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

BUSINESS

Mr ABBOTT (Warringah—Leader of the House) (9.01 a.m.)—I 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.

It is right that on this day the whole focus of our nation should be on welcoming home the men and women of the Australian armed forces who have served in the Iraq war. As a result of the government’s desire to see nothing detract from the quality of the welcome which our armed forces receive, it is right that we adjust the ordinary sitting program of the House. As members would be only too well aware, the welcome starts at midday. It will take some time. It is followed by a reception. It would be impossible for the Prime Minister, the Leader of the Opposition, other senior ministers and frontbenchers to be back here until late in the day. We have some 80 question times a year. I think it is perfectly reasonable that we should sacrifice one of our question times in order to appropriately and properly honour the men and women of the Australian armed forces. If it was possible for the British and German armies to play soccer in no-man’s-land on Christmas Day in 1914, it surely should be possible for the members of this House to suspend politics as usual for just one day to honour the men and the women of the Australian armed forces, who have served this nation and served humanity so well recently in Iraq.

I am extremely disappointed that members opposite, by their interjections and by all their indications so far, have demonstrated their unwillingness to enter into these perfectly right, proper and appropriate arrangements. Because of the way the opposition has indicated it intends to behave today, members on this side will be unable to attend this homecoming as they wish. I know that there are a large number of members on this side who want to welcome home our forces. They will not be able to do so because of the way the opposition proposes to conduct itself. I think that there are lots of good, decent and patriotic members of the Australian Labor Party on the other side of the House who would like to welcome our troops home but are not being allowed to because of the take no prisoners, give no quarter, junkyard dog tactics which are now being employed by members opposite. I commend the motion to the House.

Mr LATHAM (Werriwa—Manager of Opposition Business) (9.04 a.m.)—I wish to move:

That the following words be added to the motion:

"and,

5. Questions without notice from 4 to 5.30 p.m."

I want to do this because it is possible to have a welcome home parade and a functioning parliament on the same day.

Mr ABBOTT (Warringah—Leader of the House) (9.04 a.m.)—I move:

That the question be now put.

Question put.
The House divided. [9.09 a.m.]
(The Speaker—Mr Neil Andrew)

Ayes............ 73
Noes............ 63
Majority........ 10

AYES
Abbott, A.J. Andrews, K.J.
Anthony, L.J. Bailey, F.E.
Baird, B.G. Baldwin, R.C.
Barresi, P.A. Bartlett, K.J.
Billson, B.F. Bishop, B.K.
Bishop, J.I. Brough, M.T.
Cadm, A.G. Cameron, R.A.
Cauley, I.R. Charles, R.E.
Ciobo, S.M. Cob, J.K.
Costello, P.H. Draper, P.
Dutton, P.C. Elson, K.S.
Entsch, W.G. Farmer, P.F.
Forrest, J.A. * Gallas, C.A.
Gambare, T. Gash, J.
Georgiou, P. Haase, B.W.
Hardgrave, G.D. Hartsuyker, L.
Hawker, D.P.M. Hockey, J.B.
Hull, K.E. Hunt, G.A.
Johnson, M.A. Jull, D.F.
Kelly, D.M. Kelly, J.M.
King, P.E. Ley, S.P.
Lindsay, P.J. Lloyd, J.E.
May, M.A. McArthur, S. *
McGauran, P.J. Moylan, J. E.
Nairn, G. R. Nelson, B.J.
Neville, P.C. Panopoulos, S.
Pearce, C.J. Pyne, C.
Randall, D.J. Ruddock, P.M.
Schultz, A. Scott, B.C.
Secker, P.D. Slipper, P.N.
Smith, A.D.H. Somlyay, A.M.
Southcott, A.J. Stone, S.N.
Thompson, C.P. Ticehurst, K.V.
Tollner, D.W. Truss, W.E.
Tuckey, C.W. Wakelin, B.H.
Washer, M.J. Williams, D.R.
Worth, P.M. "* denotes teller

Corcoran, A.K. Cox, D.A.
Crean, S.F. Crosio, J.A.
Danby, M. * Edwards, G.J.
Ellis, A.L. Emerson, C.A.
Evans, M.J. Ferguson, M.J.
Fitzgibbon, J.A. Gibbons, S.W.
Gillard, J.E. Grierson, S.J.
Griffin, A.P. Hall, J.G.
Hatton, M.J. Hoare, K.J.
Irwin, J. Jackson, S.M.
Jenkins, H.A. Kerr, D.J.C.
King, C.F. Latham, M.W.
Lawrence, C.M. Livermore, K.F.
Macklin, J.L. McClelland, R.B.
McFarlane, J.S. McLeay, L.B.
McMullan, R.F. Melham, D.
Mossfield, F.W. Murphy, J. P.
O’Byrne, M.A. O’Connor, G.M.
O’Connor, B.P. Plibersek, T.
Price, L.R.S. Quick, H.V. *
Ripoll, B.F. Roxon, N.L.
Rudd, K.M. Sawford, R.W.
Sciaccia, C.A. Sercombe, R.C.G.
Smith, S.F. Snowden, W.E.
Swan, W.M. Tanner, L.
Thomson, K.J. Vamvakion, M.
Wilkie, K. Windsor, A.H.C.
Zahra, C.J.

Question agreed to.

Mr Latham interjecting—

The SPEAKER—Order! The member for Werriwa is aware of the forms of the House.

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

The House divided. [9.14 a.m.]
(The Speaker—Mr Neil Andrew)

Ayes............ 73
Noes............ 64
Majority........ 9

AYES
Abbott, A.J. Andrews, K.J.
Anthony, L.J. Bailey, F.E.
Baird, B.G. Baldwin, R.C.
Barresi, P.A. Bartlett, K.J.
Billson, B.F. Bishop, B.K.

NOES
Adams, D.G.H. Albanese, A.N.
Andren, P.J. Beazley, K.C.
Bevis, A.R. Brereton, L.J.
Burke, A.E. Byrne, A.M.
Mr LATHAM (Werriwa—Manager of Opposition Business) (9.15 a.m.)—I wish to move:

That so much of sessional and standing orders be suspended as would preclude the member for Werriwa from moving the following motion:

That the House otherwise orders that the routine basis of the day be amended to provide for question time from 4 p.m. to 5.30 p.m.

We should have a question time, Mr Speaker, as well as a—

Mr Martin Ferguson interjecting—

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

The SPEAKER—Order! The standing orders still stand. Let it be clearly understood that the chair finds itself in a difficult position because the House has just resolved that the standing orders be suspended in order to allow a particular sequence of events to occur. It would therefore not be proper for me to receive another resolution to suspend standing orders and, in fact, previous practice would reinforce this. The standing orders have been suspended to allow a particular sequence of events to occur. The only instance in which I can think that I could accept a further suspension of standing orders for the day would be on a specific resolution during the day if the debate were to conclude
at a particular time and the standing orders were to be suspended to change the time of
the debate concluding—a specific motion on
the resolution. But the House has already
resolved the standing orders for the order of
business for today.

Mr LATHAM—Mr Speaker, I rise on a
point of order. The House has just resolved
to suspend standing and sessional orders
unless otherwise ordered. That is the motion
that has been carried by the House—unless
otherwise ordered. I am now seeking to sus-
pend standing orders to make that order for
the House of Representatives to have a ques-
tion time today. I was not allowed to move
my amendment, the House has yet to con-
sider the proposition of a question time from
4 p.m. to 5.30 p.m. The Prime Minister is
back in the building at four o’clock and we
could have a question time accordingly. I ask
that this motion be allowed to stand so the
House can otherwise order according to the
will of the House of Representatives.

The SPEAKER—Let me rule on the
point of order from the member for Werriwa.
I think almost without exception suspensions
of standing orders can include the words
‘unless otherwise ordered’ and they do so to
allow the House to make a determination
later in the day, if it so decides. I would have
felt that it was inappropriate, the House hav-
ing just resolved how its standing orders will
be suspended, to seek to further amend that
when the orders of the day have not even
commenced. If at some stage during the day
there were a need to change the order in
which matters were being considered then
the resolution from the member for Werriwa
could be considered, but presently the House
has made a determination. It has not even
commenced its business and any further
amendment to the standing orders could only
follow the commencement of business. That
is why the term ‘unless otherwise ordered’ is
included in the resolution.

DISSENT FROM RULING

Mr LATHAM (Werriwa—Manager of
Opposition Business) (9.19 a.m.)—I move:

That the ruling be dissented from.

I do so for the good reason that it is for the
House of Representatives to decide whether
we have a question time between four
o’clock and 5.30 today. Let it be known that
the Prime Minister is in the building at four
o’clock. The Prime Minister is in the Aus-
tralian parliament at four o’clock. Why should
he not face up to a question time and proper
accountability between four o’clock and
5.30? What has the Prime Minister got to
hide? These matters should be determined by
the House of Representatives.

Mr Secker interjecting

The SPEAKER—The member for Barker
is warned!

Mr LATHAM—Earlier on we had the
shameful comment from the Manager of
Government Business that he thought a ques-
tion time today would detract from the wel-
come home parade. What a shameful point of
view for a parliamentarian to say that democ-
racy detracts from the welcome home pa-
rade. This is the same government that, in its
postwar rhetoric, said that the troops were
fighting for freedom and democratic rights,
yet it is a government that wants to deny the
democratic right of members in this place to
ask questions to the executive government. It
is a shameful day for the House of
Representatives.

The SPEAKER—Order, the member for
Werriwa! I interrupt the member for Werriwa

to point out that the motion to which he is
speaking is a motion of dissent from the rul-
ing of the chair. He therefore needs to give
some indication of why the chair’s ruling
was not in order and to date he has failed to
do so.
Mr LATHAM—Mr Speaker, the House earlier on moved a motion that standing and social orders be suspended—

Mr ABBOTT (Warringah—Leader of the House) (9.21 a.m.)—I move:
That the member be not further heard.

Mr Martin Ferguson interjecting—

The SPEAKER—Order! The member for Batman is well aware that we would require that sort of accusation to be withdrawn were—

Honourable members interjecting—

The SPEAKER—The member for Batman is well aware that I am extending to him more generosity than ought to be extended. I was pointing out to him that the comments he made were inappropriate, and so were the comments from the member for Lingiari.

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

The House divided. [9.26 a.m.] (The Speaker—Mr Neil Andrew)

Ayes.............. 72
Noses............. 64
Majority.......... 8

AYES
Abbott, A.J. Andrews, K.J.
Anthony, L.J. Baird, B.G.
Baldwin, R.C. Barresi, P.A.
Bartlett, K.J. Billson, B.F.
Bishop, B.K. Bishop, J.I.
Brough, M.T. Cadman, A.G.
Cameron, R.A. Causley, I.R.
Charles, R.E. Ciobo, S.M.
Cobb, J.K. Costello, P.H.
Draper, P. Dutton, P.C.
Elsom, K.S. Ericsson, W.G.
Farmer, P.F. Forrest, J.A. *
Gallus, C.A. Garnabro, T.
Gash, J. Georgiou, P.
Haase, B.W. Hardgrave, G.D.
Hartsuyker, L. Hawker, D.P.M.
Hockey, J.B. Hull, K.E.
Hunt, G.A. Johnson, M.A.

NOES
Adams, D.G.H. Albanese, A.N.
Andren, P.J. Beazley, K.C.
Bevis, A.R. Brereton, L.J.
Burke, A.E. Byrne, A.M.
Corcoran, A.K. Cox, D.A.
Crean, S.F. Crosio, J.A.
Danby, M. * Edwards, G.J.
Ellis, A.L. Emerson, C.A.
Evans, M.J. Ferguson, L.D.T.
Ferguson, M.J. Fitzgibbon, J.A.
George, J. Gibbons, S.W.
Gillard, J.E. Grierson, S.J.
Griffin, A.P. Hall, J.G.
Hatton, M.J. Hoare, K.J.
Irwin, J. Jackson, S.M.
Jenkins, H.A. Kerr, D.J.C.
King, C.F. Latham, M.W.
Lawrence, C.M. Livermore, K.F.
Macklin, J.L. McClelland, R.B.
McFarlane, J.S. McLeay, L.B.
McMullan, R.F. Melham, D.
Mossfield, F.W. Murphy, J. P.
O’Byrne, M.A. O’Connor, G.M.
O’Connor, B.P. Organ, M.
Price, L.R.S. Quick, H.V. *
Ripoll, B.F. Roxon, N.L.
Sawford, R.W. Sciaccia, C.A.
Sercombe, R.C.G. Sidebottom, P.S.
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Tanner, L. Thomson, K.J.
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Randall, D.J.
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Smith, A.D.H.
Southcott, A.J.
Thompson, C.P.
Tolner, D.W.
Tuckey, C.W.
Washler, M.J.
Worth, P.M.

CHAMBER
Mr MELHAM (Banks) (9.31 a.m.)—I second the motion of dissent. The House is master of its own destiny. You qualified the House’s powers to otherwise order. There is no qualification. That is why we moved dissent from your ruling. You have given the qualification.

Mr ABBOTT (Warringah—Leader of the House) (9.31 a.m.)—I move:
That the member be not further heard.

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

The House divided.  [9.32 a.m.]
(The Speaker—Mr Neil Andrew)

| AYES | 72 |
| Noes | 64 |
| Majority | 8 |

**AYES**
Abbott, A.J. | Andrews, K.J. | Panopoulos, S. | Pearce, C.J. |
Anthony, L.J. | Baird, B.G. | Pyne, C. | Randall, D.J. |
Baldwin, R.C. | Barresi, P.A. | Ruddock, P.M. | Schultz, A. |
Bartlett, K.J. | Billson, B.F. | Scott, B.C. | Secker, P.D. |
Bishop, B.K. | Bishop, J.I. | Slipper, P.N. | Smith, A.D.H. |
Brough, M.T. | Cadman, A.G. | Somlyay, A.M. | Southcott, A.J. |
Cameron, R.A. | Cauley, I.R. | Stone, S.N. | Thompson, C.P. |
Charles, R.E. | Ciobo, S.M. | Ticehurst, K.V. | Toller, D.W. |
Cobb, J.K. | Costello, P.H. | Truss, W.E. | Tuckey, C.W. |
Draper, P. | Dutton, P.C. | Wakelin, B.H. | Washer, M.J. |
Elsen, K.S. | Entsch, W.G. | Williams, D.R. | Worth, P.M. |
Farmer, P.F. | Forrest, J.A. | * | |
Wednesday, 18 June 2003

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<th>Ayes.........</th>
<th>62</th>
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<td>73</td>
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<td>Majority.......</td>
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**AYES**

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* denotes teller

Question negatived.

**MIGRATION AMENDMENT (DURATION OF DETENTION) BILL 2003**

**First Reading**

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

**Second Reading**

Mr RUDDOCK (Berowra—Minister for Immigration and Multicultural and Indigenous Affairs and Minister Assisting the Prime Minister for Reconciliation) (9.41 a.m.)—I move:

That this bill be now read a second time.

The Migration Amendment (Duration of Detention) Bill 2003 adds four new subsections to section 196 of the Migration Act 1958. These additional subsections reiterate and clarify the parliament’s intention that an unlawful non-citizen is only to be released
from immigration detention in the circumstances specified in section 196.

In 1992 the parliament enacted a series of changes to the Migration Act that introduced mandatory detention. First, changes made by the Migration Amendment Act 1992 introduced mandatory detention of unauthorised boat arrivals. The Migration Reform Act 1992, which commenced on 1 September 1994, introduced mandatory detention of all unlawful non-citizens.

The Migration Reform Act included section 196, which provides that an unlawful non-citizen must be kept in immigration detention until he or she is:

(a) removed from Australia … or
(b) deported … or
(c) granted a visa.

Subsection 196(3) specifically states:

To avoid doubt, subsection (1) prevents the release, even by a court, of an unlawful non-citizen from detention (otherwise than for removal or deportation) unless the non-citizen has been granted a visa.

The intention of section 196 was to make it clear that there was to be no discretion for any person or court to release from detention an unlawful non-citizen who is lawfully being held in immigration detention.

Mandatory detention remains an integral part of the government’s unauthorised arrivals policy. The government needs to ensure, as a matter of public policy, that all unlawful non-citizens are detained until their status is clarified. This means that they must continue to be detained until one of three things happens: either that they are removed or deported from Australia or that they are granted a visa. It is not acceptable that any person who is, or who is suspected of being, an unlawful non-citizen is allowed out into the community until the question of their status is resolved.

Since the latter part of 2002, the Federal Court has decided that the Migration Act does not preclude the court from making interlocutory orders that persons be released from immigration detention pending the court’s final determination of the person’s judicial review application.

Such orders mean that a person must be released into the community until such time as the court finally determines their application. The court’s final determination of the case can take anywhere between several weeks and several months. Where the person is subsequently unsuccessful, that person must be relocated, redetained and arrangements then made for their removal from Australia. This is a time consuming and costly process and can further delay removal from Australia.

I understand that there have now been some 20 persons released from immigration detention on the basis of interlocutory orders. In the case of more than half of these persons removal action had been commenced, as they are of significant character concern, and the government believes their presence is a serious risk to the Australian community.

In its judgements, the Federal Court has indicated that if the parliament wishes to prevent a court from ordering the interlocutory release of a person from immigration detention it must make its intentions unmistakably clear. This bill is intended to achieve this.

The bill amends the Migration Act to make it clear that, unless an unlawful non-citizen is removed from Australia, deported or granted a visa, the non-citizen must be kept in immigration detention. This applies unless a court finally determines that:

- the detention is unlawful; or
- the person is not an unlawful non-citizen.
The bill ensures that an unlawful non-citizen must be kept in immigration detention pending determination of any substantive proceedings, whether or not:

• there is a real likelihood of the person detained being removed from Australia or deported in the reasonably foreseeable future; or

• a decision to refuse to grant, to cancel or refuse to reinstate a visa may be determined to be unlawful by a court.

The bill puts beyond doubt that section 196 of the Migration Act has effect despite any other law.

I stress that the amendments contained in the bill do not affect the court’s powers to finally determine the lawfulness of a person’s detention, or to finally determine the lawfulness of the decision or action being challenged.

They are intended simply to clarify the existing provisions of the act. They do no more than what the courts have said that the parliament needs to do. That is, make its intention in relation to immigration detention unmistakably clear.

The government believes that it is in the interests of all parties that such cases are finally determined as quickly as possible.

In summary, the bill implements measures to ensure that the parliament’s original intention in relation to immigration detention is clearly spelt out and the integrity of the act is not compromised.

I commend this bill to the chamber and table an explanatory memorandum.

Debate (on motion by Ms Roxon) adjourned.

HIH ROYAL COMMISSION (TRANSFER OF RECORDS) BILL 2003
First Reading

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

Second Reading

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (9.47 a.m.)—I move:

That this bill be now read a second time.

This HIH Royal Commission (Transfer of Records) Bill 2003 provides for the transfer of the custody of certain records of the HIH Royal Commission to the Australian Securities and Investments Commission. This transfer is necessary to ensure that ASIC is able to pursue efficiently and expeditiously the referrals of possible breaches of the law made to it following the HIH Royal Commission.

The HIH Royal Commission was established at the government’s instigation following the financial collapse of the HIH Insurance Group in March 2001. The collapse affected individuals, community groups, and the public generally.

The HIH Royal Commission’s terms of reference explicitly stated that the commission was to inquire into the possibility of breaches of law and whether possible criminal or other legal proceedings should be referred to the relevant agency.

On 16 April 2003, the government released the report from the Royal Commissioner, the Hon. Justice Neville Owen.

The report identified a number of possible breaches of the Corporations Law. The commissioner indicated that these matters should be referred to ASIC for investigation and preparation of possible civil prosecutions.

On releasing the HIH Royal Commission report, the government indicated that it would immediately act on these referrals. To this end, a taskforce was established under the direction of ASIC to examine the referrals and prepare briefs for possible proceedings.
The government took action in the 2003-04 Budget to support ASIC in its task. The government committed an additional $28.2 million in funding for ASIC over the next two years. This funding is to be used by ASIC to undertake investigations and prepare briefs for civil prosecutions.

This bill will further assist ASIC’s work. It has three key elements.

First, the bill will provide for the transfer of records of the HIH Royal Commission to the Australian Securities and Investment Commission. The records to be transferred to ASIC will be limited to those that were produced to the Royal Commission. This limitation excludes records produced by persons employed or retained by the Royal Commission, ensuring that internal Royal Commission records are not transferred to ASIC.

The transfer facilitated by the bill will provide ASIC access to, and subsequent use of, Royal Commission records and avoid potentially lengthy procedural requirements and legal uncertainties that could hamper the effective investigation of those matters identified by Justice Owen.

In the absence of the bill, the Commonwealth would be required to notify the owner of the records of the transfer to ASIC and provide them with the opportunity to object. This requirement would result in a lengthy and expensive process of settling any objections to the transfer. The process could be used to frustrate the expeditious investigation and prosecution of potential offences by ASIC.

Second, the bill will ensure that ASIC is able to use the records for the purposes of performing its functions and powers. Importantly, this will also allow ASIC to transmit or copy the records within its custody to other Commonwealth institutions, such as the Director of Public Prosecutions, in support of their functions and powers.

Third, the bill will explicitly maintain the existing protections that attach to the records transferred to ASIC. Therefore, the protections for individuals against self-incrimination that would usually apply to the records of a royal commission will be maintained.

In addition, any right to claim legal professional privilege over the transferred records will also be preserved. As a further safeguard, the transferred records will also be afforded the same confidentiality as information collected by ASIC in the course of its operations.

This bill will assist the corporate regulator to investigate a number of serious potential breaches of the Corporations Law while maintaining the safeguards that are due and appropriate under Australian law.

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

Debate (on motion by Mr Latham) adjourned.

BUSINESS

Mr LATHAM (Werriwa—Manager of Opposition Business) (9.52 a.m.)—I move:

That so much of the standing and sessional orders be suspended as would preclude the Member for Werriwa from moving the following motion:

That the House otherwise orders that the routine of business of the day be amended to provide for Question Time from 4 to 5.30 p.m.

The Australian people want a question time in the House of Representatives today because of the importance of the issues. The parents who worry about the elimination of bulk-billing and the loss of Medicare want the government to answer questions on health care. The parents who worry about $150,000 university degrees want this government to answer questions on higher education policy. All the people worried about our environmental future and the future of
the Murray-Darling want the government to answer questions on the great river and what can be done to save it. All those Australians worried about security—about safety in our neighbourhood and in our cities and regions—want the government to answer questions on important issues of intelligence and national security.

We know now that, months ahead of the tragedy in Bali, the government was given a warning of a possible incident in that tourist resort. The government had a warning about Bali and it should have acted on it. But today the government is covering up. The government refuses to answer questions about what it knew prior to the Bali bombing. The Australian people have the right to know. In a democracy, they must be able to know about the workings of government, and they must be able to know about the intelligence and the national security implications. Why won’t the government answer questions? The Australian people want a question time.

Mr ABBOTT (Warringah—Leader of the House) (9.53 a.m.)—I move:

That the member be not further heard.

Question put.

The House divided. [9.58 a.m.]

(The Deputy Speaker—Mr Jenkins)

Ayes…………. 69
Noes…………. 61
Majority……… 8

AYES

Abbott, A.J. Andrews, K.J. Elson, K.S.
Anthony, L.J. Baird, B.G. Farmer, P.F.
Baldwin, R.C. Barresi, P.A. Gallus, C.A.
Bartlett, K.J. Billson, B.F. Georgiou, P.
Bishop, B.K. Bishop, J.I. Hardgrave, G.D.
Brough, M.T. Cadman, A.G. Hawker, D.P.M.
Cameron, R.A. Causley, I.R. Hull, K.E.
Charles, R.E. Ciobo, S.M. Johnson, M.A.
Cobb, J.K. Costello, P.H. Kelly, D.M.
Draper, P. Dutton, P.C. Kelly, J.M.
Elson, K.S. Forrest, J.A. * Entsch, W.G.
Farmer, P.F. Gambaro, T. Haase, B.W.
Gallus, C.A. Hartsukyer, L. Hawker, D.P.M.
Georgiou, P. Hockey, J.B. Hull, K.E.
Hardgrave, G.D. Hunt, G.A. Johnson, M.A.
Hawker, D.P.M. Jull, D.F. Kelly, J.M.
Hull, K.E. Kelly, J.M. King, P.E.
Johnson, M.A. King, P.E. Lloyd, J.E.
Kelly, D.M. Lloyd, J.E. McArthur, S.*
Kelly, J.M. May, M.A. McEwen, P.R.
Ley, S.P. McEwen, P.R. Moylan, J.E.
Lehmann, G. Newton, B.J. Nelson, B.J.
Lehmann, J. Panopoulos, S. Pyne, C.
Ley, S.P. Ruddock, P.M. Scott, B.C.
Lind, J. Slipper, P.N. Somlyay, A.M.
Longman, R. Stone, S.N. Ticehurst, K.V.
Lowe, J. Truss, W.E. Williams, B.H.
Lucas, P. Watson, B.H. Williams, D.R.

