whether it is wise to slice that pie even more thinly for more exporters. The government set itself an export target of doubling the number of exporters—great. All right, we will double the number of exporters but we will cut the Export Market Development Grants Scheme. What are exporters going to do in response to that? Certainly they are going to complain, and many of them are complaining. Medium size exporters are now going to be made ineligible for the EMDG scheme because the threshold is being dropped from $50 million to $30 million. That is why we consider this to be an unwise measure. We do not see any particular value in punishing exporters and effectively withdrawing eligibility for export market development grants just so that the government can say, ‘You can all have a few crumbs.’ But that is what this legislation is doing.

The government has cut one of its chief policy instruments for encouraging exports and, at the same time, has cut a chief policy instrument for promoting innovation and high-valued manufactured exports in this country—the R&D tax concession. It has no view about the future of this country. It has no concern about our vulnerability again to primary commodity export price fluctuations and bad seasonal conditions. It has no support in the slightest for Labor’s goal of creating high skills and high wages. It has entered Australia into a race of low skills and low wages, competing on wages against China and ripping away the safety net for our lowest paid workers. That is the government’s agenda. Labor will not have a bar of the government’s agenda of entering Australia in this race of low skills and low wages and competing against the countries of East Asia on wages. For those reasons Labor opposes this bill.

Ms JULIE BISHOP (Curtin) (4.56 p.m.)—I rise today to speak on the Export Market Development Grants Amendment Bill 2003. The Export Market Development Grants Scheme is the federal government’s principal program for aspiring and current exporters. It is designed to encourage and assist small and medium sized Australian businesses to develop export markets. Is that important to the government? Why does government need to encourage export? It should be self-evident but it is worth reiterating the importance of exports to this nation. In a macroeconomic sense, we need to export to help our economy to grow in order to provide employment. We also need to export to pay for our imports.
But there is a microeconomic imperative. When our companies export overseas, they are competing with overseas companies. Our companies must compete; therefore, they must innovate. They innovate by using the most current technology and management practices. When companies are able to innovate, are able to compete overseas and are able to export their goods and services, productivity is increased and the living standards and prosperity of all Australians increase. So Australia engages in trade not as an end in itself but to raise standards of living for all Australians and to provide increased opportunities for jobs, income and prosperity.

This government is an unashamed champion of trade liberalisation, which leads to an open economy that is competitive and growing. We are pursuing trade liberalisation through the WTO and the Doha Round. We are also pursuing our trade aims and objectives through what is termed competitive liberalisation. Australia promotes free trade globally, regionally and bilaterally—that is, we are seeking to embrace trade liberalisation on a bilateral and regional basis, thereby complementing and stimulating multilateral trade liberalisation. We are working to create layers or a web of mutually reinforcing trade agreements to meet our economic, commercial and political objectives. At the end of the day, we are an export nation because it assists at the macroeconomic level and it benefits Australian workers and their families. The coalition government encourages Australian companies to export.

Before turning to the legislation, I cannot let the last speaker’s contribution pass without comment. The member for Rankin, in what is an all too familiar Labor style, spent most of his speech yesterday and again today whining about the trade deficit. He does not have any answer; he just whines. For a shadow trade spokesman, he seemed inexplicably unaware of recent events, as well as externalities that have impacted on the trade deficit. He has tried to ignore market forces, the sluggish world economy, slow world economic growth versus the strong domestic demand in Australia, as well as the drought. The drought has had an enormous impact. The member for Rankin just brushes the drought aside.

Mr Hardgrave—He has lampooned it!

Ms JULIE BISHOP—Indeed. But the continuing effects of the drought, one of the most severe in recorded history, saw exports of rural goods fall by $175 million. The impact of severe acute respiratory syndrome—SARS—has been severe and acute, as evidenced by the international trade in goods and services data. The impact of SARS contributed to a fall in services exports, in seasonally adjusted terms, of $169 million. What the member for Rankin overlooks is the fact that, because of our robust economy, because of our strong economic fundamentals, Australia is well-positioned to meet these challenges. Indeed, the 2003 OECD Economic Outlook for Australia noted that exports are expected to recover in line with overseas markets and that, together with further terms of trade gains reflecting falling manufactured goods prices, this should bring the current external deficit below four per cent of GDP in 2003-04.

The news on the Australian export front is good news. Over the past five years, Australia’s exports have grown, on average, nearly eight per cent per year, compared to world export growth of less than three per cent. The value of Australia’s exports of goods and services has grown from $99 billion in 1996 to $151 billion in 2002. These are positive, encouraging figures on exports.

The Export Market Development Grants Scheme provides grants that reimburse up to 50 per cent of the money spent by eligible
and emerging exporters during the financial year on specified export promotion activities, less the first $15,000. The scheme has a budget of $150.4 million per annum and provides over 3,000 grants each year. In 2001-02, there were some 3,078 grants, averaging $45,000 each, made to small and medium enterprises across Australia. It is anticipated that over 3,700 grants will be made in 2002-03. An exciting statistic is that recipient businesses, in the year 2001-02, generated $5 billion in exports for Australia. During that year, in my state of Western Australia, 312 recipient businesses received $12.9 million as a total net payment. Across Australia, recipient businesses employed over 60,000 people to work in their export businesses. I believe this is a government taxpayer-funded scheme that is undoubtedly giving value for money. It is directed to helping smaller businesses in the first instance. To highlight the government’s commitment to the export sector, in 2001 we extended the EMDG Scheme for an extra five years. This was not a token gesture. We did have to cap the scheme in 1996; we had to fill a black hole of debt in 1996 when we came to office.

Mr Hardgrave—It stunned us all!

Ms JULIE BISHOP—It was big! The government has been continually improving small business access to the EMDG Scheme since that time by reducing the minimum expenditure required to access the scheme, from $30,000 to $15,000. We have provided the tourism sector access to the full 50 per cent grant rate, with improved access for family businesses, and we have removed the compulsory registration requirements. We have raised the minimum grant from $2,500 to $5,000 for eligible export promotion expenditure, and we have simplified the EMDG entry requirements for small businesses. Indeed, many small to medium sized businesses in my electorate of Curtin have already benefited from the scheme.

One that springs to mind is Evans and Tate, a most successful wine producer. Evans and Tate recently announced an anticipated record net profit of some $4.3 million for the year ending 30 June 2003. The export success of the Australian wine industry is a perfect example of how the EMDG Scheme can assist businesses to open up export markets. Wine exports from Australia totalled $2.3 billion in 2002, an increase of $531 million compared to 2001. Australia is the fourth largest wine exporter in the world, supplying about seven per cent of the global market, behind France, Italy and Spain. Almost half of the wine industry’s 1,465 producers are involved in export; compare that to the situation over a decade ago in 1990, when exports amounted to only 14 per cent of Australian wine production. In 2000, they accounted for 45.5 per cent of total production. This phenomenal growth is testament to the innovation and commitment of the Australian wine industry. I pay particular credit to the wineries of Western Australia for producing a world-class product with much smaller production levels. A number of the wine companies have received support through schemes such as the EMDG. Members here may recall that, when Australian wine industry leaders projected breaking the $1 billion export barrier by December 2000, some scoffed, saying the target was unlikely at best. The wine industry not only achieved that target but achieved it 17 months ahead of schedule.
then went on 35 months later to break the $2 billion mark.

The growing demands on the EMDG Scheme show most clearly the success it enjoys. However, because of this same demand, the government must be fiscally responsible as to how the funds are allocated. The scheme has to provide the greatest benefit to the greatest number of exporters. Small and medium sized exporting businesses need this support the most, especially the less experienced exporters. Realistically, these businesses also use less of the funding base because of their size, and this allows more businesses to be supported.

The Export Market Development Grants Amendment Bill will achieve the goal of supporting small to medium businesses. The bill will specifically amend the Export Market Development Grants Act by, in the first instance, reducing to $30 million the income ceiling for applicants. Currently EMDG applicants must have an income of $50 million or less during the grant year in order to be eligible. This bill reduces the income ceiling amount to $30 million. It also removes the $25 million export earning ceiling. Currently the act precludes grants being paid to applicants whose export earnings during the grant year exceed the $25 million ceiling. The bill removes reference to an export ceiling amount.

The bill reduces the maximum grant amount from $200,000 to $150,000. Currently the act provides for all applicants to receive a maximum grant of $200,000. The bill reduces that to a maximum grant of $150,000. The bill reduces the maximum number of grants generally payable to applicants from eight to seven. Currently the act provides for the payment of up to eight grants to all applicants. This bill reduces the number of grants payable from eight to seven. Finally, the bill removes the ‘new markets’ provision from the act. Currently the act provides for applicants who have already received eight grants to receive additional grants based on expenses incurred in promoting to new markets. The new markets grant provision has been removed. These changes do not discriminate between industry sectors or industries.

The importance of supporting Australian exporters is not to be underestimated. As I said, the coalition’s commitment to exporters stems directly from our trade policy approach of competitive liberalism, which uses bilateral and regional liberalisation initiatives, in parallel with multilateral measures, to better link Australia to international markets. This in turn improves the trading circumstances for Australian exporters and results in more jobs and better living standards for all Australians.

The EMDG Scheme is not the only scheme that the government have. It is an important element, but we have a more comprehensive strategy to double the number of Australian exporters by the year 2006. That is our aim and our aspiration. For example, last year we committed some $21.5 million over four years to expand the TradeStart program. TradeStart is designed to assist small businesses to break into lucrative overseas markets through a network of specialist export advisers. They are in 51 locations across metropolitan, rural and regional Australia. TradeStart puts the international market expertise of Austrade’s global network, which is across 58 countries, in reach of small business in Australia. In 2000-01, the base year for the doubling target, the Australian Bureau of Statistics estimated that there were approximately 25,000 exporting companies in Australia. Last financial year that number increased by 6,450 firms, or over 25 per cent.

It would not be an exaggeration to say that trade is the keystone of our modern civilisa-
tion. Murray Rothbard wrote in *Protection and the destruction of prosperity*:

The market economy is one vast latticework throughout the world, in which each individual, each region, each country, produces what he or it is best at, most relatively efficient in, and exchanges that product for the goods and services of others.

Quite simply, that sums up why Australia pursues international trade so vigorously through its exporters. International trade allows a wider market for Australian goods, which in turn will generate greater profits for the businesses.

As I indicated, the demand for EMD grants has grown considerably in recent years. Again, that demonstrates the continued success of the scheme. I will relate to the House some statistics. In 2002-03 there were 4,164 applications received for the previous grant year of 2001-02. That was an increase of some 23 per cent by number and 17 per cent by value on the previous year. Of most interest and importance, 1,528 businesses applied for the scheme for the first time. This is what it is about: expanding the number of exporters and expanding the number of businesses to which the grant is applicable.

As I said, the EMDG Scheme is clearly a good investment for the government and for the taxpayer. The scheme has received regular reviews. It is recognised as a benchmark of effectiveness in government industry support programs. Most recently Professor Bewley from the University of New South Wales estimated that an additional $12 in exports was generated as a result of every grant dollar spent. That itself speaks volumes for support for the EMDG bill before the House.

The proposed changes contained in this legislation will further refine and focus the scheme on small business and on the less experienced exporters. We want to see more businesses applying for these grants for the first time. Small businesses, the less experienced and those applying for the first time are those who need the assistance most. On that basis, I commend this bill to the House.

**Mr ORGAN (Cunningham) (5.13 p.m.)**—The bill currently before the House, the *Export Market Development Grants Amendment Bill 2003*, seeks to alter the rules under which the Export Market Development Grants Scheme operates. According to Aus-trade—the Australian Trade Commission—this scheme is ‘the Commonwealth government’s principal financial assistance program for exporters’. Its purpose is to encourage small and medium sized Australian enterprises to promote their products overseas. It does this by reimbursing the costs of such promotions. As such, this scheme should play an important role in the ongoing economic wellbeing of this nation, most especially in the area of employment generation. Various reports since 1992 have shown that the Export Market Development Grants Scheme does have positive benefits for our economy, returning anywhere from $6 to $12 for every dollar spent.

The current amendment bill has five objectives: first, to reduce the income ceiling for applicants from $50 million to $30 million per export year; second, to remove the $25 million export earnings ceiling; third, to reduce the maximum grant from $200,000 to $150,000; fourth, to reduce the number of grants generally payable to applicants from eight to seven; and, fifth, to remove the ‘new markets’ provision in the current act. The Minister for Trade talks of simplifying the scheme via these measures. In his second reading speech, the minister told this House that the bill:

... will refocus the EMDG scheme to further assist small and medium business, and in doing so better support the government’s goal of doubling the number of exporters by 2006.
These are worthy aims indeed, and ones that few members of this House would challenge in principle. But it is not principle we are dealing with here; it is cold, hard facts. The cold, hard facts are that the amount of money set aside for these grants has barely changed since the present government capped the scheme at $150 million in 1997. It now stands at $150.4 million. The member for Curtin has just told us that the government felt obliged to impose the cap, to supposedly fill a budget black hole. Such a move was short-sighted, to say the least. As the former member for Cunningham pointed out in this House just over a year ago, the cap means that, once Austrade’s expenses in administering the scheme are taken out, real funding levels for the scheme have declined by over 40 per cent. In responding to Austrade’s own review of the Export Market Development Grants Scheme in July 2000, the Australian Chamber of Commerce and Industry noted that, once an appropriate level of the cap has been set—and I would suggest that the present cap is far too low for such an important scheme:

Then, at the very least it should be subject to indexation for prices movements ... On current projections, over the next five years the real value of the cap could decline by $25 million, or one-sixth of the value of the program, without price indexation.

That was the ACCI in 2000—yet here we are, three years on and the government has still not acted on calls for price indexation of the scheme. This was precisely what the Australian Chamber of Commerce and Industry pointed out as the single most important outcome of the 2000 review.

The results of this inaction are to be expected. While Australian small and medium business may be craving export incentives, there is, within this scheme, now substantially less money to go around. Last year was the first time that the number of grant recipients rose since 1995-96. For the five years from 1995-96 to 2000-01, the trend was the other way—downwards—with the number of small to medium sized enterprises actually receiving grants dropping during that period, from 3,712 to 2,956. The minister tells us that only around 3,100 small to medium exporters received a grant last year out of the more than 4,000 applications. In other words, despite doubling the minimum grant from $2,500 to $5,000, the number of recipients still has not reached the levels attained six years ago, prior to this government coming into office. It is not exactly a success story.

Also problematic is the fact that these grants are made on a so-called split payment system, with an up-front ceiling of $60,000. The second instalment, paid at the end of the financial year, comes out of the balance left after Austrade’s administrative expenses have been covered, which amounts to some five per cent of the total funding pool, or $8 million. The second instalment is also dependent on the amount of money left after all first-round payments have been made. The local peak business body in my electorate of Cunningham, the Illawarra Business Chamber, tells me that few of last year’s successful applicants received the $60,000 up-front ceiling. Furthermore, those very same successful applicants got little more, if any, in the second round. Indeed, on figures provided to me by Austrade, just one local business was awarded the maximum up-front grant; eight other successful applicants received between $7,000 and $31,000, averaging less than $17,500 each. Those eight companies represent the IT industry and the manufacturing, tourism and horticultural industries. There were nine successful applications from a major regional centre, when the minister proudly boasted that 21 per cent of the 3,100 grants were in rural and regional areas.
I suppose Wollongong should be grateful for the government’s largesse, winning 1½ per cent of the grants awarded to rural and regional areas around Australia. But it is not very much support for a region which is trying to expand its export industry base and working hard to attract a major container terminal for Port Kembla, a facility estimated to create 3,000 direct and indirect jobs in a city with one of the highest unemployment rates in the nation. Port Kembla is ideally suited to ease the Port Botany container bottleneck and to support regional export initiatives. The land is there and the transport links are there. There is a rail line with direct access to the wharf, allowing 85 per cent of cargo movements to come by rail. The port has already shown its worth for imports, landing thousands of cars during the Sydney Olympics, taking advantage of its proximity to the Sydney market. It has also long served our coal and steel export needs. A container terminal at Port Kembla would open southern and south-western New South Wales to the world by allowing manufacturers and producers, those very same small and medium businesses that benefit from the present scheme, easy access to overseas markets. However, the Export Market Development Grants Scheme, as it currently exists, is not helping that job-generating development.

The successful 2002-03 grant recipients from the electorate of Cunningham reveal the diversity of applicants. They include the Australian and New Zealand College for Seniors, Christopher Clifford Holland, Class Action Pty Ltd, David Brown Gear Industries Ltd, Digicore Distribution Ltd, Dylga Pty Ltd, Mackay and Associates Pty Ltd, SCT Operations Pty Ltd and Wilbartec Consulting Engineers Pty Ltd. They must all be congratulated on their success in getting assistance from the very limited pool of money provided in the Export Market Development Grants Scheme.

The minister says in his second reading speech that applications are up by 23 per cent, though my information suggests that for this year it is more like a 30 per cent increase. That equates to more businesses seeking export incentive assistance, yet the total pool remains locked at $150.4 million. That is the problem. It is no wonder that the maximum grant is being cut from $200,000 to $150,000 as part of this amendment bill. Despite the minister’s statements, this bill is not going to increase the number of small to medium sized companies getting assistance in cracking the export market and in creating much needed jobs. How can it, when more companies are putting their hands up for the same small bucket of money?

As I have already pointed out, Austrade’s administration expenses come out of the $150 million Export Market Development Grants pool. This impost is estimated at about five per cent, or $8 million. In other legislation to come before this House, much is made of the fact that costs associated with managing government programs have increased over the past seven years as a result of what are described as normal parameter adjustments. Surely the same normal parameter adjustments, which we ordinary people would probably call cost increases, affect Austrade? No wonder the Financial Review drew the conclusion that the more successful applicants there are for the scheme, the less they will receive.

I feel rather like the small boy in the famous fairy story The Emperor’s New Clothes. We are debating amendments to the Export Market Development Grants Act 1997. The minister says these amendments will simplify the scheme and put greater focus on assisting small and emerging exporters. At the same time, he admits the total budget for the scheme will not be affected by the changes—a decision he says reflects both the government’s firm commitment to the
scheme and a strong fiscal stance at a time when there are significant demands on the federal budget. It is nonsense; the two statements are mutually contradictory. In the words of that fairy story, the emperor has no clothes.

The only possible way in which a ‘greater number of claimants’—and I am using the minister’s words—from the scheme’s target group—that is, small business—will receive a grant is if every other claimant gets less. And will that double the number of exporters by 2006 as the minister claims? I do not think so. The only way to do that would be to double the Export Market Development Grants pool to $300 million. The government refuses to index the funding for this vital scheme—let alone double it—or even to add to it in any substantial way, despite its proven success.

This bill is yet another Howard government pea and thimble trick. I urge the House to see through this deception. The minister should take his bill away, try again and bring it back when there is something other than smoke and mirrors to offer potential exporters in the small to medium business sector. The Greens support the Export Market Development Grants Scheme but cannot support this bill, because it does nothing to improve the situation at a time when improvement is urgently needed.

Mr BAIRD (Cook) (5.23 p.m.)—I rise to support the Export Market Development Grants Amendment Bill 2003. I was very interested to hear the member for Cunningham recount the fairy story of the emperor with no clothes. While the Greens are into fairy stories and fairies at the bottom of the garden, this government is delivering the results we are all looking for. The member for Cunningham, like the member for Rankin, is also involved in the process. But they just see it as a process of saying, ‘How much have we got?’ and ignore the fact that there has been no change in the quantum of money at all. This legislation is trying to make things fairer and to encourage smaller companies to get into the Export Market Development Grants Scheme. It is trying to produce results for more companies out there in the marketplace instead of simply letting the larger companies capture a large amount of the money. It is about incentives that are there already.

I would have thought the way in which to judge this was to look at the outcomes. Look at the performance of this government in the area of exports. If you were able to say, ‘This government has failed and the level of exports has declined significantly,’ then you would have grounds to say that the government’s programs, the government’s policies in this area, have been a failure. But in fact quite the reverse has happened. Exports in 1996 amounted to $99 billion. They have now risen such that in 2002 they amounted to $151 billion—an increase of eight per cent per annum. A free trade agreement has been reached with Singapore. Negotiations on a free trade agreement with the United States are under way, and negotiations are also under way with Thailand. The results reflect an amazing performance. I certainly want to congratulate the minister on the level of success we have had in multilateral negotiations, free trade agreements, Austrade initiatives in various parts of the world, participation in specialised trade shows and giving assistance to individual operators to get smaller operators into the marketplace. That is what this is about; this is the policy we are talking about.

It would certainly be magic pudding stuff to do as the member for Cunningham said and just double it: ‘Let’s just throw money away. Never mind whether we want an outcome, and never mind what the results have been to date; let’s just double it.’ He did not go through a process of identifying any sub-
substantial problems with the scheme. If he were objecting to the particular companies to which the majority of benefits are going, then fine—although he would be arguing against small businesses predominantly being the recipients. I would have thought that, in the member for Cunningham’s own electorate, small businesses are the major recipients. It is small businesses and exporters in your electorate and in my electorate—and we are not that far apart; we have adjoining electorates, so there are many people who live in your electorate and work in mine and vice versa—who are the major recipients.

I spoke to one of those small businesses—Britton Marine—today, and they are very satisfied with the government’s overall direction in the Export Market Development Grants Scheme. Britton Marine is the supplier of the high-speed boats which were featured in the Herald today and which have been ordered, as was announced yesterday, by the New South Wales Police. They have ordered those boats for high-speed activities and for dealing with terrorism. They also have concerns about the fleets returning home and protesters appearing. Those high-speed boats are also being looked at right now by the defence forces for offshore operations. In various parts of the world, Britton Marine have been successful. I spoke to Steve Britton, the managing director of Britton Marine, today. We talked about the scheme and he said: ‘It’s working. We’re out there in the marketplace.’ Sure, everyone wants more, just as they want cuts in taxation. But there is assistance available from Austrade and through the EMDG Scheme.

It is very good to see the member for Hunter in the chair opposite because he is a great supporter of the tourism industry, as I am, and he would be embarrassed to know that his own party ignored the tourism industry in terms of the Export Market Development Grants Scheme. Including tourism in the province of the Export Market Development Grants Scheme was, in fact, pioneered and championed by Tim Fischer when he was Minister for Trade. I do not know why it was not there before; the fact that it was not was clearly to the detriment of tourism operators and getting Australia into the marketplace. They are very happy with the changes that have been made. A lot of small businesses, as the member for Hunter would know, who are involved in the tourism industry are the direct beneficiaries of the scheme.

The bill basically provides a platform for assisting small and medium sized businesses. The Export Market Development Grants Scheme is estimated to generate over $5 billion in terms of exports. These exports can be directly related to the work of the Export Market Development Grants Scheme in getting people into the market. I would have thought $5 billion was a significant amount. I say to the member for Rankin and the member for Cunningham that the days have gone when you simply handed out money to people travelling overseas with their bag of opals or to people with their ugh boots in the back of the campervan as they travelled down the Rhine. These days we have a more sophisticated system where we put the ruler over the claims that are put in, and it is appropriate that we do so. Not everybody is going to get the same level of assistance as they had in the past, but it is about encouraging new exporters into the marketplace.

This government has stated its claim that it wishes to double the number of Australian exporters by 2006. This would create additional export revenue of over five per cent a year and add $40 billion to national income. The Export Market Development Grants Scheme initiative is vital to these outcomes. It is good to see the Minister for Small Business and Tourism in the chamber. I congratulate his initiatives with the green paper and his announcement today of $20 million
worth of new initiatives to promote Australia internationally. I am sure the minister, in his role as Minister for Small Business and Tourism, has come across many small operators or small business people who find the role of this government in encouraging the Export Market Development Grants Scheme to be vital. The scheme gets them out there by providing assistance with plane fares, accommodation and the general costs of going overseas. One of the reasons we have maintained a reasonable level of exports and tourism—despite the fact that we have had our problems in the last 12 months because of September 11, October 12 and SARS—is that the Export Market Development Grants Scheme plays a significant role. Certainly, I commend the minister for his continuing advocacy of the scheme, the tourism industry and small business.

This particular bill reduces the income ceiling for applicants from $50 million to $30 million. I would have thought the members opposite would be very much in favour of lowering that income ceiling so that the money is going not to the very large companies but to the smaller applicants. It removes the $25 million export earnings ceiling. It reduces the maximum grant to $150,000 and makes sure that multiple recipients are not there with their hands out every time. There comes a point at which the exporter, having achieved their goals of establishing a market offshore, should be in the position to finance most of their own costs as they establish the market. It is in the early stages, when they are establishing a market and they have all the costs without necessarily seeing the returns required to make the market viable, where we need to address most of the funds.

The aim of the bill is to reduce the maximum number of grants generally payable to applicants from eight to seven and to remove the act’s new markets provision. The overall costs to the government are neutral, which means—despite the claims from the member for Cunningham and the member for Rankin—that there is no reduction in the overall amount. In fact, the reasons for their objections and opposition to the bill highlight the fact that in this place they are simply into opposing everything they can without developing any sound policies of their own and without a consistent framework. They do not recognise that the Export Market Development Grants Scheme has been, in the past, a bipartisan scheme and that it has certainly been widened, promoted and developed by this government. They say, ‘If this government proposes it, then we’ll oppose it.’ Of course, that goes down very poorly within the business community.

There are four planks to the government’s trade strategy of increasing the number of Australian exporters. They are: facilitating an expansion of the current number of exporters; delivering new exporters by encouraging and assisting businesses to go beyond domestic markets and expand their businesses overseas; delivering industry and geographic focus for key growth sectors such as biotechnology, information and communications technology and services; and increasing community awareness of the importance of trade for Australians.

On a recent trade trip, during which the Joint Standing Committee on Foreign Affairs, Defence and Trade went to the former Eastern bloc, we saw many opportunities for Australian companies to get into the marketplace. There were opportunities in education and bringing students to Australia, agribusiness, hotel training, hotel servicing, sporting goods, automotive equipment, land titling businesses, and e-government activities. The people we have spoken to who are interested in getting into the market in many cases have a background in the countries we visited. Polish, Czech, Slovakian, Croatian, Romanian and Bulgarian immigrants to this coun-
try have often established themselves in small businesses, and they are looking for opportunities to get into those markets. That is why we need the types of proposals that are outlined in this bill.

The practical steps that the government has taken have been the expansion of the TradeStart network—$21.5 million over four years—to increase the number of TradeStart offices from 24 to 52. Having offices throughout Australia that can assist the small operator in thinking about markets on a global basis is a significant achievement. The second aspect is implementing a suite of enhanced services through the government’s New Exporter Development Program. This offers a package of free services to those in regional locations, particularly, to develop their overseas markets and to make their first export sale. The wide range of services includes advice and information about getting into exporting, export coaching and assistance on the ground in foreign markets.

Certainly the legislation is about making the Export Market Development Grants Scheme more small business friendly. It does that through various means. Small businesses are the fastest growing sector of the export economy. The latest estimates reveal that 97 per cent of all Australian exporting firms are small and medium sized companies. The majority of participants in the EMDG Scheme are small businesses, 65 per cent of which have annual turnovers of less than $5 million. Eighty per cent of first-time candidates for EMDG funding have turnovers of less than $5 million, and the demand for the grants has expanded considerably in the last couple of years, illustrating the initiative’s continued success.

It is that background of the change in the type of operation going into the export market that has framed the changes that are necessary in terms of the legislation before the House. They are not made in isolation; they are a reflection of the changing nature of the export market scene. Under this government the EMDG Scheme has evolved to being more accessible to small and medium sized businesses. These changes include: reducing the minimum expenditure necessary to access the scheme from $30,000 to $15,000; doubling the grants available to our greatest export earner, the tourism industry; improving access for family businesses; reducing red tape; introducing a $5,000 minimum grant; and broadening the range of eligible export promotion expenditure.

In my electorate, apart from Britton Marine, which I have outlined, there are other areas that have done very well out of the Export Market Development Grants Scheme. There was $143,000 that went to Manta Surfing Products, which of course holds iconic status in the surfing community across Australia and now around the world. It is great to see that, in my own electorate, they are out there and exporting. There was $200,000 that went to Vita Health Laboratories Australia, who are based in Kirrawee and produce complementary medicines and vitamin supplements. There was $89,000 that went to Invent Engineering in Caringbah, who are in the business of automotive component manufacturing. There was $57,000 that went to Enware Australia in Caringbah, who are specialists in tapware and safety systems. These are the types of small operators that we, in this government, are encouraging. Not only is the Minister for Small Business and Tourism encouraging them with the policies he is developing, but it is these types of changes to the legislation and the range of support that is provided in the export market development scheme that are getting companies like Manta Surfing Products, Vita Health Laboratories, Invent Engineering and Enware Australia out there in the international field.
EMDG broadens the scope of small businesses by opening up new markets—particularly niche international markets, which can be very profitable. The export market development scheme estimates that, for every dollar invested in the initiative, $12 in exports was generated. It has been a successful scheme, and it has enjoyed bipartisan support for many years. It has been increased and broadened as the tourism industry was brought under its scope. The statistics of exports from this country—which have been no less than phenomenal—show that this scheme, as well as the range of other initiatives from this government, are working and working well. We had 25,000 exporting companies in Australia last financial year, and the fact that that number increased by 6,450 in the year—an increase of over 25 per cent—indicates the success that we are having.

The other initiatives that the government has introduced to assist those who are exporting are: taxation and other economic benefits; tax reform which has reduced the bill for exporters by some $3.5 billion; the launching of a new round for the WTO trade negotiations in Doha in 2001; concluding the free trade agreement with Singapore, signed in February 2003; launching free trade negotiations with the United States of America; launching the closer economic relations agreement with Thailand in 2002; and the Export Market Development Grants Scheme that gave support to some 3,000 businesses in 2001-02, who have collectively generated $5 billion in additional exports and employed approximately 116,000 Australians.

It is true to say that the Labor Party, like a number of their policies, are all over the shop. They are now opposing free trade agreements for spurious reasons. I have heard the member for Rankin speak on several occasions about his objections to free trade agreements. He wants only a multilateral approach to our trade negotiations; we want a joint approach. It is the government that have the runs on the board. The fact that we have had such a significant lift in our exports since we came to government—from $99 billion in 1996 to $151 billion in 2002—indicates starkly that the government are on the right track. The government have introduced the right policy changes in all of these settings—not only in export market development but in taxation, incentives and free trade negotiations. It is working, and it is working well. The Export Market Development Grants Scheme has been received well by the tourism sector and manufacturing exporters right across the board. I certainly commend the bill to the House.

Ms HOARE (Charlton) (5.44 p.m.)—The Export Market Development Grants Amendment Bill 2003 makes changes to the Export Market Development Grants Scheme to target the scheme at smaller exporters by reducing the income ceiling for applicants from $50 million to $30 million, by reducing the maximum grant amount from $200,000 to $150,000, by reducing the maximum number of grants from eight to seven and by removing the provision for additional grants for entering new markets.

The proposed changes are to take effect for EMDG claims for the 2003-04 grant year onwards—in other words, applications received for grants paid from 1 July 2004 onwards. The EMDG Scheme is the Australian government’s principal financial assistance program for exporters. Under the scheme companies receive payments in arrears for marketing expenditure occurred in the previous financial year. The government capped expenditure in the scheme at $150 million in 1997. By capping the scheme the Howard government has allowed its real value to fall substantially.
In recent years the scheme has experienced a crisis in funding as more exporters apply for assistance. Last year 880 exporters received significantly less than their full entitlement under the scheme, and Austrade has admitted that the problem is getting worse this year. While the government has described the changes as refinements designed to focus the scheme on small firms, they are as much a response to the funding crisis in the scheme itself. The bill does not focus on small firms; it simply removes the eligibility for those firms in the $30 million to $50 million range, some of which are critical to our export effort. The Export Consultants Association has called on the government to reconsider its decision in light of the tough times exporters are experiencing due to factors such as the rising dollar, SARS and a generally poor trading environment.

At the time the changes were announced we called the changes appalling and we highlighted the contrast between these changes and the government’s supposed commitment to boosting exports. Labor have a strong commitment to exporters and we have a strong commitment to businesses in our local regions. The Export Market Development Grants Scheme was Labor’s scheme. It was introduced when Labor were in government and, while in government, it reached a total of $202 million. In its first budget, the Howard government cut the Export Market Development Grants Scheme. The Export Market Development Grants Scheme was slashed from $202 million to $150 million, and then the government capped the scheme at $150 million. There has been a 36 per cent cut to the Export Market Development Grants Scheme in real terms under this government.

As I said, Labor supports our businesses and I want to take an opportunity in this discussion this evening to showcase some of the exporters in my local electorate. When I asked some questions of the minister in relation to the Export Market Development Grants Scheme, I was pleased to see that over the past few years, since my first election, our region has received quite a considerable amount of funding, and that has augured well for our local economy. In 1998-99 the total funding to the Charlton electorate for seven projects was $260,262. One of the recipients of a grant that year was Cowan Manufacturing. Many people in this place would have heard of Cowan Manufacturing. It is located at Warners Bay in my electorate. It is recognised worldwide for its leading role in the design, development, manufacture, installation and in-service support of recompression chamber systems and other life-support equipment.

Cowan Manufacturing was established in 1973. Its work extends to a wide range of engineering applications, and it is supported by specialist skills in stainless steel and aluminium fabrication. Cowan Manufacturing exports right around the world, including Italy, Thailand and the Philippines. Cowan Manufacturing’s success is highlighted by the fact that since 1994 the company has received numerous prestigious awards for design, export success, business excellence, quality and business achievement. They include the Australian Design Mark, the Australian Design Award of the Year, the Achievement in Business Excellence Award, the Australian Defence Industry Quality and Achievement Award, the New South Wales Small Business Award, the New South Wales Export Award, the Newcastle Business Club Award, and the Newcastle Chamber of Commerce Enterprise Award. Just last Friday I held a ceremony in my electorate for the presentation of the Centenary medals. I was delighted and privileged to be able to present Bob Cowan, the Managing Director of Cowan Manufacturing, with a Centenary medal for his services to business and commerce. As I said, the company is a major
exporter, and Bob Cowan has been an active member of the regional business community for many years. The award recognised his contribution to that.

Another major exporter in my electorate is Hunter Watertech. In 1998-99 Hunter Watertech received a grant of $120,211; it also received a grant in 2000-01. Hunter Watertech specialises in the design, manufacture and installation of SCADA, telemetry and communication systems for process control and monitoring applications. Its multidisciplinary team of engineers provides solutions in the area of computer and electrical engineering. It is this combined engineering capacity which allows Hunter Watertech to carry out all design, manufacture and installation aspects of a project. Its diverse capabilities allow them to engineer a wide range of cost-effective telemetry and control systems for diverse markets. By using state-of-the-art technology, Hunter Watertech engineers solutions that maximise its clients’ existing investment in their assets by providing control and monitoring solutions that reduce ownership costs. Because of its areas of expertise, Hunter Watertech provides its clients with a one-stop shop to satisfy their automation and monitoring needs. When I visited Hunter Watertech, it was in the process of designing control and monitoring systems for gas pipelines in Asia. So that is another major exporter in my electorate of Charlton.

As the member for Cook pointed out, this scheme has had bipartisan support. It is a Labor scheme, because Labor supports exporters and small business. We have been pleased to continue to support this scheme over the last few years. I have been continuing to promote the scheme within my electorate so that businesses can benefit from what is available, even though it has been cut, slashed and capped. Another beneficiary of this scheme in 1999-2000 in my electorate was Maxwell Engineering, which provides consulting engineering services. They are also at Cardiff. They received a grant in that year of $77,632. Since its inception, the company has focused on assembling a team of experienced and dedicated personnel with a commitment to providing a quality product, first time. This principle, together with the regular addition of state-of-the-art machinery and technology, has resulted in Maxwell Engineering firmly establishing itself as a reputable supplier of quality products and services which constantly meet customer requirements. The company provides a wide variety of engineering support services, including precision CNC machining, precision manual machining, fabrication and machining of assemblies, refurbishment of metal components, long or short production runs, manufacture of special purpose machinery and sheet metal work. I congratulate Maxwell Engineering also, and I thank them for the contribution they make to our community.

Another recipient of the export grants is Sykes Pumps Australia. Sykes is a pump and compressor manufacturer, also located at Cardiff. It received a grant of $37,902 in the 1999-2000 year and $60,000 in the 2001-02 year. Since 1967, Sykes has been manufacturing a range of automatic self-priming pumps for the Australian and export markets. It has now established specialised product groups to ensure that its customers receive all the expert advice, service and training that they deserve. In my electorate, I have a fairly large manufacturing base at Cardiff, as well as a number of major exporters. One of our larger and more significant ones, if I might say that, is Powerdown Australia. Powerdown received a grant in 2000-01 of $29,665. Powerdown manufactures heavy vehicle chassis and has been exporting them around the world for many years. Powerdown was initially established in 1983 by its present managing director, Mr Bruce Gat-
gens. Bruce is a good friend of mine and he is the immediate past chairman of the Australian Heavy Vehicle Wheel Aligners Association, a member of the Institute of Australian Mechanical Engineers and a fellow of the Australian Institute of Management. Powerdown itself began as a small company focused on sourcing and marketing special shock absorbers to solve truck ride control problems. This niche market expanded to such an extent that Powerdown is now acknowledged as market leader in design and development of innovative suspension components. It is also a major employer in the Cardiff industrial area. Last year I had the opportunity also to visit another of our major exporters, Ampcontrol. Ampcontrol designs and manufactures a large range of electrical components for local and export markets. It is one of the largest privately owned electrical equipment suppliers in Australia and has its service centre in my electorate at Warners Bay. It has a large range of components, equipment and systems which are exported to Asia, South Africa and North America. In 2002, Ampcontrol received a $50,000 grant under the Export Market Development Grants Scheme, administered by Austrade.

As I said, we on this side of parliament do support exporters and our local businesses. We support them because they provide our local economies with input and employ our local workers. I congratulate and thank each company in my electorate that has received funding and contributed to our economy and employment. As I said, we support small business. I have just recently compiled a small business newsletter, which will be going out for the financial year. I use this opportunity as well as my electorate newsletters to provide information to fledgling and established businesses in my region on the range of services and assistance, such as the EMDG, that is available for small business. Small business continues to be one of my major areas of focus and concern. In my newsletter, I try to bring to the attention of businesses the services and assistance that are available to them, particularly through the government, Austrade, AusIndustry and different employment schemes. I also try to highlight people like Bob Cowan, who received a Centenary medal, and in this particular issue I have highlighted one of my constituents, Milada Safarik, who received the New South Wales Rural Woman of the Year Award. This newsletter will be going out to businesses in my electorate in the next month or so. I encourage any of them, if they are applying for any kind of Commonwealth government assistance available, to contact me and I will give them every ounce of support that I possibly can. As I said, this is Labor’s scheme and we have supported it, but we are opposing this bill because we do not think that it is the right way to go about addressing the slump in our exports. We believe there has to be a better way, and that is why we will be opposing it.

Mr Johnson (Ryan) (6.00 p.m.)—I am delighted to speak in the parliament on the Export Market Development Grants Amendment Bill 2003, which we have the opportunity of considering today and in the days ahead. I am delighted to speak on this bill because it is a very significant bill for our nation, for our continuing economic prosperity and for our job creation opportunities. But, before I go into the content of my presentation, I must say that I am very surprised and indeed shocked to hear the member for Charlton speaking on all the great initiatives of the Howard government and how all her businesses and all her constituents seem to be benefitting from this bill and the good work of the Howard government yet she is coming into this place and saying that her side of politics will not be supporting the bill. I find that somewhat inconsistent.
This bill is very significant because it is far reaching, and it is a generous expansion of the opportunity for Australian businesses and commercial entities to export to the world. Of course, everyone in this parliament knows that exporting to the world goes a very long way to creating more and better jobs for our fellow Australians, which every member of this parliament, I am certain, wants to see happen. We all know that exporting our goods and services and skills is equally a sure way of increasing our standard of living. The successful export of Australian products or services leads to investments back home which, in return, leads to jobs in offices and on factory floors throughout our country. The Minister for Trade eloquently stated:

Our standard of living—the quality of our communities, the prosperity of our families, the security of our jobs—all depends more than ever on our ability to compete in the global marketplace.

The story of Australia’s successful exports sector is one worth telling—indeed, it is worth telling often—and as a member of this parliament and a member of the Howard team, I am certainly going to stand up and tell the story. The Howard government has a very good story to tell the Australian people, and I am pleased to speak on this bill and, in particular, to let my fellow Australians in the electorate of Ryan know about the terrific work that the Howard government is doing.

Australian exports make a significant contribution to Australia’s economic growth and prosperity, as well as to job creation. They generate some 20 per cent of this country’s GDP and account for one in five jobs. In regional Australia, one in four jobs can pretty much be attributed to Australian exports. It is especially vital to tell the story to our fellow Australians that over 1.8 million Australians are employed by those businesses in our country that are engaged in exporting goods and services to the world. This is why I find it all the more remarkable that those opposite find it difficult to support this bill. They come into this chamber and speak glowingly of the initiatives and the benefits of the Howard government’s policies but, when push comes to shove, they will not pass the bill.

Last year alone, trade contributed $154 billion to our economy—a 54 per cent increase since the coalition came to government in 1996, a result that unquestionably owes a great deal to the creative and innovative policies of the Howard government. At this point in time, I must comment on the dedication and very hard work of the Minister for Trade, the member for Lyne, the Hon. Mark Vaile.

In addition to exporting companies generating more jobs, better income prospects and modern infrastructure developments, which of course have huge benefits for communities throughout Australia, trade also makes Australia more competitive by encouraging companies to be innovative and to maximise new technology. It is also vitally important for this parliament to reassure the Australian people that international trade also means higher income flow for Australia’s consolidated revenue, and that, of course, as we all know, translates into funds that can be spent on services to the people of our nation. This is important to mention because there are still some in our nation who have a narrow perspective of the value of trading with the world, and I am sure—or I would certainly like to think—that every member of this parliament will get up and speak not only in this chamber but throughout the community of the value of trade for this nation’s national interest. It is in the national interest. It is of enormous economic benefit to Australia when we trade with the world; it is not a disadvantage, as some, regrettably, still subscribe to. Given all this, it is vital that Australia’s international commercial or trade
interests be advanced and promoted at every opportunity to achieve greater market access and stronger opportunities for all Australian companies, small, medium and large.

At the heart of the bill lies the Export Market Development Grants Scheme, which very generously and very particularly assists small and medium companies expand their export opportunities. This has been recognised by the Howard government with the extension of the EMDG Scheme by five years from 2001 so that this highly effective initiative will last until 2006. What is also of tremendous significance is the big picture goal of the Howard government to double the number of Australian companies exporting to the world by 2006. This is visionary stuff. This is all about governing for the country. This is all about the national interest. This is all about grand ambition to create more Australian jobs and to create better living standards for our fellow Australians. So it is not surprising that the Howard government is frequently congratulated for its policies and for its vision in my electorate of Ryan. This government certainly comes up with ideas and very practical, workable programs that actually do make a meaningful difference to those who are in the factories and the offices of our country.

Using the EMDG Scheme as the central plank of the government’s strategy to double the number of Australian exporters by 2006 is clearly a very positive way forward, because all the indications are very encouraging that this ambitious goal can in fact be achieved. Both the number of companies exporting in Australia and the number of companies applying for EMDG grants continue to increase. In 2001, the Australian Bureau of Statistics estimated that there were approximately 25,000 exporting companies in Australia. Last financial year, that number increased by almost 6,500 companies, or over 25 per cent. Clearly, the popularity of the Export Market Development Grants Scheme continues to grow. For the 2001-02 grant year, 4,164 applications were received by Austrade, compared with just over 3,300 the previous year—an increase of 23 per cent.

The figures speak for themselves. This is excellent news for those in the business community and those in commerce who want to contemplate exporting their products, services or skills to the world. It is fantastic news for the country as a whole, and it should serve as an inspiration to the great entrepreneurs and business men and women throughout our country to break out into the world at large. The scheme has been regularly reviewed and is recognised as a benchmark of effectiveness in government industry support programs.

Recently, Professor Bewley from the University of New South Wales found that an additional $12 in exports was generated as a result of every $1 of grant spent. Clearly, all Australian taxpayers can have confidence that they are getting more bang for their buck. EMDGs will make our country more competitive and stronger. The changes proposed in this bill will further focus the scheme on small and less experienced exporters—that is, those who clearly need the financial assistance most. We in this parliament all know that small business is the key to doubling the Australian export community.

Mr Hockey—Hear, hear!

Mr JOHNSON—I am delighted that in the chamber is the Minister for Small Business and Tourism, the Hon. Joe Hockey, who is very dedicated to his portfolio. He is clearly leading the way and showing those opposite that, if you come up with some policies, you might get the Australian community to listen to you. That is why it makes sense that the EMDG Scheme’s $150 million
plus budget is invested in helping smaller businesses in the first instance. Small business is the fastest growing sector of the export community. Austrade estimates that some 97 per cent of all Australian export firms are small to medium companies. That must be music to the ears of the minister for small business. Most companies receiving the EMDGs are small businesses, with 65 per cent having annual turnovers of less than $5 million and 80 per cent of first-time applicants having turnovers of less than $5 million.

There are two critical points that I would like to make loud and clear. The bill proposes that the EMDG funding be better targeted at helping smaller businesses and businesses that might be on the threshold of moving into the world of exports but, due to some barrier or impediment, are unable to do so. The barrier might be in the form of a high turnover ceiling, which obviously for a smaller company would be more of an issue; it might be an export earnings ceiling; or it might be overcoming what on the face of it are elementary issues, such as marketing and promotional issues, but what are for smaller companies more than that. To address these kinds of disincentives, the bill’s amendments will reduce the annual turnover ceiling for applicants from $50 million to $30 million; reduce the maximum grant amount from $200,000 to $150,000; reduce the maximum number of grants from eight to seven; remove the $25 million export earnings ceiling; and remove the provision for additional grants for entering new markets. So the spread is there for all of our small and medium sized businesses to enjoy.

As I mentioned earlier, this bill is all about propelling small and medium companies to another level of competition and success, and the amendments proposed will do much to address this. Marketing and promotion are always major challenges for small and medium sized businesses. Reimbursement of marketing and promotional costs incurred in developing new export markets is also a vital component of the grant. This bill is worth supporting on every count. I call on the opposition to do the right thing and to support the spirit in which this bill is introduced to the parliament: to help our fellow Australians get jobs through small and medium sized businesses as they export to the world.

In terms of my own electorate of Ryan, which—as I have said in this parliament on many occasions—I have the great honour to represent, I am pleased to advise the House that since the Howard government’s election in 1996 Ryan has been supported with over $5.5 million worth of funding through the EMDG Scheme. The Ryan electorate is clearly making the most of the innovative policies of the Howard government. I have been pleased since being elected in the November 2001 election to represent Ryan to play a strong and proactive role in promoting prospective recipients and encouraging them to apply for grants. On the calculation that one grant dollar generates some $12 in exports, more than $66 million worth of exports has been generated in Ryan since 1996. In terms of grants paid last year, let me mention to the House that Ryan ranks amongst the top 20 per cent of federal electorates in terms of the funding it has been allocated.

We have businesspeople and entrepreneurs in Ryan who know that this is a scheme worthy of their company being part of. As colleagues will know, I have spoken many times in this chamber about the innovative and entrepreneurial business men and women in my electorate. The figures I alluded to above confirm the fact that some of our best export ideas are coming right out of the western suburbs of Brisbane and the Centenary suburbs in the Ryan electorate.
With respect to this kind of bill, it is only appropriate that some of the outstanding commercial ventures are acknowledged here on the floor of the parliament. They deserve to be applauded for their contribution to expanding and growing their businesses, because what they are doing is furthering the economic interests of our country. Let me begin by singing loudly the praises of Ausenco Ltd, which is a Toowong based company. The reason I begin with this company is that Ausenco took out the Services Award in the 2002 Australian Export Awards for achieving excellence as a global supplier of goods and services to the mining industry. Ausenco have developed an enviable reputation in the mining industry for innovation and technological excellence that attracts overseas companies and increases the potential for the export of a broad range of goods and services to the world.

The company began their operations in Brisbane in 1991 and coordinates the activities of their global business right out of their Toowong office, which is in the electorate of Ryan. Over the past 11 years the company have grown steadily, and they currently employ over 140 staff and have strong relationships with other global mining companies. They are a great example of the success that can be made out of being a participant in this scheme.

I have also spoken in the House before about another very successful Ryan business, HRM Consulting, which is a cutting-edge business in the field of human resource information systems. Its success rate has justified its continued funding through the EMDG Scheme. The story of success behind HRM Consulting is one that is shared by many Australian businesses. It is a story of dedication and hard work, mixed with a unique entrepreneurial approach to business. HRM Consulting was established in 1982 in Taringa, with only three staff. Today it employs more than 30. The good news is that it wants to employ more young people—more young Australians—that graduate from the University of Queensland. I certainly encourage that. I generously congratulate the principal of the business, Mr Peter Howes, who has been with HRM Consulting since its beginnings in 1982, and I warmly congratulate his colleagues as well.

It is easy for me to speak about the many small and medium sized businesses in the Ryan electorate that have been beneficiaries of the government’s policies. Bellingham Marine Australia Pty Ltd, at 17 Mile Rocks, has been exporting concrete product for quite some time. Benitec Australia Ltd, in the suburb of St Lucia, focuses on the biotechnology sector. Double Brown and Associates, in the suburb of Bellbowrie, focuses on book and magazine wholesaling. That is a small number of very innovative companies. These are the stories that the federal government is making possible through its policies and specifically through this grants program.

Food Pails Australia, in Sumner Park, received $5,000. Ionics Watertech, in Darra, received over $10,000. Optcom Pty Ltd, in Toowong, received $60,000 from this scheme. Edgetech International, in Sumner Park, is a recipient of this scheme. Green Isles investments, in Kenmore, is also a beneficiary of this grant. I could go on for quite some time. It is illustrative of the fact that those business men and women in the Ryan electorate are taking advantage of the policies of this government. They know that help and encouragement is there. They know that real, practical, workable help is coming from this government.

I would also like to acknowledge the work of Austrade in assisting the success of local exporters and in the administration of the EMDG Scheme. Austrade’s role is to help Australian business—especially small and
medium enterprises—to capture export and investment opportunities overall. Austrade plays a pivotal role in growing opportunities for existing exporters as well as for those who wish to break into the market. I know that all members of this parliament will share my view that Austrade is a very important agency that does everything it can to promote opportunities for our businesses throughout the country.

I want to encourage those opposite to pass this bill and support the government’s policies in relation to exports. I was staggered when the member for Charlton spoke about all the wonderful grants that the companies in her electorates received. I would like to think that she would also acknowledge that this initiative is being shared throughout the country and is doing a lot to employ our fellow Australians. The current Labor position is not one of policy initiative and expansion. I encourage those opposite to join the policy road and to get out of the policy free zone. Some of our fellow Australians may then listen to their views.

I will conclude my remarks by returning to the centerpiece of this bill, the EMDG Scheme. This scheme provides enormous wealth of support to our small businesses. The scheme deserves applause from all of us, particularly from the business community. Let me finish on a high note. The figures point to around 3,000 small businesses generating some $4.5 billion in additional exports. This is terrific news for our economy and it is great news for our community. Consequently it is great news for our country. I commend this bill to the House, and I especially commend the work of the trade minister.

Ms ROXON (Gellibrand) (6.20 p.m.)—I rise to speak on the Export Market Development Grants Amendment Bill 2003. Despite the urgings of the previous speaker, the member for Ryan, giving us a little bit of policy advice on this, his predecessors, like my predecessors, would know that the Export Market Development Grants Scheme was an initiative of a Labor government. Ralph Willis, the previous member for Gellibrand, was responsible for introducing the scheme. Labor agree that it is incredibly important that businesses that seek to go into the export markets get some support. I think the member for Ryan—who I thought had a little more talent than was revealed in his last speech—was a little disingenuous. I would have thought it were clear to him that we object to the fact that this bill actually cuts back the scheme. We are not debating the introduction of a new scheme that provides additional benefits to those businesses trying to get into an export market, either for the first time or expanding in some way that might be worthy of government assistance. It is ridiculous to stand here and say this is a marvellous initiative for small business. It is an initiative that was available for small and medium sized business which will be cut back and made available only to smaller businesses. It defies belief to hear members opposite so prepared to swallow the rhetoric that their ministers have put forward to them. We agree that the scheme itself is a good idea; the reason we oppose the bill before the House is that it cuts back the benefits of the scheme. It seems to me that is a fairly basic sort of thing to understand and a quite reasonable position for the Labor Party to take if we are concerned, like the member for Charlton and other members who have spoken before me, about the businesses in our electorates that want and need support for their export activities.

As other speakers have said, the export market development grants are the major form of financial assistance provided by the federal government to exporters. As people know, it reimburses companies for export
market expenditure in the preceding 12 months. Recently the scheme has experienced a funding crisis due to a cap put on the pool of funds by this government in 1997. I am going to come back to a number of these issues, because I think the entitlement being paid in arrears and the changes that are being proposed present some difficulties for businesses that are existing users of this scheme.

In my electorate of Gellibrand there were 26 recipients of this type of funding in the 2001-02 financial year. Obviously—given the high number of exporters that receive this assistance and given the industrial nature of my electorate—the more businesses that have the potential to be given assistance under this scheme the better. I am very keen to make sure that the program is as successful as possible. Unfortunately, this bill will not do that. It seeks to spread the grants more thinly by reducing the maximum grant money from $200,000 to $150,000. It seeks to reduce the maximum number of grants that can be claimed from eight to seven. The point that I would like to spend some time on tonight in my speech is that it seeks to reduce the income ceiling for applicants from $50 million to $30 million.

I might note that income range, as the member speaking previously to me was talking about small business being the backbone of the country—and certainly very high numbers of people are employed in small business. But this is not about small businesses with two or three employees. This is not about the ma and pa milk bar. When we are talking about $30 million to $50 million, we are actually talking about large businesses anyway, but we are not talking about BHP. So we do need to put it in some perspective. Using figures relating to the employment capacity of small businesses, including every retail outlet—every small shop or catering business—is not really where this scheme is directed. I am sure that the member who was speaking before me did not intend to include those figures in his speech.

Clearly we believe that industry need to be given some support and encouragement to find markets to which to export their existing products and that new businesses need to be given some help to set up and sell their products overseas. But, while the government is saying that it is seeking to help businesses through this bill, I have had a number of representations from businesses in my electorate which make quite clear that they certainly do not feel that the government is doing that with this bill. Some of them who have received grants in the past will no longer qualify. Some of them, because of the nature of this scheme, which pays in arrears, will actually be disadvantaged because of expenditure they have already incurred over this last year. At the time they actually spent the money, they would have had a full expectation that they would be receiving it this year. I think that is quite a serious problem and very unfair. I do not think there is any suggestion that these businesses would have spent that money purely because they were relying on receiving some assistance from this scheme, but it seems wrong. I hope the businesses have misunderstood the intent of the bill in that area. If so, I am sure the minister or others will set me straight. My constituents and businesses in my electorate have some real concerns.

Mr Leigh Morrison of RYCO Hydraulics in Footscray wrote to the Minister for Trade and the Treasurer earlier this month to voice his concerns about this bill. RYCO is a name that many people in Australia would be familiar with. It has been producing high-quality hoses and fittings in Australia since 1946. In fact, RYCO is Australasia’s largest on ground manufacturer of hydraulic fittings, couplings and adaptors. So it is not a business that is a newcomer. It is not even a small business: it has 195 employees in its
Footscray plant and another 60 throughout Australia. It has experienced a period of job growth—at a time when many businesses in my electorate have experienced serious job contraction—in the past 10 years. Since 1995 it has estimated that it has created 100 new jobs in its businesses.

Mr Morrison points out in his letter that was sent to the Minister for Trade and the Treasurer, and copied to me, that he is aware that the government is predicting that this will be a bad year for exports. He refers to a copy of an article in the Age on 24 May 2003, in which the minister gave a range of reasons why he believed Australian exports would be having a bad year—none of which included the changes to the Export Market Development Grants Scheme. However, Mr Morrison and the team at RYCO Hydraulics believe that the introduction of this bill would be one of the factors that would have an impact on the rate of exports into the future—if not for the year gone past—and that this seems to be happening at a time when we should be worried about our exports having a hard time, rather than taking away some things that might provide incentives for businesses to go into this area.

RYCO have recently started expanding their export activities into South America, the US and the Middle East. The business, and certainly Mr Morrison, who is the writer of this letter, believe that much of the success of their expansion has been through the support that has been given to them in the past from the export market development grants. However, recently they have been told that, as a result of the bill that is being debated in the House at the moment, they will no longer be eligible for the grants because of the reduction of the annual threshold that is in this bill. So businesses which have an income of more than $30 million will no longer be able to qualify for grants.

I understand that when there are financial pressures governments need to make decisions about how they are best going to spend their money. But I think this example describes very clearly, for people that might not have considered closely the impact of it, that a larger organisation of the nature of RYCO—that has been around for a long time, is well established and is recognised within Australia but has not had a huge export market or export focus—is no longer going to be encouraged to try to turn its success in Australia into success in exporting, because it has only recently started doing that exporting.

I understand that there is a phase-out, if you like, so that a company will not receive this assistance for 20 years. But it takes a substantial amount of time for businesses to establish their networks overseas. Members on both sides of the House have been talking about the good work that Austrade can do in assisting in that. Obviously the philosophy of the scheme, prior to this bill being introduced in the House, is to ensure that we do provide assistance in an ongoing way throughout that set-up period but not forever into the future.

Unfortunately, the example of RYCO in my electorate shows that the assistance may not be for long enough. We may, in fact, be hampering some of the Australian businesses that are well placed to be able to develop into the export markets. There might be many smaller businesses that will be able to get great assistance from this scheme, but we may also be disadvantaging those that are of the size and that have the experience and capacity to develop a serious long-term export market for this country, by cutting out those that will be excluded as a result of the new income cap. I think that is a great concern. It seems to me that there is no real logic for the government doing that other than to say, 'We have to make a cut-off somewhere,
so we’re just going to reduce it.’ The proposed changes are going to make it harder for the businesses that have proven their successes locally to get assistance from the government, but it will not necessarily put in place any test for the new businesses, which might not be as well placed to make the most of this assistance. I am not sure whether this is an unintended consequence of the bill or not. If it is unintended, I would hope that the government will review it. But I suspect, from the detail that is in the bill, that it is a decision that relates to the amount of money that is available, and the government have decided that is where their new cut-off will be.

Exporting is a big issue in my electorate, a very industrial electorate in the inner west of Melbourne. In my first term after being elected, at my invitation Austrade presented to a large number of local businesses about the scheme. There was a great response from local businesses—some had already been in the export industry; some had not—which wanted to find out how they could access this scheme, what qualifications were required and what it would do for their business. There was great enthusiasm about it. I remember that there was a great range of businesses that had already received some assistance, ranging from those exporting cut flowers to others that exported manufactured products. I am sure that, for many similar electorates to mine in the country, this is an important part of the government’s strategy for supporting industry. But I am concerned that these changes will be a step backwards rather than a step forwards.

I mentioned at the beginning of my speech that in 1990 the former member for Gellibrand, Mr Ralph Willis, spoke about the government’s commitment to providing enough funds to assist exporters using this scheme. Since the government that he was part of was replaced by the current government, the pool of funding that has been available to our exporters has been capped. There has not been one extra cent of funding provided since 1997. In fact, this government has reduced the pool of funds available to exporters, from $202 million to $150 million. The pool has been maintained at $150 million for some time. This was a point that was not lost on one of the businesses in my electorate, RYCO, which complains that this grants funding has effectively been reduced by not even keeping up with inflation.

I have mentioned the other concerns, and I hope that, by raising the example of RYCO in my electorate and the issues that have been raised by that company, they will be dealt with. The financial director of RYCO, Mr Mark Hayward, informed me that the bill, if it is passed in this parliament, will disqualify them as of 30 June 2003, just two weeks from today. I think it is extraordinary that RYCO were effectively only informed about these potential changes in mid-April this year. As I have said, I think that is a great concern when these are benefits that are paid in arrears. It seems to me unfair that they would not have been given any advance notice of this.

I know that the government like to go on and on about their experience in running businesses. The members I was listening to before me have done that as well. They, with this wealth of experience that they claim, surely should be the first to know that it is just unacceptable to tell a business in the quarter beforehand that its export marketing activities would not be funded, when it had the expectation throughout the rest of the financial year that it would receive this assistance.

Labor oppose the changes that are set out in this bill. We are very concerned that it is cutting back a good scheme which provides significant benefits to many businesses in
our electorates and which results in significant employment. We urge the government to reconsider this and to ensure that the Export Market Development Grants Scheme can continue to provide the benefits that it has in the past and to ensure that good businesses in my electorate will be able to get support to set off on a course of exporting to the world the products that are produced to such a high standard in my electorate of Gellibrand.

Mr Farmer (Macarthur) (6.35 p.m.)—It is a pleasure to stand here today to speak on this very important piece of legislation, the Export Market Development Grants Amendment Bill 2003. As a representative of Western Sydney, an area with a strong manufacturing and industrial sector, I appreciate how important exporting is to the economy of the region. The region’s industrial strength and diversity of business, ranging from manufacturing and construction to information technology, education and business services, mean that it is well placed to take advantage of export opportunities. Western Sydney is the third largest regional economy in Australia after Sydney and Melbourne. The region contributed $38 billion in gross domestic product in 2000. Its annual business turnover of $58 billion is expected to reach $80 billion in the next decade, with the strongest growth forecast in information technology and communications, tourism, business services, personnel and retail trade sectors. Almost 20 per cent of the top 500 exporters in Australia are located in Western Sydney. This figure includes three in the top 10.

Exporting is vital to the future of Western Sydney. It helps improve business and wealth for the people of my area and, most importantly, it helps create jobs in the region. As many other members in this House who represent outer metropolitan areas would know, one of the biggest issues facing outer metropolitan Australia is the lack of local jobs. For many people in my electorate, a 90-minute commute each way to work in the Sydney CBD is the norm. In fact, estimates by the Greater Western Sydney Economic Development Board suggest that up to 60 per cent of people in my area leave the area each morning to head off to work. The reason is simply supply and demand. There are just not enough jobs in my region for them. As badly as they want to be able to work closer to home, they cannot find a job.

We know that exporting generates one in five jobs in Australia, and in my electorate of Macarthur I have no doubt that exporting plays a vital part in creating local jobs. I am working with local businesses in my area to increase the number of businesses that export—because, at the end of the day, as their business improves, they will need more staff and that will mean more jobs for the people of my area.

Part of the coalition government’s commitment to exporting is the Export Market Development Grants Scheme—the EMDG Scheme. This scheme is the government’s main financial assistance program for exporters, providing grants that reimburse businesses with up to half the money that they spend on eligible promotional activities. The scheme has a budget of $150 million per annum and provides over 3,000 grants each year, averaging $45,000, to small and medium enterprises. In New South Wales, 1,067 businesses received $54 million in grants.

The EMDG Scheme is a good scheme because it helps businesses build a long-term future for their exporting. It has helped many local manufacturers in the Macarthur region, in the industrial estates of Minto and Ingleburn and in the suburbs of Narellan, Camden and Cobbitty. In fact, over $2.4 million has been given to local businesses in the Macarthur region since the coalition took office in
1996. This is a major investment in the future of my region and plays an important part in creating jobs. It gives these businesses a helping hand and it helps them develop a network in their overseas market. It helps them overcome the hurdle of setting up in an overseas market and sets up a solid base from which to grow. Then, when the grant assistance phases out, the business is well established and can continue under its own steam.

Take the local manufacturing business Hi Tech Designs in my electorate of Macarthur. Hi Tech Designs is a Camden based manufacturer of pre-fabricated storage sheds and garages and a recipient of grants under the EMDG Scheme. While the company was developing a solid market here in Australia and building steadily, owners Denis McFadden and Laurie Betland knew that they would have to go global to really make the business grow. So they started investigating overseas exporting. After working out which markets to target and developing an exporting plan, Denis and Laurie applied to the EMDG Scheme for help. They were successful, and the assistance they have received in the last two years has helped them develop a distribution network for sheds and garages in America. With the help of the EMDG Scheme, they hope to expand their sales to 500 per year in coming years.

Narellan Pools is another great export success story from my electorate. Peter Meyer took over Narellan Pools 13 years ago when it was a relic of its former self. Back then it had lost its major market share and was the smallest pool producer in the country. From this humble beginning in 1989, Peter has built up the business, and Narellan Pools is now the market leader in fibreglass pools in Australia and exports about 150 each year to Europe and the UK. Peter is growing his European business steadily each year and may very well be responsible for producing some of Europe’s future Olympic swimming stars. But these companies in Macarthur produce more than gold medals; they produce jobs and they help to provide a sustainable future for my area.

The bill we are debating today proposes a number of important changes. They are simple, commonsense steps. The aim of this bill is to refine the EMDG Scheme to better help small and medium businesses like the many in my electorate and to make sure that they can get a slice of the pie. After all, it is these businesses that need the most help and it is these businesses that the coalition government has been trying to help get into the exporting market through this scheme. This bill is sensible. It will make sure that EMDG funding is better targeted to those that most need government support to move into the export market.

Austrade estimates that 97 per cent of all exporters are small to medium businesses and 65 per cent of EMD grant recipients are small businesses with turnovers of less than $5 million. Small business is clearly where the growth in exporting is and where the government should be targeting its funding. This bill will do this by reducing the annual turnover ceiling for applicants from $50 million to $30 million; reducing the maximum grant amount from $200,000 to $150,000 so that there are more grants available for more businesses; reducing the maximum number of grants from eight to seven for each business—again allowing more businesses to have access to the scheme; and removing the $25 million export earnings ceiling. The proposed changes are a win for small business. The budget of this program is best invested in small and medium businesses, which are the key to Australia’s growth. These changes will give more small businesses access to the scheme.
It is no use spending money helping big businesses which are already well established and have the finances to support an overseas export push. We need to help those first-timers who are reluctant to get into the exporting market because often they do not have the finances to take the first steps. Small local businesses do not always have the cash flow to cover the costs of setting up overseas. They need this safety net. We need to support these businesses, and by streamlining the EMDG Scheme we can do this better.

The streamlining has been an ongoing process since the coalition came to power in 1996. Changes made by this government include reducing the minimum expenditure required to access the scheme from $30,000 to $15,000, to make it more accessible to first-time exporters; doubling the grant rate available to the tourism industry; reducing red tape and documentation requirements; and providing a grant of 50 per cent of total expenditure or a minimum grant of $5,000, whichever is greater.

As I have already said, the proposed changes in this bill focus on supporting small business. This is important because, since the coalition government came to power, there have been more and more demands on the EMDG Scheme. In 2002-03, 4,164 applications were received for the previous grant year—an increase of 23 per cent by number and 17 per cent by value on the previous year—and 1,528 businesses applied for the scheme for the first time.

Two months ago, I hosted an export forum, with the assistance of Austrade, specifically targeted at first-time exporters. It is part of my commitment to creating investment, wealth and job opportunities in the Macarthur region. The breakfast was a great success, with over 70 local businesspeople attending. It sparked an interest in exporting, and hopefully in the coming 12 months, with the help of programs like TradeStart and the EMDG Scheme, some of the small businesses that attended will make their first steps into exporting.

I am referring to businesses like Emu Natural Skincare products. This local skin care and cosmetics business was set up only a few years ago, and it is run by two of the hardest working people I have ever met. I know Robert and Christine have just sent their first shipment overseas and will use the EMDG Scheme in coming years to grow sales even further and to develop a strong base for their overseas growth. The amendments being put to the House will help this happen. They will better utilise the current EMDG budget so that more exporters like Emu Natural Skincare will get the help they need to get started. The more businesses that we can get started in exporting, the more wealth and jobs we can put back into our own economy.

The Export Market Development Grants Scheme works and is a leader in industry support programs. Recently, Professor Bewley from the University of New South Wales found that, for every $1 spent, the scheme generates $12 in export sales. If we take this formula and apply it to the Macarthur region, where $2.4 million worth of grants have been approved since 1996, that would equate to over $28 million in sales that have been generated in the Macarthur region from this scheme. That is a massive injection into the regional economy in areas like Campbelltown, Narellan and Camden, and a massive injection into local employment. It is a significant benefit to the small business sector, and the more businesses we can help, the better the result for all Australians.

This is sensible legislation that will make the EMDG Scheme available to more small businesses and in turn will help us on the
road to doubling the number of Australian exporters by 2006. Add these changes on top of the $21.5 million commitment made by this government to expanding the TradeStart program, and you have an export growth strategy that will work to generate income for Australia and produce jobs for all Australians. The early signs are encouraging. When this target was set in 2000, the Australian Bureau of Statistics estimated that there were approximately 25,000 exporting companies in Australia. Last financial year, that number had increased by 6,450, or over 25 per cent. We are well on the way, and I commend these amendments to the House as another sensible step towards meeting this target. I congratulate the Minister for Trade, the Hon. Mark Vaile, on his vision and determination in improving Australia’s export abilities. I look forward to welcoming him to my electorate in the coming months so that he can see for himself how the EMDG Scheme is giving businesses in my region a solid foundation for overseas exporting, and helping to provide jobs for Sydney’s Greater West. I commend the bill to the House.

Debate (on motion by Mr Fitzgibbon) adjourned.

COMMITTEES
Selection Committee
Amended Report

The DEPUTY SPEAKER (Hon. I.R. Causley) (6.51 p.m.)—I present the amended report of the Selection Committee relating to the consideration of committee and delegation reports and private members’ business on Monday, 23 June 2003. Copies of the report have been placed on the table. I seek leave to move a motion in relation to the report.

Leave granted.

Mr CAUSLEY (Page) (6.51 p.m.)—I move:

That the report be adopted in lieu of the report presented earlier today.

The report read as follows—

Report relating to the consideration of committee and delegation reports and private Members’ business on Monday, 23 June 2003

Pursuant to standing order 331, the Selection Committee has determined the order of precedence and times to be allotted for consideration of committee and delegation reports and private Members’ business on Monday, 23 June 2003. The order of precedence and the allotments of time determined by the Committee are as follows:

COMMITTEE AND DELEGATION REPORTS

Presentation and statements

1 AUSTRALIAN DELEGATION TO CANADA AND THE 108TH INTER-PARLIAMENTARY CONFERENCE: Report of the Parliamentary Delegation to Canada (31 March to 3 April 2003) and the 108th Inter-Parliamentary Conference Santiago, Chile (5-12 April 2003).

The Committee determined that statements on the report may be made—all statements to conclude by 12.45 p.m.

Speech time limits—
Each Member—7 minutes.

[Proposed Members speaking = 2 x 7 mins]


The Committee determined that statements on the report may be made—all statements to conclude by 1.05 p.m.

Speech time limits—
Each Member—5 minutes.

[Proposed Members speaking = 4 x 5 mins]


The Committee determined that statements on the report may be made—all statements to conclude by 1.25 p.m.
Tuesday, 17 June 2003

HOUSE OF REPRESENTATIVES

4 SCIENCE AND INNOVATION—STANDING COMMITTEE: Report: The Innovation Wave: the case for increasing business investment in R&D.

The Committee determined that statements on the report may be made—all statements to conclude by 1.45 p.m.

Speech time limits—
Each Member—10 minutes.
[Proposed Members speaking = 2 x 10 mins]

PRIVATE MEMBERS’ BUSINESS

Order of precedence
Notices

1 Mrs Moylan to move:

That this House:

(1) acknowledges the suffering and hardship experienced by the Iraqi people from years of neglect of essential services and the dictatorship of Saddam Hussein;

(2) notes the grave consequences of this neglect to human health, contributing to the second highest infant and child mortality rates in a list of some of the poorest countries in the world;

(3) notes the consequent poor state of essential services in Baghdad and other areas of Iraq and commends the efforts of the coalition, the United Nations and non-government organisations to provide emergency services to the people of Iraq;

(4) notes the major ongoing challenges facing the people of Iraq including the need for continued rehabilitation of essential services such as sewerage and sanitation and notes that a major effort is underway to improve these services;

(5) commends the Australian Government for the substantial contribution to humanitarian aid and reconstruction in Iraq, notably in relation to agriculture, where Australia is taking the lead with the United States;

(6) notes that Australia’s contribution of $100 million is the 5th highest of the 15 main contributing countries; and

(7) acknowledges the contribution of AusAid and Australian non-government organisations in the delivery of health services, water and sanitation work, co-ordination and logistics, food distribution, refugee preparedness and mine action and agriculture. (Notice given 16 June 2003.)

Time allotted—30 minutes.

Speech time limits—
Mover of motion—10 minutes.
First Opposition Member speaking—5 minutes.
Other Members—5 minutes each.
[Proposed Members speaking = 1 x 10 mins, 4 x 5 mins]

The Committee determined that consideration of this matter should continue on a future day.

2 Ms Hall to move:

That this House:

(1) recognises that Australia has an ageing population; and

(2) calls on the Government to:

(a) address the chronic shortage of aged care beds;

(b) resolve the issues surrounding phantom beds;

(c) provide more community care packages;

(d) ensure that aged care resources are located in areas of greatest need; and

(e) provide positive initiatives to improve the quality of life of older Australians. (Notice given 9 December 2002.)

Time allotted—remaining private Members’ business time.

Speech time limits—
Mover of motion—10 minutes.
First Government Member speaking—5 minutes.
Other Members—5 minutes each.
[Proposed Members speaking = 1 x 10 mins, 4 x 5 mins]
The Committee determined that consideration of this matter should continue on a future day.

Question agreed to.

EXPORT MARKET DEVELOPMENT GRANTS AMENDMENT BILL 2003

Second Reading

Debate resumed.

Mr FITZGIBBON (Hunter) (6.52 p.m.)—As previous speakers on the opposition side have indicated, the opposition will be opposing the amendments to the EMDG Scheme in the Export Market Development Grants Amendment Bill 2003. But I am pleased to rise tonight to say some good things about the scheme, because, after all, it was first introduced—admittedly in another form—right back in 1974, and therefore it is a Whitlam government initiative. Many small firms in my electorate have been beneficiaries of the scheme. In fact, in 2001-02 some $840,000 went to small to medium businesses in my electorate under the scheme. Most of those businesses were involved in the wine and wine tourism industries. I am sure the member for McEwen, who is sitting at the table, would appreciate how beneficial the scheme has been to the export wine market.

Fran Bailey—Absolutely.

Mr FITZGIBBON—The EMDG Scheme is the Commonwealth’s principal means of providing financial assistance to current and aspiring exporters. In the Hunter, where we have largely transformed our industrial based economy into an economy driven by the services sector and underpinned, in particular, by wine tourism and associated sectors, it continues to be a very important scheme. That is why the opposition is expressing concern that the scheme is being wound back and will therefore in the future offer less assistance to the small and medium sized sector than it has in the past.

The government claims this legislation will refine the scheme by: firstly, reducing the income ceiling for applicants from $50 million to $30 million; secondly, reducing the maximum grant amount from $200,000 to $150,000; thirdly, reducing the maximum number of grants from eight to seven; and, lastly, removing the provision for additional grants for the entering of new markets. The proposed changes are to take effect for EMDG claims from the 2003-04 grant year onwards—in other words, for applications received and for grants paid from 1 July 2004. But this bill is actually the consequence of the government’s 1997 decision to cap expenditure on the scheme. While we have an export sector that is growing and more small to medium firms that are being encouraged to seek out new markets—and, indeed, to participate in export markets for the first time—we are freezing the funds. So, of course, there is less cake to go around. As a result, in recent years the scheme has experienced a funding crisis as more exporters apply for assistance. Last year, 880 exporters received significantly less than their full entitlement under the scheme, and Austrade has admitted that the problem is getting worse this year. The government says it is trying to refine the scheme to make it more targeted, but in fact what the government wants to do is make a saving. It has, therefore, been forced to direct more of the money to a smaller part of the industry sector than would normally benefit from the scheme.

Never has the scheme been more important to the Australian economy. The ongoing globalisation of our economy makes the increasing participation of local firms in export markets more and more critical. The new global environment in which we find ourselves presents both opportunities and challenges for Australian business. The aggregation and internationalisation of our large companies will present new opportunities but
will also expose small business to new competition. In my electorate of Hunter, for example, small firms have traditionally been the providers of goods and services to coalmines. They are suddenly finding themselves exposed to new international competition as large companies like Rio Tinto and Xstrata, which between them own just about all the coal interests in the Hunter, look to internationally based providers of goods and services for all of their needs. Those internationally based firms are able to provide stronger competition because of economies of scale. Whereas local small to medium business could rely on business with coalmines in my electorate in the past, they now face increasing competition from firms that are based elsewhere and that can equally supply Xstrata or Rio Tinto with goods or services for a mine based in Singleton, in my electorate, or based, say, somewhere near Johannesburg.

I think what is happening in my electorate is a good example that makes out a case for a greater commitment to what has been a very successful scheme, rather than a reduced commitment. Some of the businesses in my electorate which have been recipients of grants under the EMDG Scheme work in the industry, so there are two sides to the coin in that respect. It reminds us of the need for government to take a whole-of-government approach when designing assistance for small business. We should not be doing these things in isolation; we should be taking a whole-of-government approach. I have raised before in this place the plight of the unsecured creditors, the small business creditors, in my electorate who have suffered as a result of the Nardell coalmine. Nardell constitutes a significant mining asset in my electorate, with reserves of some 245 million tonnes of coal. Of course, it was that asset that attracted the interest a couple of years ago of Macquarie Bank which, through various investment vehicles, acquired a majority and controlling interest in the mine.

Tonight I want to provide an answer as to why a mine which showed so much promise was so suddenly and decisively placed into receivership. It is a very simple story of sheer greed. Those involved in the banking sector who have had experience with the Macquarie Bank know that it maintains strict control over any investment financial risk. It is company policy that, before signing off on any acquisition, investment risk management strategies must be firmly in place. In the case of a coalmine with export contracts, this requires protection against currency fluctuations.

Normally, if the Australian dollar goes up then export coal sale profits go down—that is fairly obvious. Sound risk management would require a bank, in this case the Macquarie Bank, to take insurance against this risk by entering into a foreign exchange hedge contract. This is normally combined with forward coal sales contracts to hedge against adverse movements in the coal price, which of course is fixed in US dollars. These are challenges that our small to medium exporters also face but they do not have the expertise or the resources to deal with these things in the manner in which an institution like the Macquarie Bank can.

What happens if the upward currency shift is so great that the gain on the derivatives contract is greater than the short- to medium-term returns of the coalmine? This is the million dollar question. In July 2002, Macquarie Bank Chairman David Clarke, issued a directive to Nardell to take out some insurance against this risk. He issued a directive to Nardell to buy $72 million worth of Australian dollar call options. Coincidentally, this equated with the budgeted amount of offshore sales for the 2003 and 2004 years at an exchange rate of 55c Australian to the US
The options were purchased by Nardell at a cost of $513,000 up front, and a further $3.7 million was to be payable by 20 December 2002. The option was split into 24 separate monthly options from January 2003 to December 2004.

In December 2002, the general manager of Nardell, Peter Dury, was given instructions from Macquarie not to sell forward any more coal to offshore buyers. At the time, all forward offshore contracts were to expire in June 2003. On December 20, Nardell, surprisingly—or I should say not surprisingly, given some of the transactions taking place between the Macquarie Bank, through its investment vehicle, Macquarie Investment Trust III, and Nardell—did not have the money to make the $3.7 million option payment so the Macquarie Bank took the option onto their books. They booked the hedge into their books. At that time, the likely profit on the hedge was in the order of $1 million. By 20 February 2003, Macquarie had appointed a liquidator and by then the profit on the hedge was approximately, on my calculations, $6 million. This week, if my calculations prove correct and if the hedge is still open—and I suspect it is—it is now worth approximately $12.5 million.

Of particular interest are a couple of points. The first is that Nardell had domestic contracts with Macquarie Generation which represented a net present value loss, as compared with the current domestic price, of $18 million. Placing Nardell into receivership ensured that the liquidator or any new owner would not have to honour that domestic contract. Secondly, Bayswater, another company in my electorate, had a $10 million put to sell a coal preparation plant to Nardell. If Nardell were placed into receivership, as it was, the liquidator or any new owner would not have to honour that contract.

It appears that a possible motive for the Macquarie Bank was that it had always planned to strip the company of its assets. This would explain why Macquarie chose to cover only the 2003 and 2004 years in terms of their exchange rate risk, which would not allow the coal price to be fully hedged by selling contracts forward for three to five years. By booking the profits this financial year, the profits could flow through to the management bonus pool. However, the bank is no longer protected against any further currency shift and it will be increasingly difficult to enter into an effective hedge contract because the dollar has been rising steadily and significantly.

Macquarie’s best strategy was to burn the coal project. It was not worried at all about the unsecured creditors—the small to medium sized businesses we are talking about tonight; the sorts of businesses we are trying to assist through the EMDG Scheme. From Macquarie’s point of view, the debt was fully secured so the majority of the investment was recovered and any losses were more than offset from the gains on the derivatives contracts. At the same time, it avoided paying the $8 million owed to the small and medium unsecured business creditors in my electorate.

This is corporate bastardry at its worst. Here we are talking about assisting firms working in all sorts of sectors, including the mining sector, and we can see that that government assistance is of no help at all when companies are facing this sort of skulduggery from the big end of town. This was simply a ruthless execution of a scheme of arrangement using related party transactions. Macquarie and Nardell were not acting at arm’s length, and I believe that the Macquarie nominated directors on the Nardell board who had a controlling interest knew well in advance of Macquarie’s plans and continued to ramp-up debts to unsecured
creditors after they knew that Macquarie was about to pull the funding plug on the mine.

They placed the mine into immediate liquidation, thereby enabling Macquarie Bank to, firstly, renege on unfavourable domestic contracts worth about $17 million at present value—the Macquarie Generation projects and a $10 million deal for the Ravensworth coal preparation plant. Secondly, they pocketed between $12 million and $15 million from the foreign exchange hedge profits. Thirdly, they increased their profits further by refusing to pay the unsecured creditors—the small to medium businesses I represent who have families to feed and are suffering massively as a consequence of this deal.

Let me try to sum it up. Macquarie gets involved in a mine. It decides to do so by retaining itself as the controlling interest in the mine and appointing the majority of shareholders. It then sets up financial relationships—for example, lending money to the mine at an interest rate of 23 per cent. They could have done better on Bankcard! It then decides that it should cover its risk by taking out a foreign exchange hedge but, because the Australian dollar appreciates so markedly—in excess of 25 per cent—Macquarie Bank suddenly realises that the real way to make money in this project is to book the hedge in the Macquarie books and take the money and run. But in order to do that it has to do one other thing: it has to burn the project. In doing so, it avoids the domestic contracts and at the same time picks up another $8 million to $9 million by burning its unsecured creditors. This is corporate bastardry at its worst.

I have written to the Australian Securities and Investments Commission asking them to investigate these matters and particularly whether Macquarie Bank, through Macquarie Investment Trust III, was acting at arm’s length from Nardell Holdings. I now want ASIC to look in particular at these hedge arrangements and find out why the $12 million made on the hedge contract originally booked by Nardell is not now part of the asset pool available to the unsecured creditors. They should be the people with access to that $12 million which Macquarie has nicely booked up through that very effective hedge regime—something it is very good at.

I am outraged that we are here tonight talking about a scheme designed to help small and medium businesses get on with life, make a profit and participate in export markets, while at the same time ASIC is not prepared to investigate a case which, in my view, is so obviously wrong and in which so many breaches of the Corporations Law have taken place. So I am appealing to the Treasurer tonight to direct ASIC to reopen the case and look at the relationship between Macquarie Bank and Nardell Holdings and, in particular, at that hedge contract—which of course Macquarie Bank has never acknowledged.

Macquarie Bank said that the Nardell mine went bad for three reasons. First, coal prices were in decline—but they would have insured against that. Second, the Australian dollar went up markedly—but we now know that they hedged against that. They took out their insurance against the appreciation of the Australian dollar but never managed it, and booked it back into their own account so that they could walk away with it. Their third excuse was some difficulty in geological conditions. I have talked to mining experts and I know that Macquarie knew well in advance that they were going to encounter geological problems but overcoming those problems was well and truly on track and things were expected to go well.

Why did a mine with so much promise go bad? Why did it close down? Because Mac-
quarie worked out that it could make more money by burning the project, burning the unsecured creditors and walking away with the profits from the hedge contracts. So it is time for the Treasurer to direct ASIC to reopen the investigation. I do not know whether I should use the word ‘reopen’, because they hardly looked at it at all; they told me that they did not have the time or the resources. They are happy to chase Rene Rivkin for a profit of $350 or something but they are not prepared to chase the Macquarie Bank. *(Time expired)*

**Mr CADMAN (Mitchell) (7.12 p.m.)—**
The bill that the House is debating tonight is the *Export Market Development Grants Amendment Bill 2003*. This government has a very fine record in export grants and the development of exports. In the year 2001 the government extended the EMDG Scheme for five years, highlighting its commitment to this program. Last financial year the number of Australian exporters grew from 25,000 to 31,450. This scheme is working, and Australian businesses want to export. It is exciting talking to small and medium businesses that are taking up the challenge of finding and moving into foreign markets and successfully capitalising on the advantages Australia has: expert workers; clean, green industries; and a capacity to be competitive and relevant in a global market.

Small business has been the key to doubling the Australian export community, and it is imperative that the $150.4 million budgeted for this year is invested to help smaller and medium businesses. They are the ones that are most interested in exports; they are the ones that are capitalising on these grants; they are the ones that are putting these grants together and gaining export markets and jobs for Australians.

I do not know how the Australian Labor Party are going to go out and explain themselves to small businesses and exporters in the country when they block this legislation. I think it is almost criminal that they go to the Senate and say: ‘No, we want to have this program confined to large businesses. We want to have it continue as it is.’ It would be criminal if such a successful program, which is earning export dollars and providing jobs for 60,000 Australians, were interfered with in the way the Australian Labor Party want to interfere with it.

The amendments proposed in this bill put greater emphasis on the small and medium businesses—the emerging exporters—that are going to take advantage of Australia’s comparative advantage in the world: our skilled workers, our capacity to fill niche markets, and our capacity to get out there and claim markets and opportunities for sales.

During 2001-02 around 3,100 small and medium businesses received grants under the EMDG Scheme and the average value of those grants was about $45,000—just enough, in fact, to have the incentive applied to encourage people to do something extra and to earn an export opportunity. Recipient businesses generated $5 billion worth of exports and, as I have said, employed 60,000 Australians. What an add-on factor, what a multiplier there is in the EMDG Scheme, where, for the investment of approximately $150 million, the recipient businesses last year generated $5 billion worth of exports. Twenty-one per cent of the grants went to businesses in rural and regional Australia—the great traditional exporting industries of Australia.

Since 1996 the government has continually improved this program. I will come back to the period prior to 1996 shortly, because there are a couple of reports around that make it worth investigating why it might be that the Australian Labor Party wants to go
back to the old days. They are looking backwards and not forwards, Mr Deputy Speaker Mossfield, and I know you would grieve with me that that is the case. Since 1996 these are the changes the government has made. It has reduced the minimum expenditure required to access the scheme from $30,000 down to $15,000—that is very important. I remember struggling to try to get businesses within my electorate to be eligible for this requirement, with the bureaucracy involved and restructuring they had to do as an organisation, only to find that they had to first spend $30,000 before they could make a claim under the EMDG Scheme. However, this government halved that entry threshold and brought it down from $30,000 to $15,000. We provided the tourism sector with access to a 50 per cent grant rate. For the first time, tourist operators—the greatest export industry, a wonderful employer—

Mrs De-Anne Kelly—A good manager.

Mr CADMAN—And I know my colleague understands that very much indeed from her electorate. She would know more than most the value of providing an incentive to have tourist operators investigate markets where they can attract people from overseas. We improved the access for family businesses and we removed the compulsory registration requirement. That was a hassle in itself, requiring the work of accountants, solicitors and specialist consultants in order to register a company to become eligible for the EMDG Scheme. That changed in 1996. We raised the minimum grant from $2,500 to $5,000 for eligible export promotion expenditure—a very simple but important factor. When somebody goes to a trade fair or is showing their wares in a new country for the first or second time they need to be able to present them effectively. We simplified the EMDG entry requirements for small business. Those are the changes that we have made and those are the results of this fine program under the current government.

There are changes to be made. Certainly the amount of money to be expended is to be capped. It is foolish to argue anything else. But what are we doing? We are targeting more carefully the areas of export that are getting the greatest results. We are targeting it to the small and medium businesses. These are the changes that the government has made. First of all, the annual turnover ceiling for applicants has been reduced from $50 million to $30 million. Thirty million dollars is a substantial turnover amount for a company—it is not a large company, but it is a medium-sized company. I think one of the faults of this program has been that large companies have tended to structure themselves and feed off the benefits of EMDG to the detriment of small business, sucking up funds for export development that they should be carrying out under their own steam.

We have found, as time has gone by, that as Australians understand the international marketplace we have become more proficient and more expert in gaining access and developing markets. The larger companies are able to do this and they have done it successfully. We have reduced the size of the maximum grant from $200,000 to $150,000 and the maximum number of grants from eight to seven. A company now has a seven-year span in which to gain a market. Most people would think, ‘If you can’t do it in seven years you’re not going to do it at all,’ and I think that is a reasonable proposition. To reduce the number of grants from eight to seven, I think, is an insignificant thing.

We will be removing the $25 million export earnings ceiling—that ceiling is gone—and we will be removing the provision for additional grants for entering new markets. I think these are sensible, targeted decisions
and they fit in with the progress of the scheme. Thirty-four per cent of the total export effort is coming from small businesses. That is a huge effort from the small businesses. I only have to look within my own electorate to see this happening in business after business as Australians use their skills and expertise to claim markets. This is a big change from what was happening prior to 1996 when this government came to office. This program was a problem prior to that.

There were two Australian National Audit Office reports into that program—one was done in 1993 and there was another check-up in 1996—because the Audit Office had concerns about the way this program was being managed. It was complicated and it was bureaucratic. I am sure that colleagues opposite me would be interested to know that the number of fraud cases referred to the Australian Federal Police was steadily increasing. From 1990, when there were five cases, the number gradually grew until, in 1992-93, there were 14 cases; in 1993-94, there were 20 cases; and, in 1996, 33 fraud cases were referred to the AFP. That is an indication that the system was not working properly.

In the report presented in 1996 by the Australian National Audit Office, it says that the scheme was the largest item in Austrade’s budget, at approximately 53 per cent, employing 5.5 per cent of its staff. The payments in that financial year amounted to $209.7 million, covering 3,497 grants. We are doing that number of grants for small businesses alone this year. What I am saying is that, with a large amount of money, you are funding large companies. You are giving it to those companies which in fact ought to be capable of finding their own markets. What we are doing now is broadening and doubling the number of exporters out of Australia by allowing those that should have the encouragement to drive access to new markets.

The major recommendations of the ANAO’s report No 33, conducted in 1993, were that they needed to see an improvement in the quality of claims and control measures, optimisation of management planning and control, rationalisation of the strategic planning structure, improved responsiveness to the scheme and improved accountability to parliament. That is a condemnation. You do not get many audits as qualified as that. So, in 1993, those were the qualifications of the audit office on the scheme run by the previous government. They then went on to say: Follow-up was considered important because the EMDG is the largest Austrade appropriation and most material item in its financial statements; there has been recent public criticism of the scheme due to increased staff numbers and administrative costs; the 1993-94 audit found the lack of performance measures combined with Austrade’s minimal annual reporting of the scheme had left Parliament inadequately informed of the scheme’s effectiveness given its high profile and frequency of legislative change required. It also considered that the audit would assist Government to improve the administration of the Scheme.

That is a highly qualified audit. The follow-up was necessary because of that qualified audit. The follow-up to the EMDG Scheme, conducted by the Australian National Audit Office, occurred in February and March 1996. That disclosed continuing concern, but improvement. With the change of government we revamped the program, as I have already outlined to the House. We have gained great benefit from that, not as a government, but as a nation. Tonight we have the Australian Labor Party wanting to block this measure, which is so beneficial to 60,000 employees and over 3,000 businesses annually. I cannot understand the logic of that. If it is such a flawed program, why do you want to destroy access to it for Australian workers?
Let me give you an idea of it in the electorate of Mitchell. From 1996, when awards to businesses were $656,000, the amount has steadily climbed until, in last year’s figures, $1.1 million was granted to the electorate of Mitchell. The 2001-02 scheme is still out, because there is a second tranche of payments being commenced shortly, from the end of June. But, in total, it has been almost $6 million over those five or six years and it has generated so much interest and energy amongst the companies and the employees of my electorate. I think it is shameful that anybody would consider that they possess so much wisdom and knowledge—I would call it arrogance and ignorance—that they would want to change this scheme.