NOES

Adams, D.G.H. Albanese, A.N. Adams, D.G.H.
Andren, P.J. Beazley, K.C. Beazley, K.C.
Bevis, A.R. Beretz, L.J. Burke, A.E.
Corcoran, A.K. Byrnes, A.M. Corcoran, A.K.
Crosio, J.A. Cox, D.A. Crosio, J.A.
Edwards, G.J. Danby, M.* Ellis, A.L.
Emerson, C.A. Evans, M.J. Edwards, G.J.
Ferguson, L.D.T. Fitzgibbon, J.A. Emerson, C.A.
George, J. Gibbons, S.W. George, J.
Gillard, J.E. Grierson, S.J. Gillard, J.E.
Griffin, A.P. Hall, J.G. Griffin, A.P.
Hatton, M.J. Hoare, K.J. Hatton, M.J.
Irwin, J. Jackson, S.M. Irwin, J.
Kerr, D.J.C. King, C.F. Kerr, D.J.C.
Latham, M.W. Lawrence, C.M. Latham, M.W.
Livermore, K.F. Macklin, J.L. Livermore, K.F.
McClelland, R.B. Mclaren, J.S. McClelland, R.B.
McLay, L.B. McMullan, R.F. McLay, L.B.
Melham, D. Mossfield, F.W. Melham, D.
Murphy, J.P. O’Byrne, M.A. Murphy, J.P.
O’Connor, G.M. O’Connor, B.P. O’Connor, G.M.
Organ, M. Price, L.R.S. Organ, M.
Quick, H.V. * Ripoll, B.F. Quick, H.V.*
Roxon, N.L. Sawford, R.W. Roxon, N.L.
Question agreed to.

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

Mr MELHAM (Banks) (10.04 a.m.)—I second the motion. This is a disgrace by the government—

Mr ABBOTT (Warringah—Leader of the House) (10.05 a.m.)—I move:

That the member be not further heard.

Question put.

The House divided. [10.06 a.m.]

(The Deputy Speaker—Mr Jenkins)

AYES

Abbott, A.J.
Anthony, L.J.
Baldwin, R.C.
Bartlett, K.J.
Bishop, B.K.
Brough, M.T.
Cameron, R.A.
Charles, R.E.
Cobb, J.K.
Draper, P.
Elsin, K.S.
Farmer, P.F.
Gallus, C.A.
Georgiou, P.
Hardgrave, G.D.
Hawker, D.P.M.
Hull, K.E.
Johnson, M.A.
Kelly, D.M.
King, P.E.
Lloyd, J.E.
McArthur, S.
Moylan, J. E.
Nelson, B.J.
Panopoulos, S.
Pye, C.
Ruddock, P.M.
Scott, B.C.
Sliper, P.N.
Somlyay, A.M.
Stone, S.N.
Ticehurst, K.V.
Truss, W.E.
Wakelin, B.H.
Williams, D.R.

NOES

Adams, D.G.H.
Andren, P.J.
Bevis, A.R.
Burke, A.E.
Corcoran, A.K.
Crosio, J.A.
Edwards, G.J.
Emerson, C.A.
Ferguson, L.D.T.
George, J.
Gillard, J.E.
Griffin, A.P.
Hatton, M.J.
Irwin, J.
Kerr, D.J.C.
Latham, M.W.
Livermore, K.F.
McClelland, R.B.
McLeay, L.B.
Melham, D.
Murphy, J. P.
O’Connor, G.M.
Organ, M.
Quick, H.V.
Roxon, N.E.
Sciaccia, C.A.
Smith, S.F.
Swan, W.M.
Thomson, K.J.
Wilkie, K.
Zahra, C.J.
Nelson, B.C.
Panopoulos, S.
Pye, C.
Ruddock, P.M.
Scott, B.C.
Sliper, P.N.
Somlyay, A.M.
Stone, S.N.
Ticehurst, K.V.
Truss, W.E.
Wakelin, B.H.
Williams, D.R.

* denotes teller

Question agreed to.

Original question put:

That the motion (Mr Latham’s) be agreed to.
The House divided. [10.09 a.m.]

(The Deputy Speaker—Mr Jenkins)

Ayes............ 61

Noes............. 69

Majority......... 8

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

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

* denotes teller

Question negatived.

EXPORT MARKET DEVELOPMENT GRANTS AMENDMENT BILL 2003
Second Reading

Debate resumed from 17 June, on motion by Mr Vaile:

That this bill be now read a second time.

Mr JOHN COBB (Parkes) (10.15 a.m.)—I will continue my remarks on the Export Market Development Grants Amendment Bill 2003. The consultant visits travel wholesalers in these regions on a regular basis, promoting Broken Hill and its tourist ventures among others. Thanks to the EMDG Scheme, the Legions Club has been featured in wholesale tourist brochures throughout Europe, which in turn has given outback New South Wales a place in Australia’s cultural identity. Broken Hill now features in over 50 wholesale tourist brochures, which has given the city unbelievable exposure
sure around the world, especially in the United Kingdom.

Another business in my electorate to benefit from the EMDG Scheme has been Canonbah Bridge Pty Ltd, a new winery in Warren. In the last few years, Australia has become the darling of the new world wine market. The rapid expansion of the industry over the last two decades has seen the number of wineries more than double and a large increase in the number of vineyards. According to the *Australian Financial Review*, the number of wineries in Australia increased from 990 in 1996-97 to 1,318 in 2000-01, a growth of 33 per cent over four years. On average, a new winery appears every three days. In April this year, 43.7 million litres of Australian produced wine, valued at $196.7 million, were exported. *(Quorum formed)*

My electorate has not been a traditional wine-growing region but, in the last few years, boutique wineries have been springing up across the region. Canonbah Bridge is one of them. The company has been operating for about 3½ years and exporting for about 2½ years. Spokesperson for the company Shane McLaughlin is very frank about what the Export Market Development Grants Scheme has meant for the business. He says it is the best thing he has ever come across. The Export Market Development Grants Scheme, put in by this government, is the best thing that ever happened to his winery and to other companies like it.

Canonbah received an EMDG of $60,000 in 2001-02 at the crucial stage of business. Shane McLaughlin says it was a lifesaver, as the company was in its early days and seeking to capture niche export markets. It allowed Shane to make trips to the United States to market Canonbah wines, to promote the label and to secure new exports. He has estimated that one visit resulted in half a container of sales to the United States, which in itself meant around $60,000 to $70,000 for the fledgling company.

The label has just sold its 10th container overseas. Shane has signalled a fivefold increase in business as a result of the groundwork he was able to put in because of the EMDG that he and his company had taken advantage of. Shane has not been backward in coming forward on the results of the scheme. Without that scheme, Canonbah would not be in the position—as a small business exporter—that it is in today.

These are just two of the industries in my electorate to benefit from the scheme. There are others, and they include Buckwheat Enterprises Pty Ltd of Parkes, who received almost $11,500 in 1998-99, Wool wholesaler Lachlan Commodities in Forbes was granted $13,500 in 2000-01. We gave $171,000 to Dubbo pet food company Ralston Purina Australia between 2000 and 2002, and we gave $8,000 to the Parkes Inland Marketing Corporation. Industrial machinery and equipment manufacturer Jim Roylance of Forbes was granted $5,000, and pet food company TEC Pacific of Forbes was granted $7,774.

These are the kinds of businesses that benefit most from the Export Market Development Grants Scheme and that I think prove to the world at large and to small business in regional areas, especially in my area, that this government is doing exactly what Minister Mark Vaile has always said we must do—that is, double the number of businesses exporting over the next few years from two per cent to four per cent. They are regional businesses that inject money back into the community. They employ locals and contribute to the growth and development of our country and our rural economy. That is why I support the changes outlined in the Export Market Development Grants Amendment Bill 2003.
This bill recognises the need to focus on small to medium sized businesses by moving to lower the income ceiling for EMDG applicants from $50 million to $30 million. Big businesses have the capital base to fund promotional export activities, but small businesses—the ones we seek to encourage—most definitely do not. Any money a small business outlays for market research and promotion limits its ability to put money back into the company and, therefore, develop its product and the markets into which it goes. As a matter of fact, it is really a catch-22 for it. Without the market, the product is useless, but finding the money to take the product to the market could be beyond its resources. That is why the Export Market Development Grants Scheme has been so important for the growth and development of regional enterprises. I have certainly seen the dividends to the community, to the businesses and to Australia as a whole from this scheme in my region.

The bill gives greater flexibility to those small to medium businesses accessing the grants by removing the $25 million export earnings ceiling. It supports my National Party colleague Mark Vaile’s push to double the number of Australian exporters by 2006. By reducing the maximum grant amount from $200,000 to $150,000 and reducing the number of grants a person can access from eight to seven, the government is making the scheme more available to more exporters and more available to those exporters who do not reach a large size. Essentially it is about spreading the money further and over a greater number of people, especially in a country region like mine.

I was amazed to learn that Professor Bewley from the University of New South Wales found that an additional $12 in exports was generated as a result of every grant dollar spent through this scheme. That is quite an astounding figure. It also demonstrates just what a successful scheme this is. This amendment bill should make the scheme more available to, more accessible to and certainly better for country regions. What a boost to the economy it is. The scheme will maintain its budget of $150.4 million per annum, setting a benchmark for the future. It underlines more than ever that this is a government that has always been about reinvigorating the Australian economy—especially the country Australian economy—and establishing our presence in the global market. Doubling the number of businesses in exporting, from two to four per cent, over the next three years is an ambitious but a necessary and achievable object.

Minister Mark Vaile has been bold and forward-thinking as a trade minister, with the vision and the conviction that we all have to have. I speak as one whose electorate’s economic base is totally underpinned by exports. It does not matter what business you look at, whether it be the service, production, agriculture or mining industry: everything comes back to exports and our ability to maintain and expand them. The results speak for themselves.

The support network for Australian exports starts at the grassroots level within regional communities through TradeStart. TradeStart has been an enormous success story. We in Dubbo have one of the 10 offices recently opened. It is a national network of export assistance offices in partnership with AusTrade and a range of local private and public sector organisations throughout Australia. The program incorporates the former Export Access Program and will boast 52 offices across Australia when all outlets are opened. TradeStart will ensure that the potential export businesses in the area have better access to Australia’s export advisory services and overseas networks. It has been a boon to the businesses that use it. It cuts through the red tape for them, and it
advises them on what is available across the world and of where opportunities exist. It has been an absolutely enormous help to quite a number of new exporting businesses in my region. In November last year, I had the pleasure of opening a TradeStart office in Dubbo. That is the type of infrastructure that is absolutely essential for a government that is dedicated to pursuing and increasing the number of dollars we bring in from overseas.

We are providing a network of support for potential exporters starting at the bottom level and, in this case, aiming at the smaller businesses. Austrade and TradeStart offer a package of free services designed to assist small and medium businesses right across Australia. It is free advice and information about how to get into exporting, export coaching and assistance on the ground in foreign markets.

I support the changes outlined in the Export Market Development Grants Amendment Bill 2003, and I look forward to the scheme being even more successful than it has been in the past, getting across more businesses, especially small businesses, and once again showing the way, showing businesses that they can look beyond the horizons they have historically had. The one note of caution I would mention is that, once you start an export market, you have to service it and you have to be consistent. I think Trade-Start and the government’s export scheme are all about that. (Time expired)

Mr RIPOLL (Oxley) (10.30 a.m.)—The Export Market Development Grants Amendment Bill 2003 is an important bill and one that should be completely rejected by this House. It should be completely rejected by this House because there currently exists legislation that deals with the matter of supporting exporters in this country, and the existing legislation does it much better. This bill is about reducing, capping, taking away and further spreading what already exists, slicing it up so finely that exporters would suffer if this bill were to be passed by this House. This is why I totally reject it. I think this bill is designed by the government just to save money once again. It is saving money at the expense of our good and decent exporters, who actually bring in billions of dollars in return for the little that the government gives back to them. It is really important that I say that at the outset. I also want to make it clear that, if we rejected this bill totally, exporters would not be disadvantaged. In fact, they would be advantaged by us rejecting this bill, because the existing legislation is much more robust and much better than the changes put forward in this amendment bill.

I also want to comment briefly that every government member who has stood up in this House—the member for Parkes, the last speaker for the government, was just another glaring example—has trotted out the same lines you hear all the time from government members. But this is about more. Somehow less is more. I have never figured out the Orwellian newspeak of the government members in this place. Somehow by giving you less they are actually giving you more. That is their logic, and that is what the government members in this place come here to do.

I see the only other interested government member in here sitting and waiting for his turn to talk. I bet you I can already tell you what he is going to say. He is going to talk about six, eight or maybe 10 very good local exporters in his region and tell you their success stories. What he will forget to tell you, though, is how this bill will affect the whole industry—not just one or two exporters in his
region that are doing well but all the other exporters that have not as yet gotten into the specific markets that this legislation and these policies are supposed to help them get into. Government members will come in here and talk about more choice for exporters, just as they talk about more choice for people in terms of Medicare and health issues. What choice do they give you? The choice of having less access and paying more—that is your choice. This is now exactly what they are doing to exporters. They are saying: ‘Look, since 1997 this scheme has been about assisting exporters to get into markets overseas. It’s a good scheme, and it should be supported by the government.’ What do the government do to give exporters more choice? They put a cap on it: $150 million. It might sound like a lot of money—and it is—but in terms of the export quantity and the number of exporters in this country it is miniscule. It is a tiny program of assistance that should be doubled. That is what should happen to this program; it should not be further cut back. Don’t just take my word for it. In all of these things, we should look at what the industry experts say and what people who spend quite a bit of time studying this sort of stuff say.

What has happened in the last seven years that this government has been in here supposedly giving exporters more choice? The government has put a cap of $150 million on the one scheme that actually helps exporters get out there and promote their products. That is the first thing it did. This is the bracket creep version of what this government does in terms of supposedly giving tax breaks to people by handing back $4, which cannot even buy you a sandwich and a milkshake. This is what you have done to exporters. It is all about bracket creep. More choice really means you get less. The $150 million that has been capped for the last seven years means that in real terms the value of the scheme has now fallen by 26 per cent. That is how much you have taken off. You have taken from exporters 26 per cent of the money that they were allocated to be able to promote their products, and you call that more choice!

Mr Hartsuyker interjecting—
Mr RIPOLL—I hear the member for Cowper interjecting and carrying on. He is interjecting and carrying on because he hates hearing the truth. That is what the government members always do. They hate hearing the truth; they hate the idea that one of their own exporters in their own regional areas might be listening and might actually understand that the government are voting for a reduction in what they will get. Not only did 4,580 exporters apply in the last financial year with only 4,120 getting something, but the ones who actually got something only got about 75 per cent of what they were entitled to get, because the government ran out of funds.

The government should come into this place and offer exporters in this country a little bit more assistance. They should say, ‘Why don’t we take the cap off? Let’s index it with CPI. Let’s at least make it a real scheme. Let’s get rid of this cap, and give people some real money.’ But they have made it even harder for people. Previously they said, ‘To be eligible for the current scheme you have to earn less than $50 million a year in the grant year.’ That sounds like a reasonable figure. It is a lot of money, but depending on what type of business you have and how many people you actually employ that $50 million, I think, is a reasonable figure. But what the government have done to give exporters more choice is reduce that figure to $30 million. That restricts, again, the number of exporters that will actually be eligible for this scheme. Yet what do the government members do when they come in here? They say, ‘By doing that, we are going to make the scheme more accessible.’ How does lowering the threshold at which exporters can apply make the scheme more accessible? That is called slicing the pie more thinly. It does not give exporters more; it just cuts the pie up more insignificantly for those who are already in the scheme. Fewer exporters will actually benefit.

Another fallacy the government has about exporters is its own view that, somehow, it is doing a great job. Let us have a look at a couple of statistics. We have had 16 consecutive trade deficits, and we have seen exports fail in terms of growth—there is no growth. This government has let the ball drop. It has let down the exporters 16 consecutive times. Minister Mark Vaile has failed. Yet in here we hear glowing reports: ‘Look at our National Party colleague. What a great job he does.’ Go back to the bush and ask exporters whether they have read the figures and what they think of what the government is doing to this scheme. This bill is about taking things away from people. It is about less choice, less money, more capping and bringing down the threshold to make it as hard as possible for exporters to be eligible for this scheme and to make it as hard as possible for people to go out and market and promote their products in other countries.

The government have also reduced the maximum grant amount. Again, this goes back to the question: how is it possible for government members to come in here and tell us bald-faced untruths? They come in here and trot out stuff like: ‘We’re going to give you more. We’re the government, the party, that look after you.’ They are going to look after people by not giving them $200,000 as the maximum grant amount; instead, the maximum is going to be $150,000. I expect the next government member who speaks to answer this question for me, because I cannot. How does a ‘reduction of the maximum grant amount from $200,000 to $150,000’—and I read that from the digest of the bill—give exporters more? This is a pretty important question. We are relying on a government and on government members who come in here and say that reducing the maximum amount from $200,000...
to $150,000 is giving businesses more. They will say it gives more choice. You get more choice to do less. That is it; I finally figured it out: it is more choice to do less.

Mr Deputy Speaker Hawker, I can tell you about a whole range of very good exporters in my electorate who do a wonderful job and who employ people directly because of this scheme. I have met with these people and I have asked them how beneficial this scheme is. It is a great scheme. I am not attacking the government on the scheme; I am attacking the government on trying to cut back the scheme, on maintaining the cap of $150 million, on reducing the maximum grant from $200,000 to $150,000, and on their refusal to accept that taking the eligibility threshold on company earnings from $50 million down to $30 million will actually make it harder for people to get into the scheme, not easier. Ask the companies who are in that range and who currently use the scheme whether they employ people directly because of it. Then go and tell workers in those country towns that you represent that, somehow, by businesses getting no access to the money and maybe having to pare back their programs—resulting in people’s jobs being lost—you are giving them more.

I am expecting, in a moment, a government member to stand up and explain how this gross distortion of a bill will somehow benefit exporters. The runs are on the board. The dollar is getting higher—it is getting much stronger—and our exporters are suffering. There is no doubt about that. When this government, this mob sitting across from me, came into power in 1996, they made something very clear. They were going to make life hard for everybody, exporters in particular. Have a look back at the figures on where exports have gone specifically in the Howard years. If you look before you will see a different picture. But if you look after you will see a very clear picture of what the Howard government have done to exporting. The government are trying to revert this country to being a quarry and a farm where we just dig stuff up and ship it out; pick it out of the ground and plonk it on a boat to send it overseas. Where are the smart manufacturers? Where is this government’s promotion of tourism, smart manufacturing, biotechnology and information technology? Where are the grant schemes to promote those people, those exporters, in new markets? There are none.

Have a look at the 60 per cent drop in exports from the smart manufacturers, the smart industries. The government do not want to support them. They want to revert us from being a clever country to being a quarry where we just dig stuff up and ship it out—one great big hole. That is the sort of respect coming from the government. Respect is not in what you say; it is in what you do. Do not listen to what the government say here today; have a look at what they actually do in this amendment bill. It is a disgrace, and it should be completely rejected. If the National Party member sitting across from me, the member for Cowper, had any respect for himself and the people he represents—because they will be the worst affected—he would reject this bill and maintain the current scheme. It is not perfect, but it should be maintained or improved. If the government want an amendment, they should come in here with an improvement to the scheme and not this reductionist bill. I ask members to stand up and, for once, tell the truth in this place and list the facts about what this bill actually does. Less is not more; less is simply less. Our exporters will be able to do less overseas, because they are being assisted less by this government.

Mr HARTSUYKER (Cowper)  (10.44 a.m.)—I rise to speak on the Export Market Development Grants Amendment Bill 2003. I was interested to hear the rather misguided comments from the member for Oxley,
whose contribution to exporting I would imagine is probably similar to the contribution of the member for Brand to the Labor Party leadership. I am not really sure whether he is a rooster or a Creanite, because he has kept it a bit quiet. He is probably not sure which horse to back: the lame horse or the incredibly lame horse.

The member for Oxley talked about country towns, and it is interesting to note the contribution of the Labor Party to tourism exports in country towns. The other day, the member for Batman put out a press release. In support of tourism in country towns, the member for Batman said there was no security screening at Coffs Harbour airport. I have invited the member for Batman to come to Coffs Harbour and see the security screening which he says does not exist. That is probably the sum total of the Labor Party’s efforts in promoting exports and regional Australia. They try to deter people from travelling to regional Australia by promulgating some sort of security fears in relation to Coffs Harbour airport when, in fact, there is security screening in place.

I see the Minister for Education, Science and Training at the table. He is very focused on education as an earner of export dollars and on supporting regional universities in Australia. He knows that education is a great export earner for regional and rural areas. I commend him on his efforts to support regional universities as a driver of education and exports.

**Dr Nelson**—Five billion.

**Mr HARTSUyKER**—Absolutely. I would like to debunk one of the many myths that the member for Oxley perpetuated in relation to claims which were refused. The claims were not refused because of a lack of funds; the claims for those companies were refused because of the fact that the companies that applied were ineligible under the act. It is very important that we highlight that fact.

I welcome the opportunity to speak to the House about the assistance which is available to businesses in regional and rural Australia with regard to exports. Exporting is a very worthwhile part of regional and rural economies. It boosts employment prospects and improves economic growth in areas outside our major metropolitan areas. The coalition recognises this and it recognises the true benefits of exports. As a result of that, it has set a target to double the number of exporters by the year 2006. This commitment has great potential: it has the potential to rejuvenate economies in regional areas, to provide the momentum which will create jobs, and to increase the overall wealth and the diversity of services provided in regional and rural communities.

There are two key statistics which highlight the importance of exports to regional areas and which are worth noting. Firstly, exports currently account for one in four jobs in regional areas. One in four people employed outside metropolitan areas have their employment in some way connected to an export market. Secondly, only four per cent of Australian businesses are currently exporting and doing business on the international stage. That is an incredible statistic: we have only four percent of businesses currently exporting. Only one in 25 businesses exports to the world, but one in four jobs in regional and rural Australia is reliant on the export market. That figure alone shows how important the export dollar is. More significantly, it shows the potential upside for regional and rural areas and the nation generally in increasing our number of exporters.
It is true to say that regional areas are a major source of the nation’s economic wealth. However, while agriculture and mining continue to be major contributors, buyers and investors at home and overseas, we are now turning to new quality export products, quality services and opportunities which can be provided from regional and rural areas. Automotive components, aeronautics, textiles, construction products, Internet technologies, and tourism and education services are just some of the products and services which come from regional and rural areas. They are some of the products which are in demand in overseas markets.

The potential for the increase in international activity lies in the skills, vision and determination of individual exporters. Exporters rely on the creation of a climate of opportunity by the Australian government and the comparative advantages that regional Australia offers to many businesses. (Quorum formed) I am proud to say that this government is putting in place all the necessary components which will give regional Australia every opportunity to expand our export base. For example, under the very proactive stewardship of my National Party colleague Mark Vaile, the federal Minister for Trade—

Mr Cadman—Hear, hear!

Mr HARTSUYKER—He is a great minister, under whom the coalition has put in place a strategy which will give us the best opportunity to double the number of businesses exporting by the year 2006. The minister made that commitment in 2001, and I know that we as a nation are well on the way to achieving that target. Indeed, the latest figures show encouraging signs. In 2000-01 the Australian Bureau of Statistics estimated that there were approximately 25,000 exporting companies in Australia. In the last financial year that number increased by 6,540—an increase of 25 per cent. Those figures are in part a reflection of a number of initiatives approved by the Minister for Trade which are giving our businesses every opportunity to tap into valuable overseas markets. For instance, there has been an increased commitment to the TradeStart program and there is Austrade’s new export development program—two programs which I will expand on a little later.

The legislation which is before us today is a further example of the Minister for Trade’s commitment to achieving this target. But doubling the number of Australian businesses which export is not so much an end but a means of delivering many positive outcomes for all Australians; in particular, those living in regional and rural areas. The means through which we will work towards this is why we will realise so many opportunities in regional areas. For example, this government has invested an unprecedented amount of funding in infrastructure in regional areas. There are well-known big-ticket items such as rail links through Central Australia, but there are also commitments to things such as roads and telecommunications to break down the barriers between regional areas and their external markets. There is the Roads to Recovery program, which has provided funds directly to local councils, and there is the commitment that the federal government has made to the Roads of National Importance program. Additionally, the Pacific Highway has assisted greatly in improving our regional transport network.