Let me give you an example of some of the companies that benefit from this scheme. I want to talk about a company called IDS Enterprise Systems, which makes, markets and implements enterprise systems in Australia and globally. Their offices are in Castle Hill, Sydney. The companies they work for are Abbey Australia, Alfa Romeo, CB Norwood, Panasonic, Peugeot and Porsche. They work for Jaguar, Lotus Cars, Mitsubishi Trucks, Subaru—and if any company is highly qualified in engineering, it is Subaru—Volkswagen, Western Star and Yamaha. All sorts of wonderful contracts are being won by IDS Enterprise Systems in Sydney. It is an amazing company. It received a grant of $132,977. Nobody would deny or quibble with the fact that, for the investment of $1.7 million in grants in Mitchell, for every job in a company that was created by the EMDG grants, five were created. That is the scheme that the Australian Labor Party wants to denigrate and knock off here in the House.

The company VASP was started by Virginio Archetti. Virginio is a gifted technician. It is a small company, but what he is doing with telecommunications, extensive Internet and communications services and networking right throughout South-East Asia is amazing. He is more often out of the country than in the country, winning exports in countries like Singapore, where you would not think that Aussies would stand a chance. But Virginio is doing it, and he has a fine and proud work force with him. In Northmead, we have the Australian Hide, Skin & Leather Exporters Association. It is a great organisation. They are adding value to Australian hide, skin and leather industry. They are high quality products. This is an industry organisation that has been able to focus its members on an export drive. They are recipients of EMDG grants.

Here is another one: Zenaust Exports (NSW) Pty Ltd were notified by the minister of a grant of $60,000. You have only to visit this company to understand what terrific value adding this company is getting from exports to build an export market for the pharmaceutical and toiletry wholesale industry that they run. We are selling pharmaceuticals and toiletries into Asia from Zenaust.

Yet another is Creative Packaging Services Pty Ltd, a brilliant company run by Brad Devine and established in 1990. The company wraps and processes packages and is one of the fastest growing and best managed groups I have come across, commencing its efforts into the export markets with a grant of $27,508. Galexo is another one, as is Springfields Aromatherapy Pty Ltd. Can you imagine Australian companies creating aromatherapy perfumes and selling them right across Asia? The brilliant lady in charge of this company is doing so much to expand the market. It is a brilliant company which provides access for Australian products, and Gillian Kerr is an amazing woman. The company received $18,554 from the federal government. AD Instruments is another great company and Nautitech is a brilliant company. Nautitech has done all sorts of amazing
things. It received an export development grant of $55,805. They are designing transmission systems for Ferrari. They are doing this and transmitting it by the Internet. This is a marvellous Australian company that is doing great things for our nation.

Madam Deputy Speaker Gambaro, I know that you, above all, understand the significance of this legislation. It is worthwhile legislation and must go forward, as it is critical to thousands of businesses across the nation. Mark Vaile is an excellent minister. I can tell you that there is a targeted effort to try to prevent people who should have jobs from working in this industry.

Mr Brennan O'Connor (Burke) (7.32 p.m.)—I rise this evening to oppose the Export Market Development Grants Amendment Bill 2003. I do not oppose the bill for the reasons the member for Mitchell has raised. In fact, the member for Mitchell has protested a little too much about the concerns the Labor Party has had. He knows, for example, as indicated earlier by the member for Rankin, that this bill had its origin in 1974. He also knows that there was a great deal more money spent under the last Labor government.

Mr Cadman—So, to get more money, you're going to cut it off.

Mr Brennan O'Connor—The fact is that the last Labor government provided over $200 million to this scheme—and the member for Mitchell is now leaving, having put his 2c in and not wanting to listen to the debate—whereas only $150 million is now available for businesses wanting to gain some support in the export industry. Clearly the member for Mitchell has his facts wrong or is not clear on the actual notion of the bill. Whatever brief he was provided by the minister, either he has not read it or it is not correct. Like many things in this House, unfortunately, the government has the policy wrong in terms of a critical area of our economy. This is a government—in recent times, at least, and, I daresay, prior to the last election—that wants to have the attention of the Australian public on international matters. There are events that have transpired internationally which are tragic and which needed a response, and we could debate them forever. But what this government does not need to do is to avoid any domestic matter that is critical to this economy under the guise of focusing on international pursuits. The fact is that this government has failed in this area of policy. It attempts to distract the public by diverting its attention to international concerns.

Indeed, the government also attempts to divert the media’s attention to all sorts of things that do not really matter, and some in the media fall for it. Hopefully, they will eventually come to their senses. Of course, some in the media get a little obsessed with the inner machinations of political parties, all sorts of rumours they might hear and snippets of information that they pick up over a cup of coffee. But I think that once the media pursues its primary role in the political dimension at least—that is, it focuses on getting this government to represent the people in the proper sense of the word—then clearly the media will start picking up that this is a government devoid of domestic plans. ‘Agenda’ is too comprehensive a word for this government. Not a plan does this government have, and this bill exhibits the deficiency in the plan—or the failure to have a plan in this critical area of the economy.

If you look at this bill you will see that there are some critical problems that the government has failed to address. The bill itself, as I indicated, is one that is supposed to provide assistance for small businesses—and I can say that there are at least some businesses in my electorate of Burke that have sought and received support. The area
of bipartisanship with respect to this issue is that no-one, I would hope, would suggest in this place that grants of this kind are not necessary for small to medium companies providing very important export dollars to this nation.

Where we disagree is that I do not think it is correct that there be a significant cut, as there has been, in the overall budget in this area. In arguing that there will be greater access and that this bill has been refined to focus on those businesses with incomes of under $30 million, I think the government is attempting to not only distract the applicants—particularly those with incomes between the $30 million and $50 million mark, as there are going to be some difficulties there—but also argue that this refinement has somehow produced a greater wherewithal for the exporters of this country. Of course, that is not the case.

The Treasurer at question time today seemed to like to use metaphors, and he made comments about magic puddings. He clearly has a cupboard full of magic puddings of his own, because you cannot argue that you are providing greater resources to the export businesses of this country when in the last seven years you have cut the aggregate amount of money provided to those businesses. The Treasurer has it wrong with respect to that; indeed, the minister responsible for this bill has it wrong. Despite the comments of members opposite lauding the minister and his abilities, I would have to respectfully disagree.

As I say, the Treasurer has not focused his energies on pursuing what is in the best interests of the export businesses of this country. He should turn his mind to those things. He now has to reconsider what his future has in store for him and, instead of trying to focus on how many numbers he can gather in his party room, perhaps he should work out what he can do for the small businesses in the electorates. As many people know, the Treasurer likes to model himself on former Treasurer Paul Keating. Unlike that Treasurer, the Treasurer of today does not have the wherewithal—the guts—to ultimately challenge the Prime Minister. That would be fine as far as I am concerned if he focused on the substantive issues in his portfolio. Those issues go to the ticking over of this economy, and the export industry is critical.

We have seen a significant rise in the dollar in recent times. Whilst the rise is good in some ways, and I welcome it in some ways, it will compound some of the problems of the export industry of this country. The Treasurer and the minister responsible for this bill have not taken that into account but have slashed the budget in this area. Since the election of the Howard government in 1996, they have cut the research and development tax concessions. This government has shown an inability to focus on those things that are required of a government that wants to involve itself in assisting companies—that is, in helping companies to help themselves in a very competitive market. As I say, I do not think anyone in this place would be against support for businesses. However, there has been some sleight of hand in the way the government pretends it has refined this area of policy to supply more money for exporters when in fact it has supplied less.

When we are looking at this in the context of the whole debate about the economy, particularly given that the Treasurer likes to boast when he answers every Dorothy dixer he gets in this place, it is important to note that there are a number of national records that the Treasurer and this government should acknowledge as having broken. They should be acknowledged by a government that has now broken the national record for presiding over 17 successive trade deficits.
That is not a bad record for a government; unfortunately it is not a good record for the country, but it is a record all the same. It is something that this government has failed to properly address and it is something it has to attend to. As the member for Rankin said earlier, it is perhaps all right to cope with a number of successive trade deficits but to actually preside over 17 successive trade deficits and not attend to that problem spells problems for this nation. It is something that the government must address.

It is important to go through a few other areas of policy where this government has clearly failed. The government has presided over a record current account deficit and delivered to this country a record foreign debt of $354 billion. That is a significant debt. Indeed, in my own electorate, and certainly in the community of Sunbury, we had the debt truck out, driving around. Remember that the Treasurer likes to talk about debt. However, he likes to talk about some figures but not others. He likes to talk about selling public assets to get rid of some debt, but he ignores entirely the foreign debt of this country—a debt that is escalating and a debt that has not been redressed by this government or its policies.

Interestingly, before our debt truck highlighted the foreign debt of this country, most people around the community I spoke to said, ‘Well, it might not actually resonate in the community; they’re concerned about domestic costs, shopping bills and so on.’ You would be surprised by how many people are concerned about the debt that is growing astronomically in this country—debt that the Treasurer when in opposition liked to make a big thing about but now wants to forget, even though he has managed to double it. But the community will not forget about it. They will not forget about 17 successive trade deficits and they will not forget about the escalating foreign debt.

These are the things that the Treasurer and the Prime Minister have to focus on. The Prime Minister wants to talk about international matters and the Treasurer is pining for the Lodge, but it is about time they focused on those things that really matter. The government should stop blaming everyone and everything for those failures. It blames SARS, terrorism, the drought and every other factor. Although these factors may have a bearing, so does the way in which the government runs this country. If the government cannot acknowledge that its policy failures are causing problems for our economy, then it is not only failing as a government but it is also failing to recognise its own deficiencies. From that point, it will never be able to redress the problems that I have raised tonight.

It is critical that we get the economy ticking over and ensure that we are providing proper employment for our citizens. The member for Rankin raised the concern that the economy seems to be returning to the farm and the quarry. Primary industries are critical to this nation—no-one would argue against that—but you cannot rely on primary industry alone. There are clear signs that there are major problems with our manufacturing base. If we fail to properly address the matters that go to exports, our manufacturing industries and the new economies will suffer.

I have been looking at a recent survey on the outlook for job hunters. It would appear that the outlook is getting worse. It is much harder these days to find decent employment. The Australian Industry Group-PricewaterhouseCoopers survey of Australian manufacturing, and the ACCI-Westpac survey of industrial trends, both released today, identified worsening employment prospects in the second half of this year. The AIG-PricewaterhouseCoopers survey found that the pace of growth in the jobs market slowed in the June quarter, from 10 per cent in June 2002 to four per cent this year. Just
five sectors reported job growth, compared with 10 in the March quarter. Although the ACCI-Westpac survey predicted employment growth would remain firm, it found that the expectations for job growth over the next three months had sharply declined from the last quarter. So, clearly, there are some major problems in our job market, and it is softer than one would have anticipated only six months ago. Further to that, many of the jobs that have been created are temporary, casual and part-time jobs.

The ministers on the other side boast about employment growth, but they never delineate between permanent full-time jobs and casual, temporary and part-time jobs. Rarely do you get from this government an acknowledgment of there being a difference between a four-hour a week job and a 38-hour a week job. These are mean and tricky sorts of records. The government throws out a few statistics, avoids most and does not acknowledge that growth in employment has been dropping in recent times. The market is softer and it is very difficult to find permanent jobs out there.

Part-time jobs are preferable for many people, and those jobs will hopefully exist in any market so there is flexibility and choice for working people and employers who need to fill those sorts of positions. However, whilst casual jobs are very important for many people, it is important that there are enough permanent jobs, with proper income for ordinary working families. You do not have temporary families, and you do not have part-time mortgages; you have full-time, permanent families and full-time mortgages. You need jobs to pay for things like mortgages and to look after your family. This government has failed to delineate between permanent full-time work and casual, temporary and part-time work. It is something that has to be looked at.

This country will not create those jobs without a successful export market. Our service industry is, in some ways, successful. There are issues that have caused problems for the market that should be acknowledged, but the government also has to take some responsibility for its failings in this regard, which it does not. Until it does, we cannot properly redress those particular problems that I have addressed this evening.

To conclude, Labor opposes the bill on certain grounds. Labor is not against the Export Market Development Grants Scheme; indeed, it was a Labor government that introduced the scheme. It was a Labor government that had it at its highest amount, and it was the Howard government that cut that amount by more than one-third over the years. Indeed, $150 million has been set nominally, and therefore it is dropping in real terms as every quarter, every year, goes by. Clearly this side of the House wants decent export assistance. Labor wants export assistance given so those businesses can be successful in the marketplace. If those businesses are successful, they will create jobs in the community—not only part-time and casual jobs but, let us hope, permanent full-time jobs for families who need that guarantee of a permanent, consistent income so they can look after their families, feed them, educate them and have a decent quality of life.

Mrs DE-ANNE KELLY (Dawson) (7.52 p.m.)—I rise to speak on the Export Market Development Grants Amendment Bill 2003. There is no doubt that the EMDG program is one of the great success stories of this government. It provides financial assistance to existing and emerging exporters by reimbursing up to 50 per cent of their expenditure on export promotion activities during a financial year, less the threshold amount of $15,000. The scheme has a budget of $150.4 million and provides over 3,000 individual grants each year. In fact, the aim is to double
the number of Australian exporters by 2006. This bill refocuses the scheme more on small and medium sized businesses who are exporting or who want to get into exporting. I will return to the importance of that later in my address.

The amendments that this bill introduces will lower the turnover ceiling of eligible businesses to $30 million. It will also reduce the maximum grant amount to $150,000 and reduce the maximum number of grants to seven. It will remove the $25 million export earnings ceiling and remove the provision for additional grants for entering new markets. These changes are to take place from 1 July 2004 and will be reflected in applications received, and grants made, from 1 July 2004 onwards. I am pleased to say there will be no reduction in the level of funding for the scheme. This reflects the government’s commitment to it, particularly in light of the many competing demands in the federal budget.

Of course, it begs the question: why did the government decide to focus on small business? For a very simple reason that you, Madam Deputy Speaker Gambaro, would be well aware of: small business is the key to doubling the size of the Australian export community. It is, by far, the fastest growing export sector. Ninety-seven per cent of all Australian exporters are small and medium sized businesses. Sixty-five per cent of all businesses receiving grants have an annual turnover of less than $5 million. Importantly, 80 per cent of first-time applicants have an annual turnover of less than $5 million. Demonstrably, those who are exporting or getting into exporting are the small and medium sized businesses.

As a rural and regional representative myself, the question is whether the scheme benefits rural and regional Australia. The answer is a resounding yes. In 2001-02, 21 per cent of grants went to businesses in rural and regional Australia—and my electorate of Dawson was certainly no different to that quantum. In 1996-97, EMDG Scheme grants amounted to $319,275. By 2001-02, they had risen to $530,699. For the total period from 1996 to 2002, businesses in my electorate had received $2,196,561.

What is the significance of this amount? Professor Bewley of the University of New South Wales has found that every dollar of grant money spent results in an additional $12 worth of exports. This means that businesses in my electorate, from 1996 to 2002, have contributed an additional $26 million in exports to the Australian economy. That figure bears repeating: $26 million. Of course they are to be congratulated, but the significance is that more small businesses are going to be able to lock into Export Market Development Grants assistance and are going to be able to continue this outstanding story of success in rural and regional Australia.

I notice that the previous speaker’s and the ALP’s argument appears to be that the quantum amount has been reduced. However, it is possible to spend less and get a better focus, a better target, for that spending and achieve greater outcomes. I can well recall when I was first elected in 1996 the number of small businesses that came to my electorate office to find out how they could receive assistance in exporting. Inevitably, one of the big roadblocks for them was the $30,000 threshold. That is quite a lot of money to have to spend, at once, to look at a new market outside Australia. It is a lot of money, and I am very pleased that the threshold has been reduced to $15,000—and I know it has been progressively reduced over the years—and now covers a wider range of export initiatives, such as printed material, inquiries and so forth, whereas, once upon a time, it applied generally to samples of products.
The scheme is slowly becoming better focused, and it targets more closely those who are likely to take up export opportunities and companies that generally do not have the wherewithal to fund their own export inquiries. Larger companies—not that they are not necessarily deserving—generally have an economy of scale that enables them to perhaps look at export opportunities far more than a small company. Let me tell you of one outstanding example in my electorate: a small engineering firm in Slade Point that, through a grant, developed a drill that goes straight through hard rock. Not only did they produce this for the Australian market but they are now busily exporting. They have sold these drill bits into Indonesia, and they are looking at sales further abroad. What an outstanding result for a small company that produced products just for the Australian market to produce something that is world class. Now, they are not only selling them in Australia to the coal industry but exporting into Asia and abroad.

A real success story—but that was a small family firm with a moderate number of employees, probably no more than 20 at the time, that would have found it very difficult to get their start. They were brilliant, terrific engineers. They had the idea, they had the know-how, but they needed a hand up. They have had that, thanks to the coalition government, first of all with the design, and now with seeking out those export markets. That is the sort of small business opportunity that we want to grow, because the big companies will only grow a certain amount but the small companies, as we have seen, make up 94 per cent of that export market.

The EMDG Scheme does not provide grants just for manufacturing, engineering services and so on; it has been extended to tourism and has certainly been a great boon, particularly in of the glorious Whitsundays in my electorate. Grants to Whitsunday tourist ventures range from assistance to the operators of the world’s renowned resorts, such as Hamilton Island, to grants for bareboat charter operators and the operators of some of the many vessels that cruise the waters of the Great Barrier Reef. If there is any doubt that we get international tourists as a result of the promotion of the Whitsundays, I have only to recall the time when, snorkelling with my family off one of the pontoons in the Whitsundays, I met an Ohio couple. It was the first time they had been to Australia. They were an older couple. They had spent the night on one of the pontoons in the middle of the Pacific Ocean on the Great Barrier Reef—something they had never dreamt of doing. They had heard about the Fantasy Cruise’s pontoon, about the opportunity to sleep out on the reef and the opportunity to have, if you like, a second honeymoon. They are the sorts of success stories of the Whitsundays we want to be able to market to the world—our wonderful opportunities with bareboat cruises, diving, snorkelling and pontoons.

Thanks to these hardworking entrepreneurs in the Whitsundays, who have been able to use the export market development grants, the Whitsundays are no longer the best kept tourist secret in the world. As I have told the House before, so glorious is the expanse of Whitehaven Beach that unfortunately its image has been stolen and used in a tourist brochure to promote a Caribbean island. But being the best beach in the world means that you will always have those who want to take advantage of the promotional opportunities.

It is not just tourism, significant as it is, that is high on the list of grants in my electorate. We have seafood processing and wholesaling, railway and mining equipment—as I have mentioned—manufacturing, fruit and vegetable processing, construction services and sawmilling. To drive home the
point that we are not just talking about the big exporters and the big communities, let me tell you that one of the towns in my electorate, Proserpine, a small community of 8,000 to 9,000 people, has four potential exporters, one of whom is the only manufacturer of oars—for rowing—in Australia. It is a family company that one day said: ‘I wonder where oars come from?’ It realised that oars were not manufactured in Australia. It now has a very successful family business; it is starting to export, and it is a real regional success story.

I fully support the thrust of this bill in focusing the export market development grants more closely on small business and on rural and regional start-ups in exporting. The reality for exports is that big is not necessarily beautiful. Australian manufacturers in particular have realised that they do not need to be big or have a large domestic sales base to sell their product overseas. Indeed, quite the reverse is the case. The Productivity Commission have said that a manufacturer’s size and its local sales are not the main influences on its export performance. The Productivity Commission, in a paper published in April last year on research which used data on 1,500 companies over the period from 1994 to 1998, found:

The results do not appear to support the general proposition that, to succeed internationally, a firm first needs to secure a large domestic base.

That bears repeating: to succeed internationally, a firm does not appear to need a large domestic base. In other words, you can export by simply having a great idea and the drive and the energy to do it. In fact, with regard to the domestic base, the reverse is the case. The Productivity Commission report goes on to say:

On average, firms’ export intensity falls as their domestic sales increase.

Why wouldn’t that be the case? If it is easier at home, if you are big enough and you are able to perhaps leverage off your suppliers, why would you want to export? But the nation is the poorer for that, particularly when one takes into account that those firms that export tend to pay higher wages. Those large companies in Australia with a large share of the domestic Australian market are, with some notable exceptions, the rowboats of export, whilst small and medium sized companies are the speedboats. The Labor Party want to support the rowboats. They would rather be happy there with the big companies—which are generally happy at home, which will export when perhaps they have something they can export—than with the small and medium companies that overwhelmingly seize the opportunity, pay higher wages and export to the world.

Exporting is not only good for individual firms; it is good for the Australian economy. The Chief Economist at Austrade, Tim Harcourt, said that if you have more exporters you have higher average growth of wages, as I have mentioned before, and higher average growth of full-time employment—something that the previous speaker professed to be very concerned about. If the ALP were genuinely concerned about higher average growth of full-time employment and higher average growth of wages—and we all are—then they would support this bill and ensure that there are more small to medium exporters, which would be another win for business and employees. Clearly the Liberal and National parties are on the right track. It is a great pity that, with the growth that we have been able to generate in exports in the last few years since we have been in government, the opposition have decided to take such a negative view. While they profess to be concerned about full-time employment—and we all are—they go against the very measures that would seek to expedite full-time employment
and, more importantly, higher average growth of wages.

But I regret to say that this is reflective of the Labor Party's attitude with regard to exports—and I refer to the free trade agreement that is currently being negotiated between Australia and the United States. It is disappointing that the Australian Labor Party, together with experts like Ross Garnaut, say that there will be a downside. Everything is still on the table; the negotiations are still taking place. To prematurely predict a negative outcome is the poorest of approaches. Their argument is that it will detract from WTO and multilateral trade negotiations.

Furthermore, I have heard the opposition say that our Asian neighbours will be reluctant to do business with us if we have a free trade agreement with the United States. If that were the case, wouldn't you imagine that, in discussions at the ministerial forum in Indonesia only some months ago, Indonesia would have taken the opportunity to raise such a point directly with the Minister for Trade, who was there, and with the backbenchers and other ministers who attended? I sat in meetings for two days and met many significant people in Indonesian politics, and not one person mentioned the prospective free trade agreement between Australia and the US. They were interested in trade between Indonesia and Australia and wider opportunities for their nation. They did not see the free trade agreement as a negative. The reality is that our Asian neighbours would like to have free trade agreements as well. They want to grow their economies. They want to have higher average wages growth and more jobs. Our free trade agreements with Thailand and Singapore—those that are upcoming and those that have already been arranged—simply grow opportunities for us. They also leverage better outcomes through the WTO and the multilateral trade negotiations.

It is a shame that the old diffused and confused thinking on trade from the opposition might prevail on this very innovative bill. The EMDG Scheme, as I have said, has brought to my electorate great benefits with respect to tourism, mining, manufacturing, seafood processing and small firms that would never have taken up the opportunity to export. I have no doubt that many electorates represented in this House have also seen a growth in those export opportunities for small and medium businesses. But it is what comes from that for the nation as a whole that the Labor Party are going to deny us: they are going to deny the higher average wages growth which comes from having more exporters.

As we have learnt, more exporters are small businesses—97 per cent of exporters in Australia are small and medium businesses. Those people create higher average growth in full-time employment and higher average wages growth—a good story all around. It is a good story for their firms, for their employees and for our region. But, once again, the Labor Party have decided to look backwards—to depend on big, old companies that generally find it a lot more cosy at home. We are looking at vibrant people who want to, in a sense, leave home—people who want to export, people who want to grow those opportunities abroad and create wages growth and growth in full-time employment in Australia. I hope that between now and when this bill is debated in the Senate the Labor Party are lobbied by small and medium companies and exporters to change what is a very old-fashioned view. I commend the bill to the House.

Mr HATTON (Blaxland) (8.11 p.m.)—I had better not only pinch myself but also slap my face to wake myself up to what this bill, the Export Market Development Grants Amendment Bill 2003, is supposed to be about—having just listened to the member
for Dawson. The Labor Party are voting against this bill in this House. We are proposing that this bill be referred to a Senate committee so that it can look at it in detail. If our approach is successful, what we will be left with is the government’s existing legislation, which covers not only companies with an income of $30 million or less but also companies that have an income of $50 million or less.

This bill reduces the cap on the income of eligible companies. This reduction is one of a series of reductions. In fact, this bill is an example of reductionism at its best—how to take a program that was extremely vibrant and then cut it; cap it, as the government did in 1997; and then attempt to shape it in such a way that it becomes available to fewer and fewer people. Coalition speaker after coalition speaker, in as thin a way as one can imagine, has attempted to talk about this as really being about targeting these grants to smaller companies in a better way.

If you actually have a look at the companies that have an income of between $30 million and $50 million, you will find that those companies—taking their earnings from overseas and bringing those back to Australia—are part of the most vibrant sector of this economy. This bill will totally cut off their eligibility for the EMDG Scheme. The result of that would be detrimental not only to the companies but also to their workers and to Australia. It would mean a loss of income to the companies, their workers and to Australia.

Those companies have until now been eligible under the government’s existing bill—not some bill from 1873, but a bill that goes from 2002 right back to 1997, when they put on the $150 million cap. It is not the Labor Party bill that established the export market development grants in the first place. I note that there were no such schemes under the former Fraser government, and we had no schemes of this nature under the Menzies government. This bill is not a Liberal invention. Labor Party policy and Labor Party programs brought about successful market penetration overseas and brought export earnings back to Australia, by supporting small and medium enterprises and encouraging them, through those programs that we first put into place, to get out there and to start selling to the world.

Mr Tuckey—Did we oppose it when you brought it in?

Mr Hatton—No, Minister; you did not oppose it at all. But all of those people from the coalition who have spoken previously—not the minister at the table—and in particular the member for Dawson, who argued her case at the end, said that we were only for the older, bigger companies and that we were not for small and medium enterprises. We brought this legislation into this place in the first instance. It was supported by the then opposition. They had the good sense to see that our innovative legislation was directed towards creating new markets and assisting our small companies not only to get into those markets but to establish themselves. They needed some kind of mechanism to help them through a whole range of experiences that they were not prepared for. Austrade has had case after case of companies that did not know where to start, did not have any experience and did not think they had the capacity to export. It has been able to help those companies through the Export Market Development Grants Scheme—initiated by us and carried on by this government but pared back significantly.

As is argued in the background papers and on our side of the House, we now have a situation where the government says the
scheme is being more targeted but in reality it is being crushed into itself. There is a fundamental problem here. The income limit for eligible companies has gone down from $50 million to $30 million. Those people are cut out. What is the maximum size of the grant? It has gone from $200,000 down to $150,000. What situation do we find ourselves with in terms of the number of companies applying for the grant? In recent years, that number has gone up. Why has it gone up? Because more people have heard about it. More people have found that you can actually go out and export to the world and that you can get assistance from Austrade. People in companies who have been successful under the Austrade banner have, in activities that I have been involved in with Austrade, spoken to other companies in Sydney and explained that they too could be successful if they were to come under the aegis of the Export Market Development Grants Scheme to kick their business out of the domestic market into the world market. They can do that not just with the benefit of what is provided by the grants but with the assistance, guidance and knowledge of Austrade and the local companies who have been there before them and utilised previous Labor government programs—and now current coalition government programs—to work their business into a mode where they can take from the world and bring back to Australia.

Currently, an eligible company—at the moment, that is one with up to $50 million in earnings; and, if Labor are successful, it will stay that way—could have eight applications for assistance to Austrade. If that company were eligible, they would also have something else but, beyond that, they would still be able to claim assistance. A number of members here have tried to argue that, if a company’s income is in the $30 million region, it is a large company. If you asked small and medium enterprises in Australia, particularly the medium ones, I wonder whether they would consider themselves large companies, even on an Australian scale. Would they say they had the capacity to export as effectively as they might, or could they continue to use this program to greater effect?

If you put a good program together, as Labor has in the past, and you continue to support it and refine it over time—and I note the key word here: this bill is supposed to be purely refining the legislation rather than dramatically curtailing it—you will find that not only will word get out and people discover you can actually get this assistance but also the numbers of people applying for it will rise. However, if you have that capped at $150 million, you will get to the point where you have a rising number of people applying for the same amount of money. In the circumstances in which the EMDG Scheme operates, after the allocation of the second part of the funds once all of those who have applied have taken up the initial grant—you can get up to $60,000 in promotional moneys in the first instance, and I think last year there were about 880 or so who applied—what is left for repayment at the end of the financial year is what is left in the kitty. The higher the number of people applying, the more moneys initially expended. You get to a situation where there is not enough left in the kitty to cover someone’s full entitlement.

We would deem that situation to be a crisis. The fact is that this Labor initiative has been so successful. What do you do in that situation? You can cap the amount, but in creating the cap you have created a problem of the nature I have just outlined. How do you do it? Let us knock out some eligibility. This bill will slice out all those medium companies with earnings from $30 million to $50 million. Secondly, we will knock the maximum amount of those that are left—
those with an income of $30 million and less—from $200,000 down to $150,000. So, as this has become extremely successful and as more people have applied, those who do apply will get less to start off with, there will be fewer of them, and the arithmetic that parcels that money out will be easier.

We are dealing with about 25,000 businesses—about four per cent of our economic capacity. As the member for Dawson indicated, Tim Harcourt, the professional economist with Austrade, has argued in a number of papers, including one I read just before coming here, that Australia does not rate very highly in terms of our export earnings compared to a number of countries in the European Union or if you consider the global picture.

This kind of scheme is fundamentally important not just to those people who have spoken so far but to me, as a member from the south-west of Sydney in the seat of Blaxland, and to the member for Banks. Together, our seats form the city of Bankstown. We have more than 160,000 constituents; that is roughly the number of people in the city of Bankstown. For our constituents, manufacturing and exporting are extremely important. There are some large companies in my electorate which export significantly. Boeing, for instance, employs more than 400 people in my electorate and is right on the border of the member for Banks’s electorate. That is a company which can become much bigger and can do much more. Previously, it was De Havillands. What is being produced in composite materials there is absolutely world leading. It is a significant part of the local economy.

When you look at Bankstown Airport and the companies that are involved with it in the local area on an aggregated basis, there are about 6,000 jobs associated with the airport. That is certainly major. Those companies can get on and do their own jobs and look after themselves. But a lot of the companies that supply the larger companies within my electorate and the electorate of the member for Banks have gone into exporting, in part for the reason well stated by the member for Dawson. I will grant the Productivity Commission argument: if you are already locked into a major domestic base and you are doing pretty well—and have done well over time—then there is not that much incentive to get out and go further. But for a nascent company, one that is in its early years and is looking to where it might make a major impact, a Labor government program like the EMDG Scheme which has been carried on by this government is vitally important. You can see examples all through Blaxland and Banks, the electorates making up the city of Bankstown, of where people have succeeded because of the Export Market Development Grants they have had. We salute that. It has come from what we have done in the past and the fact that this government has been sensible enough to continue the scheme.

But here we are drawing the line—not, as the member for Dawson argued, because we are supporting large or major companies but because of the exact opposite. If we want small and medium enterprises to be vital, outward looking, export oriented and successful, the act that we have now does the job. This bill, which is supposed to be about refinement, is not about increasing our export earnings, enlarging our capacity or encouraging more businesses—in my electorate, in the electorate of Banks or around Australia—to get out and work hard to develop markets overseas and to prosper from being able to access this kind of scheme. It is about chopping people out of that access.

The reality is that if this bill gets knocked off, not here but in the Senate, Australian businesses will do better. They will be able to employ more people, and they will be able
to access those moneys. But they will be curtailed, of course, because in 1997 this government ensured that the $150 million cap, which is not increased year by year relative to the CPI and which is now worth more than 11 per cent less than it was in 1997, would mean there was a shrinking amount of money available to an increasing number of companies. That is a problem. One of the things the government could do is say, ‘Maybe it is important, in terms of priorities, to recognise that, if we increase the size of businesses trading into Asia and the rest of the world and if we open up their capacity to gain foreign earnings and bring those back to Australia, that is a good investment.’

A number of people on the coalition side have already made points similar to those made by the member for Dawson. I think it was argued by the member for Ryan previously that there is a correlation here: if you put money in, you encourage this kind of activity and Australia gets a return from it. We know that for infrastructure the ratio is about four to one. Every dollar you put into major infrastructure will return about $4 in terms of greater economic activity in the country as a whole. I think the argument here was for a ratio of about 12 to one: if you put a dollar in, you will get $12 or so back. I would encourage that to continue. This government should have looked, in this bill and in the budget we have just had, at how to deal with this. Given that they have not, we need to look to this in the future when we come to government.

Another year is too long to wait to address this problem. Why would you strangle as much as possible a program as successful as the EMDG Scheme? Why would you attempt to say, ‘It is so successful that we want to cap it, cut it and curtail it—but we’ll say we are “refining” and “targeting” it.’ I am sorry; tell the truth and shame the devil. Let us get real about what has happened here. Australian businesses dependent upon access to foreign markets have been facilitated through this scheme, whether they be in manufacturing areas or in the tourism industry—which so much needs help, not only due to the SARS crisis but also due to the faltering world economy and problems with terror and subversion. Australia, like other countries, has been dramatically affected.

More so than at any other time, we need to support our nascent businesses through these kinds of mechanisms. We can cooperate with Austrade, as the member for Banks and I have done in our local area. When people come to seek access to information—and if you look at the reader’s guide for this, it is nicely put—we can find out who is eligible for it. We can say that they are eligible for a grant if they are an individual resident of Australia, a company, a partnership, a cooperative, an association or a statutory corporation that has passed the grants entry test; if they were genuinely carrying on business in Australia during the grant year; if they have received fewer than seven grants—at the moment it is eight and up; if they have an income of $30 million or less—at the moment it is $50 million; and if they have no disqualifying convictions.

I would encourage the government to do something that they generally do not do, and that is to rethink a poor approach to policy. I would encourage them to go back and say: ‘Are we or are we not trying to achieve what was envisioned when Labor first put this legislation into place? Are we or are we not really facilitating the growth of Australian businesses through exports? If we are not—if it is just a case of being curmudgeonly about how to save more money and how to strangle access to these funds—maybe we had better think again.’ In my electorate of Blaxland, in the electorate of Banks and in other Labor and coalition electorates Australia wide, the people in small and medium enterprises
know the value of these schemes and, as more and more people have come to learn the value of them, they want to access them and the country needs them to do it. (Time expired)

Mr BALDWIN (Paterson) (8.31 p.m.)—Tonight I am delighted to be speaking on the Export Market Development Grants Amendment Bill 2003 as this bill directly affects small businesses in my electorate of Paterson. From 1996 through to the end of the financial year in 2002, this Howard government has provided over $1.2 million to companies in Paterson and over $7.3 million to the entire Hunter region through this program. Export Market Development Grants support small businesses, and therefore support jobs and growth in regional areas, with over 3,000 grants across Australia each year.

The Export Market Development Grants Scheme is a financial assistance program for exporters that provides grants that reimburse up to 50 per cent of the money spent by exporters during the financial year on specific export promotional activities. This is an investment in the future success of small businesses prepared to embrace and embark on overseas ventures to sell Australian product offshore, to bring dollars into the Australian economy and, most importantly, to create Australian jobs.

This bill will enable the scheme to be more focused in a direction which supports small businesses and, in doing so, helps the government towards its goal of doubling the number of Australian exporters by the year 2006. This bill will reduce the annual turnover ceiling for applicants from $50 million per annum to $30 million per annum, and that means small businesses can apply. It will reduce the maximum grant amount from $200,000 to $150,000 per annum. It will reduce the maximum number of grants from eight to seven. It will remove the $25 million export earnings ceiling and it will remove the provision for additional grants for entering into new markets.

Why do I support this bill? Why do I recommend it to my colleagues? I do so because it will assist those companies that need the greatest financial support: the small businesses and small entrepreneurs prepared to take on overseas markets. Small business is the backbone of the economy of this country, and nowhere is that played out on a greater scale than in the seat of Paterson. It is estimated that around 30 per cent of Australia’s GDP is generated by our small business sector. It employs around 3.3 million people and generates around 35 per cent of the business operations in regional areas. It clearly needs support from our government and from the opposition.

The opposition claim to have made the case that this bill is bad and that it needs amending. I would put to the opposition that the measures the government has taken with this bill in lowering the ceiling, thereby enabling smaller businesses to have access, have done wonders for businesses in regional and rural areas, because regional and rural areas do not necessarily have the large multinationals that used to soak up the Export Market Development Grants. These measures support small companies like those in my electorate, and I will name them shortly.

Since rationalisation of the EMDGS, the scheme has shown a continued growth in its success. For example, in 2002-03 there were 4,164 applications received for the year 2001-02, an increase of 23 per cent by number and 17 per cent by value on the previous year. Importantly, 1,528 new businesses applied for this scheme—that is, 1,528 people were exporting product offshore, seeking out markets, and generating and supporting local jobs.
It is hard to argue with the research by Professor Bewley from the University of New South Wales in which he shows that every dollar earned in export income generates $12 worth of activity in our local markets. That $12 relates directly to jobs. I know that in my own electorate in the Hunter during the bad old times under the Labor government, unemployment hit around 17 per cent. I also know that under this government, with the measures it has put into place and a large export market, unemployment in the Hunter is now in single figures and on the way down. That means that more people have opportunities and that there is greater investment and greater development in our region.

In 2001, the government extended the Export Market Development Grants Scheme for five years, highlighting its commitment to our Australian export industry sector. In the last financial year, the number of exporters grew from 25,000 to 31,450 small businesses—and the key to it is small businesses. They are doubling the number of Australian export communities, and therefore it is imperative that the scheme’s $150.4 million annual budget is invested into our small business economy. The amendments proposed in this bill will put a greater focus on helping our small businesses and emerging exporters, and will provide for a greater number of claimants to receive a grant under the scheme. We can remember the days under the Labor government when it was the big end of town that soaked up all the dollars and the small players, those entrepreneurs putting their own money on the line, did not have a hope in Hades of actually getting anywhere.

During the year 2001-02, around 3,100 small to medium enterprises received grants under the Export Market Development Grants Scheme, with an average grant of around $45,000. Recipient businesses generated some $5 billion in exports and employed over 60,000 Australians. Importantly—and this is the figure I like to hear—21 per cent of the grants went to businesses in rural and regional areas. That is, 21 per cent of businesses were in electorates like my electorate of Paterson. Since 1996, the government has continually improved small business access to the Export Market Development Grants Scheme by reducing the minimum expenditure required to access the scheme from $30,000 to $15,000, by providing the tourism sector with access to the full 50 per cent grant rate, by improving access for family businesses, by removing compulsory registration requirements, by raising the minimum grant from $2,500 to $5,000 for eligible export promotion expenditure and by simplifying the Export Market Development Grants entry requirements for small businesses.

Key facts include: Export Market Development Grants payments by states and territories for the year 2000-01 was some $137.2 million. In New South Wales it was $54 million, with 1,067 grant recipients. But the area that I like to look at is the growth in the diversity of industry sectors that have applied for and received grants. Of that $137.2 million, for consumer products there were 863 grant recipients who received $38.2 million; industrial products, 672 recipients who received $29.7 million in grant payments; IT products, 280 grant recipients who received $16.1 million in grant payments; primary industry, 592 grant recipients who received $27.6 million in grant payments; and the new and emerging industry, allowed access by this government, the tourism industry, 469 recipients with a total payment of $19.2 million.

As I said, my electorate of Paterson since 1996 has received $1.2 million for industry
support in Export Market Development Grants. In 1996-97, there was $147,690 paid to small businesses; in 1997-98, $99,413; in 1998-99, $243,881; in 1999-2000, $304,886; in 2000-01, $173,857; and, in 2001-02, $289,667. That $1.2 million has gone to small enterprises in my electorate. For example, this year Marine Barbecues managing director Andrew McGowan, who has been pursuing markets in Dubai and attending international boat shows, received $25,598. This is a small company that employs about half-a-dozen people in Medowie—in a regional and rural area. It is producing a unique product that has gained acceptance on the international markets.

As I said, one of the success stories is that of the tourism sector. We have a world-renowned resort in the seat of Paterson. It is located at Vacy and it is called Eaglerach Wilderness Resort. Since 1996, Paul Miley and his group have received some $124,751 to promote their operation internationally. Twenty per cent of the income of Eaglerach Wilderness Resort comes from overseas visitors. The readers of the Quorum magazine, an international business meetings and events magazine, recently voted Eaglerach Wilderness Resort as the ‘best corporate retreat in Australia’. That is an international accolade. That accolade has been achieved not only by the quality product that it is selling but by the fact that this government has supported it in its access to overseas markets. It was only nine years ago that Eaglerach Wilderness Resort opened, with some 38 lodges—it is a growing business. What does that business do? It employs local people and it buys its produce from local suppliers in the town. So the multiplier effect is very large throughout our community.

Because it is a top-class resort, it has also been named at the New South Wales tourism awards for best superior accommodation in Australia and best superior accommodation of the decade. We can but stand in awe of these people who put the effort in and develop a product that receives such praise from their peers. Last month, Paul Miley won the 2002 Hunter Regional Tourism Award for outstanding contribution to regional tourism by an individual, in addition to the resort being named the best corporate retreat in Australia.

The list goes on. Botanical Essentials have received, over the last two years, some $65,000. They develop aromatherapy and relaxation music for health spas and practitioners. That is a small niche market but they are being bold enough and brave enough to invest their own money and go out in pursuit of markets. We gave $60,000 to Australian Marine Design and Construction, a boat-building company, to assist them to grow and develop in order to sell an outstanding product—built in my electorate at Tomago—on the international scene.

The next one that I would like to talk about is Delnorth, a simple manufacturing company that produces specialised road signs. We have invested $72,000 in that company over the last three years, and it has accessed international markets. Varley Engineering, an old, traditional company in the Hunter Valley, has only recently applied—and for a very small amount of some $10,000—yet Varley has now gained access to international markets and is listed as a tenderer for the joint strike fighter program. It also pursues markets offshore for ship repair. It is an outstanding company and is driven by an outstanding young man, Jeff Phillips, who has done a great job in taking over the reins from the late Clem Varley.

A great success story is Gartenmann Ceiling Systems. Since 1998, we have invested $377,022 from the Export Market Develop-
ment Grants Scheme in that business. Paul Crockett, the general manager of this company, is an interesting guy to talk to. He is interesting because he has taken on international companies and won contracts. Recently the company finished a $15.5 million contract, which created some 70 jobs, for supplying the suspended metal ceiling systems used in railway stations. The key project was the Putrajaya Convention Centre in Malaysia, which is the world’s most prestigious convention centre, with construction costs of over $600 million. Here is an Australian company that has taken on world markets by developing a new type of product, and that has created some 70 jobs, most of which are in regional and rural towns in my electorate.

They have also secured a contract on railway stations in Hong Kong. Five stations are to be redeveloped with specialist ceiling and wall panels for $9 million. That is $9 million towards patching up an overseas deficit left to us by a Labor government. The more that we provide opportunities for our companies to go out and earn dollars on an export market the greater it holds our economy together. It stabilises our economy and provides a growing market for our employment opportunities, but it keeps interest rates low. Low interest rates have helped our businesses.

Going through them, SPF Diana Australia is a small company at Beresfield, headed by George Marco. They produce flavour enhancers for dog and cat food, as simple as it may seem, yet there are markets offshore for it—markets that lead to a lot of jobs. Another company that we have invested in is Weathertex. Peter Cottrell, who has taken over this company from the Masonite group, has developed the product into an export market potential. Each month they are now shipping containers of value added timber product—painted and primed—to Holland. That is securing those jobs in my electorate and it is value adding.

In the broader Hunter, I said that $5.8 million had been invested through export market development grants. A couple of those companies are also located in my electorate—companies like Ampcontrol, with Neville Sawyer. We have invested $219,000 over the last three years in Ampcontrol in export market development grants. This company has taken on international markets and is getting its electronic switch gear and mining switch gear into countries like China and up through the Asian rim. By being bold and being prepared to take on international companies in these marketplaces that we secure a skills base in our electorate and in regional Australia because we keep the jobs in regional Australia.

The wine industry, of course, is extremely large in the Hunter Valley. If we look at some of the successful companies, like Brian McGuigan Wines, we have invested some $582,000 over the last three years, but look at the access they have gained into overseas markets. McGuigan Wines is not the only one. We have invested $175,000 in the Hunter Wine Network. If we look at Oakvale Wines, we invested $134,000; in Pepper Tree Wines we invested $173,000—and that is to name but a few. There are also a lot of small wineries that have embraced the overseas markets themselves. They have applied for and have received grants.

To another company, Jurox, which produces specialised veterinary products for animals—in particular anaesthetics for cats—we have given some $229,000, but that is a small investment for the returns that they are bringing to Australia by selling their products to offshore markets. As I said, I have watched that company grow and the jobs being created. They have had the opportunity to have that company located in Syd-
ney. In fact, they took their company and brought it from Sydney up to Rutherford. I support their investment and development in that and I support the government providing taxpayers’ money—at the end of the day it is taxpayers’ money—to provide opportunity and security in investment, and to create local jobs.

One of the other ones that I have noticed is Kip McGrath Education Centres. We have poured some $140,000 since 1996 into Kip McGrath. Selling education offshore is a wonderful product. By producing this product that can go offshore we not only educate people but it brings dollars back in. There are many ways that we can educate people and earn export dollars. Tonight in the gallery we have some visitors from the United States: Justin Grugeon, with his sister Courtney and his mum Cathy. They are here at the moment with Hilton Grugeon, one of our local developers and business entrepreneurs. Justin is doing an internship here to learn about business in Australia. We expose people from overseas to what opportunities there are, what skills base we have and what we can actually achieve here in Australia. Young Justin will go back to America to finish his degree at Pennsylvania State University and he will go back in full knowledge of Australia’s capabilities—in particular in my area of Paterson—and, when opportunities arise over there for companies that produce product, he will have first-hand knowledge, opportunity, contacts and networks to be able to sell products.

The key thing about export market development grants is that they create the opportunity for networking. Networking is how you sell your product offshore. It is by establishing contacts and relationships and being able to afford that. The government investing up to 50 per cent of that money is what will enhance those networks and create the opportunities. The benefit for my people in the electorate of Paterson is that it comes back into jobs, both directly and indirectly. So I would urge the opposition to consider their position on this, to consider supporting small business, to consider supporting job opportunities in regional and rural areas, and to focus on supporting this bill so that this government can carry on the good work it does in creating employment opportunities on the basis of export dollars earned.

Mr JOHN COBB (Parkes) (8.51 p.m.)—I am extraordinarily pleased to speak on the Export Market Development Grants Amendment Bill 2003. I think that the range of opportunities that exist for small business, especially in country Australia and in my seat of Parkes, is something that we are yet to explore. The ambition of our government and our trade minister to double, from two per cent to four per cent, the number of Australian companies involved in exports is not only laudable but necessary, and it is probably one of the greatest ambitions that this government can follow through on.