It is important to note that every product exported from regional Australia starts its journey on a local or a regional road. The Deputy Prime Minister will shortly release the AusLink paper, which will offer a vision for our national transport network—further evidence that we are planning for increased economic assistance to freight traffic throughout regional Australia. A second ex-
ample of the coalition’s whole-of-government approach to assisting regional Australia in exporting is the commitment that this government has made to regional universities. As I said earlier, the Minister for Education, Science and Training is vitally aware of the contribution that regional universities make to our exports. Southern Cross University in Coffs Harbour in my electorate has certainly been a beneficiary.

**Mr Latham** *(Werriwa)* (10.56 a.m.)—I move:

That the member be not further heard.

Question put:

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

The House divided. **[11.00 a.m.]**

(The Deputy Speaker—Mr Hawker)

Ayes............ 60

Noes.............  69

Majority........ 9

**AYES**

Adams, D.G.H. Albanese, A.N.
Beazley, K.C. Bevis, A.R.
Berreton, L.J. Burre, A.E.
Byrne, A.M. Corcoran, A.K.
Cox, D.A. Crosio, J.A.
Danby, M. Ellis, A.L.
Evans, M.J. Emerson, C.A.
Fitzgibbon, J.C. Ferguson, M.J.
Grierson, S.J. Griffith, A.P.
Hall, J.G. Hatton, M.J.
Hoare, K.J. Irwin, J.
Jackson, S.M. Jenkins, H.A.
Kerr, D.J.C. King, C.F.
Latham, M.W. Lawrence, C.M.
Livermore, K.F. Macklin, J.L.
McClelland, R.B. McFarlane, J.S.
McLeay, L.B. McMullan, R.F.
Melham, D. Mossfield, F.W.
Murphy, J. P. O’Byrne, M.A.
O’Connor, G.M. O’Connor, B.P.
Organ, M. Price, L.R.S.
Quick, H.V. * Ripoll, B.F.
Roxon, N.L. Sawford, R.W.
Sciaccia, C.A. Sercombe, R.C.G.
Smith, S.F. Snowdon, W.E.
Swan, W.M. Tanner, L.
Thomson, K.J. Vamvakoulo, M.
Wilkie, K. Zahra, C.J.

**NOES**

Abbott, A.J. Andersen, P.J.
Andrews, K.J. Anthony, L.J.
Baird, B.G. Baldwin, R.C.
Barresi, P.A. Barrie, K.J.
Billson, B.F. Bishop, B.K.
Brough, M.T. Cadman, A.G.
Cameron, R.A. Causley, I.R.
Charles, R.E. Ciobo, S.M.
Cobb, J.K. Costello, P.H.
Draper, P. Dutton, P.C.
Elsom, K.S. Entsch, W.G.
Farmer, P.F. Forrest, J.A. *
Gallus, C.A. Gambareno, T.
Georgiou, P. Haase, B.W.
Hardgrave, G.D. Hartsuyker, L.
Hockey, J.B. Hull, K.E.
Hunt, G.A. Johnson, M.A.
Jull, D.F. Kelly, D.M.
Kelly, J.M. King, P.E.
Ley, S.P. Lloyd, J.E.
May, M.A. McArthur, S. *
McGauran, P.J. Moylan, J. E.
Nairn, G. R. Nelson, B.J.
Neville, P.C. Panopoulos, S.
Pearce, C.J. Pyne, C.
Randall, D.J. Ruddock, P.M.
Schultz, A. Scott, B.C.
Secker, P.D. Slipper, P.N.
Smith, A.D.H. Somlyay, A.M.
Southcotte, A.J. Stone, S.N.
Thompson, C.P. Ticehurst, K.V.
Tolner, D.W. Truss, W.E.
Tuckey, C.W. Wakelin, B.H.
Washers, M.J. Williams, D.R.
Worth, P.M.

* denotes teller

Question negatived.

**Mr Neville** *(Hinkler)* (11.06 a.m.)—Australia has always been a trading nation. Prior to European arrivals our nation was crisscrossed by Aboriginal trade groups—trade goes right back to those days. Later we
were known as the country that rode on the sheep’s back. The development of export markets has always been of great importance to our nation. The Export Market Development Grants Amendment Bill 2003 goes right to the heart of that issue. In a nutshell, this piece of legislation expands the number of small and medium sized Australian enterprises which can access funding under the Commonwealth’s EMDG program, which in turn will grow Australia’s export markets. It will do this with annual budgetary allocations of $150 million. It will encourage existing major grant recipients who have flourished under the program to operate independently of federal assistance delivered through the EMDG program. It was never intended that people would have to rely on this program forever and a day. Nevertheless, I see from the list that a lot of companies in my electorate have done that for five or six years, and it has been of immense help to them.

This scheme reimburses 50 per cent of the money spent by recipients on specified export promotional activities, less the first $15,000. The EMDGs are part of the government’s philosophy of believing in its own people and the value of Australia’s products on the international stage. That is not to say that successful export enterprises which have previously accessed EMDGs will have to function without Commonwealth assistance. Any number of services will still be available. For example, the expertise of Austrade, through the Austrade regional offices in the country, which the Commonwealth funds, and TradeStart will also be available to them.

This legislation will increase the number of small exporters receiving assistance for promotional activities targeting overseas markets. Indeed, the success of the program since its inception led to this government extending it for a further five years into the year 2001, highlighting our commitment to Australia’s export sector. The EMDG Scheme is seen as one of the cogs in the wheel creating a conducive economic climate for Australian businesses, in particular for exporters. This government has delivered sustained low interest rates; continuing low inflation—we expect 2¼ per cent until mid-2004—low national unemployment rates, at present around six per cent; and strong economic growth. The budget shows that that growth will be around 3¼ per cent, one of the best in the OECD. All these factors combine to create a positive environment for Australian businesses.

The Commonwealth want to build on that success by doubling the number of Australian exporters, by 2006. Of course we do not take the pessimistic view of the opposition speaker who spoke previously, the member for Oxley. This is best done by extending exports to as many companies as possible looking to develop an international presence—hence the amendments contained in this bill. The proposed changes will take effect from 2003-04 and will apply to submissions received and grants paid from 1 July 2004 onwards. Small business is the backbone of this country and a fast-growing contributor to our export activities. An estimated 97 per cent of all Australian exporting firms are small to medium entities, and 65 per cent of companies which have received EMDG money have annual turnovers of less than $5 million.

The government intend to improve on these remarkable figures by allowing more domestic small businesses to take part in the program. To broaden the criteria for assistance, we will (1) reduce the annual turnover ceiling for applicants from $50 million to $30 million, therefore focusing on true small business; (2) lower the maximum grant amount from $200,000 to $150,000 and in turn increase the number of grants available within the program’s annual budget; (3) re-
duce the number of grants from eight to seven, which will increase the number of companies accessing assistance during the lifetime of the EMDG Scheme; and (4) remove the $25 million export earnings ceiling, therefore lifting the restriction on program participants. The member for Oxley had a lot to say about that.

Mr Hartsuyker—A lot of waffle.

Mr NEVILLE—It was a lot of waffle. He said that this would create a gross distortion and asked what would stop the companies who had turnovers between $30 million and $50 million going into decline. One would expect that when a company got to that level—after it had had, perhaps, under its $30 million level, a number of EMDGs—it would be pretty self-sufficient. I just had a look through my own list of EMDGs. I have had a lot of them in my electorate, because I have a very diverse community with an interest in exports, and I notice that, far from anyone being disadvantaged by this $150,000 ceiling, the highest grants in any particular year in my electorate were $106,000 and $118,000. So it is certainly not going to cause any problems in my electorate.

Mr Hartsuyker—The member for Oxley is a scaremonger.

Mr NEVILLE—He is a scaremonger. He just does not understand the business—that is the problem. Moving on, these alterations have led to an average of 3,000 Australian small and medium businesses accessing the Export Market Development Grants Scheme each year. I can proudly say that the Export Market Development Grants Scheme has been particularly well received in my electorate.

From the program’s inception in 1996-97 until today, 21 separate business entities in my electorate have received around $1.4 million to help promote and market their exports overseas. These products have included light aircraft and their accompanying engines and parts, innovatively produced fruit and vegetable products, seafood, soft drinks, syrups, cordials, agricultural machinery and educational services—a very wide range.

Bundaberg is becoming Australia’s salad bowl, because of its superior agricultural output, and one company that has benefited tremendously from the EMDG Scheme is Austchilli, which has been very much in the news over recent days. Austchilli is a Bundaberg based firm, which processes locally grown small crops, which it sells in their whole form and also in their processed form. To date, the company has received almost $90,000 from the EMDG Scheme (Quorum formed). On top of the EMDG grant of about $90,000, which has helped the company get into that international market to which it is now exporting, only this week we have announced $546,000 of funding for it under the Sustainable Regions Program. What comes out of that is that we are not just providing grants for exporting; we are using a holistic approach to help companies develop. This will go into a new greenfield site factory, and, of course, the spin-off from that is 50 new jobs initially—and we are told by Austchilli that as the company expands that could go up to 150 or 200 jobs over the coming years.

Mr Forrest—How many jobs?

Mr NEVILLE—Up to 150 or 200 jobs. And that is a small industry that started with an EMDG grant.

I would like to take you to another interesting industry in my electorate. It is the
Jabiru aircraft company; Jabiru Aircraft Pty Ltd. They have been using the EMDG program since 1996 and have received between $450,000 and $500,000—just short of half a million dollars in EMDG grants. The joint managing director of Jabiru, Phil Ainsworth, said of the EMDG Scheme:

... it is a useful tool, particularly in the early days where cash flow is critical to business.

Jabiru is probably the premier light aircraft manufacturer in Australia now. It has made 700 aircraft from a little factory in Bundaberg. Not only that but when it could not find engines overseas it developed an Australian engine. Over 2,100 of those Australian engines have gone overseas: that is three times as many engines as aircraft. So other aircraft manufacturers in Australia and around the world are using that engine. I think that is one of the great success stories of the EMDG Scheme: enabling the company to go overseas, to go to things like the Oshkosh Air Show to market the product to industry. In fact, I was recently at the Raglan Air Show in Queensland, which is one of the biggest air shows in northern Australia, and at that air show Jabiru were displaying their four-seater, and those four-seaters are now becoming enormously popular and will no doubt help the company to exceed its already bright prospects.

Mr Slipper—How much do those sell for?

Mr NEVILLE—It depends on whether they sell in kit form or assembled, but they are all under $100,000—around the $70,000 to $80,000 mark, down to $60,000, depending on whether they are in kit form or not.

The EMDG Scheme has been a very interesting one for me, and another company I would like to talk about is Bundaberg Brewed Drinks.

Mr Wakelin—Hear, hear!

Mr NEVILLE—That is not to be confused with alcoholic brewed drinks, so the member for Grey can relax a bit. But no doubt all members of the house have enjoyed the pleasures of Bundaberg Ginger Beer. It is the ginger beer that comes in the stubby type bottle. That is a great product, and it is the dominant ginger beer right across Australia—and in fact a friend of mine went to New Zealand some years ago, and he said, ‘I could not believe it: in every corner store in New Zealand that I went to there was Bundaberg Ginger Beer.’

So I went and saw Cliff Fleming, the managing director of the company, and I said, ‘What’s your export profile?’ He told me at that time that he was sending 14 containers a month—I think it was—to New Zealand, and I thought that was quite remarkable. Today, I got my staff to check on the current situation. Would you believe that the company now sends 330 containers of ginger beer per year to New Zealand? Let me translate that into cartons for you. That is 426,000 cartons of ginger beer. If I can translate it down yet another step, that is 10,200,000 bottles of ginger beer that go to New Zealand every year from the little factory in Bundaberg. That means that every New Zealander—man, woman and child—on average, drinks three bottles of Bundaberg Ginger Beer a year.

Mr Hartsuyker—and they’re happy.

Mr NEVILLE—Of course, they are happy—and so they should be. Part of the success of the company came from the EMDG Scheme. In 1992, exports from Bundaberg Brewed Drinks represented only 20 per cent of their business but, by 2003, exports represented 30 per cent of their business. So you can see that their Australian business has grown dramatically as well, but we are not talking about that today. Cliff Fleming, to whom I have just referred, said
that the scheme has given business the confidence to go overseas and look for business. He has now been exporting to New Zealand for 17 years.

They are three examples from my electorate and there are many more. Austchilli is one of the major ones, and we have talked about Jabiru Aircraft and about Bundaberg Brewed Drinks. They are all totally different products. There are others in Gladstone. One of them, for example, is Austicks. Every time you stir your coffee with a wooden spatula or have an ice cream, there is a 90 per cent certainty that the wooden spatula for the coffee or the wooden stick in the ice cream or the lollipop came from Gladstone. Austicks have a manufacturing plant there that makes between 80 and 90 per cent of Australia’s stirring sticks and sticks that go, as I said, into ice creams and ice blocks.

There are other interesting industries such as Bundaberg Foundry Engineers that make a lot of agricultural equipment and sugar milling equipment, and there is Quatus Pty Ltd at Bargara that exports educational products. There are two or three firms in Bundaberg and Gladstone that export fishing products, such as Pioneer Seafoods and Reefmore Pty Ltd. So right across the spectrum this scheme has delivered. It has been rejigged under these amendments to become more user friendly, to be focused more on the small to medium and small business sector. I hope it goes on to spawn many more great companies in regional and rural Australia, particularly companies like Austchilli, Jabiru Aircraft and Bundaberg Brewed Drinks.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (11.26 a.m.)—In the absence of the Minister for Science, I am pleased to be able to sum up this debate on the Export Market Development Grants Amendment Bill 2003 and to thank those honourable members who contributed to it. In listening to colleagues across the floor during this debate one could be forgiven for wondering exactly what it was we were debating. I refer particularly to those contributions made by members of the opposition. Very few even discussed the changes proposed in the Export Market Development Grants Amendment Bill 2003, instead choosing to play politics with what is an extremely important piece of legislation.

Mr Cadman—Hear, hear! It’s disgraceful.

Mr SLIPPER—I thank my colleague the member for Mitchell for his very supportive interjection. I also thank the member for Forrest for his earlier interjection a moment ago. Contrary to what the honourable member for Blaxland would have you believe, blocking this legislation would be disastrous for small business in Australia. By opposing the bill, Labor will prevent us from ensuring that the EMDG Scheme’s funds are targeted to small and emerging exporters and maximising the number of these businesses receiving grants. Such a negative approach as taken by Labor denies the need to cultivate small business and assumes that funding for programs such as the EMDG Scheme is unlimited.

The government is a strong supporter of Australia’s small and medium businesses, and the member for Hinkler, in his contribution, outlined how this scheme has assisted businesses in his electorate. As the fastest growing sector of the export community, small business is becoming increasingly important as a generator of wealth and employment in Australia. Accordingly, the government strongly supports the EMDG Scheme as a key plank in our comprehensive strategy to double the number of Australian exporters by encouraging small and medium enterprises to enter into export and to de-
velop sustainable export markets. That is why we continue to invest $150.4 million in the EMDG Scheme each year and why, this financial year, we will be paying grants to around 3,700 businesses in all parts of Australia. It is also why we have introduced the Export Market Development Grants Amendment Bill 2003—to refocus the EMDG Scheme to further assist small and medium businesses to promote their goods and services in the international market place.

The support of the government for the EMDG Scheme is not just based on the statistics of its success nor independent reviews that demonstrate the effectiveness of the scheme, impressive though they are. We value the contribution of each and every small and medium business to Australia’s economic and social welfare. I myself am a huge supporter of the scheme, as it assists small businesses in my electorate to become sustainable exporters, creating jobs and increasing community wealth.

During this debate we have heard a number of government members cite examples of companies in their own electorates benefiting from the EMDG Scheme, thereby creating benefits for local communities right across rural, regional and metropolitan Australia. On behalf of the government, I thank them for their contributions. Speakers from the opposition seem to be confused by some of the changes proposed in the bill. I suppose that is an indication that literacy has been a problem in this country for a very long time! The honourable member for Gellibrand has clearly not read the explanatory memorandum, as it indicates beyond doubt that all provisions of this bill apply to any grant year that commences on or after 1 July 2003. As a strong supporter of the scheme—if she is—the honourable member should know that the changes will therefore apply only to applications received and grants paid from 1 July 2004 onwards.

The Howard government are proud of our record in relation to the EMDG Scheme. We have put the scheme on a sustainable financial basis, removed the discrimination against the tourism industry that we inherited upon election to government in 1996 and made a host of other changes—including reducing the minimum expenditure required to access the scheme from $30,000 to $15,000, to make it much more attractive and accessible to small business. These changes guaranteed EMDG funding for some 275 small businesses claiming between $15,000 and $25,000 in expenses in the 2001-02 grant year. Those are businesses that would not have received a grant under Labor stewardship of the scheme prior to 1996.

We now propose, through the Export Market Development Grants Amendment Bill 2003, to simplify further the scheme and to place greater focus on assisting small and emerging exporters. These changes will make the scheme an even more effective component of the trade strategy of the government, complementing other initiatives such as the expanded TradeStart program and ensuring Australian companies are best placed to take advantage of increased access to international markets. Most importantly, at a time when there are significant demands on the budget, we have not slashed funding as the member for Rankin would have you believe; we have in fact maintained funding at $150.4 million and extended the scheme until 2006. The proposed changes as outlined in the Export Market Development Grants Amendment Bill 2003 will ensure that the program continues to assist those businesses most in need—that is, small and medium exporters. This is a very important initiative, and it is one that I am particularly pleased to be able to commend to the House.
Question agreed to.

Bill read a second time.

Third Reading

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (11.30 a.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY AMENDMENT BILL 2003

Second Reading

Debate resumed from 3 June, on motion by Mr Costello:

That this bill be now read a second time.

Mr McMULLAN (Fraser) (11.33 a.m.)—The opposition welcome the opportunity to debate the Australian Prudential Regulation Authority Amendment Bill 2003. This bill is the first legislative response the government has made since the release of the report of the HIH royal commission in April. The principal aim of the bill is to restructure the government’s arrangements of APRA. In keeping with the recommendations of Commissioner Owen, the bill will replace APRA’s existing board with a full-time executive of between three and five members. Due to the fact that the terms of office of some existing board members actually expire on 1 July—that is, in two weeks—the government has requested that the passage of the bill be expedited to avoid the need for short-term appointments under the existing legislation. The opposition have considered this proposition, and we will be supporting the legislation and cooperating in facilitating its speedy passage.

While the House is considering this legislation, it is important to reflect on the background to its introduction—namely the collapse of HIH and the ensuing royal commission. The failure of HIH Insurance is Australia’s largest ever corporate insolvency, at approximately $5.3 billion. It led to great hardship for many Australian policyholders, who were stripped of the protection that they had paid for; for many community groups unable to get insurance cover; and for shareholders, some of whom had their life savings invested in the company. Commonwealth assistance to policyholders affected by HIH’s failure has already reached $200 million and will undoubtedly go higher. Significantly, HIH’s downfall also undermined public confidence in the quality of corporate governance and prudential regulation. The full implementation of all of the recommendations of the royal commission that are within the sphere of the Commonwealth’s responsibility is essential to ensure that public confidence in the regulatory framework is restored and that the potential for a calamity the size of HIH in the future is minimised. This bill is just a small start in that direction.

The royal commission did not hold APRA responsible for the collapse of HIH. The royal commission correctly attributed the demise of the company to the questionable practices of the company’s management. Nevertheless, it is important to take note of the significant failings in relation to APRA’s performance, which have led to the introduction of this legislation. Commissioner Owen found that APRA’s performance was poor. Its failure to act earlier resulted in many policyholders suffering losses that could have been avoided if it had been a more vigilant, more active regulator.

The report makes clear that the government’s prudential regulator failed to do the job entrusted to it by this parliament and by the Australian people. APRA missed many warning signs about the collapse of HIH. For example, in 1999 it became aware that HIH...
was spending large sums on reinsurance contracts. By early 2000 it suspected—quite correctly, as it turns out—that these contracts were being used for profit smoothing. In mid-2000 it was tipped off to HIH’s problem by a whistleblower. The royal commission notes that by September 2000 APRA was on notice that HIH was overstating its solvency position, which is one of the great understatements of all time. Summing up APRA’s performance, Commissioner Owen commented:

In spite of mounting evidence of HIH’s problems, APRA did comparatively little in response. It grappled poorly with the information in its possession, either failing to recognise its significance or failing to analyse it thoroughly. It lacked commitment in enforcing its requests for further information and explanation from HIH. It did not recognise the seriousness of the situation until it was too late for effective intervention.

It is true that no regulator can be expected to guarantee that a company under its supervision will not fail; nevertheless, the public is entitled to expect that such a regulator will exercise its powers diligently and vigilantly to protect policyholders. The fact is that APRA’s inaction permitted HIH to write policies in late 2000. As the commission stated:

People who took out policies in that period paid good money for cover of doubtful if any value. We have regulators to protect Australian policyholders against that sort of circumstance. Therefore, it is no surprise that the royal commission recommended the abolition of the board and its replacement with a full-time executive group.

In January this year, the opposition had heard enough at the royal commission to call for the removal of the board. While some members of the government demurred at the time and thought that was not the appropriate course of action, it seems that they have now recognised that the current governance arrangements at APRA have demonstrably failed.

One of the questions that must be asked is: why did APRA perform so poorly? A close inspection of the reasons for APRA’s poor performance demonstrates that we cannot allow APRA to be made the scapegoat for the government’s failings, in particular those of the Treasurer. It is clear that the government botched the transition to APRA. Commissioner Owen found that APRA’s capacity to protect policyholders was handicapped by the government’s decision to relocate insurance supervision from Canberra to Sydney. That decision may well have had merit in terms of putting regulators closer to the entities that they supervised, but it was incumbent on the government that was proposing to make such a change to put in place adequate transitional arrangements to ensure that expertise in general insurance supervision was not lost in the process. That did not happen.

Commissioner Owen stated that the government’s decision ‘created many managerial distractions for senior executives’ and ‘resulted in high levels of staff attrition and led to the loss of specialist general insurance skills’. The commissioner also reported that most staff at the Insurance and Superannuation Commission declined to apply for jobs with APRA. If the government ever had a plan to manage the transition to APRA—and it is not evident that there ever was such a plan—it was executed extremely badly.

It was not beyond imagination, it was not unforeseeable, that the changes in the regulatory structure proposed by the Wallis reforms carried with them a danger of regulatory failure in the transition. This is not wisdom after the event. My colleague the member for Wills, then the shadow Assistant Treasurer, warned the government in April 1998. Dur-
ing the debate on the legislation establishing APRA, the member for Wills said:

Unless the government is vigilant, some things are bound to fall through the cracks as the regulators change and the regulations change at the same time. That is just about a rolled gold certainty.

We now know that insurance expertise was one of the things that fell through the cracks. The government must have known that APRA was losing experienced staff. One must ask how they expected APRA to carry out rigorous insurance supervision without experienced insurance supervisors. The answer is perhaps that they did not want rigorous supervision; they wanted APRA to be a ‘light touch’ regulator. While the Wallis committee did recommend the establishment of APRA, its final form was very much the responsibility of the Treasurer and reflected his policy preference for ‘light touch’ and ‘cheap’ regulation.

When we look at the process of establishing APRA and the consequence of the mistakes that were made—a small one of which we are moving to remedy with this bill—we need to think about the role and responsibility of ministers in these circumstances. Ministers in the modern era cannot be responsible for the individual decisions of minor officials within their agency about which they had no capacity to know. The question of ministerial responsibility has changed in its character. It will, I think, remain changed in the 21st century and inevitably so. There was a time when, if junior officials in a department made a major bungle, the minister was held directly and personally accountable—and it was certainly a British tradition that they might even resign as a consequence. Those days are gone, and I think properly gone.

There are, however, things for which ministers are responsible. Broadly, they can be summarised as: getting the structure right, getting the culture right and getting the resources right. Ministers are responsible for those three things. Ministers are responsible for setting the right framework, setting the right culture, providing the right resources, choosing the right people and then keeping a watching brief on those things which do come across the ministerial desk and for which ministers are responsible. It is in those three key areas of culture, structure and resources that the keys to the failure of APRA are found. The key areas for which ministers are responsible are the key areas where we have systemic failure—a small one of which we are proposing to repair now.