Australia has exerted its position on the world stage through exports. We have muscled our way into some pretty tough markets and overcome some absolutely enormous trade barriers to get where we are today. We have also given businesses, large and small, a leg-up to help them access export markets and promote their products overseas. In the course of that, some of our industries, especially our agricultural industries, have proven themselves to be the most efficient industries not just on this side of the world but throughout the world. The sort of thing that has happened in the lamb industry makes the world realise that nations such as America, as well as the EU, will at times do anything to protect themselves from the most efficient producers in the world.

The Export Market Development Grants Scheme was designed to encourage small
and medium sized businesses to promote their products overseas. Having the product is one thing—convincing people to buy it, keeping pace with the market place and competing with changing trends is something else entirely. Since the coalition government came into office, the Export Market Development Grants Scheme has helped 14 businesses in my electorate of Parkes and has invested a total of $341,425. The Broken Hill Legion Club has secured $59,244 since the coalition came into office in 1996. Broken Hill is a city that has looked to diversification for survival. Diversification has come in the form of tourism. As mining industry operations have been downsized over the years and industries have dried up, Broken Hill has had to consider its future and how to ward off population decline.

Anyone who has travelled to the far west will be aware of its overwhelming sense of history. The glory days of Australia’s pioneering heritage are deep-seated in the culture of outback towns. Some have been reduced to ghost towns and others are a shadow of the bustling inland ports they once were. There is a sense of magic about these towns and a sense of the fact that this is where a lot of Australia’s history lies. Broken Hill is no exception to that. All of the elements necessary to attract a tourist can be found in Broken Hill. It is the largest regional centre in the western half of New South Wales and it is, without doubt, the most famous regional city in Australia. It is a city that has embraced and protected its heritage. That is evident in the lovingly restored buildings within the city. It has become a mecca for art. Those are the strengths that the city is promoting to attract the tourist dollar. They have the product, but getting the word out is not so easy.

The money invested in the Broken Hill Legion Club, in the form of export market development grants, has been invaluable. The manager, Fritz Angst, says that the grants have helped immensely in taking Broken Hill to Europe. That is where it has got to. It has allowed the legion club to share a European based consultant with four other businesses. That consultant focuses on markets in Switzerland, Germany, Austria, France, Italy, Belgium and the Netherlands. He also liaises with the United Kingdom. Mr Speaker, I understand that it would suit the convenience of the House if, at this stage, I seek leave to continue my remarks.

Leave granted; debate adjourned.

**TAXATION LAWS AMENDMENT BILL (No. 2) 2003**

Consideration of Senate Message

Message received from the Senate returning the bill and acquainting the House that the Senate insists upon its amendments disagreed to by the House of Representatives and desires the reconsideration of the bill by the House in respect of the amendments.

Ordered that the message be considered at the next sitting.

**ACTS INTERPRETATION AMENDMENT (COURT PROCEDURES) BILL 2003**

Report from Main Committee

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

Ordered that this bill be considered forthwith.

Bill agreed to.

**Third Reading**

**Mr BROUGH (Longman—Minister for Employment Services)** (8.57 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.
Mr BROUGH (Longman—Minister for Employment Services) (8.58 p.m.)—I move:

That the House do now adjourn.

Throsby Electorate: Workers’ Entitlements

Ms GEORGE (Throsby) (8.58 p.m.)—I draw the attention of the House to the plight now facing approximately 140 local employees of Ron Cross and his daughter, Rene, whose companies Parktrent Investments and Everest Marketing Corporation were recently placed into voluntary administration. This is the second time that Mr Cross has presided over the fall of a local business and, in so doing, put at risk his employees’ claims to their entitlements. In the 1970s and 1980s, Mr Cross ran the largest privately owned motor dealership in Australia. It went bankrupt, leaving 110 employees out of work at that time. In the current instance, the companies that I have mentioned have debts totalling $2 million, including unpaid tax and unpaid employer superannuation contributions of approximately $385,930.

Many staff in both companies were not being paid the appropriate award rates while they were employed. They lost redundancy and annual and long service leave payments. The GEER Scheme will recover some of the money owed to the employees. However, it is regrettable that claims for underpayment of wages while they were so employed have to date failed. Their union, the ASU, has been informed by the administrator that underpaid wages are unlikely to be items that are claimable under the GEER Scheme.

It is unacceptable that, in relation to Parktrent and Everest, this government will not help the 140 workers recover all of their just entitlements. Once again, under the Howard government, we see workers out of pocket and out of a job through no fault of their own. Amazingly, the administrator has now sold both companies back to Mr Cross for $500,000. It is believed that this is in the best interests of creditors. The deal will see re-employment for many former employees, yet they will never see their full entitlements. Mr Cross has broken the law and shown contempt for his employees’ rights. Given his past offences, one must question whether employees will now be placed at further risk of Mr Cross’s possible unlawful acts if they are to be repeated in the future.

The Howard government cannot escape its hypocrisy in relation to such matters. The government denies workers basic protection from company directors who misuse their employees’ entitlements yet it allows company officers to destroy a company or weaken it to a point where often the only choice is for the workers to be sacked and the directors to walk away with millions of dollars. As this case showed, often this occurs at the expense of the non-payment of workers’ legitimate entitlements.

This current case in my local area highlights that amendments to the Corporations Act have been inadequate in dealing with company officers who are multiple offenders in bankrupting companies, in failing to pay taxation and in failing to pay their employees’ legitimate entitlements. What is needed is a national scheme, as proposed by the ALP, that provides 100 per cent protection for workers while also providing real mechanisms for dealing with company officers who breach the act.

It is unacceptable that the only workers to have ever been guaranteed 100 per cent of their entitlements in similar circumstances were the workers of National Textiles, the company chaired by John Howard’s brother Stan. If it was good enough for the workers of National Textiles to have the Prime Minister’s protection to ensure that 100 per cent of their entitlements were paid, then it is good
enough for the employees of Ron Cross in my area and all workers in Australia to have the same protection and rights afforded to them.

Hume Electorate: Road Safety

Mr SCHULTZ (Hume) (9.03 p.m.)—I rise on behalf of my constituents, particularly those in and around the shires of Yass and Mulwaree, to speak on the issue of road safety. In saying that, I am conscious of the fact that the federal Minister for Transport and Regional Services is aware of the problems that I am about to speak about through correspondence that I have sent to him and discussions that I have had with him on the issue. I am sure that he has taken into consideration the very serious concerns that I am about to raise.

The first issue that I want to talk about is the Murrumbateman bypass, an issue which was around before I came into this place and which needs to be resolved as a matter of urgency. The issue needs to be resolved because of accidents that occurred prior to and on 1 April. I got a letter from a couple of my constituents at Murrumbateman, and in their correspondence to me, which I forwarded to the federal minister, they said in part:

We live in Murrumbateman and our property backs onto the Barton Highway at a notorious S-bend. Saturday night we were one of the first to arrive on the scene of a horrific accident at this location. The magnitude of the accident has impacted personally on us. While I directed traffic around the accident scene Amanda provided aid to the accident victim by holding her hand and being of what comfort she could. During this period of waiting an eternity for the ambulance to arrive it was discovered that the victim was known to us. We were saddened to learn that she died in the hospital later that night.

This is not the first bad accident on this corner. Fortunately most have avoided serious injury. I am sure you are aware of the long history of accidents at this spot.

It is time to put away the ‘east vs west’ debate and get on with it! Over the past years both sides have put their case forward, although most residents have a preference for one over the other we feel that most have to do with personal reason or personal gain. Perhaps they are unaware that every day the decision is stalled may mean another fatality or accident on this dangerous stretch of road.

A fortnight later there was another serious accident at that particular area of the Barton Highway. A head-on collision between a sedan and a station wagon occurred just south of Murrumbateman at 11.30 a.m. on Sunday, 13 April. It was the same spot where the Canberra woman died—the incident that my constituents talked about in their letter. Twelve people were injured in that accident, and 10 people, including several children, were taken to Canberra Hospital. A hospital spokesman said that two adults who were admitted were in a stable condition but they were believed to be suffering from spinal injuries. The Yass mayor, Nic Carmody, referred to the absolute need for work to be undertaken and for funding to be made available for that particular area.

My other concern is that I believe it will not be long before a number of children die on the section of road at the intersection of the Towrang and Carrick roads with the Hume Highway, north of Goulburn. There is absolutely no doubt in my mind that that will happen. There is no median strip in the centre of that section; traffic is travelling on four lanes, two north and two south, at 110 kilometres an hour and school buses are coming out of those roads onto the Hume Highway and trying to run the gauntlet across the highway to turn left or right, depending on whether they are going north or south—but, in the case of school buses, south into Goulburn—because they have no sanctuary area.
in the middle of the highway. I raise these two issues in the interests of public safety. I know the minister is aware of them, but I believe the government should be acting very quickly and before we have enormous problems with a significant number of people being killed at both of these intersections, particularly at the intersection of the Carrick and Towrang roads at Goulburn. (Time expired)

Centrelink: Dutch Community

Mr RIPOLL (Oxley) (9.08 p.m.)—I would like to first place on the record the fine contribution that the Australian Dutch community have made to my local region. They are a hardworking community that forms part of the rich texture that makes up the diverse cultural nature of all Australians. Tonight I want to make the House and the minister particularly aware of a situation that is causing great distress and heartache for the elderly and the extreme frail within the Dutch community here in Australia. Since 1992 there has been a specific agreement, the Australian-Netherlands Social Security Agreement, for Dutch recipients of pensions living in Australia. Under this agreement there is an exchange of information between the two countries, amongst a range of other features, which impacts directly on Dutch pension recipients in terms of assessing them for their Australian pension.

This principle is sound, but the principle I do not accept is that the government’s new policy is to recoup money from so-called overpayments that date back some six years. These overpayments arise not through fraud or other deceptive practices by the Dutch community in relation to their part-Dutch, part-Australian pensions but out of the inefficiencies of the Centrelink system and lack of clarity in amounts calculated. They arise particularly out of a government determined to persecute and hound pensioners on over-payments that are not of their own making. The Dutch pension is calculated at the Australian exchange rate by Centrelink and this forms part of the methodology for determining the amount of Australian pension to be received. People receive their pension at a flat rate, with the only variation being the exchange rate and the once-yearly CPI increases calculated by the Dutch. Centrelink and the minister possess all of that information.

It appears that Centrelink have failed to take into account CPI increases unless their clients have made them aware specifically and individually—not on a basis collective of all of the 12,000. Each and every one has had to ring up personally to let Centrelink know. This is a completely failed principle; it does not work. Dutch pensioners are now being asked by Centrelink to repay the over-payments that the minister himself says were paid not as part of any deliberate act on the part of these people. That is included in his answer to my question on notice in relation to this. He said:

Whilst we do not believe there was any intention on the part of any customers to deliberately mislead Centrelink, the fact remains they have to pay it back.

That is fair enough to some extent. Unfortunately, what has resulted is that some 25 per cent, which is about 3,000 people, of the Dutch community—most of whom are frail and very aged and have difficulties with language; and many have difficulties with sight and comprehension and understanding what Centrelink is trying to communicate to them—are being asked to repay over-payments. The government says that every letter sent to these people outlines their obligation to inform Centrelink of any changes to the pension. The problem with that theory is that, because of the fluctuating exchange rate—and that is calculated at every single pay—the pension is a different amount every
single time. With that different amount mostly going up and the CPI kicking in, you cannot really distinguish one from the other. To add a great deal more confusion, in 1998 Centrelink—being very proficient—sent them a letter to clarify the situation. The important bit of the letter reads:

Your social security payment will be updated automatically. You do not have to contact us or tell us the exchange rates.

About a quarter of them understood that to mean that it was all automated and that they did not have to keep ringing them up and pestering them with the changes. Of course, that was not the case. Centrelink is now going through this whole process of trying to recoup moneys that were inadvertently overpaid to these people. Most of these people are aged and frail. Those in my electorate, some of whom are in their mid- to late 80s, got letters out of the blue from Centrelink which basically said they now had debts to the Commonwealth of $8,000 for some, $10,000 for some and $15,000 for others. Can you imagine how a person in their mid-80s, on their own, feels when they get a letter that says they now have a debt to the government of more than they can afford to pay in the rest of their lives? The government very coldly sent that letter. It caused them great distress, pain and heartache. These people cannot understand what is happening to them. They do not comprehend how, when have been honest with the government, the government seeks to take back from them an amount they cannot pay back.

Some have been able to pay; others have simply said, ‘It is impossible.’ If the government goes through the normal procedure of taking it back through their allocated pension, these people will have almost nothing to live on. This is a situation the minister needs to divert personal attention to. He needs to fix this situation. He needs to give some special consideration and compassion to a group of very aged people who need his assistance. (Time expired)

South Australia: State Government

Mrs DRAPER (Makin) (9.13 p.m.)—For 15 months I have watched the antics of the newly elected Labor government of South Australia. I put aside my general fears of the dangers of a Labor administration to give Premier Mike Rann and his team what we Australians describe as a fair go. I would have to say they have done a reasonable job on the community drug forums, but I have grown increasingly frustrated with and angry about the broken promises, the cuts to essential services and their complete lack of compassion towards the people they claim to represent. Mike Rann has talked tough on crime, but one of the first actions taken by his government was to cut funding to all of the successful local crime prevention programs.

The City of Tea Tree Gully was presented with a national award by the federal government for its program which significantly reduced car theft in the city, but it has had its funding slashed by the Rann Labor government. We did not hear even one word from Frances Bedford, the member for Florey, or Jennifer Rankine, the member for Wright, on that one. Premier Rann likes to appear as if he is on the side of the people when he rejects recommendations by the state parole board, but when it was revealed that South Australia has the highest number of dropped criminal prosecutions in the country he was conveniently unavailable for comment.

Perhaps the biggest disappointment is Labor’s flagrant breach of trust in the provision of health care. When in opposition Labor made promises that health would be the major priority of a Labor government but when in office they double-crossed the people of South Australia. Waiting times for surgery are longer, hospital beds have been reduced
and, last week, Labor’s social justice minister—a misnomer if ever there was one—announced that she would not match federal government funding for an elderly care program in our state. The minister said it was a hard decision but, let me say, it was not as hard as it will be for the elderly people who will have to leave their homes because of Labor’s heartless rejection of their needs.

The greatest insult of all must surely be to Labor’s plans for our children. Under the heading ‘Teaching it like it is’, Labor has produced a blueprint for sex education in our schools that I believe devotes a disproportionate amount of time to homosexual activity and encourages promiscuity. Students aged between 11 and 15 years of age are told to organise into groups of three for discussion—which is nice—on the common assumptions about homosexuality. These young children are then asked to come up with a definition of gender, heterosexual, heterosexism, homosexual, lesbian, gay, bisexual, coming out, homophobia, transgender, intersex, transvestite, drag queen and cross-dresser. They are then told to take a ‘scenario card’ and act out various characters, including a young woman who injects drugs regularly and has become infected with HIV-AIDS, a young Asian man who is gay, a bisexual man in a steady relationship with a young woman, and a boy who has lesbian mothers. While these issues are important and young people need to be aware of them, I believe this is completely over the top and perhaps should be discussed in subjects such as SOCE or English rather than in the so-called sex education classes.

In a further lesson, children are given scenario and intimacy cards and are asked to discuss in groups and role play such topics as tongue kissing, touching breasts, touching each others genitals with or without clothes on, sucking breasts, toe sucking, body painting, giving someone a love bite and mutual masturbation. I remind honourable members that we are talking about children as young as 11, who are being asked to confront these issues in this manner. I have a son, who is 14, and he would be immediately removed from any school with sex education classes such as this. Do we really want to hasten the destruction of innocence in ones so young? Surely to discuss these matters in such a way can only lead to trauma for many young people. Experts do agree that this sort of so-called instruction on sex can be harmful to our young people. Would any member seriously want their young child to be exposed to this sort of left-wing social engineering?

Mrs DRAPER—It is really funny for the opposition. The education minister, Trish White, has a lot to answer for. I believe that any teacher who gets in front of a group of students as young as 11 to encourage this sort of so-called sexual education is in fact participating in grooming children. Those who know the way in which paedophiles groom young children know exactly what that means. (Time expired)

Medicare: Reform

Ms PLIBERSEK (Sydney) (9.18 p.m.)—It is a very hard act to follow. The member for Makin has accused the teachers of South Australia of grooming children for paedophilia. It is an extraordinary claim in this place. We heard the Prime Minister today in question time say that we need to talk to our children about drugs to make sure that they are not vulnerable to becoming drug abusers, and the member for Makin is saying: ‘Don’t talk about it; sweep these issues under the carpet. We don’t want to talk about these issues to our children.’ It is extraordinary.

I want to talk about Medicare. I was interested to hear the member for Makin talk about Medicare. We know what this government is doing to Medicare: it is creating a
two-tier health system in this country. My doctors know it in my electorate, and my constituents know it. I received a letter from a doctor in Annandale, who said:

As a GP doctor who supports the concept of non-discriminatory billing practices and currently bulk-bills all patients, and consequently has a large number of patients who could not afford health care if charged, I oppose the Liberal Party’s scheme. As you know, we can only receive the extra $1 if we implement expensive computer software and equipment. And that extra $1 would not make much difference to our overhead costs anyway.

Meanwhile patients without concession cards, who are borderline in income will remain disadvantaged and become increasingly so. Also I do believe that as well meaning as a doctor is, differences in the way people are handled do evolve if there is a difference in payment received.

That is a message we have heard from many doctors. The letter continues:

I applaud the Labor Party’s policy on Medicare. I am writing to simply let you know that as a bulk-billing doctor committed to non-discriminatory and affordable health care, your Labor package is excellent and solves many of the current problems that we are facing.

Morale is low amongst GPs at present and lack of support from the government for this group of professionals who work to fulfil a basic community need is one of the major contributing factors. Given that GPs properly supported can offer one of the cheapest and most comprehensive health responses, the Liberal package seems a sad policy.

This was from one of the doctors who have written to me. Users of the Medicare system have also written to me in absolute distress. My area used to have very high rates of bulk-billing but, since 1996, we have seen a decline in bulk-billing. Bulk-billing rates in my electorate were well over 80 per cent—well over the average—in 1996, but they have fallen by 5.8 per cent and the cost of visiting a doctor has gone up by 11.2 per cent.

A number of my constituents have contacted me on this issue, including one from Newtown, Kylie. She says:

I have been prompted to write because I am so disappointed by the state of Medicare.

I am currently pregnant with my first child and have just spent a frustrating day trying to find a share care doctor in the Newtown area who also bulk bills.

As things currently stand, I am a small business owner and things are quite tight financially. After expenses last year my income was approx. $15,000. My husband is also not on a huge salary yet to my understanding we earn too much to be eligible for a health care card. Even if we were eligible I don’t understand why we should have to use a health care card simply to see a GP.

She goes on:

My closest medical centre ... charges $40 for a consultation less than 15 minutes and $85 for a 30 minute consultation ...

So this woman who is pregnant and should be receiving regular medical attention from her doctor says that she does not go as often as she should. She says:

The closest bulk billing doctor is a bus trip away—not convenient when you’re feeling very ill!!

I am looking at the bigger picture and investing almost every cent back into my business ...

She goes on to say that her personal expenses have been cut right to the bone to support her small business. The grocery bill for this couple is currently $65 a week, so you can imagine what an $85 doctor visit means to them; it is out of their reach. This means that this woman who was used to seeing a doctor who bulk-billed, at this time in her life when she is pregnant and most needs a regular doctor close to home that she can visit whenever she feels the need to, is no longer able to receive that medical attention. This is what the government’s health care system is all about.
Mr HUNT (Flinders) (9.23 p.m.)—I rise in support of a system that will create jobs for low-paid manufacturing, service and agricultural workers in my electorate. That program is the creation of a free trade agreement with the United States. The reason why that is important is very simple. It will do two things. Firstly, it will provide new export markets for products from my electorate of Flinders—for dairy producers in Lang Lang, in Clyde and on the Mornington Peninsula; and for steel producers from Hastings, which employs over 1,400 members of the electorate. All of these people stand to benefit directly, squarely and absolutely from a clear and unequivocal free trade agreement with the United States. It is disappointing that there are some who stand against that, because that is a very clear way forward.

Secondly, a free trade agreement will provide the benefit of lower input costs through many of the imports that go into Australian businesses being available more cheaply and more effectively. Therefore, the cost of doing business will be cheaper and the markets available for our products will be broader and more readily accessible. That is the theory. What about the practice? Firstly, you need to look at the fact that the Minister for Trade has just returned from Thailand, from the APEC meeting of trade ministers where 20 of the 21 countries involved are engaged in some way in developing bilateral free trade agreements. They do this in the absence of full international pressure for further liberalisation under the WTO. That process is continuing through the World Trade Organisation but it is slow.

In the meantime, we seek to do what other countries are doing: to advance the cause and process of trade liberalisation which creates jobs, brings wealth and provides better opportunities for ordinary people in ordinary homes throughout Australia and, in particular, around the Mornington Peninsula and Western Port. If that is happening in other countries, why should Australia and the United States do this? We see that the Centre for International Economics has developed a comprehensive and compelling case that a free trade agreement with the United States would boost Australian GDP annually by 0.4 per cent, or approximately $4 billion. We are talking about a $4 billion boost to the level of gross domestic product in Australia. That in turn creates an awful lot of jobs, and these jobs mean practical developments in the lives of individuals.

What particular industries are set to benefit from a free trade agreement? What is being discussed at the moment is the elimination of tariffs and barriers to trade between Australia and the United States on the broadest possible basis. That includes beef, dairy products, sugar, peanuts and cotton. Within my electorate, beef and dairy products play a very important role. Kernot, Clyde, Devon Meadows, Five Ways and Koo Wee Rup are all agricultural and dairy areas and all stand to benefit from a free trade agreement with the United States.

Similarly, as I mentioned earlier, the removal of any barriers to Australian steel will create extraordinary potential for Australian steel producers, who are already highly competitive but are restricted in many ways. If they have full, complete and unfettered access to the United States so that they can compete solely on the basis of their quality and price and not their country of origin, then workers who live in Somerville, Tyabb, Baxter, Crib Point and Hastings and work at BHP Steel’s Western Port plant in Hastings will have the chance of greater income, job security, personal advancement and take-home pay. That is what a free trade agreement is about.
I commend the notion of a free trade agreement with the United States to the House. I urge all members to support it. I hope that those who have shown equivocation consider the benefits to workers and ordinary citizens as they go about their lives. They stand to gain from the practical benefits of cheaper inputs into business and greater markets for their exports.

**Taxation: Bankruptcy Laws**

Mr MURPHY (Lowe) (9.28 p.m.)—I want to draw to the attention of the House the replies which appear in yesterday’s Hansard to a number of questions on bankruptcy and the employment of bankruptcy by some to avoid payment of their fair share of tax. I have raised this issue in the House over the past six months. Specifically, I want to draw the attention of the House the reply to question No. 1714, a question that I put to the Attorney-General on 20 March. The number of people declared bankrupt more than once in the financial year ended 30 June 2002 was unbelievable. The number of people declared bankrupt a second time was 2,768; a fourth time, 92; a fifth time, 31; a sixth time, 12; a seventh time, four; an eighth time, seven; a ninth time, four; and an 11th time, three. The maximum number of times an individual was declared bankrupt was 12. That is scandalous. What is the government doing to amend our bankruptcy laws to stop this serial rorting of our taxation system?

The SPEAKER—Order! It being 9.30 p.m., the debate is interrupted. House adjourned at 9.30 p.m.

NOTICES

The following notices were given:

Mr Abbott to move:

That so much of the standing and sessional orders be suspended as would prevent the routine of business for Wednesday, 18 June 2003 being as follows, unless otherwise ordered:

1. Notices and orders of the day, government business;
2. Presentation of, and statements on, a report from the Parliamentary Standing Committee on Public Works;
3. Presentation of papers; and
4. Notices and orders of the day, government business.

Mr Ruddock to present a bill for an act to amend the Migration Act 1958, and for related purposes.

Mr Slipper to present a bill for an act to provide for the transfer of custody of certain records of the HIH Royal Commission to the Australian Securities and Investments Commission, and for related purposes.

Mr Martin Ferguson to move:

That this House:

1. acknowledges that 2003 marks the celebration of 100 years of piloted flight;
2. notes the Wright Brothers’ achievement in successfully undertaking the first flight as the culmination of a centuries’ old quest by philosophers, scientists and engineers to turn the dream of flight into a reality that redefined the boundaries of scientific capacity;
3. notes that, in the 100 years since the first piloted flight, the outstanding development in air travel has taken us from the Wright Brothers’ Kitty Hawk flight to the Moon;
4. recognises that the invention, growth and refinement of piloted flight has allowed us to cross and expand our boundaries, both personal, cultural, economic and national, enriching our experiences and bringing people of the world closer together;
5. notes that the aviation industry has also fostered inter and intra State and Territory trade, commerce and experiences;
6. recognises the importance of the aviation industry to Australian jobs, skills and industry, in particular, to the tourism,
(7) acknowledges the aviation industry as an important provider of high skilled jobs to Australians;

(8) notes with disappointment the collapse of Ansett Airlines and recognises the valuable role that Ansett played in the development of the aviation industry in Australia;

(9) notes proudly that Qantas is an Australian icon, recognised throughout the world and one of Australia's largest private sector employers;

(10) welcomes the newer players in Australia like Virginblue and Regional Express and recognises the important contribution of regional airlines and operators to our regional communities;

(11) acknowledges the work, enterprise, innovation, ingenuity, commitment, passion and enthusiasm of all those who have worked in aviation over the past one hundred years;

(12) pays its respects to all those who have died in the pursuit of work and recreation in aviation;

(13) notes the negative effect of the terrorist attacks of September 11 on the global aviation and associated industries and expresses our hope that the industry will recover;

(14) notes the vital need for Federal Government efforts to ensure that airline passengers can travel in the safest possible environment, in particular now Australia is a terrorist target, to restore confidence in air travel; and

(15) notes the importance of a competitive and sustainable local aviation industry.
Tuesday, 17 June 2003

The DEPUTY SPEAKER (Hon. L.R.S. Price) took the chair at 4.00 p.m.

APPROPRIATION BILL (No. 1) 2003-2004

Second Reading

Debate resumed from 6 June, on motion by Mr Costello:
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:
(1) its obsession with shifting the cost of health and education from the budget to Australian families;
(2) imposing higher costs of doctors visits on families without concession cards and a 30 per cent hike in essential medicine prices;
(3) allowing HECS fees to rise by 30%, introducing a loan scheme with a 6% interest rate and doubling the number of places reserved for full fee paying students;
(4) its cynical attempt to distract the public from these higher costs by offering miserly tax cuts of $4 a week for the average family;
(5) its failure to address the complexity of superannuation and its determination to offer super cuts only to the wealthiest families;
(6) its willingness to deliver tax cuts to corporate Australian while imposing a record tax burden on Australian families;
(7) its failure to protect the superannuation savings of Australian families by protecting them from corporate greed;
(8) its decision to hire yet more tax officials rather than take steps to ease the BAS compliance burden on small business; and
(9) its failure to provide leadership on environmental issues and in particular its failure to address water reform”.

Mr KELVIN THOMSON (Wills) (4.00 p.m.)—Last night, before I was interrupted, I was outlining to the House Labor’s environmental policies, which I will briefly reiterate. We have already put out policies which would halt land clearing and the year in, year out decline in native vegetation cover, combat climate change through ratification of the Kyoto protocol on climate change and, following that, increase the share of energy of renewables by five per cent by the year 2010, an important measure to promote renewable energy in this country. I also indicated to the House Labor’s support for extending the Great Barrier Reef region out to the exclusive economic zone in order to protect the Great Barrier Reef from the threat of oil, gas drilling and exploration. Finally, I spoke about our policy to save the Murray River and to protect the Murray-Darling Basin through additional environmental flows—450 gigalitres during our first term of office and 1,500 additional gigalitres over 10 years—and our willingness to establish a Murray-Darling Basin River Bank with an initial capital injection of $150 million in order to set about that important national task.

In response to Labor’s initiative, and in particular to Simon Crean’s budget reply, the government has been playing some catch-up. I note some environmental announcements coming
from the government in recent times—for example, the proposal to increase the area of green zones in the Great Barrier Reef Marine Park in order to protect the fish stocks from commercial and recreational fishing which, unfortunately over the years, have become unsustainable. The draft zones issued by the Great Barrier Reef Marine Park Authority are welcome, but with two caveats. Firstly, there needs to be monitoring and enforcement. The federal budget reveals a substantial $3.3 million cut to the Great Barrier Marine Park Authority’s funding. In effect, the Great Barrier Reef Marine Park Authority is going to be asked to do more by way of monitoring and policing these new green zones with less by way of a budget cut. Secondly, the government has to come through on things like the draft zones. For example, we read that the National Party is opposing government initiatives of an environmental character. The Queensland branch of the National Party has indicated that it does not support the proposed agreement between the Commonwealth and the Queensland government to phase out net land clearing in Queensland by the year 2006. Queensland Party President Terry Bolger is reported as saying that the branch has the backing of federal National Party Leader John Anderson and other party leaders nationally in opposing the tree clearing ban. The National Party member opposite, the member for Dawson, is indicating that she too is an environmental vandal, that she too opposes the ban on land clearing.

National Party members say, ‘We don’t support the government’s environmental initiatives.’ What the government has to do is not bow to National Party pressure; it has to support sustainable environmental practices, whether they are in the area of land clearing, in the area of land based activities on the Great Barrier Reef or in the area of fishing zones and sustainable fishing in the Great Barrier Reef.

When the government are confronted with evidence of lack of environmental commitment and environmental action, they say, ‘We have spent so much money. This is the money we have spent.’ But year in, year out the government spend much less money than they allocate in the budget—they did it again in this budget. Whether you are looking at the Natural Heritage Trust, the National Action Plan on Salinity and Water Quality, the Greenhouse Gas Abatement Program or Measures for a Better Environment, each of those major programs systematically underspent. Measures for a Better Environment substantially underspent by 67 per cent from 2000-01 to 2003-04.

When the government spend money, they spend it principally in government-held electorates. I reported recently that over 76 per cent of the Envirofund money has gone to government-held electorates. In South Australia and Western Australia over 96 per cent of that money has gone to government-held electorates. Where the government have spent money, they have managed to waste it. Recently an important report was released about Cape York Peninsula showing that Natural Heritage Trust money had failed to achieve its objective. The review of spending of Natural Heritage Trust money revealed a monumental debacle: of $8 million allocated for purchases of land presently in private ownership a mere $143,000 had been spent. The money had been wasted and little worth while had been achieved. (Time expired)

Mrs GASH (Gilmore) (4.06 p.m.)—When first elected to parliament to represent the people of Gilmore we had a vision—and by saying ‘we’ I mean the business sector, community groups, some state and local government agencies and all the people concerned for the wel-
fare of Gilmore. How did we get this vision? We listened to the community, those who lived in the villages and CBDs of Gilmore.

While people will have differences of opinions as to priorities, we knew that ultimately the electorate had to have carefully targeted government assistance in order to help itself. We needed to look at the bigger picture first. Let me remind you of the picture before the 1996 federal election. Our local defence bases had suffered numerous cuts and were being threatened with closure. Unemployment was 17 per cent across the board, for young people it was closer to 24 per cent and for Aboriginal people it was 35 per cent. Our local economies were very reliant on tourism, and if it rained over Christmas the whole region suffered for the next 12 months. Although the population was growing, 64 per cent of our people received some form of income support from the federal government. Many of those people told me that they preferred not to depend on handouts because they destroyed self esteem, both inside and outside the family network. Business was growing in a small way. A few major businesses were looking to move into or start up in the area but, if their executives had to visit the region, they drove back to Wollongong to stay the night. While Gilmore’s natural beauty was still well preserved, issues of significance were arising as the population and land uses changed. Roads needed fixing and new roads were required to provide future incentive for growth.

Infrastructure is a word that is often bandied about these days, but few people actually understand what it means or realise its importance to them or their families. As I said earlier, while there are always issues that need work, only better infrastructure can improve the long-term quality of life and opportunities for the whole of the population. Let me tell you how we in Gilmore have worked on our infrastructure and what an exciting vibrant difference that has made.

As I said, unemployment was high and the economic outlook for our area was at best patchy, depending on the weather at the holiday times and how much money the tourists had spent in the caravan parks. So the first priority was to make the economy as resilient as possible, and obviously the best place to start was to improve what we already had. We decided to work with all levels of government to grow the defence bases in the area and to encourage the Department of Defence to use our region for other training purposes.

We then identified the Defence Force elements that rely on access to the kind of environment that we could supply. There was a great opportunity, which we exploited, when any new contracts to supply or maintain goods to defence were being opened to the commercial sector. So our next step was to lobby the likely defence contractors and give them lots of good reasons to come to Gilmore. This we did in conjunction with the Shoalhaven City Council, which constantly worked with us to recognise the vision we wanted to achieve. These days we have some of the most significant global companies based at the specifically designed Albatross Aviation Technology Park, which is right next to the naval air station, HMAS Albatross, and has runway access to its facilities. We needed to provide good reasons for other big businesses to also come and invest in the electorate and provide opportunities for smaller businesses to follow.

When we asked big business about why they had not established themselves in Gilmore, we were surprised by their answers. They were happy with the terms and conditions of our leases; they knew the quality of lifestyle on offer but what they did not find to their liking were the family issues. For instance, there were not sufficient private schooling facilities, es-
especially secondary schools—so we built them. There was no permanent university campus in Gilmore. That meant that families would have to export their children from the area to obtain decent qualifications. We built, with the University of Wollongong, a campus at west Nowra and established another campus at Mossvale. Both these campuses are collocated with TAFE facilities and, as recently as last week, we were in discussions with the Wollongong university to provide accommodation at the Shoalhaven campus. Then we found that there were not the right kinds of jobs available for the partners of the people employed in the large businesses. So we went and attracted those kinds of jobs to Gilmore.

These things have shown our commitment to those companies, and they have rewarded our efforts with their presence in the electorate. As a result, the growth in our manufacturing industry has been tremendous and is increasingly important to our economy.

The welfare sector of our community has been huge, bearing in mind that we had over 17 per cent unemployment and no positive outlook of a job for anyone. This area was also perceived to be ideal if you just wanted to surf and not work and we were also at the end of the rail line—this all added to our social problems. Now, however, with the increased employment opportunities and unemployment at a near record low of 6.5 per cent, our people no longer have the culture of waiting for handouts. They are now able to help themselves through the opportunities being made available through the growing business sector.

The next thing we have done is to identify what skills and abilities will be required over the next 10 to 15 years. After discussions with relevant businesses, secondary schools, TAFEs, universities and other training institutions, we have developed a well structured plan to ensure that young people and mature students can be streamed to suit the needs of our local businesses. In this way we can offer employment to local young people. They do not have to move now to get a job. We can also attract the right kind of expertise here and use those people to train others. This builds centres of expertise in such things as simulation technology or avionics.

So getting the infrastructure right can pay huge dividends. Our community is full of people who see that they and their children have bright prospects. Instead of just sitting back and saying, ‘The government ought to ...’, they ask, ‘What can I do?’ and ‘How can I join in?’ We have innovative people coming forward with great ideas and we encourage them to push the limits of their potential. We have mentoring and other assistance offered voluntarily by leaders from the business and community sectors. The people of Gilmore encourage one another and compete vigorously. From a relatively small base we export all kinds of amazing things to many places around the world. Many of our businesses win national awards for excellence because of their commitment to quality and innovation.

Gilmore is also a vibrant place to be and much of the change has been driven through cooperation between all levels of government. All of our economic success has come from getting the right infrastructure. We have been sorely tried in recent years—major bushfires over two Christmases closing the highway for weeks, rain during other Christmases driving tourists away—and I want to thank the minister for tourism for his financial assistance during that period of time. In the past our local economy would have staggered under the weight of such conditions. I am not saying we did not feel it but, like Australia during the Asian financial crisis, Gilmore just kept on growing. That is why I am happy to stand here and applaud the coalition government’s budgetary measures. We on this side of the House do not believe in
just handing out money to people; we believe in giving them the stability and the means to help themselves and those around them. Small business is the employment powerhouse in this country, and we have been particularly successful in driving the right conditions for small business to grow and prosper. Grudgingly, other OECD countries are praising the coalition’s financial management. They marvel at Australia’s growth when their economies are stilted or in decline. They admit that this strong growth is unlikely to change under our careful management. There are no $10 billion black holes here, no building up $96 billion worth of debt with nothing to show for the money. We have paid off $63 billion worth of Labor’s debts and we will not rest there.

This government is not in the business of borrowing funds to give handouts to people and to keep them dependent. As the Treasurer highlighted, global weakness and uncertainty have tempered the near-term outlook. However, there will be strong growth in business investment once some of that uncertainty clears. Business investment is forecast to grow solidly in 2003-04 after very strong growth in 2002-03. There are those on the other side who would point to trade imbalance as a blot on our copybook. They need to be reminded that business investment is often associated with importing new machinery and tools. So even our trade imbalance is a sign that business is gearing up for further growth. Many businesses are operating at close to capacity, which is why they are now choosing to invest in further infrastructure. Of course, the time is right to invest in the business and commercial sectors because interest rates have never been lower. Not for a long time have you been able to purchase your own home at an interest rate of between five and six per cent. As such, it lays a solid foundation for future economic growth.

It is no different in Gilmore. We are fortunate in that the three local government areas in Gilmore are distinct in their needs yet varied in their requirements. Our current projects include working with our dairy farmers to make the best of the restructured program and providing assistance for agricultural opportunities. We now have some of the best coffee produced in the Shoalhaven, though it was thought impossible in sandy soils; the best wines produced in the Shoalhaven in Kiama in the Southern Highlands area; and award-winning olives and organic vegetables. This is, of course, on top of our fishing and oyster industries. All have benefited from generous federal grants and export marketing assistance.

While many areas do not want to be known as retirement areas, we are proud of the federal government’s assistance in providing extra aged care and veterans facilities. We are assisting Wingecarribee Shire Council and Kiama Municipal Council to identify and grow appropriate industry and business opportunities. We are working on our transport infrastructure by trying to convince the New South Wales Labor roads minister to seriously get on and build Main Road 92 and fix the Princes Highway. We are working with state and local government to increase the export potential from Port Kembla so that our local businesses can get their products to the world market more efficiently. We will grow the Moss Vale and Nowra campuses of Wollongong University and local TAFE campuses to better suit local industry needs, so that we do not have to export our young people for work and so that our mature workers can also keep on learning.

We will see the government tourism plan extend our huge tourism potential in both accommodation and conference facilities. We will investigate the possibility of a boat harbour to make safe our pristine waterways by eliminating refuelling from drums carried across the wa-
We will investigate the possibilities of an incident management training centre to counter those emergencies we have encountered at times of bushfire. We need to provide further and better training to our volunteers. We will investigate the need for a motor sports complex and an entertainment sports centre for, as social needs grow, so does the need for further infrastructure. But, as always, we need to show governments how a small amount of assistance would make us self-sufficient. Working with our tourism industry to build its profile to suit today’s market is another very important priority.

The people of Gilmore have worked very hard to realise our vision for our local region. When you look back at the goals set out in my first speech to the House in May 1996, you see that we have achieved quite a lot. We now have agreements, if not sealed and tarred, on Main Road 92. We have our sea lab under construction, and it promises to deliver much in the way of greater understanding of our marine environment and the identification and monitoring of new marine based industries. We now re-use a significant amount of the effluent in the Shoalhaven on our farms, thereby protecting our beautiful shores. Ethanol is on its way to being mandated in our fuel as we move to more sustainable energy use. Manufacturing is now one of the fastest-growing sectors in my electorate, and other industries are following its lead. The defence bases are growing and contracting lots of work to local companies or to companies who have decided to base locally. The retail sector is successful and expanding all the time, thus providing much-needed jobs.

Local people are establishing and growing businesses, and social security is no longer the greatest provider of income. That, in itself, is a giant leap forward. Our residents enjoy being able to make the difference. There is an air of optimism and confidence in both the community and the commercial sector. Development continues to provide jobs, stability and, of course, security. However, whilst I can stand here and highlight their excellent work, it is the people of Gilmore who have earned the rewards they are now reaping. They include rewards such as the tremendous success of the civilian cadet program. This was a pilot program where students participated in non-defence activities, such as the State Emergency Service, volunteer bushfire control and lifesaving. The pilot program was so successful that it had a waiting list of 150 young people. We have lots more to do and, in Gilmore, we will just keep on getting the job done.

Mr WILKIE (Swan) (4.20 p.m.)—I wish to speak about measures proposed in the budget announced by the Treasurer on 13 May. The particular proposals I refer to are the bringing of all currently untaxed fuels under the excise and customs duty systems from 1 July 2008; the defence budget and the lack of money allocated for Western Australia—in particular, the fact that there is no allocation of money for an extension to the runway at Pearce air base; the increased financial burden on university students; and, of course, Medicare.

The proposal to bring all currently untaxed fuels under the excise and customs duty systems from 1 July 2008 flies in the face of the same government’s proposal to subsidise conversions for vehicles to LPG, which was announced in May 1999. The Trebeck fuel taxation inquiry, announced by the Prime Minister on 1 March 2001, was asked to examine the existing structure of fuel taxation in Australia, including rebates, subsidies and grants. As a result of the recommendations of the Trebeck report, this government decided on budget neutrality on all petroleum products; that is, the removal of the various excise exemptions and subsidies that influence people’s choice of the fuel they put into their vehicles. I find it interesting that,
when the report was originally released, its recommendations were judged too politically difficult to implement. The report was buried by the release of the 2002 budget papers and promptly forgotten, mainly because the Treasurer did not believe that it would be a particularly politically viable option.

Liquefied petroleum gas accounts for around eight per cent of the fuel used for road transport each year. I mentioned before that it would be great to think that most people who buy LPG for their vehicles do so because it is a cleaner fuel and therefore might be better for the environment. They might want to do the right thing for the environment, but if the cost is too prohibitive then, unfortunately, most people have to do what they need to do to get the best return for their dollar. In fact, it is probably more likely that they choose this fuel because it is approximately 38 cents a litre cheaper than petrol or diesel.

Energy production and consumption has a significant impact on the environment. Road transport accounts for more than 12 per cent of national greenhouse gas emissions. Overall, transport represents around 25 per cent of total energy consumption in Australia. Against this, energy policy relates to the environment, economic growth and future standards of living. Given the rising levels of greenhouse gas emissions, there is international concern about the environmental impact of energy consumption. Governments, consumers and industries face challenges in making policy and fuel choices to secure their energy futures. The Australian economy is heavily dependent on domestic consumption of energy, the export of energy and related products and services.

The liquefied petroleum gas industry has developed infrastructure such as production facilities, terminals, tankers, dispensing facilities, on-site storage at service stations and cavern infrastructure representing a capital investment and commitment of around $2.1 billion. Australian consumers have invested more than $1.1 billion in operating vehicles on auto gas and converting their vehicles. In 2002 Australia produced around 3.3 million tonnes of liquefied petroleum gas. Around 1.9 million tonnes was consumed in Australia and the balance was exported. Auto gas accounts for around 60 per cent of the domestic LPG demand. Both environment choices and secure energy resources are important to Australia. Therefore, the use of LPG in vehicles is an obvious choice that should be encouraged rather than taxed out of reach by the government.

Perth based Wesfarmers, a distributor of LPG auto gas through its Kleenheat subsidiary in Western Australia and Unigas joint venture in eastern Australia, said that the proposed LPG excise changes would reduce the incentive to use auto gas and would be unfortunate for the environment. This proposal to tax LPG has negative implications for the LPG retail fuel industry, LPG conversion businesses and, of course, the taxi industry. The move would force an increase in taxi fares, with almost all of Australia’s taxi fleet operating on LPG. The reasoning behind this move is as the Trebeck report suggested:

To promote efficiency in revenue-raising from fuel excise, the fuel taxation system should be designed in a manner which minimises its impact on producer and consumer choices of fuel.

This is, of course, exactly what the Treasurer has moved to do by including LPG and other previously untaxed fuels. Actually, it is not entirely accurate to say that LPG is an untaxed fuel. LPG, as with all other commodities used by the Australian public, already attracts the GST, which is another Liberal government tax. I find it interesting that coalition members often spruik about how they are not increasing taxes when, in actual fact, here is a new tax
that they have just slipped into the budget on the quiet but have made no mention about publicly.

This decision to bring LPG into line with other fuels will, as I stated previously, be a considerable blow to the LPG industry by making liquid petroleum gas a similar price to ordinary petrol. That is how it seems on first viewing, but anyone who uses LPG knows that, at the moment, it is only attractive as an alternative fuel because it is so much cheaper at the pump than petrol or diesel. However, due to the low efficiency of LPG in relation to litres consumed to kilometres travelled, if it were a similar price at the pump it would, in real terms, be a far more expensive option than unleaded fuel when you take into consideration the conversion costs of the vehicle.

Gas from Western Australia’s North-West Shelf project comes by pipeline directly from Karratha to Perth, where it is processed and the LPG is separated out and then trucked to service stations. This is an environmentally better option than either petrol or diesel. It is a resource that is wholly owned by Australia and used by 550,000 drivers of LPG vehicles across the nation. This action by the Treasurer will cause the demise of alternative fuels and the loss of proven benefits such as lower greenhouse gas emissions and improved urban air quality. This is yet another indirect tax from this highest-taxing government in history. This one, in my estimation and based on the government’s own figures, will yield around $7.5 billion over the next 10 years. This is, by the way, only a conservative estimate. The reality will be much higher. I say this because the Treasurer has not yet announced the final rates of excise on the fuels, but has said that it will be lower than the present rate of 38.143 cents per litre. However, he has also announced that from January 2006 excise on petrol will be increased for two years by the amount needed to fund the grant payments for producing or importing premium unleaded petrol with less than 50 parts per million of sulphur. The initial estimate of this increase in excise will be around 0.06 cents a litre for petrol and 0.7 cents a litre for diesel. I reiterate: this is another hidden tax from the highest-taxing government in history and begs the question: is this the start of the return to the old system of excise indexation?

In Australia we are very fortunate that we have plentiful reserves and supply of locally produced LPG. Supply estimates are well in excess of 20 years based on current national demand and potentially up to 50 years. According to a new study by the Australian Bureau of Agriculture and Resource Economics—ABARE—Australian supplies of LPG will be more than sufficient over the medium to long term, providing Australia with an internationally competitive and secure source of what is an increasingly important fuel in Australia, particularly in the road transport sector. LPG is a convenient, clean and abundantly available fuel source in Australian society. It is estimated that the LPG industry supports employment for around 15,000 Australians. Currently, auto gas used in Australia reduces carbon dioxide emissions by more than 850,000 tonnes per year and avoids the need to import around 13 million barrels of oil a year, which is around $600 million in value and is roughly equivalent to a month’s current Australian oil production level.