APRA’s early annual reports reflect the culture that was being established and imposed: that prudential regulation should not burden supervised entities. In its 2000 report, APRA stated that it would seek ‘to reduce the broader burden of compliance on industry by leveraging off financial institutions' internal risk management systems’. It all sounds very glib and smooth, but the fact of the matter is that it is a system that is unable to cope with the internal failings of the supervised—which is exactly why the supervisor’s job exists. It is very easy to supervise well-run, efficient, honest companies, but why we want regulators is so that they can deal with people who do not meet those criteria.

The royal commission made it clear that internal information from HIH could not be trusted. It was inevitable that, at some stage, some company would be in that circumstance. We need a regulator whose task it is to detect and respond to that failure. The culture of the regulator was one of the major causes of its inaction. Commissioner Owen picked up on this problem in recommendation 26 of his report, in which he stated that APRA should develop a more sceptical, questioning and aggressive approach to its prudential supervision of general insurers.
We will be looking to the new members of APRA, appointed under this legislation, to rigorously enforce the prudential standards. There is no point in creating a new APRA if the appointees do not understand the changed environment in which they operate.

Another key problem with APRA was that the Treasurer was trying to do prudential regulation ‘on the cheap’. While the Treasurer has claimed that APRA was never denied funds, one only has to look at APRA’s annual reports for a clear illustration of the instructions the government had given it. In APRA’s 1999 report, APRA chair, Dr Carmichael, noted that one of APRA’s challenges included ‘producing the efficiency dividend from integrated regulation sought by the government’. In the 2000 report, Dr Carmichael and chief executive, Mr Thompson, stated:

We are pleased that the aggregate running cost of prudential supervision for the Australian financial system has fallen significantly with APRA’s formation.

We all welcome fiscal rigor, and we all like to see things done more efficiently, but they also have to be done effectively. It is a false saving to do something more cheaply but less effectively. Unfortunately we now see the true cost of these false economies, which are an enormous true cost to the budget. In those economies, we did not save anything like the $200 million we have had to properly spend to compensate for the failure of HIH.

Acting on the instruction to reduce costs, APRA offered pay rates that were well below the market. Consequently it was unable to attract personnel with the skills required. It is not just the Labor Party that thinks that APRA was underfunded; it is also the view of a member of the APRA board. I ask people to pay attention to the remarks by the Governor of the Reserve Bank, Ian Macfarlane, on 6 June, when he told the House of Representatives Standing Committee on Economics, Finance and Public Administration:

The extra funding for APRA in this year’s budget represented a recognition by the government that it had made a mistake in underresourcing the regulator.

Let us make it quite clear: the Governor of the Reserve Bank—and everybody involved in this debate will know that the Governor of the Reserve Bank was a member of the board of APRA in a statutory position, so he is speaking from a position of close and detailed knowledge—said this month to the House economics committee:

The extra funding for APRA in this year’s budget represented a recognition by the government that it had made a mistake in underresourcing the regulator.

There are two key errors: the culture is wrong, and it is underresourced. I only wish that the Treasurer would be as forthright in admitting his error as the governor has properly been. APRA’s funding is fully recovered through levies on the entities that it supervises in the financial sector, so it is not directly a burden on the budget. That does not give licence to set the levy at any rate, to be extravagant or to have unnecessary costs passed on to the industry, because they are ultimately passed on to consumers. But the government was too obsessed with trying to avoid either too much regulation or too much cost, which therefore led to very many problems with APRA over the last few years because it did not have a rigorous culture of enforcement and it was underfunded.

As we debate this bill, it is important to recognise that responsibility for these deficiencies does not rest solely, or even mainly, with the APRA board. The matters that we have spoken about go directly to those things for which ministers are responsible. This legislation is saying that we got the structure
wrong and that the transitional arrangements were clearly defective. The opposition warned about that in 1998. The culture was clearly deficient, in a manner highlighted effectively by the royal commissioner, and the funding was clearly inadequate, in a manner highlighted by the Governor of the Reserve Bank. These things stood in the way of Australian policyholders and shareholders—but particularly policyholders, for whom APRA's regulatory function is discharged—receiving the protection which they felt they were assured they would receive. It was a serious failure, for which many Australians are paying the price. This bill is simply the first step on the road to repairing the damage that has been done to confidence in prudential regulation.

Let me turn now to the detail of the proposed new governance arrangements. APRA currently has a nine-member board, which usually meets once a month. The current board comprises the chair, APRA's CEO, four ordinary members, two ex-officio members representing the Reserve Bank and one ex-officio member representing the Australian Securities and Investments Commission. The board is responsible for determining APRA's policies and ensuring that APRA performs its functions properly. Commissioner Owen expressed doubt that the current arrangements accurately reflect the intention of the Wallis committee. He suggested that Wallis intended that the APRA CEO should be directly responsible for enforcement and had in mind an advisory board to assist the CEO, rather than a private sector style governing board. Owen questioned the utility of non-executive board input into how a regulatory body such as APRA carried on its role. He favoured the introduction of a full-time executive based on the Australian Securities and Investments Commission model.

In keeping with the recommendations of Commissioner Owen, the bill will replace APRA's existing board with an executive of between three and five members. From within this group the Governor-General—when we have one—will appoint a chair and deputy chair, and APRA members will serve for a period of up to five years. A person may only be appointed if the minister is satisfied that that person is qualified by virtue of having knowledge or experience relevant to APRA's functions and powers. Consistent with Justice Owen's recommendation, neither the RBA nor ASIC will have any role in the governance of APRA.

Labor accepts Commissioner Owen's critique that having regulators sit on the governing board of another regulator has the potential to cloud and complicate their focus. The commissioner pointed out that it may also have the perverse effect of impeding effective communication between the regulators, as staff may assume that it is taking place at board level. Labor supports the commissioner's conclusion that an expanded Council of Financial Regulators, which includes Treasury, is the appropriate forum for strategic consideration of issues affecting the financial services system.

APRA's responsibility for advising the minister is also clarified by the bill. The bill makes explicit that APRA must advise the minister on improvements to the prudential regulatory framework. Labor would like to think that APRA would already advise the minister on such matters. I am sure that they do or, in any event, that they will in future. However, we have no objection to the obligation's being made explicit in the act. The bill also amends the secrecy provisions in the APRA Act.

While existing legislation permits APRA to make a statement if it believes that a regulated entity has breached the law, the royal commission suggested that APRA should be encouraged to enhance public disclosure of
its regulatory activities, even where no
contravention of the law is involved. The com-
mission argued that such disclosure would
create a more informed and efficient market
and place greater discipline on insurers to
implement sound practices. The bill also
amends the secrecy provisions to permit
APRA to publish a description of regulatory
action it intends to take in relation to bodies
it regulates. This reflects some tension that
has, of course, been evident in the activities
of the ACCC in recent times.

Broadly, I support this change, which will
remove any doubt surrounding APRA’s abil-
ity to disclose that it had decided to appoint
an inspector to an insurance company, for
example. In supporting this change, I urge
APRA to use these powers sensitively. There
is, of course, a risk that disclosure could fur-
ther destabilise the very entity subject to-
regulatory action. I am sure that APRA has
been sensitive to this risk in both its current
and its previous incarnations. So, while
I think the legislation is going in the right
direction, I think it will require sensitive im-
plementation. That is not a matter that
the parliament can resolve; the parliament
can only set the structure correctly. On
the face of it, it seems to me that this legisla-
tion does that. We need to have confidence
that it will be implemented carefully by
APRA, and I have no reason to doubt that it
will be.

In short, this bill is a modest but worth-
while start to addressing the reforms recom-
ended by Justice Owen. Labor support this
legislation. We will be supporting it in the
House and facilitating its speedy passage
through this House and the Senate, as we
will be doing with the legislation relating to
ASIC that came before the parliament this
morning. We look forward to the government
fulfilling the commitment made by the
Treasurer to implement all the recommenda-
tions of the HIH Royal Commission in full.

Mr CADMAN (Mitchell) (11.57 a.m.)—I
rise to speak on the Australian Prudential
Regulation Authority Amendment Bill 2003.
I listened to the previous member’s contribu-
tion with a great deal of interest and found
much with which I agree in what he said.
APRA was established, as the House may be
aware, on 1 July 1998. It was established to
be responsible for the prudential regulation
of banks, life insurers, general insurers,
building societies, credit unions, friendly
societies and superannuation. APRA was and
is fully funded by the industries that it super-
vises, and its responsibilities cover approxi-
mately 85 per cent of the assets of Australia’s
financial system. Therefore, it is a very sig-
nificant organisation and has a very onerous
and highly responsible task to fulfil.

APRA sets standards, including capital re-
quirements—that is, the assets held in order
to cover any unforeseen circumstances—that
apply to insurance companies and banks and
other financial institutions for the prudential
management of banks and other deposit tak-
ers, making sure that the role of those deposit
takers is ethical and that they are carefully
managing the funds of other institutions,
businesses and private individuals. It also has
responsibility for the prudential management
of insurance companies and friendly socie-
ties. For superannuation matters, APRA aims
to ensure that trustees are aware of their ob-
ligations to members and that trustees man-
ge the funds prudently.

I think that anybody looking at APRA
would understand what a wide-reaching role
it has, what a diversity of responsibilities it
must execute and how careful it needs to be
in decision making. APRA was established
by a recommendation of the Wallis inquiry,
in response to one of Stan Wallis’s reports.
That inquiry was established by this gov-
ernment when it first came into office in 1996. The argument for a single, stand-alone prudential regulator in Australia was put in the Wallis inquiry, and I think it is best summarised by this statement:

One motivation for recommending a single prudential regulator is to provide greater flexibility, responsiveness and efficiency in the face of potentially major changes in the financial landscape.

That motivation is highly placed and is in line with the government’s view that Australia can become the centre of financial services for South-East Asia and in fact become a major transaction and finance provider for the whole of our region, so the mechanism to provide those services is a very critical one. In introducing the changes that established APRA, the Australian Prudential Regulation Authority, the Treasurer said on 2 September 1997:

The operational effectiveness of the depositor protection provisions will be strengthened, by providing powers for early intervention in a financially troubled institution and by making clear that the regulator can wind up an insolvent entity. The APRA will also be given enhanced powers to take action in the case of financial difficulties experienced by life and general insurance companies, and superannuation funds.

That is a quote from his speech at the introduction of APRA.

Mr QUICK (Franklin) (12.01 p.m.)—I move:

That the member be not further heard.

Question put.

The House divided. [12.06 p.m.]

(The Deputy Speaker—Mr Wilkie)

Ayes......... 55
Noes......... 69
Majority....... 14

AYES
Albanese, A.N.
Beazley, K.C.
Bevis, A.R.
Burke, A.E.
Byrne, A.M.
Corcoran, A.K.
Cox, D.A.
Crosio, J.A.
Danby, M.
Edwards, G.J.
Ellis, A.L.
Emerson, C.A.
Evans, M.J.
Ferguson, L.D.T.
Ferguson, M.J.
Fitzgibbon, J.A.
George, J.
Gibbons, S.W.
Gillard, J.E.
Grierson, S.J.
Griffin, A.P.
Hall, J.G.
Hatton, M.J.
Hoare, K.J.
Irwin, J.
Jackson, S.M.
Jenkins, H.A.
Kerr, D.J.C.
King, C.F.
Latham, M.W.
Lawrence, C.M.
Livermore, K.F.
Macklin, J.L.
McClelland, R.B.
McFarlane, J.S.
McLeay, L.B.
McMullan, R.F.
Melham, D.
Mossfield, F.W.
Murphy, J.P.
O’Byrne, M.A.
O’Connor, G.M.
O’Connor, B.P.
Price, L.R.S.
Quick, H.V.
Roxon, N.L.
Sawford, R.W.
Sciacca, C.A.
Sercombe, R.C.G.
Smith, S.F.
Snowdon, W.E.
Tanner, L.
Thomson, K.J.
Vamvakinou, M.
Zahra, C.J.

NOES
Abbott, A.J.
Andrews, K.J.
Anthony, L.J.
Baird, B.G.
Baldwin, R.C.
Barresi, P.A.
Bartlett, K.J.
Billson, B.F.
Bishop, B.K.
Bishop, J.I.
Brough, M.T.
Cadman, A.G.
Causley, I.R.
Charles, R.E.
Cioobo, S.M.
Cobb, J.K.
Costello, P.H.
Draper, P.
Dutton, P.C.
Elson, K.S.
Eatsch, W.G.
Farmer, P.F.
Forrest, J.A.*
Gallus, C.A.
Gamboro, T.
Georgiou, P.
Haase, B.W.
Hardgrave, G.D.
Hartseyker, L.
Hawker, D.P.M.
Hockey, J.B.
Hull, K.E.
Hunt, G.A.
Johnson, M.A.
Jull, D.F.
Kelly, D.M.
Kelly, J.M.
King, P.E.
Ley, S.P.
Lloyd, J.E.
May, M.A.
McArthur, S.*
I was referring to the changes the government has introduced to provide a framework of prudential supervision for banks, insurance companies and other deposit takers as a response to the difficulties created by the collapse of HIH. The Treasurer in introducing the bill which established APRA said:

The operational effectiveness of the depositor protection provisions will be strengthened, by providing powers for early intervention in a financially troubled institution and by making clear that the regulator can wind up an insolvent entity. The APRA will also be given enhanced powers to take action in the case of financial difficulties experienced by life and general insurance companies, and superannuation funds.

He further said:

APRA will be governed by a nine member board, whose terms and conditions of appointment will be subject to determination by the Remuneration Tribunal. To ensure that there is a close relationship between APRA, the Reserve Bank and ASIC, two of APRA’s board members will come from the Reserve Bank and one from ASIC.

The bill provides for the duties and statutory appointment of the Chief Executive Officer who will also be an APRA board member.

It is very interesting that at the time of the introduction of this legislation the Labor spokesman and Deputy Leader of the Opposition, Gareth Evans, who was responsible for financial matters, welcomed it. He said in 1998:

The new model of a single prudential regulator and a single market regulator, when it is finally fully implemented, will overcome a couple of fairly obvious weaknesses with the current arrangements. One is the split between the Commonwealth and state and territory regulator rules, with the Commonwealth hitherto being pretty much confined to banks and insurance but with the state and territory rules applying to building societies and credit unions, with differing restrictions and differing cost recovery regimes impacting on the competition potential between these various institutions. The other problem was the fragmented consumer protection regime where similar products were being overseen by different regulators with often different rules applying.

So there we have the opposition in favour of the establishment of APRA, as announced by the government. It was supported by the opposition spokesman. Senator Murray from the Democrats said:

Much of the legislation before us is about reorganising the institutions for regulation so that there is consistency across organisations providing similar services as the roles of the different parts of the financial industry merge and blur. The Australian Democrats do not have major problems with the model which Wallis legislation puts forward for the newest institutions and which in large part the government has now adopted.

Much of my time has been stolen, but I would briefly like to indicate that, although there was common agreement in the model’s establishment, it was found by the royal commission to be flawed.

Today we are discussing a bill which will make obvious the changes recommended by Mr Justice Neville Owen, the royal commissioner. The changes that have been recommended by the commissioner are pretty simple. They relate to changes to the structure of the board so that there is a permanent governance structure and to the provision of ad-
vice to the minister. The minister may seek advice or ask for direction from APRA, and APRA must draw to the minister’s attention details of institutions which may be in financial danger. With some other minor amendments with regard to confidentiality and the shifting of various clauses of the bill, we are now taking the step to rectify the problems identified by the royal commission. (Time expired)

Ms BURKE (Chisholm) (12.17 p.m.)—
The Australian Prudential Regulation Authority Amendment Bill 2003 currently before the House is a result of actions taken by the government before I entered this place. In 1998, APRA was established by combining the responsibilities of existing prudential regulators. Until then regulation was undertaken by the Insurance and Superannuation Commission, with the regulation of banks undertaken by the Reserve Bank of Australia and several other state based regulators. This change to the structure of prudential regulation in Australia was a direct result of the Wallis inquiry.

The financial system inquiry had significant impacts upon Australia’s regulators. In his ministerial statement on the reforms of Australia’s financial system, the Treasurer stated:

The operational effectiveness of the depositor protection provisions will be strengthened, by providing powers for early intervention in a financially troubled institution and by making clear that the regulator can wind up an insolvent entity. The APRA will also be given enhanced powers to take action in the case of financial difficulties experienced by life and general insurance companies, and superannuation funds.

They were laudable intentions, but unfortunately for investors, policyholders, creditors and employees of HIH Insurance those intentions were not realised with the creation of APRA. This legislation comes before us in response to the collapse of HIH and following the conduct of a royal commission into this collapse. We need to understand the collapse to review this bill.

The report on the investigation prepared by the Royal Commissioner Mr Justice Owen makes for fascinating and disturbing reading. In essence, the royal commission found that HIH collapsed due to a failure to provide for future claims. This failure was due to mismanagement and a failure to respond to pressures in insurance markets internationally. One can conclude that the failure of HIH was a private one and not the responsibility of APRA. Whilst APRA was not responsible for the failure of HIH, APRA was responsible for not picking up before it was too late that HIH was in serious trouble. APRA got off lightly in the royal commission’s findings. APRA had a responsibility to ensure that HIH, as a regulated entity, was prudently managed and was able to meet its financial obligations. In this, APRA failed.

Mr Justice Owen found that APRA had been misled in relation to HIH but voiced a question as to why APRA was so trusting as to believe all that it was told. The light-touch approach adopted by APRA has never served the community well and it is clear that it was a horrible failure in this case. We have determined as a community that the security of our financial system is of such importance that it cannot be left to the market alone. In this case, it appears that little or no effective regulation of the activities of HIH was undertaken by APRA. There were clearly massive governance and corporate propriety shortfalls at HIH and, unfortunately, systemic regulatory shortfalls at APRA.

I maintain a number of concerns relating to the operations of APRA that I have expressed in this House on numerous occasions. I am concerned that, through the creation of APRA and the subsequent move of its base to Sydney, staff from the Insurance and
Superannuation Commission left the organisation and their expertise was lost. There were 150 fewer staff in the joint organisation APRA than there were in the previous regulators before APRA was created. That does not even count the state based regulators. It is self-evident that reductions in the level of staff, driven by cost savings, are bound to have a detrimental impact on the effectiveness of the regulation APRA undertakes.

Indeed, the Governor of the Reserve Bank, who is a current APRA board member, quoted Mr Justice Owen in reference to the royal commission when he said:

He did concede, for example, that APRA was in its infancy and that it was still trying to draw together resources from Canberra, Sydney and Brisbane—it was trying to draw together three separate organisations into one. APRA was under the disadvantage of having a staffing level which was going to be lower than the sum of the three previous institutions that it replaced.

APRA simply had no staff with the relevant experience, particularly in the insurance industry, to deal with this enormous task of regulation. It has been reported that only one executive who was involved in the regulation of the insurance industry with the ISC subsequently joined APRA. It has been claimed that as a new organisation APRA was poorly equipped to meet its challenges and it was suffering almost from teething problems. I do not accept this argument. Industries previously regulated are still being regulated. A change in the letterhead of an organisation is less important than the staff who undertake the roles in an organisation. The loss of staff is significantly more important than the name on the front door.

The recommendations of the royal commission make for informative reading in this regard. Recommendation 24 clearly states:

I recommend that the Australian Prudential Regulatory Authority implement a program to build the skills of staff involved in the supervision of general insurers. This should involve a review of its human resource management policies to assess APRA's competitiveness in the financial services sector labour market. The review should take account of the adequacy of remuneration, training and career structures as well as other steps to increase APRA's attractiveness as an employer.

Simply put, better wages and conditions and better training will ensure a better work force and improve regulatory outcomes. I am concerned that, far from ensuring that HIH maintained prudential standards such as appropriate capitalisation, liquidity and governance, APRA was apparently unaware that HIH was insolvent. A damning article by Geoff Kitney in the *Sydney Morning Herald* of 17 January this year clearly outlined the government’s inaction in regard to HIH:

It was not until six months after the first media report of serious trouble at HIH that Hockey (the then minister) sat down with APRA to discuss HIH. After a 45-minute meeting at which he was told that HIH was “a company under considerable stress” and regarded as “high risk” but “vigorously pursuing better asset management”, Hockey did nothing further. HIH collapsed four months later.

But passivity was what the new regulation regime, adopted by the government on the advice of the Wallis committee inquiry into the financial system, was all about.

And upon becoming aware that HIH faced serious issues that may well have caused its continued operation to be in breach of matters overseen by the Australian Securities and Investments Commission—our corporate regulator—APRA failed to notify ASIC of this. The royal commission report states:

APRA was not restricted to information sourced from HIH via the returns or visits. There were many other sources of information on HIH, such as annual reports, market analysis and reports from HIH's external advisers such as Slee.

And it goes on:

Had APRA utilised these additional sources of information, it would have known that many of
HIH’s assertions and returns were inaccurate and misleading.

These issues are important because the operation of our regulatory regime matters to all Australians. It is a damning indictment that APRA did not know what was actually going on inside an organisation it had carriage and regulation of. The stability of our financial markets, the savings and superannuation of all Australians and the confidence that we should all have in the provision of insurance that we have purchased all depend on APRA operating effectively. The financial press, market analysis and financial advisers/planners knew HIH was in serious trouble and a bad bet. No-one was recommending buying HIH for about six months. They all knew that there were serious problems at HIH. The only people who were unaware of the problem were those who were charged with regulating the industry.

Efficacy needs to be the principle that APRA applies when considering its operations. Its operations are too important for the costs of APRA’s operations to be the driving concern when considering its operational requirements. This subject was part of the questioning of the Governor of the Reserve Bank earlier this month by the Economics, Finance and Public Administration Committee of this place. In response to a question on funding of APRA from the member for Kingston, the governor responded:

... I think that is quite clear. Mr Justice Owens makes it clear that it was a mistake for the Wallis committee to come out and say, ‘Not only have we got a better system of regulation; it is going to be cheaper and it’s going to involve fewer people.’ That was a mistake. The government accepted the Wallis committee advice on that, and they now recognise that it was a mistake, because they now have, as a result of this very unfortunate experience, increased the allocation to APRA.

I am pleased that the government has recognised this error, but the consequences have been tragic. People have had their savings lost and had their dreams of building their own homes destroyed. I have mentioned in this place on numerous occasions a delightful couple in my electorate, Nick and Millie. They were about to build their dream home. Tragically, they were going to build with a group called Avenwood Homes. It collapsed. They thought they were safe because they had insurance. But yes, you guessed it, they were insured with HIH. They discovered that, although they had contracts and insurance, they had no home. They will never have a home. They have a bank loan that they will have to pay off and a vacant block of land on which they will never get to build their dream home. This is the nature of the impact that the collapse of a prudentially regulated company can have on everyday, hardworking Australians. It is just not some esoteric argument. This impacts on people. It has significantly impacted on the insurance industry and it has had a massive impact on the small community groups and small businesses trying to get insurance. Again you have to question how HIH and the partner that it acquired not long before it went under—FAI—ever got to be in existence. Again I quote from the entertaining article of Geoff Kitney:

... in the often murky world of political party funding by private business interests the insurance industry had few compunctions about putting its money where it believed its political interests lay.

And it has not been afraid to do this in unconventional and controversial ways. In the mid 90s Rodney Adler helped the Liberals by directly funding the salary of a member of the staff of Bronwyn Bishop, an arrangement scrapped when it was revealed publicly, causing outrage.

The article goes on:

In FAI’s case its generosity to the Liberals was understandable. Had it not been for a decision by then Treasurer Howard in 1978, when he overruled doubts by the insurance industry regulator
about FAI’s ability to conduct an insurance business so that Larry Adler could do so, FAI would never have entered the industry.

Best of all, the article concludes:

... but as he contemplates the prospect of prosecution and jail, Rodney Adler can hardly blame the government. The Adler family got the government and the policies for which it paid a lot of money to the 500 club to help put into place.

HIH is on record as being a significant donor to the Liberal Party. Given the scale of the impacts of the collapse of HIH and the findings of the royal commission in this regard, it is not just appropriate, it is essential that the government responds substantially to ensure that confidence in the regulation of our financial sector and, consequently, confidence in the sector as a whole, is restored. This bill will replace the private corporation style board with a full-time executive group. This will sever the link between APRA, the Reserve Bank and ASIC, as both the RBA and ASIC are currently represented on the APRA board but will maintain no such representation in the new structure. The current nine-member ASIC board, only one of which is an executive board member, will be replaced by an executive group of between three and five members.

I am very pleased that there is a change in the structure of APRA and note that, as far back as January this year, Labor called for the removal of APRA’s board based on failings that came to light in the investigations of the royal commission. In my view, the board has not sufficiently safeguarded the prudential integrity of the financial sector that it regulates and, through APRA’s stated policy of ‘soft touch’ regulation, it has failed the community.

Labor members of this House will support this legislation, but I maintain a concern that the government’s attitude to prudential regulation in Australia is not what it should be. Prudential regulation must be about ensuring that our financial system is robust and that the Australian community has confidence that it is robust. Sadly, the example of what APRA did in regard to HIH has left many people feeling fairly nervous about their investments and about their super, and that is not how it should be.

Mrs HULL (Riverina) (12.30 p.m.)—I rise to speak in support of the Australian Prudential Regulation Authority Amendment Bill 2003 here in the House today. The year 2001 was devastating for many Australians, with the collapse of one of Australia’s largest general insurers, which had serious effects on the domestic insurance market. The collapse of HIH was largely unforeseen, as many investors, insurance policy holders and employees discovered.

Following the collapse of HIH and the subsequent financial ruin facing many people, local, state and federal governments provided assistance to many thousands of Australians left stranded—(Quorum formed)

In May 2001, to its credit, the Commonwealth government announced a scheme to assist cases of genuine hardship. A non-profit insurance industry run company was responsible for distributing $640 million in funding allocated by this government for claims other than workers compensation and builders warranty. In just over six months, more than 11,000 claims had been received and 5,800 payments had been made, totalling $195 million, meeting household, commercial, property and motor vehicle policies. This is just an indication of how many people were affected by the insurer’s collapse. Countless stories emerged from the HIH collapse of people losing enormous amounts of money, including our ordinary Australians.

The region of Griffith in my electorate of Riverina is home to some of Australia’s best wine producers, including De Bortoli Wines. The $122 million per annum business today
is one of Australia’s largest family owned wine companies.

Mr Cadman—A great family.

Mrs Hull—It is, indeed. De Bortoli Wines is now in its third generation of family ownership and is proudly Australian. During the 1980s De Bortoli Wines was one of the first companies to recognise Australia’s export potential and had considerable success in Europe, North America and Canada and in Asian and Pacific countries. In January 1996 De Bortoli Wines opened its first international office, in London, followed by an office in Antwerp to serve their European base of customers. In 1999 an office was set up in the United States of America, and to date the De Bortoli Wine range has been marketed in over 50 countries. It is truly one of Griffith’s and Australia’s most successful family run companies.

De Bortoli Wines was one of many companies that suffered a huge financial loss due to the collapse of HIH. This occurred when the value of HIH shares simply disintegrated. Just three months before HIH collapsed, the company purchased $6 million of HIH shares. Then, in March 2001, the company that nobody every imagined could collapse did. Certainly, De Bortoli Wines made such an investment based on financial advice and in the knowledge that it would represent a sound investment. Now De Bortoli Wines will be lucky if they recoup $600,000 on their investment, and this will more than likely take between five and eight years.

For De Bortoli Wines the loss was significant, and thankfully the company was in a sound financial position to enable it to weather the storm, but for many Australians the collapse of HIH spelt financial devastation and the ruin of many of their businesses. Not only did the collapse of HIH devastate investors, employees, the financial sector, builders, home owners and policyholders, but the flow-on effects for professional and medical indemnity and public liability were a huge blow. Premiums continued to skyrocket and, for many community organisations, charities and businesses, public liability insurance was simply unaffordable.

Small business has been particularly impacted upon—many groups were supported through this crisis, except small businesses. They weathered the storm on their own. The collapse of Australia’s biggest insurance company, HIH, was the beginning of an insurance period that saw hundreds of thousands of Australians affected by either loss of cover with HIH or the problems that many businesses and community groups faced as they struggled to find public liability insurance. The second major shock to the insurance market occurred on September 11, 2001 when the World Trade Centre towers were destroyed. This was the largest insurance event in history and not only stretched the industry’s resources but also led to a recalculation of the risk reward position that resulted in increased premiums. It is now commonplace for insurance brokers to seek public liability policies overseas, simply because local insurance companies are not willing to offer such insurance due to the skyrocketing cost or policies that are simply too expensive.

Following on from these events, which impacted on many businesses and individuals, medical practitioners were next in line. The collapse of HIH impacted enormously on United Medical Protection Ltd and Australasian Medical Insurance Ltd, who were forced to write off more than $30 million and possibly up to $56 million. The events which led to the collapse of UMP and the threat to medical services across the country were unprecedented and led to huge instability across the industry. The threat of litigation has also played an enormous role in the huge impact insurance has had on medical practi-
tioners, with many doctors now forced to pay huge premiums. Some have even made the difficult decision to leave the industry. This is at a time when doctors are desperately needed in rural, remote and regional Australia. Health care and the provision of general practitioners were also affected, with the cost of medical practitioners’ premiums rising to a point where many believed it was not viable to continue practising. The federal government stepped in again to provide assistance to enable medical practitioners to continue practising with adequate cover.

The events surrounding medical indemnity threatened to rob my electorate of its private maternity unit, one of only three in the state. Due to the expected cost of premiums, obstetricians at the Calvary hospital maternity unit were concerned that they would no longer be able to continue practising and threatened to remove their services from the private hospital. On 15 November I met with the Minister for Health and Ageing to discuss the situation and was told the absolute worst-case scenario was that obstetricians would pay 50 per cent of their 2001 premium on top of next year’s premium. On 14 December the local newspaper’s front-page headline read ‘Maternity ward safe and sound’. The Commonwealth government came in and underwrote and provided a continuing service in rural and regional Australia. The obstetricians received their premium notices. They were affordable, just as the Minister for Health and Ageing had assured me, and the obstetricians were able to continue practising at Calvary hospital.

HIH was the collapse that shocked the financial world and sent aftershocks throughout the Australian business community. Questions were asked, such as: how could this happen? What if it happens again? The reason that I have outlined the devastation that has occurred not only in my electorate but across Australia as a whole is to indicate that this must never be able to happen again—and this is what the bill before the House is seeking to address. With four objectives in mind, the government has introduced this bill to help prevent such an event occurring in the future.

The objectives of the bill include replacing the current part-time Australian Prudential Regulation Authority board with an executive governing body made up of between three and five members. This includes refining APRA’s statement of purpose and objectives and clarifying its statutory role in advising the minister. The bill also seeks to apply an enhanced disclosure and conflict of interest framework to APRA members and to clarify the operation of provisions that apply to APRA’s release of protected information and documentation. Important amendments will confirm APRA’s legislative mandate and ensure that it can share information with other regulatory agencies, as deemed appropriate, to enable information regarding the financial situations of companies to be made available to APRA in order that they can determine their business in the most effective manner.

Justice Neville Owen, commissioner of the royal commission into HIH insurance, handed down his report on 16 April 2003. This report recommended that the APRA board be replaced by a full-time executive structure. A full-time executive governing body was chosen as the preferred option, allowing joint decision making on operational decisions while enabling specialisation. In his report, Justice Owen also recommended removal of the ex-officio members of the board. The ex-officio members represent the Reserve Bank of Australia and the Australian Securities and Investments Commission. Justice Owen considered the involvement of the senior executive of peer agencies as inappropriate in monitoring the performance of APRA’s chief executive offi-
cer. Additional recommendations made following the inquiry include the need for APRA to cooperate more closely with other regulators, like ASIC and overseas regulators. This can be achieved by the sharing of information and joint operations with other related bodies and organisations.

It is important to recognise that the independence of APRA will not be compromised. Instead, the changes proposed by this bill will allow the policy roles of both the government and APRA to be better defined, with APRA's operating mandate to be as clear as possible. APRA was established by this government in 1998, with the responsibility of regulating more than $1.5 trillion worth of assets on behalf of 20 million Australians. It has the responsibility of regulating banks, insurance companies, superannuation funds, credit unions and building societies. The recommendations will enable the role of APRA to be strengthened to suit its responsibilities. This will allow it to monitor the financial and insurance industry to enable an event like the HIH collapse to be prevented in the future. I commend this bill to the House.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (12.44 p.m.)—The government would very much like to thank those honourable members who have contributed to the debate on the Australian Prudential Regulation Authority Amendment Bill 2003. The bill will implement revised governance arrangements for the Australian Prudential Regulation Authority, in accordance with recommendations of the royal commissioner, the Honourable Justice Neville Owen, in his report of 4 April 2003, which was released by the Treasurer on 16 April 2003. Justice Owen had inquired into the collapse of the HIH Insurance Group.

I think it is widely recognised in the community that APRA occupies a vital position within Australia’s financial system. Our prudential framework promotes and reinforces the responsibility of the boards and management of firms for meeting the financial promises they make to customers. Rules concerning transparency and disclosure are critical pieces of our regulatory architecture. In the prudentially regulated sectors—deposit taking, insurance and superannuation—APRA sets the benchmarks, with its capacity to make prudential standards and provide other forms of guidance to the bodies that it regulates. APRA is placed to detect, as soon as possible, problems in firms and problems with those responsible for running them. It must have regard to a large volume of information, from monitoring market events to using direct intelligence, from undertaking investigations to conducting inspections. So it has a wide role. APRA has powerful intervention and resolution strategies at its disposal when regulated firms experience financial difficulty. We cannot legislate against such difficulties, and I suspect even the opposition would concede that point.

As a last resort, APRA would also play a key role in putting a stop to losses, in the event that the difficulties are too great to resolve. APRA’s governance arrangements will be strengthened and refined by this bill. The new executive governing body will provide more resources to lead APRA and to oversee its operations. The bill better defines APRA’s objectives, preserves its strong independence and creates a model for more flexible communication between the government and APRA, particularly on priorities and required policy changes.

Recognising the important standing of APRA members, the bill implements an enhanced disclosure and conflict of interest framework. This is intended to enhance the status of their office. Finally, the bill clarifies the operation of provisions that allow
APRA’s engagement with other agencies. This is intended to ensure that there is no impediment to APRA cooperating with other bodies with similar or complementary responsibilities. The changes introduced by this bill are designed to establish a dedicated leadership team to guide APRA through the challenges that lie ahead of it. These changes should have minimal impact on the dedicated people who comprise the heart of APRA, while positioning the organisation for the future now that the HIH Royal Commission has concluded.

Before I finalise this speech, I would just like to pass a comment or two on a couple of remarks made by the member for Chisholm and the member for Fraser in their respective contributions to this debate. The member for Fraser, being I suppose very keen to retain the shadow treasury portfolio, sought to criticise the government in his contribution, and I think it is understandable that he would do that. But I would not want anyone listening to this debate to think that there was any veracity in the remarks made by the member for Fraser. I want to point out to the member for Fraser and to others that the government has always ensured that APRA has adequate resources.

Mr McMullan—That is not what the Governor of the Reserve Bank said.

Mr SLIPPER—Well the government has always made sure that APRA has adequate resources, my friend, and we have the runs on the board. Let us look at the facts.

Mr McMullan—That’s not right

Mr SLIPPER—You are wrong. Let us look at the facts. APRA’s operating costs have increased at an annual rate of 8 per cent per annum since 1998-99, and in real terms that is an increase of 4½ per cent per annum. You only have to look at the 2003-04 budget to see that this funding increase trend is continuing. Funding increased by $21.9 million over four years, so it is quite wrong for the opposition to interject to suggest in some way that the government has starved APRA of necessary operating funds. We have increased resources to APRA. APRA does a vital job, and the aim of this legislation is to make sure that APRA does an even more effective job into the future. The APRA board, not the government, is responsible for APRA culture and internal organisation.

In any case, the HIH royal commission said that APRA could not have prevented the failure, and when you look at the remarks made by the member for Chisholm, she also conceded that APRA was not responsible for the HIH failure. She also sought to criticise the government, as is her tendency, but I just want to point out, in response to the remarks made by the member for Chisholm in her speech, that at no point did APRA advise the former minister, the member for North Sydney, that it did not have the same degree of general insurance expertise as was held within the Insurance and Superannuation Commission or that it had insufficient resources to carry out its regulatory responsibilities. So any criticism of the member for North Sydney when he was the Minister for Financial Services and Regulation is entirely misplaced, entirely inappropriate, entirely erroneous and completely unfair.

Both sides of the house are supporting this legislation. It is important legislation. It is a big step forward. It builds on the reforms that the government has already brought about in this area, and I am particularly pleased to commend this item of legislation to the chamber.

Question agreed to.

Bill read a second time.

Third Reading

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and
That this bill be now read a third time.

Question agreed to.

Bill read a third time.

MINISTER FOR IMMIGRATION AND MULTICULTURAL AND INDIGENOUS AFFAIRS

Censure Motion

Ms Gillard (Lalor) (12.51 p.m.)—I wish to move:

That so much of the standing and sessional orders be suspended—

Mr Abbott—I rise on a point of order. I put it to you that the House has resolved what the order of business for today ought to be and suspensions of standing orders to alter the order of business are contrary to a resolution of the House earlier today. Therefore, I put it to you very much that you should rule this suspension out of order. You should not entertain it all.

Mr McMullan—On the point of order, Madam Deputy Speaker: the Leader of the House is clearly wrong on two demonstrable points. The first is that the motion which he moved to set down the standing orders said clearly that it was unless the House ‘otherwise ordered’. This is a motion to take advantage of that particular section. The second is that the Leader of the House knows and is embarrassed by the fact that, traditionally, leaders of the House put on notice contingent notices to prevent further suspensions being moved. He has failed to do that, and his failure to do that clearly makes it possible for further suspensions to be moved. We are simply taking proper advantage of the standing orders—particularly on what I know to be a very important motion—proper advantage of the parliamentary processes and, if I might say so, proper advantage of his failure to do his job.

Mr Abbott—Further to the point of order, Madam Deputy Speaker: previous leaders of the House have not had to deal with a feral opposition. That is the way this mob has become on a day when they should be celebrating the achievements of the Australian—

The Deputy Speaker (Ms Corcoran)—Order! The minister will resume his seat. I would like to hear the rest of the motion before I can make a ruling.

Ms Gillard—The motion reads:

That so much of the standing and sessional orders be suspended as would prevent the member for Lalor from moving:

“That this House censures the Minister for Immigration and Multicultural and Indigenous Affairs for continuing to mislead the House, for refusing to abide by his Prime Minister’s ministerial code of conduct and correct the record once he has been caught out, for his continued failure to respond to allegations of his misuse of ministerial powers to substitute a more favourable decision under the Migration Act for certain individuals; and, furthermore, for his refusal to act to introduce measures to ensure that these powers are free from political interference as follows:

(1) that the minister continues to allow major allegations regarding interference into his conduct in exercising his powers of ministerial discretion to remain unanswered and that allegations of favourable decisions given to certain applicants following representations from Liberal Party fund raisers and donations to the Liberal Party and his campaign fund to also remain unanswered;

(2) that the minister is continuing to maintain that the information he based his decision on to grant a refugee visa to Mr Bedweny Hbeiche in January 2002 was new information when it has been proven that this information was included in Mr Hbeiche’s original application to the department in July 1996 and that this special treatment received by Mr Hbeiche took place after a donation was made on his behalf to the minister’s own election campaign fund by a close associate of the minister’s, Mr Karim Kisrwani;

(3) that the minister has tolerated persistent interventions and submissions from a Harris Park
travel agent, Mr Karim Kisrwani, who is clearly not registered as a migration agent;

(4) that the minister voided the visa cancellation of Mr Dante Tan when the minister was aware that Mr Tan had not complied with his visa obligations, the minister failed to make the appropriate checks on the background of Mr Dante Tan and the minister expedited the citizenship of Mr Tan despite Mr Tan not satisfying residency requirements and in the knowledge that Mr Tan was the Christopher Skase of the Philippines and that all of this special treatment received by Mr Tan took place after he donated $10,000 to the minister’s own election campaign;

(5) that the minister is allowing a pattern of preferential treatment to visa applicants that have links to the minister and have donated to the Liberal Party, giving new meaning to the Liberal Party election slogan ‘We will decide who comes to this country and the circumstances in which they will come’ and the refusal of the minister to put in place measures to ensure independence and transparency of the ministerial decision making powers under the Migration Act; and

(6) that this minister, following his scandalous role in the ‘children overboard’ misinformation saga, has now brought into disrepute the integrity of Australia’s migration program and, in doing so, has irreparably impugned his own credibility, integrity and honesty.”

Madam Deputy Speaker—

The DEPUTY SPEAKER—I have heard your motion and I rule it out of order.

Mr McMullan—Why—on what basis?

The DEPUTY SPEAKER—On the basis that it does not match the government business of the day. There is a special ruling for today.

Mr McMullan—The motion which the government previously moved, which established the proceedings for today, had within it the section which said unless the House ‘otherwise ordered’. This is entirely consistent with that proposition. I put to you the second point which I raised previously: if there were no capacity to move subsequent suspensions after a minister has moved a motion of the character which he moved this morning, there would never have been a precedent in this House for leaders of the House having contingent notices of motion to prevent subsequent suspensions being moved. If the standing orders directly prevented it, no previous Leader of the House would ever have needed to move such a motion, and they all have. We have here the first failure of one to do it, and therefore it makes this motion perfectly within the standing orders and perfectly consistent within the previous resolution. I put it to you that you cannot rule this motion out of order. It is a proper matter before the House. That the government should even contemplate hiding behind a standing order subterfuge to protect against a censure motion against a minister on a serious matter is a terrible breach of our democratic processes and cannot be tolerated. I have to tell you, Madam Deputy Speaker, that this matter is entirely in order and so important that it is wrong for the government even to seek that it be ruled out of order.

The DEPUTY SPEAKER—I have been advised that a special resolution is needed because of the special circumstances we are in today, so I rule the motion out of order.

Mr Latham—Madam Deputy Speaker, on a point of order: at about 10 this morning I moved a suspension of standing orders that was fully considered by the House. The House resolved at 9 a.m. to allow business other than the matters that might be otherwise ordered by the House itself. My suspension motion to establish a question time today between 4 p.m. and 5.30 p.m. was ruled in order at 10 a.m. For members on this side of the House it is very hard to understand how a suspension motion can be ruled in order at 10 a.m., yet a suspension motion on a very serious matter—censuring a minister—is ruled out of order at 1 p.m. This
seems to be a total double standard, something that is unacceptable to this side of the House. If the suspension to establish a question time was in order at 10 a.m., surely a suspension to debate a censure motion against the Minister for Immigration and Multicultural and Indigenous Affairs must be in order at 1 p.m.

The DEPUTY SPEAKER—I am not commenting on the seriousness of the nature of the proposed motion. My understanding is that the motion you moved earlier today was to vary government business as set out in the Notice Paper. This particular motion is not to do that, so I understand that the motion is out of order on those grounds.

BUSINESS

Mr LATHAM (Werriwa)—Manager of Opposition Business (12.59 p.m.)—I move:

That so much of the standing and sessional orders be suspended as would preclude the Member for Werriwa moving the following motion:

That the House otherwise orders an amendment to the routine business of the day to provide for: Question Time 4–5.30 p.m.

The House has had three hours to consider the matter and the need for question time is more urgent than ever before.

Mr Abbott—Madam Deputy Speaker, on a point of order: this is precisely the motion that was voted on by the House earlier today. Obviously, to try to rerun this matter would be to defy the decision of the House earlier today.

The DEPUTY SPEAKER (Ms Corcoran)—I understand the motion is very similar to the motion this morning. Is it different in any way?

Mr LATHAM—The House has had a further three hours to consider the urgent need for question time. The House has also just heard your ruling that it is not possible for the House to censure the minister for immigration. In the light of that information, I am sure the House now feels the very strong urgency, at the very least, to ask questions of the minister for immigration about his rorting of Australia’s migration program. If he cannot be censured, surely the House should now have the power and determination to question the minister under a question time between 4 p.m. and 5.30 p.m. The will of the House should be tested.

Mr Abbott—On the point of order, Madam Deputy Speaker: the House has already determined not to have a question time at that time. It has made that determination, and to try to move the motion again is simply an abuse of the forms of the House. This suspension should definitely be ruled out of order.

The DEPUTY SPEAKER—I rule the motion in order.

Mr Abbott—Madam Deputy Speaker: the House has already determined not to have a question time at that time. It has made that determination, and to try to move the motion again is simply an abuse of the forms of the House. It is a shameful thing.

Mr ABBOTT (Warringah—Leader of the House) (1.03 p.m.)—I move:

That the member be not further heard.

Question put.

The House divided. [1.07 p.m.]

(The Deputy Speaker—Ms Corcoran)

<table>
<thead>
<tr>
<th>Ayes</th>
<th>Noes</th>
<th>Majority</th>
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<tbody>
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<td>68</td>
<td>59</td>
<td>9</td>
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AYES

Abbott, A.J.        Andrews, K.J.
Anthony, L.J.       Baird, B.G.
Baldwin, R.C.       Barresi, P.A.
Bartlett, K.J.      Billson, B.F.
Bishop, B.K.        Bishop, J.J.
Brough, M.T.        Cadman, A.G.
Cameron, R.A.       Causley, I.R.
Charles, R.E.  Ciobo, S.M.  Roxon, N.L.  Sawford, R.W.  
Cobb, J.K.  Costello, P.H.  Sciacca, C.A.  Sercombe, R.C.G.  
Draper, P.  Dutton, P.C.  Smith, S.F.  Snowden, W.E.  
Elsdon, K.S.  Entsch, W.G.  Swan, W.M.  Tanner, L.  
Farmer, P.F.  Forrest, J.A.  *  Thomonson, K.J.  Vamvakinaou, M.  
Gallus, C.A.  Gambaro, T.  Wilkie, K.  Windsor, A.H.C.  
Georgiou, P.  Haase, B.W.  Hartsuyker, L.  
Hardgrave, G.D.  Hockey, J.B.  
Hawker, D.P.M.  Hull, K.E.  
Johnson, M.A.  Kelly, D.M.  Kelly, J.M.  
Kelly, D.M.  King, P.E.  Ley, S.P.  
King, P.E.  May, M.A.  Neville, P.C.  
Lloyd, J.E.  McGauran, P.J.  
McArthur, S. *  Naire, G.R.  
Moylan, J.E.  Pearce, C.J.  
Nelson, B.F.  Randall, D.J.  
Panopoulos, S.  Scott, B.C.  
Pyne, C.  Secker, P.D.  Slipper, P.N.  
Schultz, A.  Smith, A.D.H.  Somlyay, A.M.  
Secker, P.D.  Southcott, A.J.  Stone, S.N.  
Smith, A.D.H.  Thompson, C.P.  Ticehurst, K.V.  
Toller, D.W.  Truss, W.E.  
Wakelin, B.H.  Walsh, M.J.  
Williams, D.R.  Worth, P.M.  

Ayes............ 68

NOES

Adams, D.G.H.  Albanese, A.N.  
Beasley, K.C.  Bevis, A.R.  
Breerton, L.J.  Burke, A.E.  
Byrne, A.M.  Cox, D.A.  
Crosio, J.A.  Danby, M. *  
Edwards, G.J.  Ellis, A.L.  
Emerson, C.A.  Evans, M.J.  
Ferguson, L.D.T.  Ferguson, M.J.  
Fitzgibbon, J.A.  George, J.  
Gibbons, S.W.  Gillard, J.E.  
Grierson, S.J.  Griffin, A.P.  
Hall, J.G.  Hatton, M.J.  
Hoare, K.J.  Irwin, J.  
Jackson, S.M.  Jenkins, H.A.  
Kerr, D.J.C.  King, C.F.  
Latham, M.W.  Lawrence, C.M.  
Livermore, K.F.  McClelland, R.B.  
McFarlane, J.S.  McLey, L.B.  
McMullan, R.F.  Melham, D.  
Mossfield, F.W.  Murphy, J. P.  
O’Byrne, M.A.  O’Connor, G.M.  
O’Connor, B.P.  Price, L.R.S.  
Quick, H.V. *  Ripoll, B.F.  

AYES

Abbott, A.J.  Andrews, K.J.  
Anthony, L.J.  Baird, B.G.  
Baldwin, R.C.  Barrese, P.A.  
Bartlett, K.J.  Billson, B.F.  
Bishop, B.K.  Bishop, I.J.  
Brough, M.T.  Cadman, A.G.  
Cameron, R.A.  Caughey, I.R.  
Charles, R.E.  Ciobo, S.M.  
Cobb, J.K.  Costello, P.H.  
Draper, P.  Dutton, P.C.  
Elson, P.F.  Forrest, J.A.  *  
Farmer, P.F.  Gambaro, T.  
Georgiou, P.  Haase, B.W.  
Hardgrave, G.D.  Hartsuyker, L.  
Hawker, D.P.M.  Hockey, J.B.  
Hull, K.E.  Hunt, G.A.  
Johnson, M.A.  Jull, D.F.  
Kelly, D.M.  Kelly, J.M.  
King, P.E.  Ley, S.P.  