I know I have concentrated on the issue of LPG, but people who live in the country and use diesel fuelled vehicles will also realise that this measure will affect them. The use of biodiesel is currently being encouraged. The government is putting subsidies in place to get people to get biodiesel factories up and running. People realise that, whilst they are getting assistance to get these factories up and running now, in 2008, when there is no assistance for the biodiesel...
industry, they are going to be slugged with an excise on fuel. Whilst the government is giving with Peter here, it is going to take by Paul later down the track. Some of the people who are looking at getting into that industry will be reconsidering their options.

In relation to higher education, the federal budget did not have good news for Australian students and their families. The tax cut of $4 a week that the Treasurer has handed out will not go anywhere near paying the increases in student fees, and the doubling in the number of up-front fee payers will see students with massive levels of debt. Everyone aspires to his or her children being able to go to university. What they are going to face is a 30 per cent hike in the cost of fees at universities, massive numbers of up-front fee places and a loans scheme with a six per cent interest rate. Low income earners who want their children to go to university will see their tax cut eaten up by massive increases in university fees.

Today I noticed the minister for education drivelling on about how he believed Labor does not support people having degrees—not necessarily degrees, but going on and doing apprenticeships and traineeships. Nothing could be further from the truth. We encourage traineeships. We encourage people to get apprenticeships. But we believe that, if people are on a low income, they should not be forced to do an apprenticeship purely because they cannot afford to go to university. To put that in context, a medical degree from the University of Melbourne will cost $150,000 for Australian students who miss out on a publicly funded place if the federal government’s higher education package makes it through the Senate. The other staggering costs are $80,000 for a law degree and $46,000 for an economics degree.

Until now, universities have been banned from offering full fee paying places for Australian medical undergraduates, and the HECS fee for a six-year degree was set at $36,816. Under the plan released in its budget, the government will allow universities to offer up to 10 per cent of medical places to full fee paying domestic students. In other courses, universities would be allowed to offer up to 50 per cent of places to full fee paying domestic students.

The government’s offer of low-interest loans of up to $50,000 for full fee paying students would do little in reality—probably nothing—to ensure that low- and middle-income Australians would be able to access private places. I understand that universities need additional funding. In fact, that is an understatement. Universities are absolutely desperate for additional funding. However, I think it is not fair to say to Australian students and to the thousands and thousands of families who want their children to go to university that they are going to have to pay huge up-front fees or go into massive debt to get into university. Something definitely needs to be done to help the education sector—in particular, universities.

There is no denying that this government has created an incredible mess. They have taken $5 billion out of our universities. That is the problem—$5 billion out of our universities. This government has been pillaging the university system for years. I do not know any people who have the odd $100,000 lying around that they can pay up front for a university degree. I, for one, would not be able to pay that to get my sons into a university education. As for taking a loan for $100,000, I cannot imagine what kind of pressure that would put on a young person and their family. It is my belief that this huge cost and ensuing debt will put Australian students off a university education. As for saying that there is a loan available at 3.5 per cent, below market rates, that will mean that the cost of a $100,000 loan is more than we thought it was going to be. At the end of their university career, students are going to end up with a very big debt. That is the way they are going to have to start out their working life—with a debt of
over $100,000. I sometimes wonder whether that could be this government’s point—only the people who are well off and can afford to get their children into universities get university educations. As I said earlier, it forces all the people on low to middle incomes to get their children into apprenticeships and traineeships. As I said, I support apprenticeships and traineeships, but everybody needs to have equal access across the board to whatever education they require. I am very concerned with the changes to higher education—changes that will allow only people with a lot of money or people who are prepared to go into significant debt to get a university degree.

In the area of defence, in March this year it was brought to my attention by a constituent that there was an increase in military aircraft using the Perth international airport. I made a number of inquiries into this report and found that the constituent was correct—there was an increase in the number of military aircraft using the Perth international airport. It seems that the military were using the airport to load cargo and take on fuel. I was then—and am still—extremely concerned as to what that cargo was. I understand it was a military payload.

The problem seems to have arisen because these aircraft, which were to have loaded cargo at Pearce air base, were unable to take off on their runway because it was of insufficient length to allow take off when fully loaded with cargo and fuel. What would happen is that the aircraft would often go to Pearce, get a military payload, take off with a small amount of fuel, come down to Perth and then get refuelled. That sounds reasonable, in theory, but when you consider that Perth international airport is in the middle of the city and is located close to Kewdale and Belmont, densely occupied industrial and residential areas complete with schools, child-care facilities and recreational facilities, and that the area boasts a large number of shopping centres and also a couple of prisons and a number of hospitals, it becomes clear that this is a problem.

The other problem is the vehicles that the military were using to transport this type of equipment and unknown cargo. The aircraft included the Ilyushin IL-76S, which has had many crashes—three or four this year, with over 500 people being killed. There was also the Antonov AN124, which has an appalling safety record. I think the last one of those that was on a charter flight crashed on take-off with the loss of all four engines. We are not talking about very good reliable aircraft using Perth airport and flying over the city. I think it is unacceptable that we have the need for that.

I think it is not unreasonable to be nervous about the use of Perth airport and we need to deal with that. The issue here is that, in his infinite wisdom, the Treasurer did not allocate any funds in the budget to increase the length of the runway at Pearce air base. The Treasurer has committed funds elsewhere but did not find the safety of the residents of Swan a big enough priority to allocate funds to Pearce. The only funding I can find in the Treasurer’s budget for RAAF Pearce is in the facilities for the lead-in fighter, which is a $7 million project. I see that the budget expenditure is far greater at many other bases around Australia, in fact many that I have visited. We need to address that as a serious concern for Perth. Particularly given our ongoing commitment in Iraq and also our ongoing commitment in East Timor, these aircraft will continue to be leased to the Australian government and continue to come to Perth. It is very reasonable that we expect that our military air base has a runway of sufficient length to actually handle these sorts of aircraft.
I move on to the Medicare system. If it is such a boon for the people of Australia under the current proposal put up by the government, I wonder why the Treasurer felt it necessary to spend $40,000 to get a consultant to come up with the name ‘A Fairer Medicare’ for its package of changes to the health system. A further $100,000 goes to Gavin Anderson and Co. for advice on how to sell the package. It does not end with a taxpayer bill of $140,000: there is a further bill for taxpayers of $148,000 for newspaper advertisements and $90,000 for an information line to promote the new Medicare package—a total of $378,000. It is always interesting that whenever this government come up with some measure that is going to fail or that disadvantages people they always try to slip it in with a name that sounds reasonable. So here we have it again: A Fairer Medicare. As soon as you know that the government has put something like ‘a fairer system’ in the title, you had better watch out because you know they are after your money and you know they are going to rip you off.

In closing, I wish to reiterate some of the points I have made. The bringing of all currently untaxed fuels into the excise and customs duty systems from 1 July 2008 is, in my opinion, just another poorly thought out tax scheme which does nothing for the environment, nor does it do anything for industries that use LPG. The Treasurer has yet again shown his contempt for the people of Western Australia in his defence budget. This Liberal government seems to be, at best, complacent about the safety of the people of Western Australia, particularly those in my electorate. It has allocated little funding to WA, and of that funding none of it goes to the extension of Pearce air base runway. There is also the increased financial burden on university students which will have a negative impact on all Australians. I can see nothing to commend it. In the case of Medicare, I believe that the Labor policy on Medicare puts the policy of the Liberal government into perspective and shows it to be unfair and unworkable. Yet again, we have had a budget which is mean, tricky and out of touch with ordinary Australians, whereas the proposals being put forward by the Labor Party in our address in reply are far better for all Australians.

Mr SERCOMBE (Maribyrnong)  (4.41 p.m.)—Probably all members of this parliament would agree with the proposition that the most fundamentally important role of a government at national level is the safety and security of Australia and the Australian people. That role of government obviously needs to cover the issues that arise from whatever source in whatever environment. In speaking on Appropriation Bill (No. 1) 2003-2004, the criticism I would make of the government’s broad approach on many of those issues is twofold. Firstly, the government seems to be prone to periodically wanting to play ideological or political games on issues that go to important matters of safety and security. Secondly, I am critical of what I, and I think many Australians, see as inappropriate priorities in the way in which the government handles these sorts of crucial issues.

In relation to the first point about playing political games, I illustrate that point by referring to an issue that is very close to my electorate, a facility close to Melbourne airport called the Melbourne Airmail Transit Centre. This facility, jointly operated by Australia Post, AQIS and Customs, has a vital function of providing checking and clearing of very large volumes of incoming mail not just for Victoria but for other states as well. It is a facility that, after we have seen the circumstances in the United States, for example, where anthrax was detected in mail, is obviously very important in the context of threats to Australia and Australians. Yet the facility in which this service is operated in Melbourne presents appalling working conditions.
It is crowded, it is cramped, it is inefficient and it is from time to time dangerous because of the conflicts that arise between people moving around the building and vehicle movements and the like.

It is supposed to be only a temporary facility. It is a facility that over recent years has had live explosive material detected in it, including live grenades periodically. It is a place where white powders have been discovered—fortunately fake anthrax. It is a place of particular interest to quarantine: things like snakes, spiders and the like come through. It is an important facility and the safety of not just the whole community but particularly the workers there is very important.

Ironically, the government has made a commitment and I understand has provided funds to build a purpose-built better facility for this important function on the grounds of Melbourne airport. But the process has not developed. It has not developed and the ongoing safety of thousands of Australians continues to not be adequately serviced because of an ideological obsession by the Minister for Employment and Workplace Relations. The minister will not allow the purpose-built facility at Melbourne airport to be constructed by a building firm that operates, as virtually all building firms operate in Victoria, on an agreement that has adequate protections for wages and conditions of building workers. Rather, the minister says that funds will be used for this project only if everyone in the Victorian community—the trade union movement, building firms and the like—goes along with his particular approach on industrial relations that will involve a significant deterioration in the occupational safety and the conditions of the building workers who will construct this facility.

I think this is a fine example—a terrible example—of this government’s behaviour. This is an environment where many people are particularly conscious of the need for adequate security. Checking inbound mail from overseas, and parcels, packages and the like, is critically important to that role. Yet the government is prepared, because of its ideological obsessions about building unions, to put this important work on hold. Frankly, as I said, this is just unacceptable. It is an example of the political and ideological game playing that the government goes on with from time to time.

I want to illustrate the question of inappropriate priorities by making some remarks about the approach that the Minister for Defence, in particular, has been taking to the way in which the Australian Defence Force and Australian security generally are organised. Last June Senator Hill argued that the old way of organising Australia’s defence around what he described as ‘concentric circles’ of the sea air gap was no longer relevant. He said that we were seeing a fundamental change to the notion that our security responsibilities are confined largely to our own region. He went on to talk about a more global ADF that was able to deploy troops overseas more often.

In other words, he talked about the need for Australia to operate largely as an annex to a great and powerful friend, and to organise and mobilise expeditionary forces rather than focusing—as it ought to, in terms of any realistic priorities in relation to this country’s needs—on ensuring that our own immediate regional defence is absolutely our first priority. In the view of eminent authority on defence Paul Dibb, the head of the ANU’s Strategic and Defence Studies Centre, any suggestion that these sorts of competing priorities can be adequately reconciled is unrealistic and unaffordable. So I think that, where the government is obviously continuing to be committed to a US strategic policy of pre-emptive strike unilateralism, we
have a situation where Australians quite rightly can be very critical about the priorities this government sets in relation to our national security.

There is a little bit of light on the horizon in terms of the government’s seriousness about regional issues. I have noted in the last week or so that the government, at long last, appears to be taking notice of the extraordinarily unsatisfactory situation that applies in our own regional area: in the Solomon Islands. I notice, in apparently well-sourced media reports, that up to 200 police in Australia, New Zealand and other countries will form the core of a plan to attempt to reassert some sort of control or authority in what is, effectively, a failed state. I think this is an important initiative. It shows that, despite its fantasies about expeditionary forces, the government is prepared, periodically, to focus on crucial needs. It is not as though, in what is called the arc of instability that surrounds Australia, there are not plenty of issues that urgently need the government’s attention. Aceh, West Papua, East Timor, Papua New Guinea, Bougainville and the Solomons are, clearly, areas that an Australian government, acting responsibly in the interests of the Australian people, ought to give absolute priority to.

In the context of the Solomon Islands, I have been very interested—as I am sure other members have been this week—to have a look at the report produced by the Australian Strategic Policy Institute entitled *Our failing neighbour*, in which the seeds of what the government appears to be developing in relation to the Solomons are set forward. The report says, amongst other things:

Our most immediate interest is in preventing Solomon Islands becoming a vector in the region for the kind of transnational problems that are so common elsewhere in the world. In today’s globalised world, the failure of Solomon Islands as a modern nation state would not simply mean that its people would revert to the Pacific Island idyll of subsistence prosperity among the palm trees. The Sandline crisis in PNG gave us a taste of what might be in store instead.

The report goes on and says:

Does this matter to Australia? Yes, for two reasons. First, this kind of legal vacuum so close to our shores would make Australia significantly more vulnerable to transnational criminal operations based in or operating out of Solomon Islands—drug smuggling, gun-running, identity fraud and people smuggling, for example. Perhaps even terrorism: the weakness of security institutions means that Solomon Islands’ capacity to monitor people movements is poor.

Second, there would be a high likelihood that such problems would prove contagious to other countries in the region. The violence in Solomon Islands has been nurtured in part by the example of disturbances elsewhere in the Southwest Pacific.

And so the report goes on. The crunch line is that the proposals for an Australian led but broadly based intervention in the Solomons to ensure the restoration of social, political and economic order show that it will be massively expensive. The ASPI report talks about $97 million in the first year and $78 million each following year, year in and year out, with a total of nearly $1 billion over a decade. This sort of activity is certainly not cheap.

As Paul Dibb would say, I think we need to determine our priorities and the structure of not only our Defence Force but also all the agencies and organisations that go towards a capacity to play a constructive role in our region. We need to look at the resourcing of those organisations and activities as an absolute priority for this nation, rather than the overseas expeditionary force mentality that seems to drive this government and, particularly, Senator Hill. It is welcome that, at long last, it appears that the government is giving consideration to the issue
in the Solomons, but it is very late indeed. I remind the House that, back in 2000, the then Prime Minister of the Solomons invited Australian intervention to head off a coup that subsequently occurred, and our government simply turned its back on the Solomons. That is simply not good enough.

Having said some positive things, I come back to where the government’s head has been and where I fear it may still primarily be. Paul Krugman, an American columnist who writes for the New York Times, wrote an interesting article that was published in the Melbourne Age a week or so ago. Unfortunately, it sort of resonated. The article states:

A United States administration hyps the threat posed by a foreign power. It talks of links to Islamic fundamentalist terrorism; it warns about a nuclear weapons program. The news media play along, and the country is swept up in war fever. The war drives everything else—including scandals involving administration officials—from the public’s consciousness.

Then there is the tag line:

The 1997 movie Wag the Dog had quite a plot.

It goes on and talks about Robert De Niro, the political operative in that movie, saying to the President: ‘You want to win this election, you better change the subject. You wanna change this subject, you better have a war. It’s show business.’ There may be a little bit of humour in all of that but, unfortunately, it seems to strike a chord when we look at the increasing exposure of the hollowness of so many of the claims, particularly about weapons of mass destruction, that have been made to underpin the case for us—I think extraordinarily negligently—turning our back on the issues of fundamental concern in our own neighbourhood and racing off with our great and powerful friend in an expeditionary force. This is not to say for one moment that there are not crucial Australian interests in the broader Islamic world, in the broader Middle East and in the war on terrorism that ought to be properly addressed by Australia as part of a focus on security and protection of the Australian community.

I refer to a recent excellent book called Islam and the West: containing the rage recently published by Professor Amin Saikal of the Australian National University. Professor Saikal, whom I have the greatest respect for, says:

The US and its supporters cannot succeed in achieving their anti-terror objectives by the use of force alone.

As long as the conditions on which anti-Western Islamic radicalism can flourish remain unaddressed, more groups similar to al-Qaeda may emerge in the future. The US power approach—and one might say ‘the Australian approach’—to the problem certainly has had some short-term successes. However, the longer term context is not terribly promising.

And we are seeing this tragically with the continuing deterioration of the security situation in Iraq and the regrettable increasing digging into a quagmire that seems to be embracing the occupation forces there.

Professor Saikal I think sets out very well in his book a number of critical issues that really do need to be addressed in order to create the right sort of multilateral and cooperative environment for seriously addressing this so-called war on terrorism. He talks about the priority of rebuilding Afghanistan with a stable political order now that the rule of the Taliban has gone
and al-Qaeda is on the run. He talks about the intertwined goals of reconstruction, security and stability. He says:

The Afghan Finance Minister complained justly that the international community has not matched its words with deeds in relation to rebuilding Afghanistan.

Only $1 billion of the $4.5 billion reconstruction aid promised at the Tokyo donors conference in January 2002 was delivered before the end of the year, with 80 per cent being spent on food and other humanitarian purposes rather than long-term reconstruction.

Even the American Washington Post has talked about this in relation to the Bush administration—and one might say the Australian government, who played a role that I do not criticise in the context of Afghanistan; it was a justifiable role in that context. However, having achieved the military solution, the follow-up to avoid the continuing deterioration and the continuing festering of the problems that gave rise to the terrorism that found root in Afghanistan simply are not being addressed. That lack of attention to the political, economic and security reconstruction, as Professor Saikal makes clear in his book, underpins lack of confidence in a long-term solution occurring there.

The second issue Professor Saikal talks about is Pakistan and the central Asian republics. He makes the important point that what is required in those areas is a long-term commitment to structural change—structural political, economic and social change—rather than the quick-fix, Wag the Dog type solutions. He goes on to make the very obvious point that one of the most dangerous places in the world for possible nuclear conflagration is Kashmir and that is very clearly linked to the viable resolution of the commitments referred to above.

He also talks about Iran, and we have seen a bit in the press over recent times about Iran. And Professor Saikal, quite correctly in my view, is critical of the US attitude towards the Iranian regime. He says:

Although the Iranian situation in which the majority of Islamic hardliners still control most of the organs of state and power whilst moderate Islamic reformers have the support of a great majority of the Iranian people is far from satisfactory, it is imperative for the US not to do anything which would undermine the position of the reformists...

Rather the reformists—those interested in change in that country—ought to be not undermined by the sorts of approaches we have seen the US taking in recent times. He talks about the Palestinian problem, which is often talked about here, and the ongoing failure to resolve the issues there. We have only recently seen for the first time an American President actually prepared to be doing anything other than totally endorsing the Israeli position. For the first time—to Bush’s credit—he has been critical of the Israeli leadership, but a lot more is needed to resolve the issues there and to deal with what is a fundamental cause of the cesspit of opinion from which people like bin Laden can draw sustenance for anti-Western sentiment. Professor Saikal also talks about the need for ongoing serious commitment to democratisation in the Arab world in particular and the Islamic world more generally.

Without continuing to rehash those points, the underlying theme is pretty clear. Being a part of expeditionary forces to go over on a Wag the Dog-type pretext and knock over Saddam Hussein and then not proceeding to do the appropriate things to find long-term solutions is an absolutely misguided and misplaced priority in terms of Australia’s security interests. What we need to be doing is firstly and fundamentally focusing on long-term, multifaceted, reason-
able solutions to the endemic problems of societies in the South Pacific like the Solomons, as I hope the government is now doing.

In the Middle East and in the broader world it is not a matter of expeditionary forces. It is a matter of using our relationship with the United States—which I think almost all members of this House would agree is a fundamentally important relationship—not simply to kowtow but to convince the US to come up with realistic, long-term, serious solutions along the lines that Professor Saikal is arguing. These involve a long-haul commitment to reconstruction in places like Afghanistan and engagement with countries like Iran, rather than continuing isolation and ostracism. We also need a wholehearted, full-blooded commitment to a bit more even-handedness over the Palestinian issue. They are the priorities Australia ought to have. (Time expired)

Dr Lawrence (Fremantle) (5.01 p.m.)—I want to speak today about the case of the disappearing weapons of mass destruction, something that has occupied the minds of members of this House if not the wider community. The government’s response to the failure to discover the so-called weapons of mass destruction in Iraq—and reports are now widespread that intelligence was subject to political pressure and interference—has drawn, I have to say, very little public response so far here in Australia or for that matter even in the United States. Tony Blair however has been under the hammer.

The Prime Minister here is absolving himself again of any responsibility for what has to be the greatest con trick ever perpetrated on the Australian people—one with deadly consequences for the people of Iraq, who are still dying and suffering every day as a result of the violent invasion and subsequent occupation of their country. It is as if nothing seems to matter any more. We are supposed not to care about this.

We were told that the coalition of the willing was invading Iraq to destroy biological and chemical weapons to prevent them being used against other states or passed on to terrorist groups like al-Qaeda. The motion that was before the House said that:

Iraq’s continued possession and pursuit of weapons of mass destruction, in defiance of its mandatory obligations under numerous resolutions of the United Nations Security Council, represents a real and unacceptable threat to international peace and security;

The Prime Minister went on and on about that in his speech. That was the reason, the ‘principal’ reason—he uses that word—the principal objective.

‘Truly,’ we were assured, ‘we are at grave risk; the great superpower itself, the United States, is threatened; peace-loving people and democracies are in jeopardy unless we discover and root out these weapons.’

‘If the United Nations won’t act,’ we were told, ‘we will. Oh, and by the way, despite a mountain of international legal opinion to the contrary, our decision to be part of an invading force is justified by previous UN resolutions—do not worry your pretty heads about that. And to show that it really is about the weapons—if Saddam Hussein would give them up,’ we were told—both by our Prime Minister and other leaders—’we will not pursue him. The weapons are the thing.’

I have to say the only fig leaf we have in prosecuting this case within international law is the weapons argument. Invasion of another state for regime change, the justification embraced...
by the Howard government since we have not found the weapons, is in flagrant breach of interna-
tional law—and everyone agrees about that.

In the United States, a gullible people fed garbage by Fox and the largely compliant print
media have decided that it does not matter that they were lied to and manipulated; the attack
did get rid of a really nasty dictator who most of them still believe was somehow responsible
for the September 11 attack, and in their minds that apparently justifies their government
treating them with complete disdain. Australians by and large appear to have reached the same
conclusion; it does not matter how we got there, the bad guy has gone—although we do not
actually know where he is—and none of our Defence personnel got killed.

It does not matter, apparently, if the Prime Minister has shown the Australian people again
that he thinks that they are a bunch of gullible fools who will swallow any old load of garbage
without demur. I guess he might be entitled to think that after the largely apathetic reactions to
the revelations that the government systematically misled us in the children overboard and
Tampa incidents.

I think it does matter and I think it matters a lot. It matters that thousands of Iraqi people
were killed and injured and that their lives have been turned upside down. Electricity supplies
are still unreliable; water and sewage treatment cannot be guaranteed; security is a nightmare.
It matters. It matters that our own government feels it owes us no explanation for the ques-
tionable intelligence it used to justify the most extreme of actions—waging war—without
reference to the parliamentary vote, putting our people’s lives and security at future risk. It
matters.

Years of inspections, hours of debating in the United Nations and in parliaments around the
world, acres of newsprint and endless spin from government officials and leaders were all
devoted to convincing an initially sceptical public that there were biological and chemical
weapons which could be launched within 45 minutes and that Iraq had wilfully resisted proper
inspection and disclosure of massive secret stockpiles of weapons. How did we know this?
Despite UN weapons inspectors and other reliable sources within Iraq concluding that it was
most likely that these weapons capabilities had been effectively destroyed by years of sanc-
tions and pressure from the UN itself, how did we know this? Because our intelligence
sources told us so.

The big question is: did they really or was there a massive disinformation campaign to cre-
ate a casus belli from partial, contentious and often unreliable sources, which the intelligence
agencies themselves urged should be treated with caution?

We have been forced to participate in this charade of raking over past United Nations reso-
lutions for pretexts for war, of alliances and of new resolutions—the last one dumped when it
became clear that the Security Council was not going to roll over under US pressure. We were
invited to look away while bribes were offered to desperately poor nations to buy their votes
and we were invited to ignore well-sourced reports of the electronic surveillance of member
states to allow the United States and the United Kingdom to anticipate and prepare rebuttals to
the arguments of those nations who dared oppose them—all of this conducted in a confected
atmosphere of crisis and imminent threat.

We all watched with increasing alarm the big speeches by Bush and Blair and Howard, by
Colin Powell and Jack Straw, replete with maps and dossiers, making concrete those fears,
showing us diagrams of laboratories, specifying the quantities of weapons trained on the world, showing us all of these things and giving lurid speculation about the many and varied ways in which we were at risk from these weapons of mass destruction—the phrase repeated over and over again.

How did we know all this? Because the reach of the United States intelligence apparatus is enormous; because its ally the United Kingdom knows the region intimately as its former imperial overlord. Australia, tagging along behind, used our own intelligence agencies to try and assess the veracity of the material shared with us by our allies. I might just note here that Andrew Wilkie, that fine man who resigned from the ONA because of the disinformation campaign, described the material that came from the United States as ‘a growing pile of garbage’.

We were told over and over again that there was no doubt that Iraq did possess large quantities of weapons of mass destruction which they could use at any time or hand over to the terrorists, who would have no compunction about using them on us, the hated westerners. Besides, as one of the grim jokes circulating about the missing weapons has it: ‘How did we know that Iraq had weapons of mass destruction? Because we still have the receipts.’ It was, after all, the United States and some European nations who supplied most of the material and the technology and turned a blind eye while chemical weapons were used in the Iran-Iraq war and then against the Kurdish people. The flow of money, material and technology did not stop until Iraq invaded Kuwait.

It is not as though, I have to say, there were not plenty of dissenters within the intelligence community, even before the attacks—people who were prepared to put their own jobs and reputations on the line so that the truth could be known before such an important decision was made. Hans Blix himself issued diplomatically circumspect and repeated cautions about some of the more extravagant claims being made about the weapons Iraq was said to possess and objected vehemently when his own report to the UN was misused by the US administration in particular—but also, I might say, by the Australian government. Dr ElBaradei confirmed that there was no nuclear capacity at all. Blix has since pronounced himself disappointed with the quality of US and British intelligence and has said that their governments had not been justified in their conclusions that Iraq had weapons of mass destruction. This man knows more about it than anyone else on this planet. Former weapons inspector Scott Ritter has made it clear from the outset of the US push to a pre-emptive strike that the inspections and the sanctions regime had effectively dismantled the greater part of the Iraqi arsenal and their capacity to develop new weapons. He argued that the claims being made by the so-called allies were exaggerated and unduly alarmist—this all before the attack.

Even more compelling was the evidence of Saddam Hussein’s son-in-law who defected to the United States in 1995. CIA and British intelligence officials who debriefed Hussein Kamal after his defection and reviewed the complete transcript of UNSCOM who also interviewed him reported that he insisted that nothing was left. He is alleged to have said that all chemical weapons were destroyed—that he personally had ordered the destruction of all chemical weapons. Weight I think has to be given to his evidence by the fact that Saddam Hussein had him executed after he returned to Iraq.

Of course we had Blair’s dossier which was exposed before the war as decidedly dodgy. Downing Street was finally forced to admit that much of the dossier came from dated academic sources and one portion at least was plagiarised directly from a PhD student’s thesis.
And Robin Cook’s resignation could have left no doubt about his uncertainty of this evidence of weapons of mass destruction. One of the most intelligent and best informed of Blair’s cabinet, he had been privy to regular security briefings and was not convinced of the claims that Iraq had a massive stockpile of weapons and posed a serious threat. Of course he recently urged the British government not to be suckered again, as he put it, by the US hawks into similar action in Iran.

Before the attack on Iraq, former CIA and other intelligence operatives actually wrote to George Bush expressing their alarm at what appeared to be political interference in the intelligence community. Their worst fears of course have since been confirmed.

Just in case the Howard government thinks it can pass the buck for intelligence failures to the big guys, Andrew Wilkie’s courageous resignation from the Office of National Assessments—because he believed that Australia’s decision to join in the attack on Iraq was simply wrong and based on incomplete information—prevents them from doing so. I will just quote Andrew Wilkie in an article published last month. He makes it clear that ANAO officials and others were well aware of the deficiencies in US intelligence and warned government repeatedly that Iraq did not have a WMD program and that the US reasons for engagement were not really about the destruction of such weapons. He says the Howard government will not be keen for an inquiry into Australian assessments on Iraq; much better to let the whiff of US intelligence failure drift across the Pacific in the hope it implies that Australia was the victim of advice beyond its control. But he goes on to say there could not have been any doubt whatsoever about all this in the mind of Prime Minister or any other member of the National Security Committee of Cabinet. Report after report from the bureaucracy made it abundantly clear that US impatience to go for Iraq had very little to do with WMDs and an awful lot to do with US strategic and domestic interests. They cannot claim ignorance.

Now that it has been declared that the war is over and its objectives achieved, a steady stream of information from security sources in both the US and the UK confirms what many of us who were opposed to the war suspected. There is increasing evidence of manipulation of intelligence and political pressure skewing British and US intelligence on Iraq and the use of it here in Australia. This has clearly led to the Australian government itself ignoring the warnings of its own intelligence advisers—intelligence about the supposed weapons threat was manipulated, exaggerated and spun to suit the political objectives of the coalition of the willing. The intelligence agencies are not prepared, it has to be said, to take the rap for the conspicuous failure to turn up any weapons. That is why they have been leaking so comprehensively. It transpires that they warned their political masters that they had no direct evidence of such weapons.

The manipulation and misrepresentation of intelligence has created a major storm in Britain and Blair is under real pressure. In the United States while George Bush was telling the world, and being echoed slavishly by our own Prime Minister ‘... the Iraqi regime possesses chemical and biological weapons ...’, a widely circulated defence intelligence agency report at the time concluded ‘there was no reliable information on whether Iraq is producing or stockpiling chemical weapons’. As Jason Vest put it in a recent article in Nation:

Anyone familiar with the intelligence game knows how susceptible any intelligence—raw reports and intercepts, finished analyses, white papers, national intelligence estimates—is to potential manipulation or subversion.

MAIN COMMITTEE
He goes on to argue that ‘it was clear that the Rumsfeld-Chaney axis was having its way with the CIA’ and that this should not have come as a surprise because ‘the neoconservative clique the Defense Secretary and Vice President hail from, has a long history of using form and subterfuge to make intelligence say—implicitly or explicitly—what is ideologically desired.’

Academic John Prados who sifted through all the unclassified CIA reports on Iraq’s nuclear, chemical, biological and missile capabilities, reported in the May-June Bulletin of the Atomic Scientists:

‘It is fair to suspect that CIA analysts did not approve of the cast being given to their reporting. Conversely, Defense Secretary Rumsfeld had little real need to create his own in-house intelligence staff to furnish threat information on Iraq—He did.

George Tenet’s CIA had already been hounded into doing just that. The Iraqi threat was nothing like the Soviet one, but intelligence had been manipulated just the same.

One official from the Defense Intelligence Agency in the US told the New York Times, ‘As an employee of the DIA, I know this administration has lied to the public to get support for its attack on Iraq.’ That is pretty strong language. Another claimed the Bush administration ‘grossly manipulated intelligence’ about WMDs. And the Australian government was being warned that that is what they were doing and the intelligence here was garbage. It was not an intelligence failure; they wanted a war so they insisted on reports to support their case, while ignoring contrary evidence.

Similar pressure was apparently placed on British officials. Reports in the UK media over the last few weeks attest to a continuing battle of propaganda, it has to be said now, on both sides of the Atlantic. British intelligence sources made claims that intelligence on Iraq had been ‘sexed up’ for publication by Downing Street. On top of this, an unnamed intelligence official told the BBC—and it has not been denied—that a major claim in Blair’s now infamous dossier—that Iraq could unleash chemical or biological attack within 45 minutes of the order—was actually inserted at the insistence of Downing Street. Even the Times, which adopted a pro-war stance at the time, recently ran an analysis which concluded:

The government is seen as having spun the threat from Saddam’s weapons, just as it spins everything else.

Doubt is corroding the triumphalism of the coalition of the willing, and it matters and Australians should take notice. Transcripts of a private meeting between Powell and Straw showed that they knew; they both had reservations about the quality of the intelligence provided to them and how it was being used to bolster the case for war against Iraq. Powell expressed the hope that the facts, when they came out once forces were in Iraq, would not ‘explode in their faces’. It may be a slow explosion, but it is surely happening. Later, several US newspapers carried the story that during his preparation for his big speech to the UN, Powell tossed several pages into the air declaring, ‘I’m not reading this. This is bullshit.’

US intelligence officials have kept up a steady stream of complaint about the pressure exerted on them. Cheney and senior aides apparently made numerous trips to the CIA and operatives reported that they felt they were being pressured to make their assessments fit the administration’s objectives. What of the evidence now that the search has been going on the ground for more than 90 days, and Australia sent a team to join the US rather than involving the experienced UN team again? What have they found? Exactly nothing: a couple of mobile
labs were held to be evidence and the Prime Minister added an extra one yesterday. But the British have actually investigated this. An official investigation found that they were to manufacture hydrogen for weather balloons as claimed, and that the material was provided to them by the United Kingdom through one of its companies. Yet our own Prime Minister continues to insist that this is the decisive evidence of weapons of mass destruction. We have people like Rumsfeld, our Prime Minister and the Minister for Foreign Affairs saying, ‘What they probably did was to destroy them all before the war started.’ That is a very odd thing to do, you would have to say. If you were going to be attacked, it was imminent and you had one shot left in your locker, so to speak, why would you destroy it? And there is no evidence of this having happened. Besides, there was never going to be any evidence, as the clear indication comes from various sources in Australia.

We should listen to Andrew Wilkie when he writes about the fact that Australians have been gulled by this government. He is now going to the United Kingdom to give his evidence to committees there, properly investigating the failure of intelligence and the misuse of intelligence by that government. Inquiries are going on in the Congress in the United States. Australians deserve no less. The attack on Iraq rests on a lie; on misleading and deliberate falsifications—the ‘greatest foreign policy scandal’, as someone has called it. It is degrading democracy if people do not object to being misled by a government. As I mentioned earlier, it happened with the ‘children overboard’ affair, the Tampa and the SIEV X; we cannot let it happen again. Those who care about democracy, regardless of their views on this war, must demand explanations from this government. In the United Kingdom and the United States, at least, the media and some MPs are insisting on proper accounting, with severe embarrassment to Blair if not to Bush.

So far the weapons have not turned up. There is every chance that they will not. But we do know, whether we find some or none, that intelligence has been misused, people’s views have been manipulated and the Australian government has been prepared to ignore its own advice—to use the ‘stacks of garbage’ that Wilkie talks about as a reason for such extreme action: going to war, killing other people, and putting Australians’ lives at risk. It does no good at all for Rumsfeld and Wolfowitz to say now that it was really a matter of bureaucratic imperative, that they could dismiss it—that it does not matter for the deaths and mayhem, for the traducing of truth and trust in government, for the most cynical manipulation of the Australian people. In my view, it does matter.

Mr TANNER (Melbourne) (5.20 p.m.)—I want to address tonight a serious structural imbalance in the Australian economy that is of great concern to me in my capacity as member for Melbourne because it is manifesting itself in my electorate perhaps more than almost any other, with the possible exception of one or two electorates in Sydney—that is, the boom in residential apartment construction and, in particular, the boom in investment by a very large number of Australians, many of them not wealthy Australians, in the purchase of these apartments.

The boom in apartment construction is very heavily concentrated in the CBD and the immediate inner areas of Melbourne. There is also a substantial degree of construction in the electorate of Melbourne Ports, which is on the other side of the Yarra River from my electorate, but the vast bulk of the speculative investment in apartments is occurring in the entire inner areas of Melbourne.
Huge amounts of money are being invested chasing declining yields and creating a serious bubble which ultimately threatens the interests of a very large number of small investors and could even conceivably have a significant detrimental impact on the broader residential housing market. Many parts of the housing market in the capital cities in Australia have increased in price by over 20 per cent over the past year. There are no signs of the pattern abating. In spite of the fact that we have had almost a year worth of predictions and warnings that the boom is over, it is still continuing.

The annual growth rate for investor-owned property has averaged over 20 per cent over the past decade, well above the already very healthy growth rate for borrowing for the owner-occupied property average over that same period of approximately 13 per cent. A huge number of Australians are investing in apartments, in many cases off the plan, and prices for ordinary housing are also skyrocketing in many parts of cities like Melbourne, Sydney and Brisbane. The two are obviously separate phenomena, but they are connected. The overall boom in housing has a significant potential threat contained within it unless it is controlled.

There are reasons why these phenomena are occurring: low interest rates are obviously very centrally involved. In fact, calculations by the ANZ Bank indicate that, to a substantial extent, the decline in interest rates is overwhelmingly the explanation for the increase in price for residential or owner-occupied property. The decline in the cost of borrowing has, in effect, liberated a certain amount of money that people have available for spending on housing and that has been used to bid up the prices for property. In overall terms, it appears that there is not a huge problem within the owner-occupied section of residential property by itself.

Other factors which have been driving the boom in the apartment market, particularly for investors, are recent tax changes and the combination of negative gearing, which is well entrenched in Australia and very unusual in world terms, and the discount rate for capital gains tax which was introduced by the government a couple of years ago with the support of the Labor opposition. It is clear that the tax arrangements that now apply are heavily favourable to investment in property by investors and that is having a significant impact in the boom that we are now experiencing. Another factor that cannot be overlooked is the recent decline in equity markets over the past couple of years and, associated with that, the decline in superannuation returns; therefore, the relative balance between different kinds of investment has altered and the relative attractiveness of investment in property, particularly residential rental property, has increased substantially.

For some, the boom in property has been a bonanza. Sellers who are buying in other markets obviously have done very well. People who have inherited property from parents who have died obviously have been very fortunate. Agents, people in the media who carry all the advertisements, state governments who have received a bonanza in stamp duty, the construction sector—everybody loves a property boom. It delivers a whole range of benefits to a lot of people. But for others a property boom can be not quite so good. New buyers in an inflated market have to stump up substantially greater amounts of money and also expose themselves to a significantly higher level of risk should the boom end.

I am particularly concerned about people in my electorate who are in some respects caught up in this property boom. There are those who are investing and face the risk that the value of their investment will deflate as a result of the inevitable ending of the boom, when it does eventually occur. There are also those who have purchased owner-occupied houses in inner...
Melbourne—where the prices have skyrocketed in the last few years—and who therefore are exposing themselves to a very significant risk that, if the boom in investor property or in apartments does collapse and there is a substantial reduction in prices in that sector, it will spill over into the residential property market in the same region of Melbourne. It is unlikely that there will be a broader impact on residential property pricing from a collapse in the apartment boom, but I suspect that there is a very serious risk that, if that boom does collapse and the price for apartments in inner Melbourne does fall significantly, that will have an effect on the market for housing generally in the inner Melbourne region and particularly in my electorate. So I am very concerned that there will be people who will have paid very large sums of money—in many cases possibly inflated amounts—for ordinary houses in suburbs like Clifton Hill, Kensington, Flemington, Richmond and other parts of my electorate and that, if there is a collapse in value in the apartment market, that will have an indirect effect on the value of their properties that they have purchased in recent times.

There is also a broader concern for the economy as a whole if and when this property investment bubble does burst. It seems that we never really fully learn the lesson of investment bubbles, of asset price bubbles. They are always characterised by excessive optimism, by lax lending practices, by poor investment decisions—often by first-time investors—and, in many cases, by inadequate regulatory scrutiny. We seem to be doomed to repeat our experience time and time again, that we are happy to take the often transient or short-term economic benefits that will arise from a boom of this nature and we do not learn the lessons when the boom ends.

There is, for example, some evidence that banks have been turning a blind eye to the practice of overquoting prices for apartments for the purposes of obtaining loans and subsequently, after finance has been obtained, selling the apartment to the purchaser for a supposedly discounted price which just happens to be at or near 100 per cent of the value of the loan. Apparently there are some banks which are effectively turning a blind eye to this practice and therefore financing way more than the typical percentage that is required of a loan for property, and in some cases effectively financing 100 per cent of the value of the loan. There are instances, of course, where the purchases of investment properties are effectively backed by mortgages against the owner-occupied home of the investor, so these situations are not universal, but nonetheless there is some evidence of lax practices in the finance sector associated with this property boom which I believe have the seeds for ultimate economic disaster unless some action is taken. There is evidence of the usual high-pressure dubious selling techniques and of exaggerated claims with respect to yields and likely capital gains—all the kinds of practices which are prevalent during asset price booms.

There are some similarities with the boom in office property that was experienced in Melbourne in the late 1980s. After that boom collapsed, we ended up with an absolute glut of office accommodation in Melbourne. I can remember going into buildings that were put up in the late 1980s, and the boards that show the lists of tenants indicated that only one or two floors out of 20 floors were occupied. It took quite some time for the adjustment to flow through, and of course the outcome of that was significant economic damage, which was a major contributor to the depth of the recession in 1990-91 in Melbourne, which was more severe than in most other parts of Australia.
The reason why this is all so crucial is that we are now in an economic environment where, if anything, the pressure on interest rates is downward rather than upward. This is due to interest rates reductions in other major economies around the world, the fact that we are experiencing a global economic slowdown and a very sluggish global economy, and because of the recent appreciation of the Australian dollar—which tends to suggest that any future change of interest rates in the near future will be a reduction rather than an increase. Therefore, we face a situation where it is conceivable that, just at the point when we would hope that the steam would gradually come out of the boom and there would be soft landing in this asset price boom, it may be kicked along again by a reduction in interest rates.

If interest rates do fall now, and if they fall for investors in property, that boom could potentially be reignited at its most dangerous point. This could ensure that the soft landing that we all hope will occur from the property boom and a stabilisation of prices with continuing modest growth that would be the desirable position may not eventuate and there may actually be a significant crash in property prices.

There is plenty of evidence of oversupply of apartments. Yields are down to 3½ per cent, putting pressure on rental yields generally, and I can cite personal experience here. Until about five months ago, I was renting a two-bedroom home in Clifton Hill in my electorate—a relatively expensive part of Melbourne—and I calculated that the yield the landlord was earning from my rent was below three per cent. So the rate of return on the rent of that property was probably in the order of two per cent, which of course is a very low rate of return but reflects what is happening in the rental market. Vacancy rates in Melbourne and Sydney are now up around four per cent, and many people are having trouble finding tenants for property that they have recently invested in. The problems of renting at an appropriate rate of return could conceivably generate a stampede of sellers in the property investment market, pushing prices down and ultimately spilling over into sections of the owner-occupied market.

My concern is that an interest rate reduction for investors in property could counteract the impact of economic reality, which is just starting to seep through, and prolong the situation where the supply and demand in the market appear to be out of kilter. If, for broader economic reasons, we do have a reduction in interest rates—which is highly desirable and I sincerely hope that that will occur—it could have an unfortunate side effect of kicking along the property boom and therefore guaranteeing that we ultimately do have a very hard landing and a lot of people get their fingers burnt.

The problem is how to allow a general interest rate reduction to occur, or how to ensure that such a reduction can occur without fuelling a boom that is already faltering at its most dangerous point. In the past, we have had a regime where there were differential interest rates, and a lower rate of interest was required of an owner-occupier than of an investor. It is notable that one or two banks already do apply some level of minor discrimination. Westpac advertises a slightly higher—one or two tenths of a percentage point—interest rate for investors than they do for owner-occupiers, and the National Australia Bank provides that investors have to pay higher fees than owner-occupiers. Nonetheless, the interest rate arrangements are fairly similar across the two sectors.

It is not easy to enforce a differential interest rate regime in the property market and, of course, the fact that some investor properties are secured against mortgages on owner-occupied properties does complicate the picture further. There are some possibilities, how-
ever, and I believe that the government and the Reserve Bank need to give some serious consideration to one of them. Capital adequacy ratios provide some possible means of dealing with the problem, even perhaps temporarily, in order to ensure that the one reason that an interest rate fall could have a negative consequence in the economy can be quarantined and therefore the chance of an interest rate reduction occurring can actually be increased.

The only serious alternative to some kind of differential interest rate to deal with this problem would be changes in the tax laws, which both would be too complex and would possibly trigger the sudden and very hard collapse of the boom, the very thing that we are trying to avoid. In overall terms, that is a very undesirable alternative in this situation.

Although our economy is superficially strong, the property boom, particularly in the apartment sector, is a serious structural problem. How much of a structural problem it is we cannot yet tell, because the history of these kinds of booms is that they look very nice until they crash. It is only after they have ended that we start to understand precisely how good or bad they may have been. I hope that we will have a soft landing, that there will be a gradual stabilisation of prices and that the supply and demand equation will come back into some form of equilibrium. But it is clear that over the next few years the situation cannot continue in the same pattern as it has in recent years.

If interest rates do fall, there is a significant risk that a genuine overheating in that section of the market will occur, followed by a very serious crash which could cause substantial economic pain to a large number of investors and ultimately spill over into the prices for residential property for owner-occupiers in many parts of Melbourne and Sydney in particular, and possibly Brisbane also.

The government's attitude to this issue is thus far to ignore it. It tends to take the view that investment decisions are between consenting adults and therefore, if people wish to invest in properties at potentially inflated value, that is their affair. At one level, there is some merit in that view. But the government still has a responsibility to maintain a rigorous regulatory regime and appropriate protection for small investors against dubious practices which appear to be occurring in this sector and to ensure that banks are suitably conservative and prudent in their lending practices, which also appears not necessarily to be occurring.

There is a problem. There is a problem of excessive borrowing, of inflated valuations in some cases, of exaggeration of likely yields and likely capital growth and of occasional sharp practices, with possibly even some degree of complicity on the part of the banks—turning a blind eye to the situation, a situation that they should be addressing. I believe that we have to address this issue in some way in order to ensure that the economy does stay in some reasonable health and that we do not have a situation where a potential crash in the apartment market could have a significant negative impact which ultimately would flow through into the rest of the economy in various ways.

That is why I am suggesting this evening that the question of interest rate policy—indeed the attitudes of the banks themselves—perhaps needs to be reconsidered. One way or another, the government and the Reserve Bank need to give very serious consideration to ensuring that this problem is actually addressed before it gets out of control. That is something that, if it does occur, could conceivably have very serious consequences for many people in this country and ultimately for the economy as a whole. It is still unclear as to whether or not that kind of scenario will emerge. I sincerely hope it will not emerge. But the reason I am concerned
about it is that there have been so many instances in economic history, both in this country and elsewhere, of unsustainable booms ultimately ending in disaster. We do not want to see the same thing happen in this instance.