* denotes teller

Question agreed to.

The DEPUTY SPEAKER—Is the motion seconded?

Mr MELHAM (Banks) (1.12 p.m.)—I second the motion. The government has demeaned the House and the Australian people—

Mr ABBOTT (Warringah—Leader of the House) (1.12 p.m.)—I move:

That the member be not further heard.

Question put.

The House divided.  [1.13 p.m.]

(The Deputy Speaker—Ms Corcoran)

Ayes............ 68

Noes............ 59

Majority........ 9
The House divided. [1.16 p.m.]

(The Deputy Speaker—Ms Corcoran)

Ayes............. 58
Noes............. 69
Majority........ 11

AYES

Adams, D.G.H.
Beazley, K.C.
Brereton, L.J.
Byrne, A.M.
Crosio, J.A.
Edwards, G.J.
Emerson, C.A.
Ferguson, L.D.T.
Fitzgibbon, J.A.
Gibbons, S.W.
Grierson, S.J.
Hall, J.G.
Hoare, K.J.
Jackson, S.M.
Kerr, D.J.C.
Latham, M.W.
Livernore, K.F.
McFarlane, J.S.
McMullan, R.F.
Mossfield, F.W.
O’Byrne, M.A.
O’Connor, B.P.
Quick, H.V. *
Roxon, N.L.
Sciaccia, C.A.
Smith, S.F.
Swan, W.M.
Thomson, K.J.
Wilkie, K.
Zahra, C.J.

Adams, D.G.H.
Beazley, K.C.
Brereton, L.J.
Byrne, A.M.
Crosio, J.A.
Edwards, G.J.
Emerson, C.A.
Ferguson, L.D.T.
Fitzgibbon, J.A.
Gibbons, S.W.
Grierson, S.J.
Hall, J.G.
Hoare, K.J.
Jackson, S.M.
Kerr, D.J.C.
Latham, M.W.
Livernore, K.F.
McFarlane, J.S.
McMullan, R.F.
Mossfield, F.W.
O’Byrne, M.A.
O’Connor, B.P.
Quick, H.V. *
Roxon, N.L.
Sciaccia, C.A.
Smith, S.F.
Swan, W.M.
Thomson, K.J.
Wilkie, K.
Zahra, C.J.

NOES

Albanese, A.N.
Bevis, A.R.
Burke, A.E.
Cox, D.A.
Danby, M. *
Ellis, A.L.
Evans, M.J.
Ferguson, M.J.
George, J.
Gillard, J.E.
Griffin, A.P.
Hatton, M.J.
Irwin, J.
Jenkins, H.A.
King, C.F.
Lawrence, C.M.
McClelland, R.B.
McLeay, L.B.
Melham, D.
Murphy, J. P.
O’Connor, G.M.
Price, L.R.S.
Ripoll, B.F.
Sawford, R.W.
Sercombe, R.C.G.
Snowdon, W.E.
Tanner, L.
Vamvakianou, M.
Windsor, A.H.C.

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Ripoll, B.F.
Sawford, R.W.
Sercombe, R.C.G.
Snowdon, W.E.
Tanner, L.
Vamvakianou, M.
Windsor, A.H.C.

* denotes teller

Question agreed to.

Original question put:
That the motion (Mr Latham’s) be agreed to.
Mrs MOYLAN (Pearce) (1.22 p.m.)—On behalf of the Parliamentary Standing Committee on Public Works, I present the third report of the committee for 2003, entitled

Proposed fit-out of new leased premises for the Australian Customs Service at Sydney International Terminal, Sydney, NSW.

Ordered that the report be printed.

Mrs MOYLAN—by leave—This report examines the proposed fit-out of Customs’ new leased premises currently under construction at Cooks River Drive, Sydney International Terminal. The estimated cost of the proposed fit-out is $13.409 million. The need for the proposed works is determined by Customs’ objective of collocating its two existing Sydney offices at a single, purpose-built premises within the Sydney airport precinct. At present, Customs occupies two premises in Sydney: Link Road, within the airport precinct, and 447 Pitt Street, in Sydney’s CBD. The decision to relocate is timely, given that the leases on both properties are due to expire this year. The Link Road building needs considerable maintenance, and this was witnessed by the committee during its inspection of the site. This provides further impetus for the proposed works. At present, the building has air quality and airconditioning problems and there are some very serious leaks in the building, causing quite a lot of water damage. They require significant annual repairs at Customs’ expense.

Customs expects the rationalisation and consolidation of its accommodation to result in a number of operational and administrative benefits, including cost and infrastructure efficiencies, technological improvements in services, enhanced corporate identity, increased amenity to clients, and efficiencies in work allocation and resource use.

As the new premises will be purpose built to meet Customs’ requirements, Customs will have the opportunity to integrate many of its specific needs into the base building works. The works required to meet Customs’ objectives comprise an integration of electrical, mechanical, security, communications, fire and hydraulic services into base building works; the fit-out of investigations rooms, evidence rooms, operation rooms and a control room to meet special Customs requirements; and a general office fit-out, including reception facilities, security-controlled access, partitioning and open-plan work areas, workstations, enclosed offices, a computer room, meeting rooms, personal and common storage facilities, conference and training facilities, a first-aid room, utility rooms, a carer’s room, kitchens, a gymnasium, lockers and showers.
At the public hearing, Customs informed the committee of two changes that had been incorporated into the design of the new building since the agency’s evidence was submitted in March 2003. Under the new design, it is proposed that the building will be reoriented to have a more northerly aspect and will have one central core rather than three. Customs believe that these changes will significantly improve the overall building design, in that reorientation will increase energy efficiency and the single core will enhance overall operational efficiency and will improve the flexibility of the internal configuration.

Questions asked at the public hearing arose chiefly from evidence that Customs staff had expressed some concern in relation to their relocation. In particular, staff had raised issues such as increased travel time and cost, parking arrangements, the provision of child-care facilities, and access to food outlets. Customs demonstrated that they were working to address all the issues raised by staff. Travel concerns had been dealt with in the form of a one-off lump sum payment to all staff—an initiative that had been approved by both staff and unions. Customs had also resolved potential parking problems by arranging for three years free parking for staff in a public car park adjacent to the new premises. Research into child care was continuing at the time of the public hearing, but preliminary surveys had indicated that most staff preferred to access child-care facilities close to their homes. Customs intend, however, to provide a family room for staff. Finally, Customs reported that a food and beverage survey had been undertaken and had shown that a range of food outlets were available at Sydney International Terminal, some 300 metres from the new building. I understand that a covered walkway to the terminal building is to be built.

The committee questioned Customs witnesses on budgetary matters and was satisfied that the project budget was realistic and that sufficient contingency planning had been undertaken to mitigate time and cost overruns. Finally, I should add that the committee was very pleased at the high quality of the written and verbal evidence supplied by Customs, which greatly assisted the committee in its work. I would like to thank my committee colleagues for their support throughout the inquiry, as well as those who gave evidence, the staff and the secretariat. I commend the report to the House.

Mr BRENDAN O’CONNOR (Burke) (1.28 p.m.)—by leave—I wish to supplement the comments made by the member for Pearce. It was clear to all the committee members that this work was indeed required. Comparing the manner in which it has been undertaken with some other works, I have to say that this would be certainly one of the better processes that the committee has been involved in in the last 12 months. As indicated by the member for Pearce, some concerns were raised about the way in which a number of conditions of employment for Customs officers would be adversely affected if they were not properly addressed. I am happy to say that some of the matters to do with parking arrangements and ensuring that there are food outlets have been properly dealt with. However, it might be important that the parking arrangements continue to be under review to ensure that the current conditions that apply and the availability of car parking for the public and the staff are not limited in any way that would make it more difficult for staff and for the customers who deal with this important department.

Leaving that aside, can I say that the arrangements of this department in relation to this fit-out have been exemplary. The way in which they have dealt with the committee has been very good. That is exemplified by
the fact that there have been very few formal objections to the way it was undertaken. I can only concur with the comments by the member for Pearce and support the statement.

AUDITOR-GENERAL’S REPORTS

Report No. 50 of 2003-04

The DEPUTY SPEAKER (Ms Corcoran)—On behalf of the Speaker, I present the Auditor-General’s audit report No. 50 of 2003-04 entitled *Information support services audit—Managing People for Business Outcomes, Year Two—Benchmarking study*.

Ordered that the report be printed.

PAPERS

Miss JACKIE KELLY (Lindsay—Parliamentary Secretary to the Prime Minister) (1.31 p.m.)—Papers are tabled as listed in the schedule circulated to honourable members. Details of the papers will be recorded in the *Votes and Proceedings*. I move:

That the House take note of the following paper:

Australian River Co Limited—Report for the period 1 December 2001 to 30 November 2002.

Debate (on motion by Mr McMullan) adjourned.

Miss JACKIE KELLY (Lindsay—Parliamentary Secretary to the Prime Minister) (1.31 p.m.)—I present papers on the following subjects, being petitions which are not in accordance with the standing and sessional orders of the House.

Relating to the war in Iraq—from the member for Paterson—1185 Petitioners

Relating to the war in Iraq—from the member for Calare—200 Petitioners

Relating to the war in Iraq—from the member for Fisher—1407 Petitioners

Concerning proposed changes to the Queensland sugar industry legislation—from the member for Gwydir—102 Petitioners

Opposing a proposed mobile phone tower at Medowie—from the member for Paterson—192 Petitioners

AUSTRALIAN FILM COMMISSION AMENDMENT BILL 2003

Second Reading

Debate resumed from 29 May, on motion by Mr McGauran:

That this bill be now read a second time.

Mr McMULLAN (Fraser) (1.32 p.m.)—I imagine this debate, on the *Australian Film Commission Amendment Bill 2003*, will be a little calmer than the last one. I did imagine at one stage that I had a big crowd coming in just to hear the debate about the Film Commission—

Mr Murphy—There is quality here, Bob.

Mr McMULLAN—We do have quality here, if not quantity; I thank the member for Lowe for that. While this is not a bill that is central to the consideration of every Australian every day or every member of parliament as they go about their business representing their constituents, it is part of an important process that is under way and relates significantly to matters concerning Australian culture and the development, enhancement and preservation of that culture. The bill itself is relatively minor. It aims to implement a decision announced as part of the budget, and following the review of national cultural institutions, to amalgamate the Australian Film Commission and the body called ScreenSound Australia, the National Film and Sound Archive.

The amendments aim to give relevant functions and powers to the AFC to enable it to properly manage, maintain and exhibit the national film and sound collection, to provide the AFC with the power to employ staff under the Public Service Act 1999, to make other consequential changes to the administrative structure of the AFC, and to facilitate the transfer of relevant Commonwealth as-
sets to the AFC. The opposition will not be opposing the bill but we do have some serious reservations about it. I want to express those reservations and seek answers from the minister, preferably in response to this debate. If the government chooses not to do that, at the very least we will be pursuing this matter with the minister directly when the bill is debated in the Senate.

Let me air some of those reservations now. I understand the government’s argument for the amalgamation, they are hoping that there will be some synergy from the integration of the AFC and ScreenSound. In particular, it is argued that the amalgamation will expand screen culture activities and enhance coordination as well as providing a national focus. It is true that in some areas of the activity of the two agencies—the Australian Film Commission and the National Film and Sound Archive—there is overlap, but it is not in every way a comfortable fit and some of the synergies, I must say, are rather hard to find.

The amalgamated institution is intended to improve links with the broader sound, film and television industry, expand educational and exhibition activities and provide national leadership in enhancing access to and understanding of audiovisual culture. I think that the National Film and Sound Archive—as it has traditionally been known—and, in its more recent iteration, ScreenSound Australia have been very well plugged into the sound, film and television industry. They have had a lot of material provided to them by the film and television industry. The national leadership this bill seeks is already being provided in the enhancement of access to and understanding of audiovisual culture. I hope that the amalgamation will allow expanded educational and exhibition activities, although it is not immediately evident to me how that will follow.

The amendments will also give a legislative basis to the function of collecting and preserving Australia’s screen and sound heritage. This is the part of the bill that I do welcome, although I am not sure that amalgamation was necessary to achieve the purpose. ScreenSound Australia did need a statutory authority basis. It is long overdue. There was for many years a debate about whether we should create new statutory authorities because of some implications under the old sales tax regime. That was a matter pursued under the previous government, of which I was a member, as well as for some years under this government. I was never particularly persuaded by that argument. It seemed to me to be a very minor tail wagging a rather large dog as to whether we should proceed with giving statutory authority basis to major organisations such as ScreenSound Australia, Questacon and other such agencies.

I understand that, with the election of the Howard government, there has been an overlay of resistance by the Prime Minister to the establishment of more statutory authorities and a determination to pursue more matters through direct departmental processes. There is sometimes a case for that, but it is a matter for judgment, and I think that over many years it has been an error to not give statutory authority basis to the National Film and Sound Archive. It has meant that its processes have been unnecessarily convoluted and indirect in relation to its accountability to the parliament and the public, and it has added an extra layer of administration that is unnecessary.

Given that the government would give statutory authority status to ScreenSound Australia, the National Film and Sound Archive, only if it were amalgamated with another agency which already had that status, the decision to make the agency with which it amalgamated the Film Commission was
correct. I understand that consideration was
given to amalgamating it with the National
Museum, which had some virtue in terms of
both their closer proximity to each other and
the similarity in many of their functions and
purposes. I think that would have worked,
but it would not have dealt with the screen
culture aspect of the desired amalgamation.

The other consideration was to put the
function back with the National Library. That
would have been an inappropriate choice, not
because the National Library is not a very
fine institution—it is; I have spoken about it
in the parliament on a number of occasions
and I strongly support the organisation and
its current leadership—but because the Film
and Sound Archive was established as a
separate agency because it did not fit com-
fortably within the National Library. It was
broken away and established separately, and
it would have been a regressive step to put it
back.

I welcome the part of the legislation
which gives a legislative basis to the function
of collection and preserving Australia’s
screen and sound heritage. But, on balance, I
am not entirely convinced by the arguments.
I accept the one point I mentioned, but the
amalgamation was not a necessary precondi-
tion for achieving that goal, and the other
arguments, on balance, seem rather weak.

But it is very hard to check. The review of
national cultural institutions was undertaken
within the Department of Communications,
Information Technology and the Arts and has
not been published. It is a secret report. The
Minister for the Arts and Sport, Senator
Kemp, refused to release the report, when
asked at estimates, on the ground that it is a
cabinet document. That is an extraordinary
proposition. We appreciate—I do individu-
ally and I think everyone in parliament
does—that with documents that are central
to, and explicitly for, cabinet consideration,
and that is why they are developed and writ-
ten, the executive needs to be able to main-
tain the confidentiality of those documents.
Obviously, there are other circumstances of
national security et cetera.

But a review of the national cultural insti-
tutions undertaken by a government depart-
ment, on which decisions are and may in the
future be made about the future of those
agencies, is quintessentially the sort of mate-
rial that ought be made available to the pub-
lic and all those people with an interest in the
subject—not only those, and there are a sub-
stantial number, who have an interest in the
future of the Film Commission and, more
particularly, the Film and Sound Archive, but
those who have an interest in the future of all
the other agencies who are or are potentially
affected by subsequent decisions that may
flow from that report.

If the minister wishes to achieve a broad
based level of support for this amalgamation,
he needs to release at least the relevant parts
of the review so that all interested parties can
be fully informed about the reasons for this
amalgamation and can participate in a con-
structive manner in discussion of how it
might be implemented, for the benefit of
everyone who uses the services of the AFC
and ScreenSound and for the staff.

I am told that the government actually
wants this amalgamation to work—and I am
sure it does—and is trying to be open about
its dealing with staff and unions in imple-
menting this decision. That may be the case
now, but it certainly was not the case in the
lead-up to the decision, nor is it enhanced by
the continuing failure of the government to
release at least the relevant part of the report.
I can see no case for why it should not re-
lease the whole report, but there may be
some parts of it that were exclusively devel-
oped for the purposes of the Expenditure
Review Committee of cabinet. It is hard to
believe that that would be the case, but it may be so. If it is, the government could delete those bits and at least release all the bits that put the argument for why this amalgamation should take place—the case for it and what the government hopes to achieve from it. It is very hard to measure the success of any government initiative if you do not know the goals that were set for it when the decision was made, and none of us is in a position to know that.

An examination at the estimates committee hearings confirmed that this decision—the amalgamation decision—was taken without consultation with staff or unions affected and that the chief executive officer of the Film Commission and the then director of ScreenSound were consulted only towards the end of the process. Those are two very fine and committed public servants. I do not think that anybody would have doubted that they could have maintained the confidentiality of the decision. I suspect that they were not told very far in advance because the decision was not taken very far in advance. The lack of consultation gives no-one confidence that this is a matter that is well thought out, well planned and part of a broader structural reform.

I suspect that this matter is driven by two things. The government announced a major review of cultural institutions, and there was both fear and hope—fear that it might lead to swingeing changes that would be terribly detrimental and hope that it might lead to a new focus on those institutions and lead to major changes. Neither of those things happened; it was an absolute damp squib. The review came and went, and nobody noticed. I think the government felt it had to make some decision consequent on this report. Secondly, the government has been dallying for seven years on the question of statutory authority basis for the National Film and Sound Archive, ScreenSound, and this was a mechanism to resolve that matter once and for all. The amalgamation has been driven by secondary objectives and dressed up after the event to seek to draw merit to the proposition.

The minister asserted before the estimates committee that this was not a cost-cutting exercise, that no jobs would be lost and that this new arrangement would in fact lay the basis for further growth for ScreenSound. He did not confirm that the identity, independence and character of ScreenSound would be preserved, but said that the name ‘ScreenSound’ would continue as a trading name. There is no reference to the continuation of this name or the former name, the National Film and Sound Archive, in the bill or in the second reading speech. One part of the advice which I have subsequently received is that if savings are generated as a result of this amalgamation they will be retained within the amalgamated organisation. That does raise some concerns as to the employment implications. For example, in the corporate services area we now have the possibility that what are euphemistically called ‘savings’ will be made, which means some Australians may lose their jobs as a result of this amalgamation—I hope not, but we will see.

At this stage that has not occurred but it seems to me that in the next budget, or the next time the AFC is coming for further resources, some of those demands about gaining financial benefits from the amalgamation will be offset and the agency will be told, ‘Use those savings to fund your new projects; you do not need any new money from the budget.’ There is no immediate budget cut, but I think in the medium term it will weaken the financial position of the AFC and ScreenSound. The recognition and guarantee of its ongoing independence under the name ‘ScreenSound’, or the preservation of the name by which most people still know it, the
National Film and Sound Archive, is in serious jeopardy.

I also understand we may subsequently need to deal with issues concerning increasing the size of the board of the Film Commission to take care of the sound component. At the moment the AFC, with its exclusive responsibility for the film and visual presentation areas of our culture, does not have a commitment or specialisation in the area of sound, and that will have some implications for the future of the board. That is a matter we would like to hear from the government about.

The union has expressed concerns about the employment conditions of staff under the new arrangements. New certified agreements have just been negotiated for the AFC and ScreenSound so I assume, on the basis of advice so far, that existing staff will continue to work under those agreements. It is unclear under what conditions new staff will be appointed. When staff are transferred or promoted it may be a condition of the transfer or promotion that it be under the Australian Film Commission Act and the Film Commission’s certified agreement, causing the so-called ScreenSound staff to be reduced through attrition. Guidelines on these processes are being awaited from the Department of Employment and Workplace Relations. Given that the minister is here, he might see whether he can get his department to expedite that particular matter.

This is clearly an unsatisfactory situation in relation to staff. There is an obvious lack of planning and foresight in concluding separate certified agreements when the intention was to amalgamate the agencies. My view is that it reflects a total lack of planning in this question of the amalgamation. I think the amalgamation is in effect an afterthought, dreamt up to retrospectively justify the over-hyped review of the cultural institutions and to resolve the ongoing dilemma about how to provide a statutory authority basis for ScreenSound, rather than because there is considered to be any particular merit in this particular amalgamation. Otherwise, the perfect time for the issue of amalgamation to have been dealt with would have been during the negotiations of that certified agreement.

We can only hope that this amalgamation, having been so illegitimately parented, will grow up to be a strong and healthy child with this dual role. There is no reason why it should not. Both the Film Commission and ScreenSound are well managed, strong institutions with a lot of industry support. I use the word ‘industry’ in a very broad sense here, not just to include the professional participants but people interested in the range of issues covered by the Film Commission and ScreenSound. That includes many enthusiasts of film and particular areas of music, for whom it is not a living but for whom it is the driving point of their life outside their work. I am also concerned that the conditions for ScreenSound staff and the functions of ScreenSound in Canberra will not be eroded over time, and seek assurances from the minister in that regard.

The next specific area of concern that I want to refer to relates to the apparent lack of expertise in the field of audio programs in the AFC. I have already commented on that as it relates to its potential implications for the structure of the board, but we really do need an assurance on the ground that the ‘sound’ part of ScreenSound will not be neglected.

Let me give you an example. Since the creation of the National Film and Sound Archive there has been continuing dialogue that has now been well implemented—which I have been involved in and have enthusiastically given my support to—for an archive of Australia’s wonderful history in jazz music. I
love jazz music, but not everybody does. We all have our tastes and preferences, but nobody can argue that the significant contribution that musicians have made to the development of jazz music internationally and the contribution that jazz music has made to the emergence of a distinctly Australian culture is not an important part of Australia’s cultural history. People involved in jazz music—the players, the theoreticians, the enthusiasts, the supporters, the fans and the families—have taken great pride in what we have done in jazz music. They wanted to have it independently preserved in an archive for future generations, and they have come to what was, when I was last involved in it, a satisfactory arrangement with ScreenSound Australia. It is a while since I was involved in the discussion, but my last understanding was that that was proceeding well.

If that is the case then I think those are the sorts of sound specific issues that this legislation leaves one uncomfortable about. I admire the people at the Film Commission; they do a fine job within their brief. But this is outside their brief. I want to be assured and reassured by the minister, and I will continue to pursue and examine the situation in my capacity as shadow minister for the arts, as local member for the electorate within which the National Film and Sound Archive resides, as a member of parliament and as a member of the community with a passionate interest in these issues.

But it is not just about jazz music. I used that simply as an example because I was involved in jazz music in previous years. It is about all those initiatives in the sound area which are internationally at the cutting edge of best practice in preservation and which make a significant contribution to many film and audio presentations by others—which would not be available for future historians but for the brilliant preservation work of the sound experts in the National Film and Sound Archive or ScreenSound. It would be a tragedy if that were allowed to slip away from the central focus that it has had in the National Film and Sound Archive or ScreenSound.

I support the recognition in the legislation of the new body’s role in collecting and preserving film and sound works. It is encouraging that that is there. I reiterate that the opposition is not going to oppose this legislation. It is the only way I can see that ScreenSound will gain statutory authority status. Given the strength of the two institutions, there may well be some benefits; if not then let us hope there will be no detriment.

In summary, I seek assurances from the minister that staff will not be disadvantaged by this amalgamation, that jobs will not be lost, that the separate identity and name of ScreenSound and the National Film and Sound Archive will be preserved, that the focus on the sound side of the National Film and Sound Archive’s activity will be maintained and enhanced, and that the activities of ScreenSound here in Canberra will be continued and, indeed, expanded because ScreenSound fits very well into the range of cultural agencies physically located near the National Museum and in that sweep of cultural institutions from the National Gallery, past Questacon and through to the National Library.

That is a very important part of our culture. It is emerging as the Australian counterpart to the wonderful Smithsonian institutions in Washington. It is not the same—and we do not want it to be the same—but it has a somewhat similar role in making Australian culture accessible to Australians. We now find, for example, that the National Portrait Gallery is more accessible to Australians
because of its two locations. All of these things are important, and the continuing availability of our film and screen heritage is very important. The next generation of Australians, who will be much more conscious of the audio and film world and of video reproduction than of the written word, will be looking to the success of this amalgamation as one of the benchmarks as to whether we in this generation have preserved our culture and our heritage in a manner fitting for the future of this very important part of our nation. The opposition will not oppose the legislation. We seek the assurances I have outlined, and we wish the amalgamated institution well.