**Mr Gibbons (Bendigo)** (5.39 p.m.)—Tonight in this debate on Appropriation Bill (No. 1) 2003-2004 I want to talk about what was and what was not included in the eighth Costello budget. What was missing was a commitment to fund the federal government’s contribution to the redevelopment of the Calder Highway—a contribution of around $165 million. What was included was $645 million for our involvement in the invasion of Iraq because of the potential disaster resulting from that country’s alleged possession of and use of weapons of mass destruction.

I will first address the issue of the Calder Highway. I was disgusted at the hypocrisy that oozed from the transport minister during question time recently when he boasted about how he allegedly insists on keeping his promises on roads of national importance. This is utter rubbish and it proves what a phoney this minister is. I represent the federal seat of Bendigo. Again and again I have seen how the Howard government has ripped up its promises to fund and finish the duplication of the Calder Highway from Bendigo to Melbourne. The Howard government promised in 1996 to pay 50 per cent of the costs of duplicating the Calder. Today his promise is just a wreck dumped at the side of the road. The Calder Highway is a road sealed with Liberal untruths and its surface is pot-holed with broken Liberal and National promises!

This government uses Calder motorists as milking cows. It is more interested in duplicating taxes on the Calder than on duplicating the road! Since the Howard government came to office, it has added the GST to fuel taxes and it has added the GST to CityLink tolls paid by Calder motorists driving into and out of Melbourne. In short, it has doubled the number of taxes that motorists pay on the Calder. Originally there was fuel tax and the CityLink toll. Now there are fuel taxes, plus the GST on fuel taxes and CityLink tolls plus the GST on CityLink tolls. This government has now stopped paying for the upgrade of the Calder, it has wiped its hands of the Calder and it has wiped off central Victoria, but it is still raking in the taxes from Calder motorists. Where have Calder motorists’ taxes gone? Certainly not to the Calder. They have gone everywhere else but to the Calder.

I have seen this government time and time again treat road funds and RONI funds as just one big party political slush fund to advance the interests of the Liberals and the Nationals. Recently during question time the transport minister went on and on in this House about how he likes to keep his RONI promises. On the Calder, he is the man who does not keep his word, and now on the Calder he does not have a word to say. He did not show up at the official opening of the Carlsruhe to Kyneton section of the Calder upgrade a few weeks back and he did not show up in 2001 at the opening of the Woodend section of the duplication. He does not show up because he does not want to be challenged over his government’s betrayal. He was actually invited to a meeting with the Calder Highway improvement committee three days after the recent budget. He rejected it. He is coming to Bendigo shortly, but he cannot find the time to talk to the City of Greater Bendigo Council and interested organisations about his abysmal plans for the Calder.

The ‘Invisible Man’ will be in Bendigo, but nobody can see him. He will be in Bendigo on 16 July to speak at a luncheon to be held by the Australian Institute of Company Directors. No
doubt he will be lecturing them—with a forked tongue—on why they need to listen to their shareholders and why their companies need to make long-term investments in major capital works. These are not principles he applies to the Calder. The transport minister does not to want to listen and he does not want to be seen.

We have a Prime Minister who will not see any deputations from Bendigo either. The Prime Minister refused to give a Bendigo delegation just 20 minutes of his time to discuss the most important issue confronting central Victoria. The Prime Minister has told Bendigo that any deputations that want to talk to him should go away and book up to talk with the transport minister—who will not see them either. The Howard government is systematically sabotaging the Calder Highway. It promised in 1996 to join with the state government and pay 50 per cent of the cost of duplicating the Calder Highway because it is a RONI, a road of national importance—but it is obviously not a road of National Party importance.

Treasurer Costello repeated that promise in Bendigo in 2001 during the federal election. The Howard government refused to fund the Calder in last year’s budget and again in this year’s budget. The Howard government is subjecting the Calder Highway to at least five years of financial strangulation, showing that the Howard government is determined to torpedo the state government’s plans to complete the Calder Highway upgrade by 2006. The Howard government has a clear-cut strategy to wreck the duplication of the Calder Highway. This is a gross betrayal of Treasurer Costello’s promise to Bendigo in the last federal election to continue fifty-fifty funding of RONIs—and the Calder Highway is, obviously, a major RONI in that area and the Bracks government has committed funds to it.

All the evidence suggests that the Prime Minister has actually made the decision that he will never again fund this particular project. The PM’s promise to complete the Calder is as fraudulent as another 1996 election promise—that he would not privatise Australian Defence Industries in Bendigo. He broke that promise and, in doing so, he wiped out 250 jobs at ADI Bendigo. He is breaking his Calder RONI promise for at least five years running, according to the government’s own forward estimates projections.

I remind the House of the promise Treasurer Costello made to Bendigo during the 2001 federal election, when he was reported in the Bendigo Advertiser on 1 November as saying: The Commonwealth will continue to fund it in partnership with the State Government, so as the State Government commits to construction, the Commonwealth will match the funding under the program of Roads of National Importance. They were the Treasurer’s precise words to Bendigo two weeks out from an election. That was accepted by large number of voters in Bendigo. I was fortunate enough to win the seat, but a considerable number of Bendigo voters would have taken the Treasurer’s word and voted for his party because of that commitment. Yet here we are two years down the track and not only have they not funded it but all of the forward projections for the next three to four years do not even mention the Calder Highway, whereas previously they did. He has deliberately broken his word, and I suspect that they will pay a major political price for that when the next election rolls around.

I now turn to the second topic that I indicated I would address—the US invasion of Iraq and the phoney pretext on which it was justified by the Bush administration and its ‘Little Sir Echo’ in Australia, the Australian government and the Prime Minister of Australia. On the Internet there is an estimate of the Iraqi civilian war dead compiled by the Iraq Body Count
Project. Last week its estimate was that the number of civilians killed in the US war of invasion against Iraq was a minimum of 5,531 and a maximum of 7,203. These are conservative estimates and they do not account for the even larger numbers of Iraqis seriously injured in the bombing and shelling and the numbers Iraqi soldiers killed and injured—nor does it mention the number of American troops and British troops that were killed.

The grounds used by the invading governments to justify inflicting the horror of war on the people of Iraq were the claim that Iraq at the time of the invasion had weapons of mass destruction; that Iraq was engaged at the time in developing weapons of mass destruction; and that these were a clear and imminent danger to other states, especially the United States. It was claimed at the time the US launched its invasion that the danger from Iraq’s alleged weapons of mass destruction was so big and so immediate that the United States was compelled and entitled to bypass the United Nations Security Council, act without the authority of the United Nations and launch war unilaterally on Iraq.

Let us remember, however, what is the real background to this invasion: it is the aggressive agenda of the neoconservative clique in the US that has masterminded this invasion. This is the right wing of the right-wing Republican Party. They are the hard core of Cold War leftovers that have nowhere else to go. The attack on Iraq is part of their blueprint for using so-called pre-emptive wars and for imposing so-called regime change on outlawed states to re-organise the world to suit the power interests of the United States. This is not actually a new world order; it is a new world disorder. It is not a program drawn up by nations of the world but by one nation alone. It junks the body that has been the forum and legislator for world order since World War II—that is, the United Nations—and it replaces that authority with the whim of one man, the President of the United States, and whatever faction of string-pullers is controlling him at the time. This neoconservative agenda does not create or maintain world order; it generates war and the threat of war against any state or head of state that is outlawed unilaterally by the Bush administration. It is, in fact, a system of international lynch law! It is the Republican Party’s ‘declaration of independence’ of the United States from the rule of international law.

The real agenda of the United States in attacking Iraq was not removing weapons of mass destruction but so-called regime change and pre-emptive war. The Bush administration was never really genuine in going to the United Nations for authority to remove Iraq’s weapons of mass destruction: it was always going to attack Iraq. The weapons of mass destruction slogan was a cover for the invasion that was always going to happen once the Bush administration had brought forward its doctrines of pre-emptive war and regime change and the rogues gallery of the ‘axis of evil’ and of rogue states, including Iraq, Iran and North Korea. Because of this, Iraq has now been bombed, invaded, devastated and occupied. It is and remains in ruins.

I hold no brief for Saddam Hussein and his murderous dictatorship, but I also hold no brief for wars of aggression and for deception. What has happened to the weapons of mass destruction? They have not been found. In all the time since the final capture of Baghdad, the alleged weapons of mass destruction have not been uncovered. They have become the weapons of mass disappearance! They are weapons of mass delusion! A massive arsenal of weaponry has simply failed to materialise. No magician could have done the job so well. In reality, there remain no confirmed finds of weapons of mass destruction in Iraq and no definitive physical
evidence has emerged that Iraq was in possession of weapons of mass destruction in March when the US launched its invasion.

The Prime Minister of Australia is a new variant of Basil Fawlty, who used to say, ‘Don’t mention the war.’ The Prime Minister’s mantra today is, ‘Don’t mention the weapons of mass destruction.’ Before the war was launched, the hawk had his tongue; today, the cat has got his tongue! He is reduced to running away from the issue. He latches on to any other excuse for signing Australia up with George Bush. Today all he can say about weapons of mass destruction is:

I remain of the belief that evidence will be found, but it may take time.

That was his comment in the *Bulletin* of 6 May. Suddenly he no longer ‘knows’ there are weapons of mass destruction; he only ‘believes’ there are. In 2001, before the election, he told us he ‘knew’ that asylum seekers at sea had thrown their children overboard. Later on, he only ‘believed’ they had tossed their children into the sea. He is now virtually admitting they did not. There is a big difference between knowing Iraq had weapons of mass destruction and believing it. The difference is a figure of up to 7,203 dead innocent Iraqi civilians. It is a joke that at home this Prime Minister likes to fancy himself as a man of steel. In America and Britain, he is regarded as a man of putty at its soft and pliable worst!

Let us now have a look at the verbal antics of the arch war hawk in the US administration, the Defense Secretary, Donald Rumsfeld. Mr Rumsfeld has been reported as saying:

There may not be any weapons of mass destruction in Iraq.

That staggering admission was reported on 28 May in the US *Evening Standard* newspaper. On the same day, the BBC reported:

US Defense Secretary Donald Rumsfeld has acknowledged for the first time that Iraq may have destroyed its WMDs before the US launched its offensive to topple Saddam Hussein’s regime.

Two days later, the UK *Independent* newspaper quoted the US Deputy Secretary for Defense, Paul Wolfowitz, as stating:

Disarming Saddam of illegal weapons was nothing more than a bureaucratic reason for war.

Mr Wolfowitz revealed that the weapons of mass destruction reason for the war was just something that the conflicting views within the US government could be persuaded to settle on.

Let us look at Britain, the only large power in the world that joined the US invasion of Iraq. Back on 21 February, before the invasion was launched, Foreign Minister Jack Straw made this claim about Iraq’s alleged weapons of mass destruction:

Some of these weapons are deployable within 45 minutes of an order to use them.

What a staggering contrast to read the comment which he made to the *Independent* newspaper on 14 May:

Uncovering Saddam Hussein’s weapons of mass destruction was not crucially important.

They were, of course, crucially important originally as a way to inflame incredulous Britons to go along with a war that they massively rejected. It is only now, when weapons have not been found, that they do not matter.

I conclude this part of my speech by urging all those here in the House tonight to read the article in the Melbourne *Age* on Monday, 16 June, by Robert Manne, professor of politics at
La Trobe University, which has a major presence in my electorate. Robert Manne describes the US claims about weapons of mass destruction as spurious. He says:

The spurious justification offered for the invasion of Iraq constitutes, in my opinion, one of the greatest foreign policy scandals involved in Western governance since 1945. It is surely imperative for all those who care about democracy—whether or not they supported the war—to try to discover an explanation for the deception and the true causes of what has occurred.

I support an investigation into the grounds of Australia’s involvement in the war, and I am delighted that one is about to take place.

In conclusion, on a far more pleasant note, I take this opportunity to congratulate Mr John ‘Blue’ Ryan on receiving the Centenary of Federation medal. Blue is the national president of the federation of totally and permanently incapacitated war veterans and is a Vietnam veteran. He is in Canberra at the moment, along with hundreds of his colleagues, to highlight the plight of the members of his organisation and the problems that they confront. Blue Ryan is a warrior who defends the rights of veterans vigorously and was presented with his medal by my colleague the member for Cowan, another tireless warrior for the veteran cause. Both received a huge round of applause from the hundreds of veterans who were outside this House today. I was privileged to attend this emotional presentation; I congratulate Blue and his organisation and wish them every success in the future.

Mr MARTYN EVANS (Bonython) (5.56 p.m.)—In speaking on the Appropriation Bill (No. 1) 2003-2004, I wish to canvass matters relating to energy policy, both global and with particular reference to our own situation here in Australia. As you know, Mr Deputy Speaker, the matter of the Kyoto protocol and its reference to the greenhouse question is one that the planet as a whole has been very much engaged in in recent years. The Kyoto protocol has received substantial debate not only in Australia but throughout the councils of the world. It has been subject to extensive policy debate in most countries, particularly in the developed world but also in the less developed countries. Even though they are not particularly required to comply with any of its terms, they are substantial contributors to greenhouse gas emissions and ultimately it would be hoped that they may also contribute to some legally binding protocol—although as yet no firm ideas have come forward as to that. I will cover some of those issues a bit further on in my contribution.

It is very much the firm policy of the Australian Labor Party that we should support Australia’s entry into the Kyoto protocol and that the Kyoto protocol itself should come into force as a binding treaty and one that should have effect across developed countries so as to limit the emission of greenhouse gases. I fully support that policy. It is one that will ensure that we are able to take some strong action in relation to greenhouse gas emissions and thereby avoid some long-term environmental consequences which, were they to take effect in the way that they might, could have a significant impact on the environment of the planet as a whole and—on the way in which we are now able to enjoy many of the unique environmental features of Australia. Greenhouse gas emissions could cause significant long-term environmental and economic damage.

At the moment, that hangs in the balance with respect to countries that have yet to sign up. Russia is presently poised on the edge of ratification. Ratification is a matter for debate in that country at the moment. Australia is currently declining to ratify. I doubt that the United States will ratify. So the entry into force of the protocol itself is somewhat in doubt at the moment.

MAIN COMMITTEE
That is not the only issue which is being raised about the protocol at the present time. Just because we on this side of the House strongly support the entry into force of the protocol itself does not mean that, on a matter like this, with such long-term implications, one should not raise issues and questions about the foundation issues that underlie the protocol and the economics and science that underlie it. Support for the underlying economic, environmental and scientific foundations which motivate people with respect to the issue itself does not mean that one is absolutely committed to every word in the document. It is only sensible and prudent to look at the underlying theories, beliefs and economic and legal structures that underpin some of these documents, protocols and treaties—to rationally and sensibly, from time to time, examine the basis that underlies them; ensure that they are tested against the latest thinking, the latest science, the latest economics and the latest statistics; and ensure that we are always acting in the best interests not only of the country but also of the environment.

It is on that basis that I always approach these issues. We should ensure that we always properly test these issues in the true nature of the scientific spirit and undertaking. When people of the repute of Ian Castles, the very well-respected former head of the Australian Bureau of Statistics, and David Henderson, now of the Westminster Business School in the UK and former Chief Economist with the OECD—he certainly has a well-respected international reputation—raise questions about the statistical basis of the IPCC’s report which underlies its conclusions with respect to global climate change, I think one has to look very seriously at the report brought forward and certainly allow close and careful debate about the implications that report has for future climate change and make every effort to better understand their challenge of it.

Their commentary does not challenge the scientific theories which underlie climate change, because the greenhouse effect is certainly well understood as a scientific theory. Quite clearly, when greenhouse gases are added to the atmosphere, the propensity of the planet’s surface to warm is increased. If the energy the planet gets from the sun is converted into infrared radiation, it has less opportunity to escape the planet’s surface. Infrared radiation is less able to pass through the atmosphere if the amount of greenhouse gases in the atmosphere is increased, because these greenhouse gases, by their very definition, are more opaque to infrared radiation. So the concept, the science, of the greenhouse effect is well understood and I think well validated. Those who would challenge the very science of the greenhouse effect clearly have an uphill battle in doing so.

Ian Castles and David Henderson have not challenged that. What they have challenged in papers raised with the IPCC in late 2002 and early 2003 is the statistical analysis which underpins the economic forecasts which the IPCC has relied upon in looking at the economic development which will underpin the future emission of greenhouse gases. The quantity of greenhouse gases that will be present in the atmosphere over the next 100 years will be critical to the whole issue of climate change and the impact that it will have on the planet’s environment. That is the challenge to the central thinking underlying the Kyoto protocol and the legal obligations which countries signing up to it will have. That is where the challenge they are making to this central plank of the Kyoto protocol is absolutely fundamental. That is where I think we have to be very careful in moving forward on these issues. That is where the main debate must lie.
While there is no question about the underlying theory of the greenhouse effect itself, about the very science that underpins this environmental issue—that really can go without challenge at this stage—the economics and the statistics which underpin the impact the greenhouse effect will have on the planet must certainly be subject to further debate.

Since the challenge by Castles and Henderson in late 2002, we must seriously turn our attention to the issues which they have raised. Unfortunately, the IPCC and many of those who champion the Kyoto cause have failed to seriously address this challenge. It is one that must be addressed seriously if people are to keep faith with the Kyoto agreement. Without a serious response to their concerns, the whole issue will be in doubt—not the science but the economics and statistics which underpin the emission scenarios. That is central to people’s response to the Kyoto protocol.

Unfortunately, in my view, the whole Kyoto document was drafted in far too great a haste, as has been the formulation of the political response to it. Because of the underlying statistical base—and I will get to the flaw in a moment—we have been put under pressure to respond to this in a great deal of haste.

What are Castles and Henderson saying? The IPCC has based all of its forecasts on a straight US-dollar comparison, country by country, at market exchange rates. They are simply converting developing country and Australian and UK and Canadian currencies at market rates into US dollars and then projecting these forward over the next hundred years. That kind of methodology has been totally discredited by the OECD, the World Bank and others over the last decade or so. The only rational way, as everyone in this business has agreed over the last five or 10 years, is to use the comparative purchasing power parity method—the PPP method—to compare foreign currency exchange rates to US dollars at the equivalent purchasing power parity. In other words, what can you buy with your currency and how is that equivalent to purchasing power in US dollars? That is the only method of comparing currencies which actually makes any economic sense at the end of the day. Those comparisons are now published by the World Bank and others so that we can make sense of these long-term comparisons.

When Castles and Henderson examined the IPCC’s forecasts they were able to determine, to take one example, that they are projecting forward in a way which says that by 2050 South Africa will have an economy which is generating a GDP per capita twice that of the United States and probably four times the GDP per capita of the United States by the year 2100. That is probably an absurd outcome because the United States will move ahead, as will South Africa, but their relative positions are likely to be sustained. It also assumes that countries like North Korea will probably move ahead of the United States over the next 100 years. It also assumes that Zimbabwe will move ahead of Australia in per capita GDP over that period.

It is possible that Zimbabwe will move ahead of Australia, if its leaders take a more enlightened view and Australia’s leaders take a less enlightened view; such things are possible. But for the IPCC to have assumed in 2002 such outlandish and bizarre outcomes and to have based all of their projections on such absurd statistical projections is ridiculous. They are projecting such things across the board. Although I have picked a couple of countries to highlight the absurdity of some of these conclusions, it is not just those countries which are the feature of these outcomes. It goes across the board and over a whole range of developing countries, and not just in those countries I have mentioned.
They did not base their projections for economic growth on reality and take into account the changes in the 1990-2000 period, when CO\textsubscript{2} production did not rise with the magnitude that they predicted—and in fact methane and carbon monoxide production did not go up anything like as much as they expected. Did they adjust their predictions to take account of reality? No; they incorporated in the report what they predicted would occur rather than what had occurred. They incorporated in their report their range of projections for GDP growth in the 1990-2000 period rather than incorporating the reality of GDP growth, which they could have obtained from the World Bank and others by the time their reports were published.

Again and again in the IPCC’s report we see reasonable science about climate change but very poor statistics and very poor economic projections. That is probably because the majority of the IPCC people involved in this exercise are good climate scientists, good atmospheric scientists, good climate modellers, but not necessarily very good at some of the economics and statistical projections involved in this. So I suspect we have not seen the kind of economic and statistical rigour that you would expect to be brought to an exercise that will determine the economic future of many of the countries involved in this debate. The cost of some of these changes to economies like Australia, the United States and Europe will be very substantial. If we are to start imposing in this country some of the changes which the protocol would reasonably demand—if their projections were correct, real and reasonable—we would have to respond in the way that people have requested and that the protocol envisages.

If Castles and Henderson are correct and the impact will not be as serious or as early as the current IPCC statistical outcomes envisage, those things can be delayed by 10 or 20 years and there will be an opportunity for technology to catch up with some of the issues that are being raised. Therefore, the impact on our economies—and on the lives of the public that we represent—may be significantly reduced. The taxation and cost implications for families in Australia and other developed countries could also be reduced, and the environmental implications would be far less serious. So we owe it to the people in developed countries, and the citizens that we represent, to be very much more certain about the economics and the statistics.

We are certain about the science—make no mistake about that—but we owe it to our constituents to be much more certain about the economics and the statistics. That is not difficult. The statistics and the economics are not difficult to calculate. We have the resources available in national governments around the world to undertake this work. We have left it to people who really were not in a position to bring to it the kind of rigour and resources that should have been brought to it. Governments have not given this the attention it deserves. We have treated this as an environmental question alone. It is time that we started to treat this as an economic and statistical question as well as an environmental question—with equal attention being paid to the science.

Of course it is an important environmental question, but the issue does not end there. It has very serious employment and economic implications which will have very significant impacts on families and communities. This could displace the aluminium industry from Australia. It could end cheap electricity generation. It could displace motor vehicle production—and my own electorate is significantly dependent on that—and many other manufacturing or production facilities from Australia and move them to other countries. The economic impact on our community could be very significant. We have the science right already but we owe it to our
communities to make sure that we get the economics and the statistics right. That is not a difficult thing to do, and governments must give this the attention that it deserves.

We have the policy settings correct, but do we have the timing right and have we brought sufficient resources and attention to bear on it? At this stage I suspect that is open to question. It is time that the government gave this the attention it deserves. National governments across the world—including the United States—who have not given this the attention that it needs, can no longer ignore it. It is an important issue for the United States. It is time that developed countries brought to bear on it the resources which they can easily bring to bear and ensure that the answers to these questions are not put off to the future but are resolved now. It is time that national governments came up with rigorous economic and statistical conclusions rather than leaving this to a public debate which is now increasingly ill-informed.

Mr BRERETON (Kingsford-Smith) (6.15 p.m.)—I rise to tonight in this appropriations debate to condemn the Howard government’s 2003 budget, particularly its impact upon Australia’s education and health care sectors. What is absolutely clear from the Appropriation Bill (No. 1) 2002-2003 is the government’s determination to see Australia embrace a US style model in both these sectors. This budget will ensure that a great many Australians simply will not be able to afford to go to university. That is it, pure and simple.

It certainly means that, in respect of the families of my electorate of Kingsford-Smith, many of their children will miss out. Their parents know full well that education is the very key to their children’s future. They know it just as they know that, in the wider sense, education is the very best guarantee of our nation’s future prosperity. They want their children to have the chance of a university education. They know it is their kids’ best ticket to a better future. Yet this budget allows universities to increase HECS fees by 30 per cent. It allows for HECS fees as high as $40,000 for an undergraduate degree. It provides for a vast increase in the number of university places reserved for the children of the wealthy. It provides for up to half of all university places to be reserved exclusively for people who can afford to buy a university place. It allows for $100,000 degrees or, in the case of the sandstone universities such as Sydney University, and the University of New South Wales in my own electorate, medical degrees at $150,000—a cost that will place them well beyond the reach of everyone but the most wealthy.

That great Australian principle of equality of opportunity, which saw entrants to our universities based upon academic ability and not on how rich your family were, is going to be destroyed as a result of this year’s budget measures. To complete the picture, as it were, the government wants a new system involving massive student debt with fee-paying students being pushed, indeed under great pressure, to take out loans of $50,000 in the university sector from the government which will for the very first time involve a compound interest rate payable to the government. That will see the students who borrow $50,000 having to repay a total of some $66,000.

The DEPUTY SPEAKER (Ms Corcoran)—I interrupt the member for Kingsford-Smith. Does the member for La Trobe want to ask a question?

Mr Charles—Yes.

The DEPUTY SPEAKER—Is the member for Kingsford-Smith prepared to take a question?
Mr BRERETON—No, I am not. To cap it all off, we have got the provision—in addition to $66,000, including interest over 10 years for that $50,000 loan—of a limit of five years on a HECS place. Many students will find that, when the five years elapse, they will either have to quit studying or thereafter pay full fees. This comes from a government which has already slashed a total of $5 billion from the university sector since it came to office in 1996. It comes from a government which, having now been in power for two and a bit terms, has seen the average number of students per teaching staff member blow out by some 20 per cent.

The measures contained in this year’s budget will mean that many more Australians simply will not be able to afford to go to university. What the mums and dads of my electorate want to know is why they should be forced to start saving for their kids to go to university from the time their kids are born. They want to know why young Australians are to be saddled with a lifetime of debt. They want to know why Australia should move to a system where it is money more than marks that opens university doors. Under this budget the young people of my electorate will be deprived of their access to university unless their parents can afford to pay up-front fees. That will certainly be the case for a great many. It will undoubtedly prevent many of our brighter students from having the opportunity to undertake tertiary education. This budget will mean that young people will often have to delay the decision to buy a house or to settle down and have a family. It means they are facing the prospect of having to pay off huge student loans to the government before contemplating either of these life decisions.

When you look at the government’s approach to the health sector, you see the same principles at work. There is an attack on the Medicare system, again with the Howard government seeking to take Australia down the US path to a user-pays system. Its approach has been rightly characterised as introducing a system where patients’ credit cards will be more important than their Medicare cards. In my electorate over the past three weeks some 6,000 people have signed a petition individually calling for retention of Medicare bulk-billing. I have not seen a response to any issue as strong as this one. I have not seen such community concern expressed over any issue as I have seen in recent weeks as a result of the government’s attack on Medicare bulk-billing in this budget. It is understandable because, in the electorate of Kingsford-Smith, 90 per cent of all medical consultations last year were bulk-billed by medical practitioners. I might say that when the Howard government came to office it was over 95 per cent, so there has already been a diminution, but nine out of 10 have the benefit of bulk-billing at the moment. My constituents know just how vital it is to see that bulk-billing retained. The opportunity to go free of charge to a local GP has been an absolutely vital part of universal health care. It complements the right to treatment in our public hospital system—public hospitals that are free and have their services openly available regardless of your means to pay.

Bulk-billing has been available under Medicare for a total of 20 years. It has been the norm and has been the community entitlement. Yet now this government under John Howard wants to destroy bulk-billing. John Howard’s hatred of bulk-billing is well documented. You only have to go back to 1986 when he was calling Medicare ‘an unmitigated disaster’ in press releases and doing doorstops like the one on 1 June 1987, in which he said:

Everyone knows that one of the great disasters of the Hawke government has been Medicare. It’s raped the poor in this country. Medicare has been a total disaster.
You only have to go back to his notorious interview on radio 2GB on 1 June 1987 when he stated:
We will be proposing changes to Medicare which amount to its *de facto* dismantling ... we'll pull it right apart.

That was the real John Howard. Some years later, when he was seeking office, he had changed his tune. So the fellow who once upon a time was saying that bulk-billing was an absolute rort was by then saying that of course he wanted to give a guarantee that it was not going to be changed, a guarantee that bulk-billing would be retained. ‘We are going to keep Medicare. We are going to keep it lock, stock and barrel,’ he said. We see the real John Howard again revealed today.

I am pleased to see the commitment given to Medicare by my own party. It was enunciated in the budget response of Simon Crean when he committed a future Labor government to saving Medicare—the exact alternative approach—and to a package of $1.9 billion to reverse the collapse of bulk-billing and to lift the patient rebate for bulk-billing for all Australians, no matter where they live and no matter how much they earn. This is the principle of universality—once again, one of the guiding principles of our party.

That was the Labor Party counter to a plan in this budget in which the Liberal Party propose to pay money to encourage doctors to stop bulk-billing ordinary working Australians. That is the essence of the measures contained in the Howard budget this year. It is a budget which Professor John Deeble, the architect of Medicare, whom we all know and respect and who has done so much for our national health system, has predicted will see bulk-billing keep falling across the nation to below 50 per cent.

The elements of that commitment that was given by Simon Crean involve the immediate lifting of the Medicare patient rebate for all bulk-billed contributions to 95 per cent of the schedule fee—that is, an immediate increase of $3.35 per consultation—with a subsequent lift of the Medicare patient rebate for all bulk-billing consultations to 100 per cent of the schedule fee. That will take it through to $5. It also provided for doctors in the metropolitan area in seats such as my own an additional $7,500 each year if they bulk-bill 80 per cent or more of their patients. Under Labor’s plan you will see doctors receiving an increased rebate every time that they choose to bulk-bill a patient. It is a tremendous contrast and it is one that we on our side of the chamber are very pleased to see advanced by the party that was after all the architect of Medicare.

In concluding tonight I just want to take this opportunity to place on the record some remarks and to take issue with my old friend Bob Carr, the Premier of New South Wales, who I heard on the ABC radio *PM* program last night giving the federal parliamentary Labor Party some advice. In the course of his observations, Premier Carr repeated his oft-stated refrain about what he asserts are Australia’s unsustainably high immigration levels. For the record, let me point out that last year Australia accepted a total of 88,900 new settlers. That figure included 23,334 under the family category, 36,036 under the skilled category and 6,732 under the humanitarian programs.

Premier Carr would like federal Labor to become the party of low immigration, perhaps even anti-immigration. I respond by saying that Bob is much too narrow in his outlook on this most important matter. Immigration is an issue where we must all take a national perspective. You cannot just see immigration policy through the lens of Sydney talkback radio. Premier
Carr heads the government of New South Wales, the largest state in the Commonwealth, but he is not a member of the national parliament. We have to look at the bigger national picture, which includes changing patterns of employment, population distribution, internal migration, fertility rates and the ageing of Australia’s population. It is not just about the size of our population. Composition and active participation in the work force are key factors driving growth and prosperity.

Given projected demographic changes, especially the ageing of the Australian-born population, sustained immigration—especially of skilled migrants—combined with a strong commitment to preserving our environment, will be critical to the future strength and wellbeing of our nation. Skilled migration is especially vital, I should add, to revitalise rural and regional Australia. Stronger incentives are needed to attract people to regional areas, including positive industry development policies involving the private sector in the provision of economic and social infrastructure and stronger incentives for migrants to live in the regions. Lifting the population and developing high-skilled industries is the road to survival for many of Australia’s regional communities.

Immigration is indeed about nation building. It is an issue that requires national leadership and not the interpretation of focus group research that so often merely holds up a mirror to people’s prejudices. Federal Labor must always address these issues from a national perspective, and that means the continuation of the current immigration levels and, indeed, as may be appropriate as economic circumstances permit, increasing them as part of Labor’s commitment to nation building. I thank you for this opportunity.

Mr LAURIE FERGUSON (Reid) (6.30 p.m.)—I would like to comment on the remarks made by the previous speaker, the member for Kingsford-Smith. We are currently permanently losing approximately 48,000 people overseas. So when we look at the immigration intake it has to be borne in mind that we are increasingly losing a significant number of Australians through employment and other purposes overseas.

The member for Kingsford-Smith also commented on the very substantial interest in his electorate on Medicare bulk-billing. Since entering the New South Wales parliament in 1984, I have seen very few issues that have taken off as much as this one has in my electorate. The member for Boothby some time ago ridiculed the interest shown by those in my electorate to Medicare bulk-billing—a very high rate of bulk-billing still occurs there. He thought that we were very altruistic to take an interest in the rest of Australia. The reality is that nationally there is a very significant reduction in the trend of bulk-billing. In the long term this threatens its viability throughout the entire nation.

Demographic changes in my electorate, occasioned by the Olympics and the very strong changes in the residential housing patterns, mean that the nature of the electorate is changing substantially. The socioeconomic reasons that drive the very high level of bulk-billing and competition between doctors might not be present if this government accomplishes a major assault on Medicare.

Our petition on the issue of bulk-billing has only just gone out in the mail in the last week or so, but we have already received 1,000 responses. Very few other issues have been raised as frequently and as strongly by my electorate in my entire political career. People have mentioned the extreme duplicity of the current Prime Minister in this matter. Historically, he said that Medicare’s introduction was the collapse of Western civilization, a disaster and a national
shame, et cetera. In the nineties he decided to try to make himself a small target—riding on the unpopularity of the Keating government—in saying that essentially he had learned lessons in life and that, on the way to Damascus, he had gained a new perspective on a number of issues. He tried to pretend that there was very little difference between the two parties in the industrial relations area. But he indicated that he would keep Medicare lock, stock and barrel.

In the medical area, the ideological basis of the conservatives in this country seems to be in conflict with practice. They are the people who run around the place, decrying the subsidisation of anything, that competitiveness is the god of life, that greed and avaricious practices are to be encouraged and that any sense of community is to be eroded and destroyed. But, in the health sector, they have a policy of trying to persuade, cajole or penalise—to give encouragement on the other hand—people who take out private health insurance. Historically, it is a product that people do not want, but we have government policy—basically utilised through taxation—which forces people into a process they do not want. They have walked away from it, but we have this total contradiction of conservative philosophy. There is an attempt by the Prime Minister of Australia to install a US style system whereby, if you are not abjectly poverty stricken, you will be forced to pay big dollars to visit doctors’ surgeries. Ironically, Hillary Clinton has attempted to move the United States towards a health system patterned on that of Australia. She commented that much was to be learned from the Australian experience.

The reality is that in regard to GDP we spend four per cent less on our health system than the United States does on its health system, and for a much better product. If we compare the private health funds to Medicare, we see a lamentable waste of people’s money on advertising, competition, bureaucracy, paperwork et cetera. If we look at a comparison of the percentage of income going into those organisations for those purposes, and the expenditure, it is an alarmingly bad picture for the private health system.

Recently I read Gore Vidal’s book *The Last Empire*. It showed for the United States the determination of the interests that are driving this government. The corporate medical complexes that drive policy in this country are behind the Howard government’s attack on the Australian people’s health rights. In the collection of essays in *The Last Empire*, in the chapter on the Starr conspiracy—and that is Kenneth Starr, who was a political hatchet man for the Republicans against the Clintons—this comment is made at page 227:

In order to destroy the health service plan, insurance and pharmaceutical companies, in tandem with lively elements of the American Medical Association, conspired to raise a half billion dollars to create and then air a barrage of TV advertisements to convince the electorate that such a service was communist, not to mention an affront to the Darwinian principle that every American has the right to die unhelped by the state, which collects half his income in life with which to buy, thus far, $5.5 trillion worth of military hardware at stupendous, to this day, cost.

Not content with the political destruction of the Clintons’ health plan, corporate America decide to destroy their reputations. Nothing personal in this by the way, but how else can the ownership of the country send a warning to other feckless politicians that the country and its people exist only to make money for corporations now so internationalised that they cannot be made to pay tax on much, if any, of their profits. Starr is now the most visible agent of corporate America, wielding a new weapon under the sun—endless legal harassment of the twice elected president so that he cannot exercise his office ...

That is what essentially happened in the United States when the Clintons had the audacity to try and move towards a system of health access for the majority of people. As I say, we have in this country a Prime Minister who wants to bring in that system here. People will be forced
to not go to doctors because they cannot afford it. One of my former aldermen talked of her father having to give medical care to people in their suburb because he had a bit of St John Ambulance background. People could not go to doctors—they could not afford it—so they went to him. That is the reality around the corner in regard to this government’s practices.

As we know, women use doctors 50 per cent more than males do. They will be the ones hit. People in the child-bearing and child raising age groups will be essentially hit. There is no guarantee. Just because the levels are still 90 per cent in my electorate, just because the member for Parramatta goes to a practice where they have bulk-billing, there is no long-term guarantee that this can be preserved once the conservatives push through the doors.

Another matter of interest is the question of increased debts to students in tertiary institutions in this country. The current minister is trying to drive a very shrewd ideological line. You the poor metalworkers, you the unfortunate people slaving in the factories and offices, you the people who increasingly work part time because of this government’s industrial relations practices, you the people who are in insecure work situations and increasingly fear for your future—you are funding all of these wealthy people who will become lawyers and doctors afterwards, and that is somehow fair. At the same time, the minister ignores the reality of how he was educated and how most of the current ministry were educated in the tertiary system in this country.

It is not really about a situation where half the former schoolmates of the minister for employment and industrial relations at Riverview became wealthy after they completed degrees. They would be able to afford it anyway. The reality is that these policies will ensure that people in Western Sydney whose parents did not go to university, who are on low incomes, will not take that giant, dangerous step to go to tertiary studies. First, they will not be able to afford to repay the loans. They live in families that are very insecure in the workplace. They do not want to take that big gamble if they are going to be faced with these debts. That is what this policy is all about.

At the same time, the government are further undermining a series of regional universities; they are slaughtering them on the altars as they direct their educational policies towards the historically renowned universities of this country. Because of the government’s attack on public activity in a vast part of our society, universities are increasingly dependent on corporate dollars. Basically, university research is being undermined by the need to please corporations who are paying for chairs, fostering research, and getting the kinds of answers that they want out of academia. That is the kind of situation we face. Teachers, professors and lecturers are finding their employment under threat because they are not passing enough foreign students and the universities increasingly need the money that they bring in.

Our friend and colleague the member for Parramatta is out there whinging about the post-war generation expecting free education and free health. Quite frankly, I totally repudiate the attitude that there should not be a public role in the provision of these matters. It is not the member for Parramatta, it is not his family, it is not his father who need this assistance from the state; it is the people he represents in his electorate. These are the people who, because this government is undermining trade unions, changing awards and changing labour market practices, are finding their employment situations increasingly tenuous. They are the people who need this kind of assistance.
For all the glorious economic figures and all the ways in which the economy has been operating efficiently, long-term unemployment in this country has increased. Apprenticeships are down. Most of the people who go into intensive employment assistance programs are parked there for a period of time, then they go through the wringer a second time, and most of them do not eventually get employment. Those are the statistics that have come out. That is the failure of the government.

This budget is of course premised on the war in Iraq and the expenditure of money there. The same government that sat on its backside and failed to act in East Timor seems a bit more efficient in Iraq. They assured the Americans that all was well and said that people would not be slaughtered. The same government now has discussions with the Chinese about human rights behind closed doors instead of out in public. Here they were in Iraq, worried about human rights—for once in their lives—which they ignored when, with the United States, they were allies of the Iraqi regime in previous decades. That is one of the reasons why the government cannot afford to put money into education and health.

In conclusion, I congratulate the Leader of the Opposition for articulating a very clear position in regard to environment, the Murray, university rights in this country and a proper medical health system.

Ms GILLARD (Lalor) (6.43 p.m.)—Two months ago, in order to achieve what he termed a ‘separation of powers’, Minister Ruddock transferred responsibility for policy implementation and the spending of funds on Indigenous issues from elected ATSIC officials to public servants, to avoid any possible conflicts of interest and what he termed ‘perceptions of corruption’. The budget brought down by the Howard government contains the financial arrangements arising from this separation of powers. As I have previously stated, it is a matter of regret that the Howard government has not waited for the outcome of the ATSIC review before implementing such major changes. I call upon the Howard government to reaffirm its support for the ATSIC review, which is currently in progress.

As I am sure people are aware, ATSIC was created by Labor in government as a self-determination mechanism for Aboriginal and Torres Strait Islander people. The Aboriginal and Torres Strait Islander Commission has served that role since. The ATSIC review which the Howard government has initiated is to look at the broad issues of ATSIC and its future. It is to be regretted that the separation of powers issue was dealt with outside the ambit of that review and in advance of the review panel being able to report.

I understand that, speaking very generally, the discussion paper delivered to the minister last week by the ATSIC review team is likely to recommend a strengthening of the powers of ATSIC regional councils amid comments from Indigenous people that they lack confidence in ATSIC. I have previously expressed the view that ATSIC does require change and that the status quo is not an option. I understand from the interjection I received earlier that that is a matter of interest to members in this place. However, Labor believes that the new future for ATSIC should be determined through a transparent process in which Indigenous Australians get to have a clear say.

Following consultation with Indigenous people and their representatives and the commissioning of expert legal advice pointing to doubt over the legality of the methods being em-
ployed by Minister Ruddock to achieve the ATSIC split from the new agency, which is to be called ATSIS, Aboriginal and Torres Strait Islander Services, I am today calling upon the minister to respond to those legal doubts. For so long as there are doubts about the legality of the ATSIC-ATSIS split the prudent response would be to quickly examine ways in which a separation of powers might be achieved by internal means. I would be hopeful that such a path can be found.

When Minister Ruddock announced these proposed changes I said that Labor would examine them in detail. Having done, so there are further questions that the minister has failed to answer. For example, it is not clear why policy staff have been transferred to the newly created ATSIS when the stated aim is to leave ATSIC as the elected arm with responsibility for policy development and ATSIS with responsibility for implementation. If that is to be the split between ATSIC and ATSIS, it would make sense for the policy staff to stay with ATSIC. It appears as if ATSIC will be charged with the policy and advocacy role but will not have the staff to do it, beyond each commissioner retaining an administrative officer to arrange travel, accommodation and appointments. I simply do not understand the minister’s thinking on this aspect of the issue.

The minister has also failed to explain how it is appropriate that ATSIC’s current chief executive officer can maintain that role while simultaneously being the chief executive officer of the newly created ATSIS. I make no judgment on the occupant of the position, whom I am sure is a very capable public servant; however, I must question the wisdom which places the occupant, whomever they are, in a situation where the potential for a conflict of interest very clearly exists. Indeed, it is somewhat ironic that a whole structural change that has been implemented to avoid perceptions of conflict of interest has a structural flaw where the chief executive officer is necessarily in a conflict of interest situation.

While I believe the minister has done the right thing in ensuring any conflicts of interest have been removed or minimised with regard to elected representatives making decisions on the funding of companies or organisations in which they themselves have a political or financial interest, the minister’s supposed fix gives rise to another question about potential new conflicts of interest. For example, given the additional funding responsibilities on the staff of ATSIS, how will conflict of interest issues at a regional level involving ATSIS staff members and organisations seeking funding from ATSIS be resolved? We have no answer to that question.

Another matter to be raised in the context of the ATSIC-ATSIS split is that of the minister’s December 2002 direction preventing ATSIC funding organisations of which full-time ATSIC office holders are directors or in which they have controlling interests. Such a move was entirely proper. However, when the minister announced the separation of powers in April such a direction should have been made redundant, just as the two organisations separating the ATSIC commissioners were, by definition, no longer making funding decisions. Despite the continuation of such a direction being logically inconsistent, the minister has refused to rescind it. As a result, a number of Indigenous organisations face a cessation of their operations in less than two weeks, as their funding cannot be guaranteed beyond the end of the financial year. This is a totally unacceptable situation, when such organisations have done no wrong whatsoever. There is simply no policy justification for continuing with the December directive in view of the ATSIC-ATSIS split.
On the subject of the separation of powers, the final issue I would like to raise this evening concerns what appears to be the transfer of substantial sums of program moneys to cover a shortfall in funds for leave and other staff entitlements. Such a situation is scandalous when we consider the absolute paucity of funds available for worthwhile programs like those tackling alcohol abuse and violence in Indigenous communities. Funding levels are low enough. I am also concerned about reports that precious program moneys are now being used in the course of the ATSIC-ATSIS split to fund costs which, by any view, are really administrative costs. I would simply say that it is quite outrageous for program moneys to be used for that purpose.

On that note, and having raised some of the issues in Indigenous communities in terms of the ATSIC-ATSIS split, I would now like to get on to one of the most predominant and deeply troubling issues facing our Indigenous communities, and that is the question of violence. Last week in Canberra renowned Indigenous leader Professor Mick Dodson, the first Indigenous chair at the Australian National University and the first Aboriginal and Torres Strait Islander Social Justice Commissioner, delivered a powerful speech on this subject. Professor Dodson and other Indigenous leaders are breaking the silence and putting into words what we must all face up to: that Indigenous violence and abuse is a national disgrace. He is right when he says that it requires strong leadership from the Prime Minister down. It must be a national priority. Leadership must come from both Indigenous and non-Indigenous Australians, and the problem must be tackled by ATSIC, ATSIS, the Commonwealth government and state governments working together.

Too often, the Indigenous leadership on the issue of violence in Indigenous communities has been almost entirely female. I welcome the fact that someone of Professor Dodson’s experience and standing has highlighted this issue. I also welcome the personal commitment made in March 2003 by all ATSIC board members to take action against violence—family and sexual—and uphold the rights of Indigenous women and children. However, I do fear that the serious—and, I stress, unproven—allegations against some Indigenous leaders that they themselves have engaged in sexual and physical abuse has not assisted this issue.

We know that so many Indigenous communities function at the survival level. I use the word ‘function’ because they cannot be said to be thriving or flourishing in any way. It is true that the violence of which I speak now is largely black on black, but the solution lies in recognising that such violence cannot be separated from more than 200 years of violence inflicted upon Indigenous people. Along with Indigenous leaders, I reject the relativist notion that violence is in some way an expression of traditional Aboriginal culture. It is not and never was, except in the form of ritualised and regulated punishment. While the past history of dispossession and disadvantage for Indigenous Australians may be an explanation, it is not an excuse. There is no cultural reason; this violence cannot and must not be tolerated. Violence is spread by poverty and social exclusion. We know that from non-Indigenous Australia as much as from Indigenous Australia. It occurs because of marginalisation, economic and welfare dependency, high levels of unemployment and the breakdown of community values.

Let me give you some statistics on the dimensions of this appalling problem. There are approximately 220,000 Indigenous women in Australia. That is not a great number. They continue to face enormous disadvantage, including median weekly incomes 15 per cent less than non-Indigenous women; imprisonment at 13 times the rate of non-Indigenous women; higher...
rates of hospitalisation, including 20 times the rate of hospitalisation for injury inflicted by others; and being 45 times more likely to experience violence than non-Indigenous women. Overall, Indigenous women account for approximately 15 per cent of the victims of femicide in Australia, although they comprise only about two per cent of the total female Australian population. Indigenous people are clearly over-represented both as victims and perpetrators of such crimes.

Almost 60 per cent of the Indigenous population in Australia is aged under 25. It is a very different age profile from the general population. Indigenous children are up to four times more likely to suffer from abuse and neglect than non-Indigenous children. Given these appalling statistics, the allocations for Indigenous people in successive budgets under the Howard government have been token. After the 2001 and 2002 budgets failed to provide any new moneys, this year’s budget did at least make some announcements. The amount allocated for family violence prevention is, however, only enough to assist 3,500 persons with family violence prevention legal services. Indigenous people need support from mainstream programs for shelters, counsellors, social workers and youth workers, as these services are all too often not available in their communities. Just last Friday in the Australian journalist Paul Toohey wrote:

Family service and counselling for victims, their families and the perpetrators are still offered on an inadequate fly-in, fly-out basis; women’s and children’s shelters are under-resourced and the state police presence is ad hoc at best. No serious attempt had been made to integrate government services in dealing with cases of abuse so that all problems within a family—be they inadequate housing, alcohol or substance abuse or poverty—can be dealt with simultaneously.

Despite setting up an Indigenous Women’s Advisory Group in March 2002, the Howard government has failed to show any real signs of being prepared to invest in improving the status of Indigenous women. This year’s budget allocated an extra 1,000 positions to ATSIC’s Community Development Employment Projects, CDEP, to be used to tackle family violence and substance abuse. This is welcomed but it is not fully funded and ATSIC must redirect some existing funds to meet associated on-costs. For a strategy to tackle Indigenous violence successfully it must fully engage state governments and Indigenous organisations along with the Commonwealth government. The Commonwealth’s response over the past decade has seen some mainstream programs and some Indigenous specific programs, but the history indicates that the efforts we are making are nowhere near good enough.

In November 1991, the then minister, Minister Tickner, announced the Aboriginal and Torres Strait Islander Family Violence Intervention Program. Until June 1996, the program was administered by ATSIC’s community and youth support component. A national advisory panel set the direction and the agenda of the program. Community based trainers were employed to conduct workshops on family and community violence and find solutions within the community. In its last year of operation, the program funded 37 women’s centres, four men’s programs, 15 children’s services, 70 services for youth activities and youth bail accommodation, nine family support and violence intervention programs, Katherine’s night patrol project and a women’s crisis centre serving 20 communities in New South Wales. The community and youth component which funded these endeavours from ATSIC was terminated as a result of a reduction in ATSIC funding in the first Howard budget. I think we can clearly see that a lot of good work was lost.
In 1997 the Commonwealth launched the Partnerships Against Domestic Violence Initiative—if you like, the Howard government replacement, in a mainstream sense, for what had been done through the ATSIC program to which I referred. The Howard government initiative in 1997 was designed to encourage the Commonwealth, states and territories to work together on a number of key projects that focused on various priority themes relating to domestic violence. It was initially funded over three years and part of it was for state and territory projects. This three-year program later became known as partnerships phase 1. The 1999-2000 budget saw the Commonwealth commit $25 million over four years to domestic violence prevention in four priority areas. Children affected by domestic violence was the first priority area; family violence in Indigenous communities was the second; perpetrators of domestic violence was the third; and community education was the fourth. This was, effectively, funding to extend the earlier Partnerships Against Domestic Violence program, and the new program became known as partnerships phase 2.

However, recent questioning in budget estimates has revealed an underspend of $10 million on this program over four years. So I would regret to say that a lot was lost when the ATSIC program—funded through the community and youth component of ATSIC—was brought to an end by the Howard government, and insufficient new programs have been gained in the period, particularly in circumstances where there was an underspend of vitally needed monies.

In March 2002, Minister Ruddock announced a national audit of Indigenous family violence programs and services. The audit was funded by ATSIC and included a profile of mainstream and specialist programs that were available to Indigenous people to assist them with family violence and related problems. I understand that ATSIC has received the consultant’s draft report, and it should be publicly available in July. I trust that this audit will lead to greater investment in this vital area.

I conclude by linking the two issues that I have raised in this speech, one being the ATSIC-ATSIS split and the other being domestic and other violence in Indigenous communities. In relation to the ATSIC-ATSIS split, I reiterate that Labor supports separation of powers and probity measures unequivocally. However, what concerns me most is that the minister might very well be expending his own time and energy, and that of Indigenous leaders around the country, on the issue of the split of ATSIC and ATSIS, when problems of far greater magnitude are entrenching themselves in Indigenous communities. I will be even more concerned, as I indicated earlier, if the ATSIC-ATSIS split is absorbing vitally needed monies that were formerly program monies.

I am sure that the minister shares the horror and disbelief of so many Australians, be they Indigenous or non-Indigenous, at the violence in Aboriginal communities. We are now at a point where Indigenous leaders have said that enough is enough on violence. They are prepared to do whatever it takes to stamp it out. I would not want to see that goodwill and ability squandered on issues that are anything less than matters of life and death.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (7.03 p.m.)—This has been a very long and interesting debate. It is one of those opportunities that honourable members from both sides of the chamber have to talk about pet projects and matters of interest. Some people have focused on the very many benefits the government has introduced as part of the current budget process; others have talked about
matters less relevant. But I am particularly pleased to bring this budget debate to a close. Some 90 speakers have participated in the debate. This is something that we see every year, and I see it as being a very healthy element of our Australian democracy. I am pleased to see the importance that the parliament places on debate on the national economy and its sound management by the government. I want to thank all honourable members who have contributed.

Unfortunately, due to time restrictions, I cannot respond directly to every point that was raised by each of the approximately 90 members who made a contribution. Instead I shall focus on topics that appear to have generated the most debate during the past weeks. We are talking about the three appropriation bills together with other legislative items introduced in these budget sittings. They together embody the government’s objectives for the 2003-04 budget. Those objectives include implementing additional measures designed to enhance Australia’s domestic security, defend our citizens from terrorist threats and protect high-risk targets; introducing reforms to the higher education system with the objective of creating a fairer, more accessible and more equitable system, which has the flexibility to serve the different requirements of its students; providing financial incentives for doctors to bulk-bill the patients in greatest need without a means test and encouraging the growth of the medical work force, particularly in rural areas; giving something back to the Australian people by increasing personal income tax thresholds; and keeping conditions in place to continue low unemployment, low inflation and low interest rates.

The government expects to bring in a cash surplus of $2.2 billion in 2003-04 after delivering tax cuts of $2.4 billion. This surplus demonstrates that the government continues to maintain its commitment to reduce the enormous Commonwealth debt we inherited from Labor over eight years ago and leave a strong and well-managed economy for future generations. We expect that net debt, which was over $90 billion when the Howard government first came into government, will be reduced to $29.8 billion in 2003-04 and totally eliminated by 2006-07. As I have said before, the Howard government did not create the problem but we have accepted the responsibility of fixing it.

The government recognises that we live in uncertain times. Events in Bali, the recent bombings of expatriate compounds, airport scares—all of these events have clearly demonstrated the need for strengthened domestic security and the ability to respond to terrorist threats. In the previous budget the government provided a comprehensive package of security measures worth over $1.3 billion. In the current budget the government continues this commitment with an additional package of measures totalling $411 million over five years. This package will strengthen the security of high-risk targets, upgrade and improve our intelligence-gathering abilities and further test biometric border control methods as a possible means of identifying terrorists trying to enter or leave the country. The government will also expand Australia’s Special Forces counter-terrorist capability through the establishment of a new special operations command in the Australian Defence Force at a cost of around $157 million over four years. This will further increase Australia’s ability to respond to terrorist threats quickly and decisively.

The Howard government is committed to providing a quality higher education system that can adapt to the various needs of its students. As part of this commitment, the budget provides for an additional $1.5 billion over the next four years. Over the next 10 years the Common-
wealth will provide more than $10 billion in new support for higher education. Starting in 2003-04, the government will provide funding of $161 million over four years to create additional higher education places and contribute to course costs in national priority areas such as in teaching and nursing. The minimum threshold for HECS payments will be increased from $24,365 in 2002-03 to $30,000 in 2005-06. The Howard government recognises the need to improve Indigenous participation in higher education and with this view in mind has committed $10.4 million over the next three years for this purpose.

During the debate the honourable member for Greenway claimed that the government had walked away from TAFE. Nothing could be further from the truth. The government provides funding under the Australian National Training Authority agreement to assist the states and territories in their delivery of vocational education and training. In the current budget $3.6 billion has been provided under this agreement over the next three years. This actually represents an increase of around 12½ per cent on the $3.2 billion being provided under the current agreement.

Throughout the course of this debate members on the opposite side of the chamber have raised concerns that the government is intending to fund its Medicare reforms through funding cuts to the public health system. This is not correct. It is not correct that the government is taking money out of public hospitals. The $42 billion public hospital funding package offered to the states is $10 billion above the current five-year agreements and provides 17 per cent real growth over the life of the new five-year agreements. This is the most generous hospital funding package ever.

The states are avoiding accountability for the public hospital system—a system run by the states—by not declaring their investment, by not recommitting to the Medicare principle of free access to public hospitals and by not agreeing to improve performance reporting. A $10 billion offer, unlike what some honourable members opposite have said, is not a cut. Under the last agreement, the Commonwealth gave a record amount of funding while the states did not match Commonwealth growth. The Commonwealth provided 48 per cent more compared with the states’ 43 per cent. The Commonwealth’s share has increased while the states’ share has reduced. The states should be telling the electors how much of their extra GST funding is going into health. They should be telling their electors why all of their state taxes and levies are rising. They should be telling electors the health benefits of new tollways arising from broken promises. The Commonwealth has a very real sense of pride about its contribution to public health. It is a pity that the states and territories of Australia have not sought to match the Commonwealth efforts.

The honourable member for Hasluck indicated a great sadness that no specific money appeared to have been identified in the Commonwealth budget in the area of mental health services. The government has specifically committed $398 million over the next five years to mental health through the Australian health care agreements. This is $75 million more than was offered under the last agreement. I am pleased to reassure the honourable member for Hasluck in this respect.

Apart from the proposed Medicare reforms, there are a number of additional measures outlined in this budget which are designed to improve health care for all Australians. Illicit drug use is a growing problem in our society. By funding new measures that build on the existing National Illicit Drug Strategy, the government is showing its ongoing commitment to address-
ing the drug problem and its recognition of the need to reduce the supply of and demand for these drugs in the wider community. In total, more than $1 billion has been allocated for this purpose.

Health care services are often inadequate and not readily accessible to many people living in rural and more remote areas of Australia. Throughout this debate, several honourable members opposite have expressed their concern that there are not enough doctors in the regional areas of Australia. I think some government members have also expressed that concern, and quite rightly so. The government acknowledges this issue and is funding various measures designed to improve the situation. In particular, in the current budget we have allocated $47 million over four years to continue retention payments for long-serving regional general practitioners and to encourage them to continue working in rural and remote areas experiencing difficulties in retaining general practitioner services. This program has already contributed to increases in the number of general practitioners working in rural and remote areas.

As a further initiative to tackle the problem of GP shortages in rural areas of Australia, the government is establishing the Greater Murray Clinical School at Wagga Wagga. In the 2003-04 budget, we continue to provide funding for the establishment of this school. There is evidence to suggest that the recruitment and retention of medical practitioners in rural Australia will benefit from students undertaking medical training in a rural environment.

Mr Quick interjecting—

Mr SLIPPER—I can see that the member for Franklin opposite agrees with this initiative of the government. I thank him for his interjection. The government will also continue to provide financial assistance to undergraduate medical students from a rural background.

People with disabilities often face unique challenges in their attempts to secure employment. The government believes in equal opportunities and a fair go for all Australians. As a result, it has provided funding of $25 million over three years to assist organisations providing employment for people with disabilities. In addition, funding for community organisations providing disability employment services will be increased by $135 million over four years.

This budget continues the government’s commitment to aged care services and the support of older Australians. The government will continue to fund 100 additional residential aged care places for regional health care centres, building upon its commitment to provide flexible service alternatives for older Australians living in rural areas. This funding comes to $1.2 million in 2003-04.

This government believes that the Australian people should share in the prosperity of our economy. For this reason, we have announced income tax cuts to take effect from 1 July, which will amount to a total of $2.4 billion in 2003-04 and $10.7 billion across the forward estimates. These tax cuts will be brought about in two ways: by increasing the low-income tax offsets for low-income earners and by moving the income tax thresholds for other taxpayers. Three years ago, the government delivered the largest income tax cuts in Australia’s history. Now, due to sound and responsible economic management, the government is able to deliver tax cuts again. That is a dividend for sound economic management.

In the face of terrorist attacks, SARS, the war in Iraq, a weak global economy and the worst drought on record, Australia’s economy has remained strong and resilient. Indeed, the Australian economy has been one of the top-performing economies in the world. This resil-
ience is partly a product of sustained economic reforms and prudent macroeconomic policies. According to the OECD, this has combined to make the Australian economy one of the best performers in the OECD and also one noticeably resilient to internal and external shocks. Investment growth has also been very strong. Over the past year, new business investment grew by around 17 per cent. This is a vote of confidence in the Australian economy by the business community.

Employment growth has also been very strong. Over 230,000 new jobs have been created over the past year; this is despite the loss of around 80,000 farm sector jobs because of the drought. Over 1.2 million jobs have been created since March 1996 when the government was elected. The unemployment rate is expected to remain steady at around six per cent during 2003-04. Economic growth is expected to continue throughout 2003-04 at 3 1/4 per cent and will increase further if the drought breaks. Inflation is expected to ease to 2 1/4 per cent through the year. Such economic strength and resilience is a reflection of the government’s sound fiscal policy.

In his speech on this debate, the member for Batman made several unsubstantiated comments about the government’s regional and transport policies. The fact of the matter is that funding for regional programs has increased over the last seven years. In the 1995-96 budget the Department of Housing and Regional Development received a total of $50 million for its regional development programs, encompassing the local government development program, the regional economic development program and the regional economic infrastructure program. In the 2003-04 budget the Department of Transport and Regional Services is to receive $99 million for the Regional Partnerships Program and $36 million for the Sustainable Regions Program. In total, that is a 150 per cent increase since 1995-96.

The honourable member for Batman also referred to a commitment made by the government in 1998 to spend $250 million on rail in Australia. The government is still firmly resolved to meet this commitment. To achieve this the government provided grant funding of $96 million between 1999-2000 and 2000-01 and will continue to provide equity injections to the Australian Rail Track Corporation to assist it to lease the New South Wales Mainline Interstate Rail Track once agreement has been reached between the New South Wales government and that corporation. The honourable member for Batman also suggested that the $870 million mentioned in the budget papers for the leasing of the New South Wales mainline track is a furphy and that it is doubtful as to where the money will come from. Allow me to lay these doubts to rest. Negotiations between the New South Wales government and the Australian Rail Track Corporation for the leasing of the New South Wales mainline track are currently taking place. Whilst the final composition of the $870 million will be determined once the final agreement is reached, it will be raised from a number of possible sources, including Commonwealth equity injections, Australian Rail Track Corporation finances and contributions from third parties.

The Ansett ticket levy will cease from 1 July this year. The member for Batman was confident that none of the money raised by this tax would go to Ansett workers. On the contrary, since it was introduced 12,983 former Ansett group employees have received entitlements totalling $336 million. Without the introduction of the ticket levy, Ansett employees would have had to wait for the resolution of legal actions before receiving their entitlements.
I mentioned earlier that the debate on the appropriation bills attracted strong participation from the members of the House—some 90 of them who rightly recognise the importance of the bills currently before the chamber. It is common for an honourable member on the other side of the House to move an amendment to the bills. The bunny this time was the member for Fraser, as he so often is; this debate was no exception. The member for Fraser has moved an amendment and he will not be surprised to know that the government do not accept the amendment moved by him. We do not believe that there is any substance to that amendment. We certainly do not accept the veracity of the assertions that he makes in his amendment.

I have already responded to many of the more frequent remarks made by members of the opposition, and these remarks are reflected in the proposed amendment. I will not therefore discuss each item in the proposed amendment in detail. Instead I will reiterate that this budget demonstrates sound and responsible fiscal policy, policy that will place Australia in good stead in these uncertain times. This budget delivers by providing much needed reforms to the higher education and health systems, by maintaining a resilient economy, by putting in place measures to help insulate it against the many shocks which have continued, and do continue, to come about and by funding a range of new initiatives designed to improve social infrastructure and create a better standard of living for all Australians.

Appropriation Bill (No. 1) 2003-2004, introduced by the Treasurer, together with Appropriation Bill (No. 2) 2003-2004 and Appropriation (Parliamentary Departments) Bill (No. 1) 2003-2004, which I introduced on budget night, is part of a fiscally responsible budget that is designed to meet the continuing challenges of today and to project forward so as to address the challenges of the future while continuing to reduce Commonwealth debt. This is a budget that is clear in its focus and certain in its objectives. We have continued to strengthen Australia against terrorist threats. We have introduced reforms to the higher education system to make it fairer, more equitable and more accessible. We have introduced reforms to the health care system that will make it more affordable and more accessible. We have delivered yet another budget surplus. On top of all of this, we have given relief to Australian families with tax cuts from 1 July.

I am very proud on behalf of the government to commend the bills to the House. These are bills which build on many years of sound economic achievement. The budget has been widely and well received right throughout the Australian community. I commend the bills to the House.

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

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

Consideration in Detail

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (7.23 p.m.)—May I suggest that it might suit the convenience of the Main Committee to consider the items of proposed expenditure in the order and groupings shown in the
schedule which has been circulated to honourable members. The consideration of the items in groups of departments has met the convenience of the House and the Main Committee in past years. I take the opportunity also to indicate that the proposed order for consideration of departments’ estimates has been discussed with the opposition and other non-government members, and there has been no objection to what is proposed.

The schedule read as follows—
Department of Industry, Tourism and Resources
Department of Communications, Information Technology and the Arts
Department of Employment and Workplace Relations
Department of Education, Science and Training
Department of the Environment and Heritage
Department of Immigration and Multicultural and Indigenous Affairs
Attorney-General’s Department
Department of Family and Community Services
Department of Transport and Regional Services
Department of Veterans’ Affairs
Department of Defence
Department of Foreign Affairs and Trade
Department of Agriculture, Fisheries and Forestry
Department of Health and Ageing
Department of Finance and Administration
Department of the Prime Minister and Cabinet
Department of the Treasury

Together

The DEPUTY SPEAKER (Hon. D.G.H. Adams)—Is it the wish of the Main Committee to consider the items of proposed expenditure in the order suggested by the minister? There being no objection, I will allow that course to be followed.

Department of Industry, Tourism and Resources

Proposed expenditure—$874,432,000—agreed to.

The DEPUTY SPEAKER (Hon. D.G.H. Adams)—I understand that, at this stage, it would suit the convenience of the Committee if the debate is adjourned and the resumption of the debate made an order of the day for the next sitting.

Debate adjourned.

ACTS INTERPRETATION AMENDMENT (COURT PROCEDURES) BILL 2003
Second Reading

Debate resumed from 5 June, on motion by Mr Williams:
That this bill be now read a second time.
Ms ROXON (Gellibrand) (7.25 p.m.)—I speak to the Acts Interpretation Amendment (Court Procedures) Bill 2003 on behalf of my colleague, the member for Barton, who is unable to be here tonight. This is a relatively uncontroversial piece of legislation, but it is important that we record Labor's views on this issue. The Acts Interpretation Amendment (Court Procedures) Bill 2003 has been prompted by reforms undertaken by the Carr government to modernise procedures in the local courts of New South Wales. Those reforms were contained in a package of legislation to replace the New South Wales Justices Act 1902. The Justices Act was actually a consolidation of even older colonial legislation that had been amended hundreds of times over the previous century to graft contemporary procedures onto the original structure, resulting in legislation that was complex, disjointed and difficult to interpret and that generally impeded the efficiency and user-friendliness of the New South Wales courts.

A review of the Justices Act was actually begun in 1992 by the Greiner government but languished until it was revived by incoming Attorney-General Jeff Shaw, who oversaw a number of important reforms, including the introduction of the new Fines Act in 1996. The reform process has been brought to completion by the current Attorney-General, Bob Debus, culminating in a package of legislation passed in 2001 which sets out clear, streamlined procedures for commencing and hearing cases in New South Wales local courts.

The piece of legislation relevant to this bill was the Criminal Procedure Amendment (Justices and Local Courts) Act 2001, which reformed the procedures for dealing with criminal matters and brought them all into the New South Wales Criminal Procedure Act 1986. Central to these reforms was the introduction of a system of court attendance notices. Under the new system police and public officers will be able to issue and serve court attendance notices on the spot without the need to attend a court registry to swear an information and have a summons issued. Previously it was much easier for police to simply charge offenders than to issue a summons. The new procedures provide one simple method of commencing a criminal prosecution.

Given the magnitude of the changes brought about by the Justices Act reform package, the commencement of the legislation was deferred while new rules of court were prepared and agencies made the preparations necessary to implement the new procedures. After some legislative finetuning in late 2002, the changes to criminal procedures are due to commence on 7 July 2003—only a few weeks from now.

The significance of these changes for the Commonwealth is that the Commonwealth prosecutes federal offences in state and territory courts and it is obviously important that no prosecutions are exposed to technical challenge by the procedural changes being made in New South Wales or any future procedural changes made by other state and territory governments. Accordingly, the government has proposed to amend the Acts Interpretation Act to provide that a reference in Commonwealth legislation to a summons, information, claim, complaint or declaration in connection with court proceedings is taken to include a reference to any document through which proceedings may be instituted in a court. Naturally, Labor agrees that this is appropriate and supports the bill.

It would be remiss of an opposition not to ask, however, why we have not seen this proposal from the Attorney-General until a few weeks before the system of court attendance notices actually commences operation, even though the changes have been made on the statute books in New South Wales for almost two years. Happily, it would appear that a couple of
Commonwealth agencies tapped the Attorney-General on the shoulder and reminded him that it would not be desirable for prosecutions of tax avoiders, drug and gun runners and the like to fall over because those agencies followed the correct procedures but those procedures were unknown to federal legislation. Thankfully, the Attorney-General has finally taken this advice on board and introduced legislation just in time to avoid such an unfortunate turn of events.

Regrettably, the same cannot be said for other court related reforms promised by this government, in particular the promised protocol for dealing with serious complaints against federal judicial officers. All members will have a vivid recollection of the Prime Minister telling the House on 13 March 2002, the day after Senator Heffernan launched his baseless attack on Justice Kirby under parliamentary privilege, that the government would be giving ‘urgent consideration’ to such a protocol. It has taken persistent questioning by opposition senators through the estimates process to find out that this ‘urgent consideration’—

Mr Slipper—Mr Deputy Speaker, I rise on a point of order. I do not like to interrupt my friend but we are talking about the Acts Interpretation Amendment (Court Procedures) Bill 2003. There are fairly well-defined terms in that legislation. While I do understand the enthusiasm of the member for Gellibrand to talk about other matters, there are other forms of the House, including the—

The DEPUTY SPEAKER (Hon. D.G.H. Adams)—Order! The honourable parliamentary secretary will resume his seat. I ask the honourable member for Gellibrand to deal with the bill before the House.

Ms ROXON—Certainly; I am dealing with the bill before the House. The point that I am trying to make, if it has escaped the Parliamentary Secretary to the Minister for Finance and Administration, is that procedural matters that are being dealt with by this bill before the House could also have encompassed a number of other things that have been promised by the government. It is appropriate for them to be dealt with in the context of this piece of legislation that we are debating and quite relevant. I might also assure the parliamentary secretary that I only have a short few extra comments to make and they do relate to the changes, as I said, that could be included in the Acts Interpretation Act.

There are amendments that are being made by the government that are being supported by Labor. But we have found that this other issue has not been dealt with 15 months later, when the Prime Minister said it was something that he thought should be dealt with urgently. I hope for the Attorney-General’s sake that he is able to complete this process with more urgency than he began it and before we have the next outburst about other federal judiciary members by members of the Howard government.

It will also be interesting to measure the urgency with which the government pursues another proposal recently announced by the Prime Minister, which could also conveniently be put in this legislation, to reform section 57 of the Constitution.

Mr Slipper—Mr Deputy Speaker, I rise on a point of order. My friend opposite is obviously abusing the forms of the House. What she is saying is, ‘We could have included this in this bill; we could have included that in this bill.’ That is talking well away from the contents of the bill.

The DEPUTY SPEAKER—Order! I ask the honourable member to resume his seat. I do not uphold his point of order.
Ms ROXON—Thank you. I was referring to another reform that could have been undertaken, as I said, with this sort of protocol in mind. We do have a commitment that there are other issues that will be pursued, particularly the reform of section 57 of the Constitution.

To conclude and put the parliamentary secretary out of his misery, Labor supports this legislation. It is designed to ensure that the effective prosecution of federal offences in state and territory courts can continue as criminal procedures are modernised and reformed. Therefore, I commend this bill to the House.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (7.33 p.m.)—I do at the outset thank the member for Gellibrand for participating in this debate representing the shadow Attorney-General. I do not thank her for her deviation from the specific points of the Acts Interpretation Amendment (Court Procedures) Bill 2003.

The bill before the chamber is supported by both sides and that certainly is welcome. This bill will ensure that the effective and efficient prosecution of Commonwealth offences in state and territory courts will not inadvertently be compromised by changes to state and territory procedures. It will preserve the current level of coordination between the Commonwealth and state and territory legislation, in fact maintaining the status quo.

The member for Gellibrand gave us quite a good history lesson as to why this particular legislation is necessary. She did raise a couple of issues. She suggested that the Attorney had been somewhat tardy in introducing this legislation to the House. I think most honourable members, being aware of the world situation, would know that the government has recently been focused on a range of higher legislative priorities in criminal law, such as the responses to the terrorist attacks in Bali. Unfortunately, this matter did establish the attention of officers earlier in the process.

The member for Gellibrand, when talking away from the contents of the bill, did refer to the judicial officers protocol and, even though it is not a matter which should have been discussed in this legislation, I just want to point out to the member for Gellibrand that the government is progressing consideration of the judicial officers protocol, including consultation with relevant stakeholders. The government will make an announcement at the appropriate time, so the member for Gellibrand will just have to wait a little longer.

In summing up, we do welcome the support of all honourable members for this important measure. I do thank the opposition for its assistance in having this matter expeditiously considered by the House. I commend this bill to the chamber.

Question agreed to.

Bill read a second time.

Ordered that this bill be reported to the House without amendment.

Main Committee adjourned at 7.36 p.m.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

**Family and Community Services: Program Funding**

(Question No. 385)

**Mr Andren** asked the Minister representing the Minister for Family and Community Services, upon notice, on 16 May 2002:

1. Can the Minister explain how a salary increase of 11.5% granted to social services employees under the new Social and Community Services award in NSW on 28 November 2001 can be adequately covered by an indexed annual increase of 2.54% for the express purpose of wages growth as reported in The Australian on 18 February 2002.

2. Is the Minister aware that (a) the wages of employees under this award have increased incrementally with each of the Industrial Relations Commission's safety net adjustments, (b) these incremental rises have absorbed the indexed increases in Commonwealth funding and (c) massive increases in other fixed costs such as insurance have further eroded any benefit to be had from the indexed Commonwealth funding increase.

3. In light of the fact that the annually indexed increase in Commonwealth funding has been absorbed as intended, is it a fact that the community service groups who rely on Commonwealth funds do require additional funding to meet the increased costs of the new award.

**Mr Anthony**—The Minister for Family and Community Services has provided the following answer to the honourable member’s question:

1. Indexation is generally applied to all FaCS directly funded programs on an annual basis. This indexation covers for wage increases and other non-wage costs. Wage Cost Index 2 is composed of 90% for wage costs and 10% for changes in non-wage costs. The Commonwealth automatically provides this indexation to provide for the continuing real value of the payment. The Commonwealth provides this additional funding regardless of wage increases occurring. The SACS award was a significant wage increase since the last award decision in 1991.

2. The Government is concerned about the impact that significant wage rises and increase in insurance costs have on Commonwealth directly funded services. In the disability sector FaCS is currently undertaking a number of trials including case based funding and the assessment and contestability trial. These trials are about getting the assessment, funding and the quality right. We are also working with services to identify ways in which long-term service viability can be improved. This research project aims to provide advice on appropriate indexation and demand factors for Commonwealth funding to the States/Territories in respect of accommodation and support for people with a disability.

3. In June 2002, a one off payment of 4% of recurrent grant funding was made to Commonwealth directly funded disability employment services. Around 930 services were assisted nationally, including employment, advocacy and respite at a cost of $9.2 million. The Government maintains full funding responsibility for our directly funded services. Currently 40 Commonwealth services have contacted my department seeking assistance and we are currently assessing the impact of SACS award with the help of an independent financial advisor. Currently (as at 17 Jan 2003) seven organisations have received financial assistance with a further eight awaiting approval. I also agreed to a NSW request to roll-over $6.4 million of unspent SAAP funds last year and wrote to all NSW SAAP (403) services advising them to approach the NSW government for their share of unspent funds. My department is prepared to provide assistance if required to any directly-funded Commonwealth service to maintain current service arrangements as a result of these cost pressures.
Social Welfare: Unemployment Assistance
(Question No. 1283)

Ms Plibersek asked the Minister representing the Minister for Family and Community Services, upon notice, on 4 February 2003:
(1) Is a person who takes out unemployment insurance ineligible for unemployment benefits upon retrenchment.
(2) Is such a person also ineligible to receive training assistance from Centrelink; if so, why.
(3) How many persons approached Centrelink in 2002 for training assistance but were refused because they were not in receipt of unemployment benefits.

Mr Anthony—The Minister for Family and Community Services has provided the following answer to the honourable member’s question:
(1) A person who receives unemployment insurance may be eligible for unemployment benefits depending on the level of income received from their insurance policy. For example, a single person with income of less than $620.43 a fortnight would still get some Newstart Allowance.
(2) Centrelink does not provide training assistance. If a person who receives unemployment insurance payments is eligible for Income Support they will be eligible for Job Network assistance, which may include training.
(3) This information is not captured by the Centrelink network.

Centrelink: Debt Recovery
(Question No. 1361)

Mr Sciacca asked the Minister representing the Minister for Family and Community Services, upon notice, on 5 February 2003:
Is the credit rating of a client affected when Centrelink puts a client’s debt into the hands of a debt collection agency.

Mr Anthony—The answer to the honourable member’s question is as follows:
A customer’s credit rating is not affected when Centrelink refers a debt to a contracted debt collection agency.
As Centrelink is not a credit provider, information about Centrelink debts cannot be collected by credit reference agencies. There are legislative and contractual obligations on the debt collection agency to keep Centrelink information separately from its other information holdings and not to use it for other purposes.

Social Welfare: Newstart Allowance
(Question No. 1383)

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 Newstart allowance 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) 134 962.
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 disability support 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) 154,912.
(b) (i) 1,531. (ii) 1,390. (iii) 673. (iv) 968. (v) 950. (vi) 288. (vii) 543. (viii) 131. (ix) *. (x) 23. (xi) 119.

Data current as at 06/12/2002.

NOTE: Figures represented with * are not provided to protect the privacy of these customers.

Mr Martin Ferguson asked the Minister representing the Minister for Finance and Administration, upon notice, on 10 February 2003:

(1) Further to the answer to question No. 533 (Hansard, 22 August 2002, page 5558) concerning the average sum spent by Members of the House of Representatives on personalised stationery and newsletters, what was the average sum spent by Members on personalised stationery and newsletters in the calendar year 2002.

(2) What was the average sum spent by Members of the (a) Government and (b) Opposition.

Mr Costello—The Minister for Finance and Administration has supplied the following answer to the honourable member’s question:

(1) $44,962

(2) (a) $54,644

(b) $34,049.

Mr Murphy asked the Treasurer, upon notice, on 11 February 2003:

(1) Under subsection 16(2) of the Income Tax Assessment Act 1936, is the Commissioner of Taxation or any other officer within the meaning of that Act statutorily precluded, directly or indirectly, from making a record of, or divulging or communicating to any person any information respecting the affairs of another person acquired by the officer.

(2) Does the subsection preclude the Commissioner of Taxation or any other officer so prescribed from making a record or divulging any information respecting the affairs of another person so acquired within the meaning of that Act, to (a) the Bar Association of New South Wales, (b) the New South Wales Law Society, (c) the Australian Medical Association, (d) the Royal College of Surgeons and
(e) other equivalent professional bodies charged with chartered disciplinary responsibilities who maintain professional standards in their respective professions.

(3) What is the lawful procedure by which peak professional bodies may obtain taxation records for the purposes of disciplinary proceedings within their own mandated responsibilities.

(4) How is the public interest preserved in light of the provisions of section 16 and the Commissioner of Taxation's responsibilities under the Privacy Act, in particular duties under the Information Privacy Principles.

(5) How is the Government's public accountability and public interest served by privacy laws and other statutory powers such as those prescribed in section 16 of the Income Tax Assessment Act, which have the effect of denying public accountability of a person acting in a public ministry such as law, medicine, accounting, politics or other ministry.

Mr Costello—The answer to the honourable member’s question is as follows:

(1) Refer to subsection 16(2) of the Income Tax Assessment Act 1936 (ITAA 1936).

(2) Disclosure to the entities identified is not specifically authorised by subsection 16(4) of the ITAA 1936 or any of the provisions in the Taxation Administration Act 1953 (TAA) that override the general prohibition on disclosure contained in subsection 16(2) of the ITAA.

(3) All requests for access to taxpayer information are determined in accordance with the relevant legislative provisions. In other words, disclosure of the information must be consistent with the taxation secrecy provisions and the Privacy Act 1988 (Privacy Act).

(4) The question relates to both the taxation secrecy provisions and the Information Privacy Principles contained in the Privacy Act. The Privacy Act falls within the responsibility of the Attorney-General.

The taxation secrecy provisions and the Information Privacy Principles contained in the Privacy Act reflect the intent of Parliament to balance two competing areas of public interest: on the one hand the interests of taxpayers in having the privacy of their taxation information respected; and on the other hand the ability of organisations to access taxpayer information for the purpose of ensuring compliance with the taxpayer’s other legal obligations.

The voluntary disclosure by taxpayers of information concerning their taxation affairs is vital to the efficient operation of Australia's taxation laws. If taxpayers lack this confidence, they may be reluctant to voluntarily disclose information to the Australian Taxation Office.

In order to maintain the confidence of taxpayers, and hence the integrity of the taxation system, it is essential that taxpayer information not be disclosed except in the special circumstances which Parliament has determined and reflected in the exceptions to the taxation secrecy provisions and the Information Privacy Principles.

(5) See my response to (4).

Shipping: Voyage Permits

(Question No. 1512)

Mr Martin Ferguson asked the Minister for Transport and Regional Services, upon notice, on 13 February 2003:

(1) Has the P&O Adelaide been operating on the Australian coast on continuing voyage permits since 24 October 2000; if not, what permits have been issued to it and when were they issued.

(2) How many permits have been issued, on which dates and for the carriage of what cargo, how many crew were employed on the vessel for each voyage or pattern of voyages and which Australian operators were contacted to ensure no Australian vessel was available for each voyage.
(3) Was any other Australian rail or road transport operator available to transport this cargo; if not, why not.

(4) For each permit, if an Australian vessel was not available at the time the permit was issued, when would have one been available.

(5) For each of these voyages under a single or continuing voyage permit, what type of tax, if any, was paid by the operators, crew or owners of the vessel and what employment framework covered the crew.

(6) Is this vessel registered in The Netherlands, managed from Cyprus and crewed by Polish and Filipino nationals.

Mr Anderson—The answer to the honourable member’s question is as follows:

(1) No. The P&O Adelaide is an international liner cargo vessel that has visited Australia regularly in recent years. I am advised that the P&O Adelaide was issued with continuing voyage permits on four occasions: 16 March 2001, 21 September 2001, 11 April 2002, and 18 October 2002. The ship was issued with a single voyage permit on 13 February 2003.

(2) The permits cited in the answer to (1) above were issued for carriage of containerised general cargo. Information on crew numbers is not required from applicants for coasting trade permits. No Australian operators were contacted, as it was known by the Department that no licensed containership had offered the relevant services since 18 September 1999.

(3) The Navigation Act 1912 provides that a permit may be issued if there is no licensed ship available. There is no reference to road or rail transport in the legislation.

(4) No licensed containership has offered the relevant services since 18 September 1999.

(5) This information is not required from applicants for coasting trade permits.

(6) Information supplied with applications for coasting trade permits indicates the port of registry of the vessel is Nassau. Details of ship management or crewing arrangements are not required from applicants for coasting trade permits.

Electorate Offices
(Question No. 1518)

Mr Baldwin asked the Minister representing the Special Minister of State, upon notice, on 13 February 2003:

(1) What is the current electoral office address for the Member for (a) Hunter, (b) Charlton, (c) Shortland and (d) Newcastle.

(2) When was each office established at those addresses.

(3) What is the length of each lease.

(4) Who are the owners of the properties and if it is a company, who are the directors of that company.

(5) What is the DOFA member entitlement for an electorate office area in square metres.

(6) What is the area in square metres of each office.

(7) Is the area within the DOFA member entitlement; if not, why not.

(8) What is the annual rental for each property.

(9) What were the relocation costs.

(10) What was the previous electoral office address for the Member for (a) Hunter, (b) Charlton, (c) Shortland and (d) Newcastle.

(11) When was each office established at those addresses.

(12) What was the length of each lease.
(13) Who were the owners of the properties and if it was a company, who were the directors of that company.
(14) During the period of each lease, what was the DOFA member entitlement for an electorate office area in square metres.
(15) What was the area in square metres of each office.
(16) Was the area within the DOFA member entitlement; if not, why not.
(17) What was the annual rental for each property.
(18) What were the relocation, lease finalisation and restitution costs.

Mr Abbott—The Special Minister of State has provided the following answer to the honourable member’s question:

(1) (a) 45 Vincent Street, Cessnock New South Wales.
     (b) Suite 2, 180 Main Road, Speers Point New South Wales.
     (c) 26 Macquarie St, Belmont New South Wales.
     (d) 427 Hunter St, Newcastle New South Wales.

(2) (a) June 1992.
     (b) March 2000.
     (c) April 1999.
     (d) June 2002.

(3) (a) 3 year lease.
     (b) 3 year lease.
     (c) 5 year lease.
     (d) 3 year lease.

(4) (a) Vilicia Bamba Holdings Pty Ltd – Mr Greg Fullick
     (b) MW Installations – Mr Rex Henderson.
     (c) Mr Denis Hugh Adams Gordon, Ms Robin Leslie Gordon, Ms Mary Catherine Paul.
     (d) Mr Nedda & Co. Pty Ltd – Mr George Kotevich and Ms Vera Baryshev.

(5) There is no “DOFA member entitlement” which specifies the size of an electorate office. Electorate offices are provided under item 7, Part 1, Schedule 1 of the Parliamentary Entitlements Act 1990.

(6) (a) 200 square metres.
     (b) 164 square metres.
     (c) 161 square metres.
     (d) 200 square metres.

(7) (a), (b), (c), (d) Not applicable, because there is no “DOFA member entitlement” which specifies the size of an electorate office.

(8) (a), (b), (c), (d) This information is Commercially sensitive and could affect the Commonwealth’s financial interests.

(9) (a) $1555.
    (b) $2196.
    (c) $1380.
    (d) $3630.
(10) (a) Suite 1, Ground Floor, 20-22 Church St, Maitland New, South Wales.
   (b) Suite 4, Level 3, 251 Wharf Road, Newcastle, New South Wales.
   (c) 1st Floor, 5 Library Lane, Charlestown, New South Wales.
   (d) Shop 7, 451 Hunter St, Newcastle, New South Wales.

(11) (a) 1990.
   (b) 1989.
   (c) 1983.
   (d) 1983.

(12) (a) 7 years 7 months.
   (b) 10 years.
   (c) 16 years.
   (d) 18 years 9 months.

(13) (a) Stonach Developments.
   (b) Sunband P/L – Mr Paul and Mr Michael Doran.
   (c) Toshoc P/L.
   (d) Mr Neville Amos Hill.

(14) There is no “DOFA member entitlement” which specifies the size of an electorate office. Electorate offices are provided under item 7, Part 1, Schedule 1 of the Parliamentary Entitlements Act 1990.

(15) (a) 144 square metres
   (b) 210 square metres
   (c) 205 square metres
   (d) 147 square metres

(16) (a), (b), (c), (d) Not applicable, because there is no “DOFA member entitlement” which specifies the size of an electorate office.

(17) (a), (b), (c), (d) This information is commercially sensitive and could affect the Commonwealth’s financial interests.

(18) (a) Removal $2307
   (b) Removal $3056.
   (c) Removal $2035 and $3000 in lieu of restoration
   (d) Removal $3814.

Social Welfare: Newstart Allowance
(Question No. 1524)

Ms O’Byrne asked the Minister representing the Minister for Family and Community Services, upon notice, on 3 March 2003:

On the most recent data, how many Newstart allowance recipients reside in (a) Tasmania and (b) the postcode areas of (i) 7248, (ii) 7249, (iii) 7250, (iv) 7252, (v) 7253, (vi) 7254, (vii) 7255, (viii) 7257, (ix) 7258, (x) 7259, (xi) 7260, (xii) 7261, (xiii) 7262, (xiv) 7263, (xv) 7264, (xvi) 7265, (xvii) 7267, (xviii) 7268, (xix) 7277 and (xx) 7212.

Mr Anthony—The Minister for Family and Community Services has provided the following answer to the honourable member’s question:

(a) 20 697.
(b) (i) 890, (ii) 403, (iii) 1 884, (iv) 88, (v) 294, (vi) 26, (vii) 31, (viii) *, (ix) 20, (x) 31, (xi) 64, (xii) *, (xiii) 60, (xiv) 27, (xv) 58, (xvi) *, (xvii) 29, (xviii) 28, (xix) 101, (xx) 72.

Data current at 21/02/03.

NOTE: Figures represented with * are not provided to protect the privacy of these customers.

Social Welfare: Pensions and Benefits
(Question No. 1526)

Ms O’Byrne asked the Minister representing the Minister for Family and Community Services, upon notice, on 3 March 2003:

On the most recent data, how many disability support pension recipients reside in (a) Tasmania and (b) the postcode areas of (i) 7248, (ii) 7249, (iii) 7250, (iv) 7252, (v) 7253, (vi) 7254, (vii) 7255, (viii) 7257, (ix) 7258, (x) 7259, (xi) 7260, (xii) 7261, (xiii) 7262, (xiv) 7263, (xv) 7264, (xvi) 7265, (xvii) 7267, (xviii) 7268, (xix) 7277 and (xx) 7212.

Mr Anthony—The Minister for Family and Community Services has provided the following answer to the honourable member’s question:

(a) 23,314.

(b) (i) 973, (ii) 441, (iii) 1858, (iv) 92, (v) 365, (vi) 23, (vii) *, (viii) *, (ix) 22, (x) 33, (xi) 93, (xii) 20, (xiii) 78, (xiv) *, (xv) 43, (xvi) *, (xvii) *, (xviii) 37, (xix) 108, (xx) 61.

Data current at 13/12/2002.

NOTE: Figures represented with * are not provided to protect the privacy of these customers.

Social Welfare: Newstart Allowance
(Question No. 1577)

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 Newstart Allowance recipients 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) 55 753.

(b) (i) 683, (ii) 670, (iii) 319, (iv) 412, (v) 111, (vi) 64, (vii) 876, (viii) 1 862, (ix) 880.

Data current at 17/03/2003.

Family and Community Services: Program Funding
(Question No. 1695)

Ms Hoare asked the Minister representing the Minister for Family and Community Services, upon notice, on 19 March 2003:

(1) Does the Minister’s Department administer any Commonwealth funded programs for which community organisations, businesses or individuals in the electoral division of Charlton can apply for funding; if so, what are the programs.

(2) Does the Minister’s Department advertise these funding opportunities; if so, (a) what print or other media outlets have been used for the advertising of each of these programs and (b) were these paid advertisements, and if so, (c) what was the cost of each advertisement.
(3) With respect to each of the Commonwealth funded programs referred to in part (1), (a) what is its purpose and (b) who is responsible for allocating funds.

(4) With respect to each of the Commonwealth funded programs referred to in part (1), how many (a) community organisations, (b) businesses or (c) individuals in the electoral division of Charlton received funding in (i) 1999, (ii) 2000, (iii) 2001 and (iv) 2002.

(5) What is the name and address of each recipient.

Mr Anthony—The Minister for Family and Community Services has provided the following answer to the honourable member’s question:

(1) The programs administered by the Department of Family and Community Services for which community organizations, businesses or individuals in the electoral division of Charlton may be able to apply for funding are as follows:

- Jobs, Placement, Employment and Training (JPET);
- Mentor Marketplace;
- Within the Commonwealth Childcare Program, individuals can apply for funding under the Special Needs Subsidy Scheme (SNSS);
- Within the Commonwealth Childcare Program FaCS, individuals can apply for funding under the Jobs, Education and Training (JET) Program;
- Within the Commonwealth Child Care Support program, funding is provided to a range of child care services such as in-home care (IHC), family day care (FDC), long day care centres (LDC) (private and community based), outside school hours care (OSHC) and occasional care centres (OCC);
- Indigenous Parenting and Family Well Being Initiative (IPFWBI);
- Family Relationship Services Program (FRSP);
- Commonwealth Financial Counselling Program (CFCP);
- Personal Support Programme (PSP);
- The Commonwealth Emergency Relief Program (ER);
- Stronger Families and Community Strategy (SFCS);
- Family and Community Networks Initiatives Projects (FCNI);
- Disability Employment Assistance Program (DEAP);
- National Disability Advocacy Program;
- Workplace Modifications Scheme (WMS), and
- Respite for Carers of Young People with Severe or Profound Disabilities Initiative.

Note: The Supported Accommodation Assistance Program (SAAP) has not been included in this response. The Question on Notice refers to programs “administered” by FaCS. The day-to-day administration of SAAP is the responsibility of the (NSW) Department of Community Services, and FaCS has no role in the advertising of funding, or in the selection of service providers.