Mr CIOBO (Moncrieff) (1.57 p.m.)—At the outset, I would like to say that I am pleased that the opposition is supporting the Australian Film Commission Amendment Bill 2003. At its core, this government bill ensures that the long-term cultural and heritage aspects that arise from the Australian people’s track record of involvement in film and in sound will have a greater opportunity to be shared with many more Australians than in the past. In saying that, I stress that that is not in any way a criticism of the past functioning of ScreenSound Australia, the National Film and Sound Archive; rather, it represents an opportunity that will flow through the incorporation in the Australian Film Commission of ScreenSound Australia.

I am very pleased in speaking to the Australian Film Commission Amendment Bill 2003 to highlight not only the impact this bill has in terms of the amalgamation of ScreenSound Australia and the Australian Film Commission but, more broadly, the actual impact that both of these bodies have in defining who and what we all are as Australians—not only from a historical point of view but, more importantly, into the future. I seek to do that by raising two main points. If you look at the actual bodies concerned and the thrust of this bill, you will see that this bill incorporates ScreenSound Australia, the National Film and Sound Archive, into the Australian Film Commission.

I will go to the origins of this body. It was in 1935 that cabinet established a National Historical Film and Speaking Record Library as part of what was then the Commonwealth National Library. Subsequent to that, in 1984 the National Film and Sound Archive was created as part of a separate Commonwealth collecting institution together with a council to guide it in its operations. In 1999 the name of the organisation was changed to its current name, ScreenSound Australia. ScreenSound functions as a part of DCITA, the Department of Communications, Information Technology and the Arts. ScreenSound Australia is the leader in the scientific archival of film and sound not only in this country but also, I believe, internationally. I am informed that it has more than 40,000 items of film, video, television stills and recorded sound that are available to industry for production purposes. It also provides an online collection database that people can access. In my view, it represents the very best in the protection of the cultural and heritage aspects for Australian people to reflect on.

The incorporation of ScreenSound Australia into the Australian Film Commission is for a specific purpose. There are—to use an economic term—economies of scale that flow from this type of incorporation but there is also enhanced opportunity for ScreenSound Australia to take advantage of the particular exhibition skills of the Australian Film Commission. It is my firm belief that, with the incorporation of ScreenSound Australia into the Australian Film Commission, the AFC will have the opportunity to use its exhibition skills to ensure that Australians have access to what is available to them in the archives that ScreenSound Australia put in place.
I had a very interesting lunch yesterday, and I would commend the member for Cook for his initiative. The member for Cook convened a lunch with Bryan Brown and Rachel Ward as part of the coalition’s friends of the arts group. It was a great opportunity for coalition members to speak with two luminaries on the Australian arts scene about not only where film production generally has been in Australia but also where we see it going into the future. I will dwell upon one particular point that Rachel Ward raised. In addressing the assembled throng of coalition members, Rachel Ward made the point of asking, ‘What is it about Australian culture that really warms and brings a certain amount of affection from Australian people in seeking out what is Australian culture?’ In particular, she highlighted the fact that as Australians we should be proud of our cultural heritage and concerned with protecting our cultural heritage. I am certainly someone who subscribes to that view.

I believe a very important way of protecting, preserving and promoting Australian culture is to incorporate that wonderful history, that rich and diverse tapestry of culture that is essentially encapsulated in photographic stills, film stills and television stills, as well as in recorded sound, and share it with the Australian people. That represents a very genuine and great opportunity for all Australians to be at the table of Australia’s culture. This bill goes a very long way to ensuring that that happens. I would like to dwell for a moment on other comments that were made yesterday—(Quorum formed). When I said all Australians should be able to feed at the table of Australia’s culture, I did not realise the ALP would take it so literally and have so many of my parliamentary colleagues join me in the chamber to hear about what we are proposing in the Australian Film Commission Amendment Bill 2003!

As I was saying with regard to Australia’s cultural heritage and the friends of the arts lunch that we had yesterday, there is a great need for Australians to be able to strongly identify with Australian culture and to appreciate the benefits that flow from having a great awareness of our heritage. From my perspective, when it comes to the preservation of film and when it comes to the role of the AFC—and I have spoken today to some degree about that, but I would like to focus about the future now—the fact is that, through the synergies created by the incorporation of ScreenSound Australia into the Australian Film Commission, there will be great opportunities for exhibitions and a greater education of the Australian people. I noted that the member for Fraser raised some points of concern about employees of ScreenSound Australia. I am assured that, under the legislation, those who are employed under the Public Service Act as part of ScreenSound Australia will continue to be employed under the Public Service Act. So that should address some principal concerns that I heard the member for Fraser raise.

This bill will have no direct impact on people in my electorate of Moncrieff on the Gold Coast. However, Australians who live in regional areas stand to gain as a consequence of the incorporation of ScreenSound Australia into the Australian Film Commission. The bill will ensure that they have an increased opportunity to take advantage of the archival service and the database that exist within the newly formed Australian Film Commission incorporating ScreenSound Australia.

Further, it will have another important impact on them. The Australian Film Commission is a body that continues to demonstrate how well it does its job. I particularly would like to pay tribute to Kim Dalton from the Australian Film Commission, who, in the last several instances I have dealt with him,
has indicated a very strong commitment to the future of Australian film and particularly, as part of that, a commitment to Australian culture.

Yesterday at the friends of the arts lunch, we were discussing the fact that Canada, a country which is very similar in many respects to Australia, has a strong film production industry but it is what we in Australia would term offshore production. In Canada, the bulk of their film production comes from the United States, from the capital of film production—that is, Hollywood. They travel to Canada to take advantage of some of the competitive advantages—

Mrs Crosio—Mr Speaker, I move:

That the member be not further heard.

Question negatived.

The SPEAKER—From the voices in the chamber, it appears that the noes had it.

Mr Snowdon interjecting—

Mr Speaker, it is a great shame that the member for the Northern Territory is even unable to determine—

Mr Snowdon (Lingiari) (2.11 p.m.)—I move:

That the member be not further heard.

The SPEAKER—I indicate to the member for Lingiari that the House has, in fact, dealt with that question. The House has already determined that the member for Moncrieff may be heard.

Mrs Crosio—Mr Speaker, I rise on a point of order. I did try to get your attention to say that we did have the majority of numbers.

The SPEAKER—Far from seeking to frustrate the member for Prospect, when I asked whether the ayes or the noes had it I do believe—and I do not want to misrepresent him—it may have been wrongly called by the member for Lingiari. I am not accusing him—it is easily done in this House—and for that reason I had indicated that the division had been found in favour of the member for Moncrieff being heard.

Mr CIOBO—It is a great shame that with a bill such as this—a bill that the opposition are supporting—they would be so hell-bent on playing silly political games to try to score cheap political points. It is a bill that I would have thought would demonstrate the bipartisanship of this parliament with regard to protecting Australia’s cultural heritage and ensuring that all Australians have access to the types of advantages that will flow as a result of the incorporation of ScreenSound Australia into the Australian Film Commission. I would not have thought that this bill was one that was particularly poignant in terms of making an impact on the ALP’s position when it comes to this type of policy, yet it is very clear that both the member for Prospect and the member for Lingiari are too obsessed with playing irrelevant political games. The Australian people should be very aware that, even though this is a bill that has bipartisan support, it is a bill that quite clearly the opposition are seeking to use—or misuse—to score cheap political points.

More importantly, I return to the core of what I was saying—that is, the future of Australia’s film industry. I was speaking in particular with regard to the Canadian experience and the fact that in Canada there is a strong film industry, but none of it is local. Bryan Brown, who spoke yesterday, raised the question and asked all of those who were
assembled whether they could recall a number of famous Canadian films. Nobody present was able to do that. The Canadian film industry has no cultural heart. It does not have the kind of commission that resides in the Australian Film Commission, which actively fosters and promotes Australian culture through Australian film. I believe that is vitally important in making sure that Australians can enjoy having an Australian identity and enjoy being sure about not only our historical past but how we as a nation want to view ourselves in the future.

An important consideration is a likely agreement between this nation and one of our very strong and close friends, the United States of America. Others on the opposition benches would be willing to throw away the relationship—to tear to shreds the very many years of the solid, close working relationship between this nation and the United States of America—but we on this side of the chamber are about actively promoting and enhancing that relationship, and we recognise that it is in the interests of both nations to work together. Flowing from that, I am certain there will soon be a free trade agreement between this nation and the United States.

In an Australia-US FTA, one important consideration will be the preservation of Australian culture. As part of the negotiations for a free trade agreement, we will need to take a long hard look at what we as a nation can do to ensure that we protect Australia’s interests in that regard. It is one of those few areas where Australians could effectively throw down the gauntlet to a US implicit or explicit entrance into Australian film and television. I stand in this chamber today to highlight the fact that Australian culture is something that we are very fond of, have high regard for and will continue to protect either in an explicit or implicit way into the future.

In summary, this bill is important because it brings together a very natural convergence between ScreenSound Australia and the Australian Film Commission. It means that regional Australians will benefit. Members of the community who reside in the electorate of Dickson, for example—and I note the member for Dickson’s presence in the chamber today in support of this bill—will stand to benefit from having access to ScreenSound Australia’s archives. They stand to benefit from our having due regard for Australian cultural heritage. They stand to benefit from the employment opportunities and the economic boost that flows from a strong and thriving Australian film industry. Each of these benefits flows directly as a result of this government’s efforts not only with regard to the film industry but also with regard to those more peripheral items, such as those that are incorporated into the Australian Film Commission Amendment Bill. I am grateful that the opposition supports this bill.

Mr ORGAN (Cunningham) (2.17 p.m.)—As part of the budget package, the government announced out of the blue that the Australian Film Commission and ScreenSound Australia—also known by its original, more descriptive and more appropriate name: the National Film and Sound Archive—will be integrated as of 1 July 2003, just seven weeks from the announcement of the implementation, which is rather hasty to say the least. The Australian Film Commission Amendment Bill 2003, currently before the House, will provide the statutory framework for this integration. It is not, as the member for Fraser would have us believe, a relatively minor bill. Despite what the member for Moncrieff has just told us, the legislation will have an immediate impact upon the National Film and Sound Archive. The government’s decision follows the completion of a secret nine-month review of cultural agencies—a cabinet-in-confidence document—the details
of which are only known from information contained in the budget papers and press releases. Minister Kemp should release the report.

One of the recommendations of the review was that ScreenSound, a cultural institution with approximately 200 staff, be incorporated into the Australian Film Commission, which has a staff of approximately 60. The announcement has caught many in the profession on the hop, and they are still awaiting the detail of the proposed merger before making comment. The current debate on this issue is just the start of what I believe will be widespread community comment over the coming year.

ScreenSound, or the National Film and Sound Archive—which is how I will refer to it in this debate—is one of this country’s and Canberra’s major cultural institutions and tourist attractions. It stands beside the National Library of Australia, the Australian Museum, the National Archives and the National Gallery as a significant repository of the cultural heritage of this nation. The Australian Greens are concerned that the incorporation of the archive into the AFC has been rushed through without any public consultation process and without taking on board the concerns of the film and sound archive profession.

There is concern that the reasons for the amalgamation given by the government do not tell the whole story. Not having access to the secret review is also cause for concern. It is possible that the bringing together of these two organisations is inappropriate and may prove unworkable. The archive, unfortunately, will most likely be the main victim of yet another rushed and ill-considered decision. Only time will tell. Personally, I am concerned about the government’s direction at the moment. I hope it works and that it results in an improved financial position for the archive—but, as the member for Fraser has said, that is not likely in the medium term—and a more stable statutory environment along with better treatment, promotion and use of the invaluable film and sound collection.

Having looked in detail at the bill, and the government’s background to it, I see a number of deficiencies in the new regime that is being created to manage the archive’s collection as part of the AFC. This bill, if passed, will turn the AFC into one of the aforementioned cultural institutions with responsibility for managing a section of this nation’s cultural heritage. Does the AFC want this role? Can it adequately carry out its new responsibilities?

As a result of my experience as a professional archivist since 1986, my recent dealings with the archive as a film researcher and the manner in which the National Film and Sound Archive has been dealt with and managed by government in recent times, I have some genuine concerns about this merger. When the amalgamation was announced in May as part of the budget, little detail was available. I understand that the head of the AFC and the head of ScreenSound were only told about the merger a week before the budget announcement.

Media commentators gave it tentative support, though with the general rider that the devil would be in the detail, and that detail—the bill now before us—was yet to be revealed. The Friends of the National Film and Sound Archive gave tentative support to the merger. Why? I suppose because they saw that at last it gave the archive some statutory framework within which to exist. The Chief Executive of the AFC, Kim Dalton, stated at the time that, in his opinion, it made sense to have an archival body such as the National Film and Sound Archive working alongside the AFC, which funds and
supports the creation of contemporary films. And there is the rub: will ScreenSound be working alongside the AFC or under it? The current bill indicates the latter. The archive will be subsumed within the AFC if this bill is passed, and it will most likely lose its identity.

The question needs to be asked: can the AFC, an organisation whose primary goal is funding and supporting the creation of contemporary films, be responsible for the management of an archival cultural institution whose primary role is the preservation of the national film and sound collection? Personally, I do not think so. As a professional archivist with some knowledge of the complexities of dealing with film and sound archival material, I have read with interest the concerns expressed about this merger by the friends group. Those concerns are reasonable and legitimate, with many of the friends being professionals in the field and film buffs with a passion for the archive, its collection and the role it should play in Australian society. Over recent weeks I have also spoken with a number of my former archival colleagues on this matter. Their concerns focus on the haste with which the amalgamation has occurred and on the ultimate fate of the archive under this new regime, with regard to both the collection itself and the way the professional staff will be dealt with.

While the friends ‘cautiously welcomed’ the ‘surprise merger announcement’—to quote their words—they have expressed reservations about the possible effects such a merger will have on the ongoing treatment of the significant collections of the archive. As such, they have called for some merger safeguards. These safeguards include ensuring that those who represent the National Film and Sound Archive on the new Australian Film Commission board—if there are to be any such people—should at least have strong credentials in sound or film culture. Ideally, they should be professional film and sound archivists, experts in the field. The friends group have specifically requested that the archive have a long-term guarantee of a minimum of three such dedicated expert positions on the AFC board.

The friends are also calling for a National Film and Sound Archive advisory committee to be put in place, similar to the one which I understand currently exists. It is essential that the archive’s needs and responsibilities are managed and monitored by people with appropriate credentials in the field—experts—consistent with the management of the nation’s other leading cultural institutions. We have professional librarians managing the National Library of Australia, professional museum curators managing the Australian Museum, professional archivists in charge of the National Archives of Australia, and, likewise, experts running the National Gallery. When bureaucrats and the Sir Humphreys of this world have been put in charge of our cultural institutions, we have seen, and we can expect to see, real personnel and collection management problems.

The National Film and Sound Archive suffered such problems in the past, run by bureaucrats rather than experts in the field. Hopefully this government will remove this blight and allow experts to run the archive in an appropriate and professional manner, for the good of this nation, and with minimal political interference. The friends have warned that experiences in other countries have shown that mergers of cultural institutions need to be more than just skin deep. They cite the merger of the British Film Institute—a body similar to our AFC—and the National Film and Television Archive in 1998. This merger proved not to work and, as a result, was reversed after four years.

Our National Film and Sound Archive’s identity needs to be restored after its ill-
considered so-called rebranding as Screen-Sound Australia in 1999. A possible outcome of the current merger is that the title of the National Film and Sound Archive will be restored. Just as the name change to Screen-Sound in 1999 was devised in secret without consultation and was sprung unexpectedly on a public and constituency that did not want a change, so the amalgamation of Screen-Sound with the AFC has come out of the blue. The name change to ScreenSound defied world best practice for significant cultural institutions. We would not consider calling the National Library of Australia the book bank, for example, but here we are calling the National Film and Sound Archive ScreenSound. ‘Screen sound’ is actually a technical term in the industry—it means soundtracks; it does not mean the National Film and Sound Archive—and is therefore totally inappropriate. The decision to introduce the name was not only silly but most probably illegal.

As the government might be aware, in 1998 a private company called Screensound Pty Ltd was registered as a business. It is a post-production audio facility. Also at the time, the Australian Screen Sound Guild existed. Since the introduction of the Screen-Sound name for the archive in 1999, the owner of Screensound Pty Ltd has suffered financially. He receives emails meant for the archive, his own business inquiries go astray, and he receives film and other material meant for the archive. He has written to ScreenSound asking them to cease using the registered name, and I understand that he is currently in the process of seeking a Federal Court injunction against the government in this regard.

This whole name change for the archive was an ill-considered move and is just one aspect of the whole shemozzle that is government management of this important cultural institution—not only by this government but by the previous government as well. It is happening again. Here we have an unexpected decision arising out of a secret government inquiry into the archive and other cultural institutions. It is a radical step without persuasive rationale. We are now confronted with some quick and dirty legislation, devised without professional input or stakeholder consultation to cement this arrangement. Would we treat our other national collecting institutions, such as the National Library and the National Gallery, in such a cavalier fashion? I think not.

Our film and sound heritage deserves careful and deliberate crafting of its legislative base, allowing for consultation and expert professional input. In 1985, following the creation of the National Film and Sound Archive in the previous year, an expert committee handed down the *Time in our hands* report, which recommended proper parameters for a charter and statutory authority legislation for the archives. An appendix of the report actually had a draft legislation bill for setting up the archives. At the time it was the clear intent of government to adopt this legislation, but it never was adopted and it still has not been adopted. The current government has ignored that path of giving the National Film and Sound Archive its own legislation. Instead of the independent legislative basis that it needs and that would best suit it, the archive will now be subject to a legislative basis which is supposedly better than the current situation of nothing but goes a long way short of the preferred option.

Community concern about the situation and management of the National Film and Sound Archive has been growing steadily in recent years. There are now two advocacy groups: the Friends of the National Film and Sound Archive and the Archive Forum. Both encourage serious public discussion on a range of issues bearing on the wellbeing of the institution: the shape of the legislation,
the archive’s governance, identity, staff training, scholarships, research, international best practice and policies, such as collection management policies. The concerns and efforts of these groups, in the national interest, are being ignored by this government, just as continuing complaints about the name change have been ignored.

The bill before us is quite vague with regard to the future of the archive. How will the needs and concerns of the archive be heard under the new AFC regime? How will the film and sound archive profession have a say in the ongoing management and direction of the institution? The amended AFC Act will not recognise and protect the archive as an entity. Under section 5, ‘Functions of Commission’, this bill will pass over responsibility for the so-called national collection to the AFC. It will give the AFC the power to develop, maintain and preserve the collection, to exhibit it and to make items in the collection available to the wider community. This is the role of the archive.

We have been told by the government that part of the rationale for the merger was to give the archive access to the promotional resources of the AFC, yet the archive already has a close working relationship with the AFC in this regard. We have also been told that one of the reasons for the merger was to make the archive collection more accessible to the general public, and I support that. It has also been done to assist in raising the profile of Australia’s screen and sound heritage. That is a laudable motive which is easily supportable. Archival collections are, by their nature, maintained for this very reason—so that the community can have access to these unique records both now and into the future. The question is: can the AFC carry out this role? I understand that a working party of AFC and archive staff has been hurriedly convened to work out how to put into place the 1 July amalgamation deadline. Such a working party should have been allowed to consider the amalgamation for an extensive period, with widespread community consultation prior to the introduction of the changes to the AFC Act.

The current bill is flawed in a number of other ways. For example, its definition of ‘national collection’ is limiting and ambiguous. It defines ‘national collection’ as:

(a) the programs that are owned by, or are in the possession of, the Commission from time to time; and

(b) all material associated with programs that is owned by, or is in the possession of, the Commission from time to time.

What does ‘from time to time’ mean? What kind of certainty does that give to the requirements of the archive—and now the AFC—to be responsible for the long-term preservation and protection of Australia’s film and sound heritage? I feel the use of the words ‘from time to time’ in the bill are cause for concern. It is only within the transitional provisions part of the bill that any reference is made to ScreenSound and the National Film and Sound Archive. This bill, which supposedly gives the archive a solid statutory base, makes no reference to it as an ongoing, unique entity. This bill, once passed, will allow for the dissolution and disappearance of the archive. It will turn it into an arm of the AFC and nothing more. The AFC will have the power, the CEO and the numbers on the board, and there are no guarantees that the archive will have any representation at all on the board. The AFC will now acquire control of the archive collection and make what use of it that it likes. The question is: what will the AFC do with the archive collection?

The AFC is, according to its own vision statement, ‘the primary development agency for the Australian film, television and interactive media production industry’. Its role is
to assist the Australian film industry and help to develop it. I would suggest that this is very different from the role of the archive. The archive will most likely lose a great deal of its independence as a result of the amalgamation. Who will account to parliamentary committees now on behalf of the archive? Will there be an advisory committee specific to the archive to cater for its needs and represent its constituency and stakeholders? There is a danger of a predatory hiving off of functions to become separate units of the AFC, as has happened in comparable situations overseas. What will stop the AFC doing this?

And what of executive and professional independence? Who will the real boss of the National Film and Sound Archive be? Where will the real power lie? What will the culture of the new AFC be like? Will the archive be a mere subset of a funding and promotional body, or will it essentially be an archive with added funding and promotional functions? Will there be a de facto line around the archive, defining it organisationally and physically, or will it be blurred, with staff forced to take on tasks and responsibilities with both institutions? Will the AFC be able to accommodate the two distinct cultures: filmmakers versus audiovisual archivists? Will it be able to keep them separate and honour them? How far will the AFC board and senior staff be able to understand and relate to the culture of archives and collecting institutions? Is there an unresolved conflict of interest underlying the amalgamation? Who will publicly represent the archive, both here and overseas? To the problem of the archive’s name, which remains unresolved, is added the problem of what is branded ‘archive’ and what is branded ‘Australian Film Commission’.

In summary, since its creation in 1984 as a separate entity the National Film and Sound Archive has pioneered for the rest of the world the concept of the modern audiovisual archive, embracing all forms of moving image and recorded sound media. It has in many important respects, ranging from policy development and preservation practice to technical breakthroughs and software development, become and been admired as a world leader. It has been a beacon for the audiovisual archiving movement in the whole of the South-East Asian and Pacific region and has attracted Australian practitioners who are among the world's leading professionals. Yet it has never had from government the affirmation of legislation and statutory authority status so obviously intended by its creation. This bill does not provide such an affirmation. It has only ever been headed by career bureaucrats; professional audiovisual archivists have never been allowed to lead it. ScreenSound syndrome, as it is now called, is studied internationally as a lesson in how not to manage a national cultural institution. This House is now confronted by yet another example of ScreenSound syndrome—the announcement of an unexpected change of ownership, which may or may not prove beneficial, arising out of a secret inquiry and defined by legislation hurriedly devised and introduced without stakeholder consultation and clearly inadequate for the need at hand.

Why the unseemly haste? There are lots of questions with precious few answers. The National Film and Sound Archive deserves better treatment by government. This legislation is not good enough, and we are being asked to rely on the Australian Film Commission management to do the right thing by the archive. I call on the government to listen to the profession, to the experts in the field, to the audiovisual archivists and to the friends groups in deciding the future of this important cultural institution. I also seek an assurance from the minister that the archive will continue to maintain a unique identity.
Ms JULIE BISHOP (Curtin) (2.36 p.m.)—The Australian Film Commission Amendment Bill 2003 provides us with the opportunity to reflect upon and appreciate the immensity of change wrought on our world and our very humanity by the invention of the moving image. On 28 December 1895 the Lumiè re brothers, Louis and Auguste, revealed to the public their cinematograph—16 frames a second of amazement—in the basement of a Paris cafe. As Auguste remarked later:

My brother, in one night, invented cinema.

The cinematograph and its screening of Workers Leaving the Lumiè re Factory followed Edison, whose kinetoscope had premiered in New York City the year before. From this moment, our conception of the world and our place within it was fundamentally altered. A predominantly literary society was transformed into a predominantly visual society—a change comparable to the shift from the oral to the literary occasioned by the birth of literacy.

Australia was at the forefront of this conceptual revolution. In 1896, Barnett and Sestier filmed the running of the Melbourne Cup. Soldiers of the Cross, a showcase of slides, film and showmanship produced by the Salvation Army in Australia, has good claim to be the very first full-length motion picture exhibited anywhere in the world, although that title might also be claimed by the Tait brothers’ 1905 film The Story of the Kelly Gang. During the silent movie era, Australia produced such classics as The Sentimental Bloke and For the Term of His Natural Life. With the advent of sound technology, we saw and heard Ken G. Hall’s classic series Dad and Dave. Between World War I and the Depression, the Australian film industry was one of the most prolific national film industries in the world. Since the beginning, then, Australians have striven to perfect the cinematic art, both here and overseas. Australian cinema has been loudly praised for its artistry and its entertainment. Cinema itself, with its offspring television, has not only revolutionised the way in which we interact with the world but also revolutionised our cultural forms and our national consciousness.