(2) The Department is unable to identify the costs of individual advertisements within the timeframe. A summary of the advertising undertaken to promote programs administered by the Department of Family and Community Services appears in the table below:

<table>
<thead>
<tr>
<th>Program</th>
<th>(a) Media outlets</th>
<th>(b) Paid advertising?</th>
</tr>
</thead>
<tbody>
<tr>
<td>JPET</td>
<td>Major national newspapers and regional newspapers.</td>
<td>Yes</td>
</tr>
<tr>
<td>Mentor Marketplace</td>
<td>Not advertised. Emails sent out to NSW youth programs</td>
<td>N/A</td>
</tr>
</tbody>
</table>

QUESTIONS ON NOTICE
<table>
<thead>
<tr>
<th>Program</th>
<th>(a) Media outlets</th>
<th>(b) Paid advertising?</th>
</tr>
</thead>
<tbody>
<tr>
<td>SNSS</td>
<td>Not advertised in the media.</td>
<td>N/A</td>
</tr>
<tr>
<td>JET</td>
<td>Not advertised in the media. Centrelink advises eligible customers of the JET Program.</td>
<td>N/A</td>
</tr>
<tr>
<td>IHC</td>
<td>Sydney Morning Herald.</td>
<td>Yes</td>
</tr>
<tr>
<td>FDC</td>
<td>Advertised in 2001 in the Sydney Morning Herald.</td>
<td>Yes</td>
</tr>
<tr>
<td>LDC – both Disadvantaged Area Subsidy (DAS) and Minor Capital Upgrade (MCU)</td>
<td>Not advertised. Letters sent to eligible services only.</td>
<td>N/A</td>
</tr>
<tr>
<td>OSHC</td>
<td>Advertised in 2001 in the Sydney Morning Herald.</td>
<td>Yes</td>
</tr>
<tr>
<td>OSHC: Disadvantaged Area Subsidy (DAS)</td>
<td>Not advertised. Letters sent to eligible services only.</td>
<td>N/A</td>
</tr>
<tr>
<td>OCC</td>
<td>Not advertised.</td>
<td>N/A</td>
</tr>
<tr>
<td>IPFWB1</td>
<td>In NSW, expressions of interest were sought via the network of ATSIC Regional Councils and Regional Offices.</td>
<td>N/A</td>
</tr>
<tr>
<td>FRSP</td>
<td>Advertising in national newspapers, Department of Family and Community Services Web-site.</td>
<td>Yes</td>
</tr>
<tr>
<td>CFCP</td>
<td>National Advertising in National News Papers, Department of Family and Community Services Web Site.</td>
<td>Yes</td>
</tr>
<tr>
<td>ER</td>
<td>Not advertised in the media. ER contracts are ongoing and funds are fully committed. New funding opportunities are handled through selective tendering processes.</td>
<td>N/A</td>
</tr>
<tr>
<td>SFCS</td>
<td>Publicly announced in general media releases from April 2000.</td>
<td>N/A</td>
</tr>
<tr>
<td>FCNI</td>
<td>Not advertised.</td>
<td>N/A</td>
</tr>
<tr>
<td>DEAP *</td>
<td>Not advertised.</td>
<td>N/A</td>
</tr>
<tr>
<td>National Disability Advocacy Program</td>
<td>Not advertised.</td>
<td>N/A</td>
</tr>
<tr>
<td>WMS</td>
<td>Not advertised.</td>
<td>N/A</td>
</tr>
<tr>
<td>Respite for Carers of Young People with Severe or Profound Disabilities Initiative **</td>
<td>Not advertised.</td>
<td>N/A</td>
</tr>
</tbody>
</table>

**Note:**

* Disability Employment Assistance Program

The department has been engaged in a case based funding trial over the last 3 years. During the period of the trial funding has not been available to establish new services in Charlton. All growth funding in the program has been through the case based funding model. All currently funded services have been advised directly by the department about the trial and their opportunity to participate in the trial. They have been contacted directly by departmental staff by letter, email and telephone.

**Respite for Carers of Young People with Severe or Profound Disabilities Initiative**
Funding is provided to the network of Commonwealth Carer Respite Centres. Commonwealth Carer Respite Centres are jointly funded with the Department of Health and Ageing. The initial establishment of the Commonwealth Carer Respite Centres by the Department of Health and Ageing involved a process of advertising for expressions of interest. Over the four-year period (1999/2000 – 2002/2003) there has been no growth funding available for the Respite for Carers of Young People with Severe or Profound Disabilities Initiative.

(3) A summary of the purpose of Family and Community Services programs is listed in the table below, together with information regarding responsibility for allocating funds.

<table>
<thead>
<tr>
<th>Program</th>
<th>Purpose</th>
<th>Funding allocation responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>JPET</td>
<td>Provides support for homeless and disadvantaged young people aged 15 to 21 years who face multiple barriers affecting their ability to participate in education, training or employment.</td>
<td>Assistant Secretary, Youth Bureau -Programs, FaCS.</td>
</tr>
<tr>
<td>Mentor Marketplace</td>
<td>Mentor Marketplace provides funding for mentoring programs for young people.</td>
<td>Minister for Children and Youth.</td>
</tr>
<tr>
<td>SNSS</td>
<td>SNSS assists children with high ongoing support needs, particularly children with disabilities, to access quality childcare. It is a subsidy for parents paid directly to child care services.</td>
<td>Manager, Quality &amp; Inclusion Section, FaCS NSW State Office.</td>
</tr>
<tr>
<td>JET</td>
<td>JET assists certain groups of Centrelink customers by helping them to enter or re-enter the workforce.</td>
<td>Manager, Quality &amp; Inclusion Section, FaCS NSW State Office.</td>
</tr>
<tr>
<td>IHC</td>
<td>In Home Care is a new form of home-based childcare where children are cared for in their own homes. Designed to meet the needs of eligible families who may otherwise not be able to access childcare.</td>
<td>Manager, Families Branch, FaCS NSW State Office.</td>
</tr>
<tr>
<td>FDC</td>
<td>Family Day Care services support and administer a network of suitable carers who provide childcare in their own homes.</td>
<td>Manager, Families Branch, FaCS NSW State Office.</td>
</tr>
<tr>
<td>LDC: Disadvantaged Area Subsidy (DAS)</td>
<td>LDC services are approved to provide care mainly for children 0-5 years.</td>
<td>Minister for Children and Youth.</td>
</tr>
<tr>
<td>Minor Capital Upgrade (MCU)</td>
<td>The MCU provides funding for community based Long Day Care centres to carry out urgent work to meet health, safety or licensing standards, and where costs cannot be met from within a service’s budget.</td>
<td>Minister for Children and Youth.</td>
</tr>
<tr>
<td>OSHC: Disadvantaged Area Subsidy (DAS)</td>
<td>Outside School Hours Care services are approved to provide care mainly for primary school aged children before and after school, pupil free days and during school holidays. Services focus on developmental, social and recreational activities for children, while meeting the care needs of families based on priority of access guidelines.</td>
<td>Minister for Children and Youth.</td>
</tr>
<tr>
<td></td>
<td>DAS is provided as a contribution towards the general costs of operating the service and to ensure continued</td>
<td></td>
</tr>
<tr>
<td>Program</td>
<td>Purpose</td>
<td>Funding allocation</td>
</tr>
<tr>
<td>---------</td>
<td>---------</td>
<td>--------------------</td>
</tr>
<tr>
<td>OCC</td>
<td>Occasional Child Care is provided where parents may need to attend appointments, organise personal matters, or to undertake casual part-time work. It provides temporary respite from full-time parenting and can provide developmental opportunities for children at a licensed centre on an hourly or sessional basis.</td>
<td>Minister for Children and Youth.</td>
</tr>
<tr>
<td>IPFWBI</td>
<td>In December 1997, the Government announced its response to Bringing Them Home: National Inquiry into the Separation of Aboriginal and Torres Strait Islander Children from their Families. The Inquiry found that former child separation policies had caused Indigenous parenting skills to be undermined, leading directly to risks for the next and further generations. The Indigenous Parenting and Family Well Being initiative aims to: recognise and promote the importance of strong families among Aboriginal and Torres Strait Islander people; increase understanding, knowledge and skills about parenting and family well being; promote culturally appropriate quality family support mechanisms that recognise the diversity of Aboriginal and Torres Strait Islander families; and provide support and assistance for the younger generation of Aboriginal and Torres Strait Islander people to participate in family life and build strong families and communities for the future.</td>
<td>Minister for Children and Youth.</td>
</tr>
<tr>
<td>FRSP</td>
<td>Family Relationships Services Program provides funding to services so that children, young people and adults are enabled to develop and sustain safe, supportive and nurturing family relationships, and so that the emotional, social and economic costs associated with disruption to family relationships are minimised. These services include: Family Relationships Counselling; Family Relationships Mediation; Family Relationships Education; Adolescent Mediation and Family Therapy; Family Relationships Skills Training; and Children’s Contact Services. A range of pilot projects, which may use one or more of the above service types, is also funded under the FRSP. These include: The Contact Orders Pilot; The Men and Family Relationships Initiative; Primary Dispute Resolution Services and Conciliation Services.</td>
<td>Minister for Family and Community Services.</td>
</tr>
<tr>
<td>CFCP</td>
<td>Through the Commonwealth Financial Counselling Program, community organisations in Australia provide quality financial counselling services, free of charge, to people</td>
<td>Minister for Family and Community Services.</td>
</tr>
<tr>
<td>Program</td>
<td>Purpose</td>
<td>Funding allocation responsibility</td>
</tr>
<tr>
<td>---------</td>
<td>---------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>PSP</td>
<td>The Personal Support Programme assists people with multiple non-vocational barriers to employment.</td>
<td>Assistant Secretary, Participation Strategies Branch, FaCS.</td>
</tr>
<tr>
<td>ER</td>
<td>The Emergency Relief Program provides grant funding to community organisations for direct distribution to people in short-term financial crisis, for example, as food vouchers or the payment of bills.</td>
<td>State Manager, FaCS NSW State Office.</td>
</tr>
<tr>
<td>SFCS</td>
<td>The Stronger Families and Communities Strategy consists of a range of inter-related initiatives to support families and communities. These initiatives draw on research and experience about what works best to strengthen families and communities. They are designed to help at the local level, across the diverse range of Australian communities.</td>
<td>Minister for Family and Community Services.</td>
</tr>
<tr>
<td>FCNI</td>
<td>The principal aims of this pilot initiative are to: improve access to family-related information and services for families and community organisations; and enhance the capacity of communities and services to work together more effectively to address the needs of families and communities.</td>
<td>Minister for Family and Community Services.</td>
</tr>
<tr>
<td>DEAP</td>
<td>The Disability Employment Assistance Program funds organisations under the Disability Services Act (1986) to provide employment services to people with a disability, which is likely to be permanent, and results in the need for ongoing support services. Funding is provided for two types of employment services: open employment services which provide employment assistance to people with a disability to gain and retain employment in the open labour market; and supported employment services, which support and employ people with a disability within the funded organisation. These types of services are also called business services and in the past have also been known as sheltered workshops.</td>
<td>The Minister for Family and Community Services.</td>
</tr>
<tr>
<td>National Disability Advocacy Program</td>
<td>The National Disability Advocacy Program aims to enable people with disabilities to gain access to, and participate in, community life, and to achieve and maintain their rights as citizens, involving their families wherever possible and appropriate. Under the current Commonwealth-State Disability Agreement, advocacy is a shared Commonwealth-State responsibility.</td>
<td>The Minister for Family and Community Services.</td>
</tr>
<tr>
<td>WMS</td>
<td>The purpose of the Workplace Modifications Scheme is to provide assistance to workers with disabilities by contributing toward the cost of lease, hire or purchase of special or adaptive equipment or workplace modifications.</td>
<td>Manager, Participation Branch, FaCS NSW State Office.</td>
</tr>
<tr>
<td>Respite for Carers of Young People with Severe or Profound Disabilities Initiative</td>
<td>The Respite for Carers of Young People with Severe or Profound Disabilities Initiative provides short term and emergency respite for carers of young people aged under 30 years.</td>
<td>The Minister for Family and Community Services.</td>
</tr>
</tbody>
</table>
A summary of the community organisations, businesses and individuals in the electoral division of Charlton that have received funding from the Department of Family and Community Services during 1999, 2000, 2001, 2002 appears in the tables below.

Note: The Department of Family and Community Services maintains records on funded programs on a financial rather than a calendar year basis. The answer to this part of the honorable member's question provides the requested information for each financial year that covers the, 1999, 2000, 2001 and 2002 calendar years. The information is provided on a program basis and it is possible that some of the organisations, businesses or individuals listed have received funding under more than one program. While the organizations listed provide services to the people of the electoral division of Charlton, the Department's records do not allow us to determine in all cases that the organization is physically located within the electorate.

### 1998/1999

<table>
<thead>
<tr>
<th>Program</th>
<th>Community organizations</th>
<th>Businesses</th>
<th>Individuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>JPET</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mentor Marketplace</td>
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<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SNSS</td>
<td>6</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>JET</td>
<td>Not Available #</td>
<td>Not Available #</td>
<td>Not Available #</td>
</tr>
<tr>
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<td>FDC</td>
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<tr>
<td>LDC: DAS</td>
<td>11</td>
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<tr>
<td>LDC: MCU</td>
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<tr>
<td>LDC: Private</td>
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<td>OSHC</td>
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<tr>
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<tr>
<td>IPFWBHI *</td>
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</tr>
<tr>
<td>FRSP</td>
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<td>0</td>
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</tr>
<tr>
<td>CFCP</td>
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<td>0</td>
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</tr>
<tr>
<td>PSP **</td>
<td>Not Applicable – see notes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ER</td>
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</tr>
<tr>
<td>DEAP***</td>
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<td>0</td>
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</tr>
<tr>
<td>National Disability Advocacy Program***</td>
<td>0</td>
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<td>0</td>
</tr>
<tr>
<td>WMS</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Respite for Carers of Young People with Severe or Profound Disabilities Initiative****</td>
<td>Not Applicable – See notes</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes are detailed under the 2002/03 Table

### 1999/2000

<table>
<thead>
<tr>
<th>Program</th>
<th>Community organizations</th>
<th>Businesses</th>
<th>Individuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>JPET</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mentor Marketplace</td>
<td>0</td>
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</tr>
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<tr>
<td>JET</td>
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<td>Not Available #</td>
<td>Not Available #</td>
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</tr>
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<td>FDC</td>
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<td>LDC: DAS</td>
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<tr>
<td>LDC: MCU</td>
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</tr>
<tr>
<td>IPFWB I *</td>
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<td></td>
<td></td>
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<td>FRSP</td>
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<td>CFCP</td>
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</tr>
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<td>PSP **</td>
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<tr>
<td>WMS</td>
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</tr>
<tr>
<td>Respite for Carers of Young People with Severe or Profound Disabilities Initiative ****</td>
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Notes are detailed under the 2002/03 Table

<table>
<thead>
<tr>
<th>Program</th>
<th>Community organizations</th>
<th>Businesses</th>
<th>Individuals</th>
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<tbody>
<tr>
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<tr>
<td>IPFWB I *</td>
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<tr>
<td>FRSP</td>
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</tr>
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</tr>
<tr>
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<td>SFCS</td>
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</tr>
<tr>
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</tr>
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<td>DEAP***</td>
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<tr>
<td>WMS</td>
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Notes are detailed under the 2002/03 Table
**2001/2002**

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Notes:

* The Indigenous Parenting and Family Well Being Initiative (IPFWBI) was managed by the Commonwealth Department of Health prior to the 2001/2002 financial year.

** The Personal Support Programme (PSP) did not commence until 1 July 2002.

*** The Disability Employment Assistance Program (DEAP) and National Disability Advocacy Program do not have services physically located in the electorate, but service providers located in adjoining electorates such as Newcastle support people in Charlton.

**** The Respite for Carers of Young People with Severe or Profound Disabilities Initiative did not begin until the 1999/2000 financial year. A service funded under this Initiative covers the Charlton electorate but is physically located in the electorate of Newcastle.

# This information was not recorded on the financial management system used by the Child Care Support Program at that time.

(5) Part 5 of this question on notice seeks personal information about individual recipients of Commonwealth funding. This information is not provided as to do so may be regarded as unreasonable disclosure of their personal information.

Information about organisations that are funded to deliver Commonwealth programs falls under the gambit of "commercial-in-confidence" or "business affairs". To disclose such information about organisations that receive funding of less than $100,000 per year, may unreasonably affect their commercial or financial affairs.

Therefore, information is only provided about organisations receiving more than $100,000 per year under each program.

The Department of Family and Community Services maintains funding records on a financial year basis rather than calendar years. The information is provided for each financial year that covers the 1999, 2000, 2001 and 2002 calendar years.

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QUESTIONS ON NOTICE
## Questions on Notice

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## QUESTIONS ON NOTICE
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Notes:

* The Mentor Marketplace Programme has not commenced yet, however funding is available in 2002/03.
** The In Home Care (IHC) Programme does not service the Charlton electorate.
*** The Indigenous Parenting and Family Well Being Initiative (IPFWBI) was managed by the Commonwealth Department of Health prior to the 2001/2002 financial year.
**** The Personal Support Programme (PSP) did not commence until 1 July 2002.
***** Respite for Carers of Young People with Severe or Profound Disabilities Initiative did not commence until the 1999/2000 financial year.

** Immigration: English Language Testing **

(Question No. 1716)

Ms Jann McFarlane asked the Minister for Immigration and Multicultural and Indigenous Affairs, upon notice, on 24 March 2003:
(1) Why is he proposing the introduction of the International English Language Testing System (IELTS) for overseas students wanting to undertake secondary or other studies in Australia and how will this English language testing assist to ensure compliance with visa conditions.

(2) How will this change crack down on educational institutions with high non-compliance records.

(3) Why has he chosen a process that targets applicants from the People’s Republic of China (PRC) and bypasses UK applicants, when UK visitors have a relatively high non-compliance rate of 11% against the Chinese visitors’ non-compliance rate of 5%.

(4) What research has his Department undertaken to investigate the impact this will have on Australian educational institutions and their viability, given that it is estimated that this proposal will reduce the number of students from the largest market, China, by up to 90%.

(5) How, when, where and with whom were consultations undertaken in relation to the proposed IELTS testing.

(6) What measures will his Department take to ensure that the visa processing time for PRC applicants does not extend beyond the current 16 week period.

(7) If and when is he planning to implement these proposed changes and what notice of the changes does he intend to give to educational institutions if the changes are implanted.

Mr Ruddock—The answer to the honourable member’s question is as follows:

(1) The student visa regulations were subject to major amendment in July 2001. The purpose of these reforms was to have a more flexible and responsive process which provides for greater transparency, certainty and consistency in student visa decision-making. The reforms have been highly effective in enabling on-going growth in student visa numbers whilst reducing non-compliance in a number of areas. At the time the reforms were introduced, the Government agreed to review these changes after 12 months. A discussion paper was released on 1 August 2002 and responses sought from the industry. My Department developed preliminary recommendations which were provided to the Affiliation of International Education Peak Bodies (AIEPB) and key government groups for comment. The AIEPB is an umbrella body, which covers peak bodies from each education sector. It also includes peak bodies representing the government and private schools sectors.

Overall the review has been well received. In particular, there has been strong support for proposals to make the financial requirements for higher risk countries more flexible.

One proposal of the review is to introduce an English language test requirement for higher risk (assessment levels 3 and 4) school students aged 16 years and over.

The proposal to introduce an English test for older students from high risk markets follows the emergence of disturbing trends in the Schools sector caseload, particularly in China, in terms of high fraud rates, increasing numbers of protection visa applications and the difficulty some school students have in completing their studies within the allocated time or not being able to proceed onto higher education.

These trends are of concern, particularly given the enormous growth in school sector visas in recent years out of China. We need to avoid the creation of a cohort of overseas students in Australia who are unwilling to go home because they have not achieved sufficient educational progress and at the same time are unable to go onto higher education and eventual permanent residence in Australia.

The introduction of an English language test, from an immigration perspective, goes to the bona fides of the student. It has been DIMIA’s experience that applicants with very poor levels of English have a higher propensity to not comply with visa conditions. The introduction of an English language test as a visa requirement would also ensure that students’ English language
proficiency, and their ability to undertake secondary studies in Australia, would be assessed before arrival in Australia. This would ensure that a greater number of students would be able to progress to post-secondary studies at the end of their initial student visa.

As part of the consultation process, I have asked my Department to consult further with industry and to consider options which may involve the development of an alternative test to IELTS and possibly a waiver of the test if the student is enrolled with an education provider who has a good record against the issues outlined above.

(2) Refer to response to part (1).

(3) The basic premise of this question is incorrect for three main reasons:

(i) it assumes that data on visitors is directly transferable to the situation for students;

(ii) it confuses the stock of overstayers in Australia with the overstay rate. When assessing risk, it is necessary to look at the ratio of overstayers to the volume of temporary movements; and

(iii) assessing risk requires that consideration be given to a range of indicators, only one of which is the overstay rate.

As agreed with the industry, risk in the student visa program is calculated using the indicators of student visa cancellation rate, fraudulent documentation rate, unlawful student rate, applications for protection or residence and student visa application refusal rate. Consultation on the risk methodology with industry is ongoing.

Although proposed changes would affect Assessment Level 3 and 4 students, my Department has during its consultations received representations from industry that the change be limited to the highest risk level, ie Assessment level 4. This would affect PRC students who are Assessment Level 4 but not UK students who are Assessment level 3 in the School sector. These matters continue to be investigated.

(4) What the Government aims to achieve is a balanced approach that allows for sustainable growth of the international education industry but which also ensures that the integrity of the student visa program is not compromised. This may lead to some short-term market corrections but these are necessary to maintaining the integrity of the student visa program and to enabling long-term sustainable growth.

(5) My Department has consulted with the Working Group on International Education, comprising the AIEPB, the Department of Education, Science and Technology (DEST), the Department of Foreign Affairs and Trade (DFAT), the Department of Prime Minister and Cabinet and Austrade. A Discussion Paper on the Review of the 2001 Student Visa Reforms was released in August 2002 for comment.

Several meetings have been held regarding the proposed changes coming out of the Review of the 2001 Student Visa Reforms. Meetings specifically to discuss the proposed change to the English language requirement for the School sector were held on 24 February 2003, 13 March 2003, 26 March 2003 and 7 April 2003. I also personally met with the AIEPB on 5 March 2003 to discuss this issue.

(6) Because of the growing numbers and high incidence of fraud in the Chinese caseload, the intensive but necessary scrutiny of applications from the PRC has generally resulted in longer processing times than caseloads with lower levels of fraud.

To better deal both effectively and efficiently with the increasing application numbers, my Department established the Adelaide Offshore Processing Centre (OPC).

A staged approach was adopted to provide Adelaide OPC time to develop familiarity and appropriate expertise with the caseload. Phase 1 from March 2002 involved the Adelaide OPC in
providing basic processing functions. Average processing times were reduced from 16-18 weeks to around 12 weeks in the first phase of the pilot.

In order to develop Adelaide OPC’s knowledge and experience, from June 2002 Adelaide OPC began undertaking preliminary assessments of applications and making recommendations to Beijing. Beijing reassessed and finalised the cases while providing feedback to Adelaide OPC. Because of the dual assessment requirements of the second phase, processing times had returned towards pre-Adelaide OPC times.

New arrangements have been introduced under phase 3 of the pilot for applications lodged since February 2003. Processing times for applications lodged in phase 3 are now falling as much of the dual assessment has been removed. Adelaide is finalising most of the non-Schools Sector applications and it is expected that finalisation times for both Adelaide and Beijing will continue to improve.

(7) I have not yet completed my consideration of the recommendations coming out of the Review. The period for consultation on the Review has been extended, which means that implementation of any changes would not take place until November 2003 at the earliest. Announcement of any changes would be made in sufficient time for information to be made available to agents and applicants and for providers to adjust their marketing strategy.

Centrelink: Overpayments
(Question No. 1734)

Mr Ripoll asked the Minister representing the Minister for Family and Community Services, upon notice, on 24 March 2003:

(1) Is the Minister aware that Centrelink’s International Division is attempting to recoup money it has inadvertently overpaid to recipients of pensions from both Holland and Australia.

(2) What number and proportion of pensioners receiving a Dutch and an Australian pension have incurred a debt to the Commonwealth.

(3) Recipients of which other overseas pensions are affected and what proportions in those groups have incurred a debt to the Commonwealth.

Mr Anthony—The Minister for Family and Community Services has provided the following answer to the honourable member’s question:

(1) Centrelink International Services in Hobart is reviewing and updating the rates of Centrelink customers who also receive an age pension payment from the Netherlands (approximately 12,000 customers).

The reviews have been conducted on the basis of information which has recently been provided to Centrelink by the Netherlands pension authorities about past increases in rates of Netherlands payments.

In the cases in question Centrelink has been aware the customers were in receipt of a Netherlands pension. However it has not been the practice of the Netherlands pension authorities to advise Centrelink of cost of living or any other increases in Netherlands pension rates for Centrelink customers.

The review has established that a number of customers have not notified Centrelink of cost of living increases for their Dutch pensions. All Centrelink customers have an obligation to advise Centrelink of variations in the rate of income that they receive from other sources, including overseas pension authorities. This obligation is included in every letter that Centrelink sends to customers.

Whilst we do not believe there was any intention on the part of many customers to deliberately mislead Centrelink the fact remains that they have received more Australian pension than they
were entitled to receive under the law. These customers are being requested to refund the amounts overpaid.

Centrelink requests overpayments to be repaid in full when an overpayment is advised, however, in the event that a lump sum cannot be made toward repayment Centrelink withholds a prescribed amount from ongoing Australian pension to recover the debt. This prescribed amount can be reduced by agreement with the customer.

Customers have a right of review of any decision made about their Centrelink entitlements. This is explained in the letters notifying of any overpayment. Customers wishing to exercise this right should contact their nearest Centrelink Customer Service Centre.

Centrelink has taken the proactive approach of negotiating with the Dutch authorities to organise the automatic update of Australian pensions for future Dutch pension cost of living increases. This will prevent similar situations occurring in the future.

(2) The review of Netherlands pensions indicates about a quarter of customers were receiving an incorrect rate of payment from the Australian Government, because they did not inform Centrelink of increases in their income from the Netherlands.

The review is still in progress, so final figures are not available.

(3) Centrelink is undertaking similar exercises involving payments from a number of countries where the correct rate information is known. An exercise has been conducted for customers who are in receipt of Austrian payments and exercises have commenced for customers who are in receipt of pension payments from Canada or the United States of America. The review of Austrian pensions also indicated about a quarter of customers were receiving an incorrect rate of payment.

The exercises to review customers with Austrian, Dutch, Canadian and American pensions will allow Centrelink to automatically update Centrelink pension rates each time the overseas pensions are increased due to changes for the cost of living. Centrelink is examining ways of improving liaison with other countries so as to prevent overpayments of this nature.

Social Welfare: Pensions and Benefits
(Question No. 1751)

Ms Vamvakinou asked the Minister representing the Minister for Family and Community Services, upon notice, on 24 March 2003:

(1) On the most recent data, how many Newstart allowance recipients reside in (a) Victoria and (b) in the postcode areas of (a) 3036, (b) 3037, (c) 3038, (d) 3043, (e) 3046 (f) 3047, (g) 3048, (h) 3049, (i) 3059, (j) 3060, (k) 3061, (l) 3064, (m) 3427, and (n) 3428.

(2) On the most recent data, how many Family Payment Greater than Minimum recipients reside in (a) Victoria and (b) in the postcode areas of (a) 3036, (b) 3037, (c) 3038, (d) 3043, (e) 3046 (f) 3047, (g) 3048, (h) 3049, (i) 3059, (j) 3060, (k) 3061, (l) 3064, (m) 3427, and (n) 3428.

(3) On the most recent data, how many disability support pension recipients reside in (a) Victoria and (b) in the postcode areas of (a) 3036, (b) 3037, (c) 3038, (d) 3043, (e) 3046 (f) 3047, (g) 3048, (h) 3049, (i) 3059, (j) 3060, (k) 3061, (l) 3064, (m) 3427, and (n) 3428.

(4) On the most recent data, how many age pension recipients reside in (a) Victoria and (b) in the postcode areas of (a) 3036, (b) 3037, (c) 3038, (d) 3043, (e) 3046 (f) 3047, (g) 3048, (h) 3049, (i) 3059, (j) 3060, (k) 3061, (l) 3064, (m) 3427, and (n) 3428.

Mr Anthony—The Minister for Family and Community Services has provided the following answer to the honourable member’s question:

(1) (a) The total Newstart recipient population residing in Victoria as at 21 February 2003 is 134 962.

(b) Population divided by specified postcodes as at 21 February 2003.

QUESTIONS ON NOTICE
Note: figures represented with * are not provided to protect the privacy of these customers.

(2) (a) The total Family Payment Greater than Minimum recipient population residing in Victoria as at 7 February 2003 is 279,669.

(b) Population divided by specified postcodes as at 7 February 2003.

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<td>490</td>
<td>406</td>
<td>778</td>
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(3) (a) The total disability support pension recipient population residing in Victoria as at 7 March 2003 is 157,443.

(b) Population divided by specified postcodes as at 7 March 2003.

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(4) (a) The total age pension recipient population residing in Victoria as at 7 March 2003 is 469,497.

(b) Population divided by specified postcodes as at 7 March 2003.

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<td>570</td>
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**Education: HECS Debts**

*Question No. 1797*

Ms Macklin asked the Minister for Education, Science and Training, upon notice, on 13 May 2003:

For each State and Territory, what is the accumulated HECS debt for the years 1995 to 2001.

Dr Nelson—The interim answer to the honourable member’s question is as follows:

The Australian Taxation Office (ATO) administers the system for recording and tracking HECS debts. The HECS management information system used by the ATO for this purpose requires specific programming to produce the data requested by the honourable member and the task is both complex and time-consuming. The ATO has commenced the work required and has advised that they will provide the data as soon as the work has been completed.

**Education: Higher Education Review**

*Question No. 1799*

Ms Macklin asked the Minister for Education, Science and Training, upon notice, on 13 May 2003:

(1) How many public servants worked on the higher education review full- or part-time.

(2) Over what period of time did each public servant work on the review.

(3) What was the salary for each public servant who worked on the review.

(4) What was the total expenditure on travel for each public servant who worked on the review.
(5) What was the total expenditure on travel for the reference group.
(6) What were the total sitting costs for the reference group.
(7) What was the total expenditure on postage for the review.

Dr Nelson—The answer to the honourable member’s question is as follows:

(1) A total of eight public servants worked on the Higher Education Review.
(2) The Review functioned from April to October 2002.
(3) The total salary cost for the eight public servants that worked on the Review was $259,609.
(4) The total travel costs for staff was $28,937.
(5) The total estimated travel costs for the reference group was $24,000.
(6) There were no sitting fees associated with the Reference Group.
(7) The postage costs associated with the Review was $21,000.

Defence: Contractors

(Question No. 1802)

Mr Bevis asked the Minister Assisting the Minister for Defence, upon notice, on 13 May 2003:

In December 2002 or early 2003, was one of the civilians doing work for a defence contractor testing F111 wing flexibility at Amberley found to have forged qualifications; if so: (a) what action was taken, and (b) has the matter been referred to the Australian Federal Police or the Queensland Police Service.

Mrs Vale—The answer to the honourable member’s question is as follows:

No person doing work on the F-111 wings at Amberley has been found to have forged qualifications.

Transport: Motor Vehicle Advertising

(Question No. 1804)

Mr Martin Ferguson asked the Minister for Transport and Regional Services, upon notice, on 13 May 2003:

(1) Since the adoption of the Advertising for Motor Vehicles Voluntary Code of Practice, how many formal complaints have been lodged with the Advertising Standards Bureau that relate to breaches of the Code.
(2) Which specific commercials did they relate to and how long did it take for each complaint to be considered and responded to.
(3) How many commercials have been deemed to have been in breach of the Code, under which sections of the Code were they deemed to have breached and how long did it take for such commercials to be removed from broadcast.
(4) What is the process for reviewing advertisements following the lodgement of a formal complaint and what right of appeal does both the complainant and the car manufacturer have in response to a decision of the Advertising Standards Bureau.
(5) What power does the Advertising Standards Bureau have to enforce a decision to remove an advertisement deemed to be in breach of the Code.
(6) Has any timeframe been set for the assessment of the effectiveness of the Code in promoting safe driving in the community.

Mr Anderson—The answer to the honourable member’s question is as follows:
Since the introduction of the Motor Vehicle Code of Practice, the Advertising Standards Bureau has received 47 complaints (as at 26 May 2003) relating to the Code. These complaints related to 31 separate advertisements.

(2) The following table lists the specific advertisements, the dates that complaints were received and acknowledged, and the dates of determination.

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<th>Advertisement</th>
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<th>Complaint Acknowledged</th>
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<td>21 Oct 02</td>
<td>12 Nov 02</td>
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<td>279/02</td>
<td>30 Oct 02</td>
<td>31 Oct 02</td>
<td>10 Dec 02</td>
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<td>295/02</td>
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<td>10 Dec 02</td>
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<tr>
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<td>22 Nov 02</td>
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<tr>
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<tr>
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<td>19 Mar 03</td>
<td>21 Mar 03</td>
<td>8 Apr 03</td>
</tr>
<tr>
<td>Saab</td>
<td>96/03</td>
<td>21 Mar 03</td>
<td>24 Mar 03</td>
<td>8 Apr 03</td>
</tr>
<tr>
<td>Holden Rodeo</td>
<td>98/03</td>
<td>19 Mar 03</td>
<td>24 Mar 03</td>
<td>8 Apr 03</td>
</tr>
<tr>
<td>Holden Barina</td>
<td>99/03</td>
<td>21 Mar 03</td>
<td>24 Mar 03</td>
<td>8 Apr 03</td>
</tr>
<tr>
<td>Mazda</td>
<td>104/03</td>
<td>26 Mar 03</td>
<td>27 Mar 03</td>
<td>8 Apr 03</td>
</tr>
<tr>
<td>Mazda</td>
<td>105/03</td>
<td>27 Mar 03</td>
<td>28 Mar 03</td>
<td>8 Apr 03</td>
</tr>
<tr>
<td>Land Rover</td>
<td>108/03</td>
<td>28 Mar 03</td>
<td>7 Apr 03</td>
<td>13 May 03</td>
</tr>
<tr>
<td>Daimler/Chrysler</td>
<td>117/03</td>
<td>10 Apr 03</td>
<td>11 Apr 03</td>
<td>13 May 03</td>
</tr>
<tr>
<td>Mitsubishi Outlander</td>
<td>147/03</td>
<td>29 Apr 03</td>
<td>30 Apr 03</td>
<td>13 May 03</td>
</tr>
<tr>
<td>Ford Escape</td>
<td>158/03</td>
<td>5 May 03</td>
<td>12 May 03</td>
<td>TBA</td>
</tr>
<tr>
<td>Mercedes-Benz</td>
<td>175/03</td>
<td>12 May 03</td>
<td>19 May 03</td>
<td>TBA</td>
</tr>
<tr>
<td>Volkswagen Passat</td>
<td>176/03</td>
<td>14 May 03</td>
<td>20 May 03</td>
<td>TBA</td>
</tr>
</tbody>
</table>

* Initial complaint if more than one received.

(3) One advertisement, for the Mazda Astina SP20, has been deemed to be in breach of the Code, under sections 2(a) and 2(b). The Advertising Standards Bureau has advised that the advertiser, Mazda, confirmed in writing on 18 March 2003 that it had taken steps to withdraw and amend the advertisement.

(4) On receipt of a complaint in writing, the Advertising Standards Bureau, which acts as the Secretariat for the Advertising Standards Board, makes a judgement as to whether the complaint raises issues under either the Advertiser Code of Ethics or the Motor Vehicle Code, as appropriate.

It then acknowledges receipt and advises the complainant that the complaint will be submitted to the Advertising Standards Board. The relevant advertiser is sent a copy of the complaint (with personal details removed if requested), and asked for a response and a copy of the commercial by a
certain deadline. The complaint and response are included in the agenda papers for the next meet-
ing of the Board, and a copy of the advertisement is shown at the meeting. Complainants and ad-
vertisers are advised of the Board’s determination, and formal case reports are provided as soon as possible.

If a complaint is upheld, the advertiser is advised immediately, and requested to withdraw or mod-
ify the advertisement. There is no appeal

(5) The Advertising Standards Bureau has no direct power to enforce a decision or to force an ad-
vertiser to remove an advertisement. The advertising self-regulation system relies on the willingness
of advertisers to abide by ethical principles they have embraced in the codes. An advertiser’s deci-
sion to withdraw or modify an advertisement found to breach a code is therefore a voluntary one.
The Advertising Standards Bureau has advised that since the commencement of the self-regulation
system, all advertisements found by the Board to have been in breach of either Code have been
withdrawn or modified.

(6) A Working Group of members of the National Road Safety Strategy Panel has been established to
monitor the effectiveness of the Code. The Working Group comprises representatives from some
of the States, the Australian Automobile Association, the Federal Chamber of Automotive Indus-
tries, and the Australian Transport Safety Bureau.
The Working Group had a meeting with the Chairman of the Advertising Standards Bureau and
representatives of the Federal Chamber of Automotive Industries on 29 May during which issues
relating to the interpretation and application of the Code were discussed. The Working Group will
review the effectiveness of the Code in its first year of operation and report to SCOT and ATC at
their end-year meetings in 2003.

Parliamentarians’ Entitlements: Travel
(Question No. 1810)

Mr Martin Ferguson asked the Minister representing the Special Minister of State, upon
notice, on 13 May 2003:

(1) Since 1996, under Remuneration Tribunal Guidelines, which Cabinet Ministers, Ministers and
Parliamentary Secretaries have had an entitlement for their spouses to travel, both domestically and
internationally, beyond that normally available to Members and Senators and what conditions
apply for approval of such travel.

(2) What are the details of travel including destinations, reasons for travel and the itemised cost of
travel undertaken by spouses of Cabinet Ministers, Ministers and Parliamentary Secretaries in this
period.

Mr Abbott—The Special Minister of State has provided the following answer to the hon-
ourable member’s question:

(1) Under clause 8 of Remuneration Tribunal Determination 8 of 1998, where the spouse of a minister
or office holder travels in the company of the minister or office holder at Commonwealth expense
an additional amount of $10 shall be added to the rate of travelling allowance under clause 1 of
Part 1. This information is available in the six month tabling report on Parliamentarians’ Travel
Paid by the Department of Finance and Administration. There is no provision under Remuneration
Tribunal Determinations or Guidelines that provides additional travel entitlements to the spouse of
a Cabinet Minister, Minister or Parliamentary Secretary beyond what is available to the spouse of a
Senator or Member. The cost of travel for official purposes for the spouse of a minister, an
Opposition Office Holder or a Presiding Officer is provided under the Parliamentary Entitlements
Act 1990.
(2) The highly detailed information sought in the honourable member’s question is not readily available in consolidated form and it would be a major task to collect and assemble it. The practice of successive governments has been to not authorise the expenditure of time and money involved in assembling such information on a general basis. I intend to follow the established practice which is that, if the honourable member wishes to know the travel expense details of any particular spouse of a Senator or Member, I will consider the matter on its merits.

Health: Pharmaceutical Benefits Scheme
(Question No. 1826)

Ms Jackson asked the Minister representing the Minister for Health and Ageing, upon notice, on 13 May 2003:

(1) Is the Minister aware that Prominal®, a drug used by epileptics, has been delisted from the Pharmaceutical Benefits Scheme (PBS); if not, why not.

(2) Why was Prominal delisted from the PBS.

(3) Is it the case that other drugs available on the PBS for the treatment of epilepsy can cause serious side effects forcing some people to purchase Prominal without the benefit of the PBS subsidy; if so, was this considered when Prominal was delisted and, if it was not considered, why was it not considered before Prominal was delisted.

(4) Given the lack of transparency in the process of delisting drugs from the PBS, will the Minister undertake to make the process of delisting drugs from the PBS more accountable and transparent or assure the House that he will give his full support to any steps designed to bring greater accountability to the system.

(5) Will the Minister ask the Pharmaceutical Benefits Advisory Committee (PBAC) to reconsider its decision to delist Prominal from the PBS.

Mr Andrews—The Minister for Health and Ageing has provided the following answer to the honourable member’s question:

(1) Yes.

(2) In August 2001, the sponsor of Prominal 200 mg tablet, Sanofi-Synthelabo Australia Pty Limited, advised the Department of Health and Ageing that it had decided to discontinue the supply of this product in Australia. The company requested that this product be deleted from the PBS, effective from 1 February 2002. In addition, Prominal 60 mg tablet was deleted from the PBS, effective 1 February 2003, following advice from the sponsor that the supply of this medicine was also being discontinued. The Government cannot force a company to supply a product under the PBS, if the company is unable to continue supply or considers it not in its interests to do so.

(3) All medicines have the potential to cause side effects. Pharmaceutical manufacturers provide information to consumers on possible side effects and adverse reactions to their medicines and who to contact if they experience any reactions to their medicines. As Prominal was discontinued by the manufacturer, it is no longer available for sale in Australia. Patients are best advised to consult their doctors concerning the most suitable medications for the treatment of their epilepsy.

(4) Parliament is advised whenever a medicine is to be deleted from the Schedule of Pharmaceutical Benefits.

Advice from the Secretary of the Pharmaceutical Benefits Advisory Committee concerning the deletion of methylphenobarbitone (the active drug contained in Prominal) from the PBS was forwarded to Parliament on 2 January 2003. This notice was tabled in Parliament on 3 March 2003.
The Pharmaceutical Benefits Advisory Committee agreed to the deletion of Prominal in the knowledge that the drug was being discontinued.

**Colston, Former Senator: Travel**

(Question No. 1838)

Mr Murphy asked the Minister representing the Special Minister of State, upon notice, on 14 May 2003:

Further to the answer to question No. 862 (*Hansard*, 24 September 2002, page 7159), has the former Senator, Dr Malcolm Arthur Colston, used his Gold Pass since 6 May 2002; if so, what are the complete details of each of the taxpayer-funded trips undertaken by Dr Colston since then, including the times, dates and places of departure and arrival of each trip and the cost to the taxpayer of each trip.

Mr Abbott—The Special Minister of State has supplied the following answer to the honourable member’s question:

No.

**AusAID: Global Education Program**

(Question No. 1865)

Mr Kerr asked the Minister for Foreign Affairs, upon notice, on 14 May 2003:

1. What is the reason for AusAID’s decision to prematurely terminate TasDEC Global Learning Centre’s contract to provide professional development for teachers in global education in Tasmania.
2. Was the contract to provide these services for a period of four years until the end of this year.
3. Why did AusAID not provide any reason to TasDEC in its notification of this decision.
4. Is he aware that the AusAID contract funds an important program in global education conducted by TasDEC with the Tasmanian Education Department.
5. Is he aware that the services delivered by TasDEC are extremely well regarded within the Tasmanian school system.
6. Should a four year contractual arrangement to be terminated without the provision of reasons: if so; how does this accord with proper administrative practice.
7. Will he take steps to have the contract reinstated so that the valuable work of TasDEC can continue for the balance of this year.
8. Will he ensure that AusAID does not exclude TasDEC from applying for a further contract when the current review of all global education projects is due to be implemented.

Mr Downer—The answer to the honourable member’s question is as follows:

The overall aim of AusAID’s Global Education Program is to train primary and secondary teachers around Australia in teaching global education. The appropriateness and cost effectiveness of program activities is a key concern.

Following a review of global education activities in Tasmania AusAID decided to terminate its contract with TASDEC.

The review highlighted an imbalance in the level of funding of Global Education Projects around Australia and that development education innovations, including wider use of the Internet, could be applied more effectively. Tasmania has 6,762 teachers or 3% of Australia’s teachers but receives just over 16% of AusAID funding for professional development. In comparison New South Wales with 80,957 or 33% of Australia’s teachers also receives just over 16%.
The decision to terminate the contract does not signal a cessation of global education activities in Tasmania. AusAID continues to be committed to Global Education in Tasmania and is developing an alternate strategy to suit the needs of their target group.

**Foreign Affairs: Policy**

(Question No. 1870)

Mr Latham asked the Minister for Foreign Affairs, upon notice, on 14 May 2003:

(1) Is he aware of financial support provided by agencies of the United States Government to the Sydney-based organisation, The Sydney Institute; if so, what are the details.

(2) Does the Government approve of donations by foreign governments that seek to influence public policy outcomes in this country, especially with regard to foreign policy.

(3) Does the Government propose to introduce legislation requiring think-tanks and similar organisations to disclose their sources of financial support.

Mr Downer—The answer to the honourable member’s question is as follows:

(1) No.

(2) The question of approval does not arise where donations are made in accordance with Australian law.

(3) I am not aware of any proposal to be introduced which contains measures requiring think-tanks and similar organisations to disclose their sources of financial support.

**Foreign Affairs: Libya**

(Question No. 1872 and 1873)

Mr Danby asked the Minister for Trade and the Minister for Foreign Affairs, upon notice, on 14 May 2003:

(1) Is he aware of the American Iran-Libya Sanctions Act of 1996 and can he inform the House what the President of the United States is authorised to do under this Act.

(2) Are any Australian companies currently affected by this Act; if so (a) which companies, and (b) what sanctions have been imposed.

(3) Were any business representatives part of the recent delegation that went to Libya; if so, who were they.

(4) Was the effect of the American Iran-Libya Sanctions Act of 1996 discussed with: (a) these business representatives, and (b) officials from the Libyan government; if so, what was the content and outcome of the discussions.

(5) What has been the outcome of the delegation to Libya.

(6) Have any major trade or investment deals been announced; if so, what are the details.

(7) Is Austrade, the Minister for Trade, or any other part of the government, now assisting Australian firms establish trade or investment links with Libya; if so, what are the details.

(8) Are Australian companies being informed about the Iran-Libya Sanctions Act and its effects on them if they invest in Libya; if not, why not; if so, what are the details.

(9) Has the recent delegation to Libya led by the Minister for Trade and the trade and investment ties been discussed in the Australia–America Free Trade negotiations; if so, what are the details.

(10) Is the Minister concerned that closer ties with Libya could harm Australia’s trade and investment interests with America; if so, what has been done to protect Australia’s interests; if not, why not.
Mr Vaile—On behalf of the Minister for Foreign Affairs and myself, the answer to the honourable member’s question is as follows:

(1) Yes. The Act gives the President the discretion to impose a range of sanctions on a person (an individual or company, US or foreign) who knowingly makes an investment of $US20 million per annum or more in Iran or Libya which “directly and significantly” contributes to the ability of Iran or Libya to develop its petroleum and gas resources.

(2) No.


(4) (a) No. (b) No.

(5) The delegation had an opportunity to assess prospects for operating in the Libyan market. While several companies have let the Government know that they were pursuing and continue to pursue commercial activity in Libya, the details of these activities are commercially confidential.

(6) No.

(7) The Honourable Member is aware of Mr Vaile’s visit to Libya in July 2002. As a matter of routine, Austrade handles inquiries from companies already or contemplating doing business in Libya. As with Question (5), details of any assistance the Government is providing to companies are also commercially confidential.

(8) Companies make their own inquiries and some of those have been handled by my Department, which provides factual advice. Details about individual companies or investment proposals would be commercially confidential.

(9) No.

(10) No.