The French use the term ‘cinematheque’. Analogous to the library, or bibliotheque, the cinematheque is a collection of film preserved in a library or represented in a museum. The original institution, the Cine-matheque de la Ville de Paris, was founded in 1919 to retain for posterity those films considered as historical or educational documents central to French culture. Since then many similar institutions have sprung up, although many—for example, the British Film Institute and the Cinematheque Francaise—have pursued a more popular avenue: the celebration of cinema on its own terms.

In Australia, full credit should be given to the United Australia Party government of Joe Lyons which established the National Historical Film and Speaking Record Library in 1935, just eight years after the release of the first talking picture. At that time, the library was itself a section of the National Library. As a result of Joe Lyons’s foresight in 1935, we have a comparable cinematheque. In 1984 it was separated from its parent and renamed the National Film and Sound Archive. Four years ago, there was another name change to ScreenSound Australia, the National Screen and Sound Archive. Located on the other side of Lake Burley Griffin near the campus of the Australian National University, ScreenSound Australia has responsibility for the preservation and presentation of Australian cinema history, as well as that of television, music, radio and other popular media.

While ScreenSound Australia has responsibility for archives, it is the Australian Film Commission Amendment Bill 2003 provides us with the opportunity to reflect upon and appreciate the immensity of change wrought on our world and our very humanity by the invention of the moving image. On 28 December 1895 the Lumiè re brothers, Louis and Auguste, revealed to the public their cinematograph—16 frames a second of amazement—in the basement of a Paris cafe. As Auguste remarked later:

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Commission, founded in 1975, that has responsibility for assisting in the development of Australian cinematic production, including all-important financing. Yesterday I was privileged to be at the inaugural meeting of the friends of the arts, a dynamic group of government members who are committed to the promotion of and greater awareness of the value and contribution that the arts make to our society. The group is chaired by my colleague and friend the member for Cook, who is also the member behind the highly successful government friends of tourism.

We met with representatives from the AFC and the Arts Council, and we were delighted and somewhat star struck to have Bryan Brown and Rachel Ward speak to us. Their presence reminded us of the contribution that the Australian Film Commission has made.

Ms O’BYRNE (Bass) (2.42 p.m.)—I move:

That the member be not further heard.

Question put.

The House divided. [2.46 p.m.]

(The Speaker—Mr Neil Andrew)

Ayes............ 58

Noes............. 70

Majority........ 12

AYES

Adams, D.G.H. Albanese, A.N.
Beazley, K.C. Bevis, A.R.
Brereton, L.J. Burke, A.E.
Byrne, A.M. Corcoran, A.K.
Cox, D.A. Crosio, J.A.
Danby, M. * Edwards, G.J.
Ellis, A.L. Emerson, C.A.
Evans, M.J. Ferguson, L.D.T.
Ferguson, M.J. Fitzgibbon, J.A.
George, J. Gibbons, S.W.
Gillard, J.E. Gierson, S.J.
Griffin, A.P. Hall, J.G.
Hatton, M.J. Hoare, K.J.
Irwin, J. Jackson, S.M.
Jenkins, H.A. Kerr, D.J.C.
King, C.F. Latham, M.W.

McClennan, R.B. Melham, D.
McLeay, L.B. Murphy, J. P.
Mossfield, F.W. O’Connor, G.M.
O’Byrne, M.A. O’Connor, B.P.
Quick, H.V. * Price, L.R.S.
Roxon, N.L. Ripoll, B.F.
Sciaccia, C.A. Sawford, R.W.
Smith, S.F. Sercombe, R.C.G.
Swan, W.M. Snowdon, W.E.
Thomson, K.J. Tanner, L.
Wilkie, K. Vamvakopoulos, M.

Livermore, K.F. Zahra, C.J.
McFarlane, J.S. Andrews, K.J.
Melham, D. Baird, B.G.
Murphy, J. P. Barresi, P.A.
O’Connor, G.M. Billson, B.F.
Price, L.R.S. Bishop, J.I.
Ripoll, B.F. Cadman, A.G.
Sawford, R.W. Causley, I.R.
Sercombe, R.C.G. Ciobo, S.M.
Snowdon, W.E. Costello, P.H.
Tanner, L. Dutton, P.C.
Vamvakopoulos, M. Entsch, W.G.
Zahra, C.J. Forrest, J.A. *

Gambharo, T. Haase, B.W.
Hartshuyker, L. Hockey, J.B.
Hunt, G.A. Jull, D.F.
Kelly, J.M. Kelly, J.M.
Ley, S.P. May, M.A.
Lloyd, J.E. McGauran, P.J.
McArthur, S. * McManus, J.
Moylan, E. Nairn, G. R.
Nelson, B.J. Neville, P.C.
Papounos, S. Pearce, C.J.
Pyne, C. Randall, D.J.
Schultz, A. Scott, B.C.
Secker, P.D. Slipper, P.N.
Smith, A.D.H. Somlyay, A.M.
Southcott, A.J. Stone, S.N.
Thompson, C.P. Ticehurst, K.V.
Tollner, D.W. Truss, W.E.
Tuckey, C.W. Wakelin, B.H.
Washer, M.J. Williams, D.R.
Windsor, A.H.C. Worth, P.M.

* denotes teller

Question negatived.
Ms JULIE BISHOP (Curtin) (2.51 p.m.)—Before that unnecessary interruption, I was saying that we met with representatives from the AFC. Bryan Brown and Rachel Ward reminded us of the contribution that they have made, through their acting and directing talents, to the Australian film industry, which in turn has played a central role in establishing an international profile for Australia and Australian culture. We were reminded of the national importance of the industry and the impact of the industry around the world. To list the Australian films produced in the last 30 years is to recognise the renaissance in Australian film-making—*Picnic at Hanging Rock*, *My Brilliant Career*, *Mad Max*, *Gallipoli*, *Breaker Morant*, *Strictly Ballroom*, *Muriel’s Wedding*, *Shine*, *Lantana* and the list goes on and on. Some of the statistics I gleaned from the AFC presentation are worthy of mention in the context of the debate on this legislation. Australia produces 25 to 30 Australian feature films each year, worth $152 million, and 730 hours of Australian television drama, worth $282 million.

The bill before the House today is intended to combine two venerable institutions—ScreenSound Australia and the Australian Film Commission—and release forth new energies by way of amendment of the Australian Film Commission Act 1975. In fact, the review of cultural agencies report undertaken by the Department of Communications, Information Technology and the Arts recommended such an integration, and the government’s response to that recommendation was made public last month. As the Minister for Communications, Information Technology and the Arts and the Minister for the Arts and Sport noted at the time:
The synergies created by combining the resources of the AFC and ScreenSound Australia will improve their current educational and exhibition activities. It will also provide national leadership in enhancing access to, and understanding of, audiovisual culture.

From 1 July 2003 a single statutory agency will be created, with the AFC taking over responsibility for ScreenSound Australia from the department. As a result there will be a greater capacity for the proper management, maintenance and exhibition of the National Film and Sound Archive and, for the first time, clear legislative recognition will be given to the important work of collecting and preserving our nation’s celluloid memories.

While I am loathe to use the floor to criticise the performance of the opposition, for that would seem redundant given the good job that is already being done in its own ranks, I think it pertinent to reflect upon the approach that it has adopted to date. The shadow minister had no clear position on integration of the AFC and ScreenSound Australia, despite the review of cultural agencies report. But this lack of interest exemplifies a broader failure on the part of Labor. Labor has long since taken for granted the arts and Australian artists. Operating within a comfort zone, the opposition has just zoned out. I was astonished to read prior to this debate that in the last seven years of the Hawke-Keating governments there were eight federal arts ministers. What is more, in just seven years of opposition we have witnessed a veritable parade of shadow ministers for the arts—the member for Fremantle, the member for Fraser, the member for Denison, the member for Fraser, the member for Fremantle, the member for Fraser. It is high time that the Leader of the Opposition took the shadow arts portfolio out of the hands of dilettantes and gave its responsibilities to someone who actually has a policy vision for the arts. But then that would be problematic.

There are considerable challenges facing Australian arts in the 21st century. We are confronted first and foremost by the question...
of whether our focus should be on perpetual life support for a national culture or whether our focus ought to instead be on the creation of a viable national culture that breaks free from the bureaucracy of government to find its home within the hearts and within the wallets of the Australian public. These are confronting issues. What is a national culture? It is not a culture that lives and breathes on its own two feet. Is there any longer a place for narrow elitism in the arts or the new elitism of the avant-garde? While this forum, particularly today, does not give us the scope to examine such overarching questions, these ought to be matters upon which the opposition should be knowledgeable and prepared to venture opinions. Australian arts can only be the winner from such a dialogue.

Globalisation also poses questions for arts policy. Government members are most certainly aware of the concerns expressed by the AFC and the Australia Council regarding the implications for cultural industries of a future free trade agreement with the United States—industries estimated to be worth around $20 billion annually. As a strong supporter of such a free trade agreement, I note those concerns and restate the government’s commitment to treat these matters on merit. Upon the conclusion of the second round of negotiations with the United States team, Minister Vaile said recently:

During the course of these negotiations we are going to ensure that there will be no weakening of our position in terms of our ability to deliver a good public policy in areas of health and education and the management of cultural content in the media.

I urge all members to support the bill. It provides for a broader cultural role for the AFC.

(Time expired)

Mr HATTON (Blaxland) (2.56 p.m.)—After a considerable number of diversions today we actually get to the Australian Film Commission Amendment Bill 2003. We have not got a question time but we do have debate on this bill. It is an interesting bill, because the actions that the bill attempts to take are those that you might find in a merger or in a takeover in the private sector. Whether it is two groups of companies that have similarities and synergies or whether it is one company that seeks another to add to what it has already got—even though there is a great deal of difference between the two—it is possible in the private sector, through the share market or through private covenant between different companies, for them to merge their entities. The most recent example of this would be Hewlett-Packard and the Compaq company, which have come together as one united entity. We have got now one of the biggest IT companies in the world, and we also have in that conflation a great competitor to International Business Machines and also to Microsoft. That is an example I want to come back to later because, in the broad area of mergers and takeovers and the problems that are thrown up by that, the lessons that have been learnt can be instructive in terms of what we are faced with here in this bill. This bill is about pushing together two entities that you would not think would normally and naturally go together.

There is 40 years difference between the kicking off of the National Historical Film and Speaking Record Library, as it was called in 1935, and the creation of ScreenSound Australia, which was initially the National Film and Sound Archive. That entity is the one that I came to know of at the time when it had considerable problems dealing with how you actually take the recorded versions of what Australia is and what it is about. From the 1920s on we had the impact of sound—through radiogram or phonograph or through radio, which then came to prominence. Then came the period of silent movies and, in about 1935, the mid-part of the great
efflorescence of the Australian film industry of the 1930s. That initial national body was formed in a period of great growth and great experimentation; a period when Australia was strongest in these new industries. There was recognition in 1935 that a national film and speaking record library was a good thing to have as part of Australia’s Commonwealth National Library. It became the National Film and Sound Archive—that is what I know it best as, and it flourished as that for a long period of time—and then became ScreenSound Australia. This bill seeks to take that entity—whose primary job is trying to keep this material safe as part of Australia’s audiovisual heritage; it is a librarian’s function, an archivist’s function—and conflate it with the Australian Film Commission.

One of the great products of the Whitlam government in 1975 was the Australian Film Commission, which sought to help people make films. Films were preserved by ScreenSound Australia, which was then the National Film and Sound Archive, at the end of the process. The Australian Film Commission was all about starting a renaissance in Australian film-making. They certainly had a period, in 1935, to look back to as an example of a strong, vibrant Australian industry competing effectively against the rest of the world. Early on, it was against the Parisians and the French film industry that was established so strongly early in the 20th century. But they also had the great competitor, and that was the United States film industry.

We trace our start back to 1896. The original film that should be noted here is The Story of the Kelly Gang, which is probably our most important early piece. From memory, it was made in either 1896 or 1904. We still have film from the first Salvation Army piece. From memory, it is called Soldiers of the Cross. All that the National Film and Sound Archive have left of that is a set of stills, but that is the first surviving footage.

Correcting my memory, I think it was 1896 for Soldiers of the Cross and about 1904 for the The Story of the Kelly Gang. A small amount of footage remains of that, given the problems with the nitrate film used at the time. That small amount of footage was saved by the National Film and Sound Archive. It was saved originally to emulsion film and now it is saved digitally so that future generations can enjoy that heritage.

There have been cases in the past, of course, when you could congratulate ScreenSound Australia, as the National Film and Sound Archive—or, in its original case, the National Historical Film and Speaking Record Library—not only for being invented but for actually doing its job, because there have been times in the past when a great deal of damage has been done to our audio heritage or our film heritage. If you think about it, all you have to do is go back a few years. I think it was in 1926 that Marcus Clarke’s novel For the Term of His Natural Life was made into a film version in Tasmania. There is one particular scene where a ship is burnt to the waterline. In order to achieve this effect, the film-makers at the time—and I think Ken Hall may have been involved in this production as well; he was the person in the 1930s who was the focus of the best work done in Australia—needed something spectacular to put onto their nitrate film. They thought, ‘We’ve got some ready stock of old nitrate films—old Australian films.’ They filled the ship up with material—with old films that they did not think were worth much, because this was about creating a spectacular scene in the new movie that they were pushing—that had been previously produced in Australia.

The amount of Australia’s film heritage lost in that one conflagration is simply enormous, and that came about nine years before the initial archive, established under the Australian National Library, was put in place. We
might have had a full copy of the *Soldiers of the Cross*, we might have had a full copy of *The Story of the Kelly Gang* and we might have had full copies of the earliest Australian films that are lost to us forever because of that conflagration. A country that wishes to remain young and fresh and wishes to continue to have a sense of itself as it is historically, providing a context for itself, will do what was done in 1935 and say, ‘Some things that we have produced in the past are so precious that we should spend money not just to treat them as museum pieces but to retain an active culture that people can access over time.’

From 1935 through to 1975, the Australian Film Commission was incorporated to do its job to recreate the enormous initial burst of activity from 1896 through to about 1915. Then, naturally, because of the First World War, the Australian film industry, apart from what was being done by documentary makers during the First World War, had to restart things postwar and entered into a new phase where there was again a great deal of activity. But in the thirties, when Ken Hall dominated Australian film-making, the reshaping of the Australian film industry happened on the basis of the Americans realising that it was not just about what you produced as film, it was not just about what you put out in the marketplace, but that, if you controlled ownership of cinemas in any particular country, you could put your product into those cinemas.

What Australia saw, from the late thirties through to the forties and fifties, was the takeover of Australian film production and Australian film presence by the great wave of American films and the virtual closure of our film industry. So, from the fifties on—apart from coproductions, not too many of which were very distinguished—there was very little to preserve in an archival sense in terms of great things that had been produced in Australia. Apart from *On the Beach*—an entirely forgettable film, except for the fact that Ava Gardner wandered around Melbourne for a bit and there was some activity—and *Summer of the Seventeenth Doll*, starring Ernest Borgnine, which was a great production and had a great deal of Australian vigour to it, there was not all that much that you could look to. But, when the Film Commission was created in 1975, it said:

Looking at the past in Australia’s history—the past that has been protected—by the incorporation in 1935 of the National Historical Film and Speaking Record Library, which would later become the National Film and Sound Archive—and things that are worth preserving in the past, not only do we need to create Australian movies, Australian experiences, which people can be proud of and which speak to our own sense of nationality and national pride, but also we need to rebuild an Australian film industry.

The Australian Film Commission did that job superbly. If you look at the period from the mid-seventies through to the eighties and the great films that were produced—starting with the most iconic one, *Picnic at Hanging Rock*—you will see that there was a new generation of Australian film-makers and that there were films that we needed to preserve through the National Film and Sound Archive, now ScreenSound Australia. That institution has always been pressed for funds. Its job is enormously important. Whatever the nature of the government, whether it was Labor or conservative, I think that there have never been enough resources put towards preserving not just our sound, radio, film and television experiences but the whole of our archival experience. One of the great challenges is to take what we have from the television area as well, because you keep having to spend money to re-archive it as the nature of the materials changes—in the latest instance from analog to digital.
What is offered to us in this bill is a promise that, by putting two entities together that have no similarity whatsoever, you will get a new, combined entity—a merged set of individual entities—that will be stronger. I have to say that I doubt that this will happen. That is based on past experience not only of the merging of functions of different government departments but also in particular of the merging of companies that have entirely different styles and approaches. Think about how difficult it will be to get a production house that is given to creating new material together with an archiving house. Their functions are so much at variance that I think that questions as to priorities about where money is to be spent within the merged entity will inevitably give rise to more money being put into the production of new material rather than into saving what we have. The cost of saving digitally is high, and it needs to be done time and again. Where we have saved material in the past we need to continue to have a facility dedicated to doing that.

The background paper to this argues that the name ScreenSound Australia, which used to be the National Film and Sound Archive, will go to the new entity. But even that will be lost in terms of the purpose of this new joint activity. The whole idea of an archival screen sound entity will be entirely lost in this process. Mr Speaker, you would know that it is very easy, in terms of the parliamentary departments, to say that savings have to be made when such decisions must be taken. However, it is never easy to determine where those savings will be made and what has to go in order to accommodate the normal operations of parliamentary departments. We know that it is easier in the Senate. They get twice the money, relatively, because they only have half the number of people. That is an adjustment that we have not yet seen made. I would like to see that made in the future, of course, but it is like vertical fiscal imbalance. It is an eternal when it comes to matters of Commonwealth fiscal organisation. We have seen some reversal of that in the last few years, but it is still there as a constant problem.

My great worry in this is that—having had such successful and strong radio, film and television production over the 20th century and into the 21st century—this move, as well-intentioned as it is, to conflate two entirely different approaches to producing and then archiving material will not succeed. I return to the example I gave at the beginning of my speech of a merger in the private arena: that between Hewlett-Packard and Compaq, which was a merger of like entities. Hewlett-Packard are one of the biggest entities in the world in the computer manufacturing area. They are important in terms of how they started: as a Packard Bell company—a small, young, innovative company that came out of Stanford University in the United States and became one of the great world players.

They absorbed other companies along the way, much as Compaq absorbed Digital, which was one of the most important companies in competition with IBM. Compaq became bigger, but they both primarily produced hardware. They produced not only computers as machines but also printers and cameras. But, in the hardware area, they were great competitors. Compaq had come from virtually nothing. They picked up Digital—which had its headquarters in Rhodes, Sydney—because it had not been doing particularly well. Digital originally provided all the computers in this, the new Parliament House, and certainly in the old one. They were gobbled up over time. We now have a different provision; in fact, after I first went to work for the former member for Blaxland we moved from Digital in Parliament House. When we were given provision in the electorate offices, all of that was gone.
But basically you were dealing with two entities that produce computers and their associated products and who are in great competition with each other. When merged, they knew that they would cut a lot of jobs and make a lot of savings and also that they would be a more significant competitor to IBM than they were in the past. But basically in that case you are conflating like things. In all the other mergers that we have seen—BHP and Billiton, for example—where they are in a like area, there is a whole series of savings to be made from conflating those similar activities. But you have an enormous problem then in terms of returns to shareholders who try to say, ‘Well, is this merger going to work?’ and most of the mergers end up with serious problems in terms of the productivity not being there as expected and the priorities not being the same, and they have to give a great deal more than they thought they would need to in order to try to get the merged entity up and running.

Any companies in the private sector though, coming from entirely different areas of experience and having completely different functionality, would find that when they merged those entirely competing activities at least one suffered to the detriment of the other. Even though we have had experiences in government departments of putting different entities together over time, I am extraordinarily worried that we stand to lose our recorded archive sense of the past in this merger. I cannot really see the wisdom of it, because they are such unlike entities. If you place those together, when the priorities have to be made it will be easy to slip the past out the backdoor because people drive towards the future and say, ‘It is our future profit; it is our future benefit. It is our future production that needs to be most adequately supported.’ So I would ask the government to pause before pressing ahead with this and certainly to review the operation of it, if this merger goes ahead as this bill intends. However well-intentioned, I think it will be against Australia’s interests.

Mr BAIRD (Cook) (3.17 p.m.)—It is interesting to follow the member for Blaxland. He obviously has a strong interest in film, and his memory of a lot of films and his coverage of them was interesting to hear. Of course, I am not quite sure that I agree with his conclusions about bringing the two entities together, as this Australian Film Commission Amendment Bill 2003 sets out to do, but it was an interesting review of films in Australia. This is a particularly interesting area and it is certainly one which attracts the attention of all Australians. The Australian film industry is one of which we are rightly proud. The achievements we have made in this area are nothing short of phenomenal, not only in terms of film production but also in terms of Australian actors who are winning awards globally. It says something about the Australian character and also about Australian innovation. Whether it be Baz Luhrmann with Moulin Rouge or Nicole Kidman or Mel Gibson, these people are putting Australia on the world stage.

It is also Australian films that are doing that. Last year when I was undertaking my study tour I ran into some Americans from New York who talked with passion about the Australian film industry. They listed the films which they thought were quite outstanding, and their knowledge of them was quite phenomenal. So it is an industry of which we can be proud and it is an industry which has produced for Australia an image of Australian people being innovative, thoughtful and, in a number of areas, provocative and also of being people who know how to enjoy themselves.

Let us look at the history of Australian films, starting in the very early years. In 1894, the first theatrical entrepreneur, James...
McMahon, opened a kinetoscope parlour in a converted shop in Pitt Street and customers paid one shilling to view the films via eye pieces on the successive kinetoscope machines. Early attendances were encouraging and 22,000 patrons visited in its first five weeks. That was the very first theatre in Australia that showed films. In 1896, a magician called Carl Hertz is believed to have been the first person to project a film for paying audiences in Australia, at the Melbourne Opera House, which was later known as the Tivoli Theatre. The first short films produced in Australia for exhibition covered factual events such as the Melbourne Cup and Queen Victoria’s Jubilee. Then, as my predecessor in this debate, the member for Blaxland, mentioned, the Salvation Army distributed films aimed at converting others to the Christian faith, and those films were produced at that time. In 1905, the film about the Kelly gang was produced in Australia, and that was something of an icon. We can see that, in terms of the Film Commission, it has developed from there. ScreenSound Australia, which preserves a lot of our cinema history, has a wonderful collection of Australian cinema and Australian life. The bringing together of the Australian Film Commission and ScreenSound Australia is, I think, a very worthwhile initiative.

The film titled 40,000 Horsemen was actually filmed in my electorate, in the sand dunes of Kurnell. I am sure the Speaker has heard me speak of those dunes before. Regrettably, they have disappeared due to the excessive sand mining that has occurred in the sandhills of Kurnell in my electorate. Nevertheless, 40,000 Horsemen was filmed there, and we have had other films since then, including On the Beach, Summer of the Seventeenth Doll—both from the fifties—Mad Max, Picnic at Hanging Rock, Strictly Ballroom, Lantana, Shine, Muriel’s Wedding, Breaker Morant, Romper Stomper and Chopper. Of course, we have also had films which have been developed offshore but filmed in Australia. The latest one is the most recent Matrix film, a sci-fi adventure film that has been well received by the younger community, breaking all kinds of box office records. All this is done today with the assistance of the Australian Film Commission.

It was interesting that yesterday we had the inaugural meeting or luncheon of the friends of the arts within the government. We were very pleased to have representatives from the Australian Film Commission there, including the director, and also the acting head of the Arts Council and a couple of Australian icons from the film industry, Bryan Brown and Rachel Ward. They argued their case for the promotion of the Australian film industry and also raised the concerns they had with regard to the free trade agreement which is being negotiated with the United States.

It was very interesting to hear that there are no particular concerns with requirements in terms of Australian content that had been established within Australia, and that right now we do not reach the content level of American produced films in Australia. So these requirements are not being met now. It is not going to be an impediment in terms of negotiation of the free trade agreement, and I am very pleased to hear that. Of course, when you have such passionate supporters of the film industry as Bryan Brown and Rachel Ward, it is encouraging to hear, as they outline the successes, the importance of continuing to fund and support the industry.

The bill before us today is to bring together ScreenSound Australia and the Australian Film Commission. It will enable the agency to effectively manage, maintain and exhibit the national film and sound collection. ScreenSound Australia provides an
amazing history within Australia. We have a whole gamut of films, major sporting events, historical events and coverage of individual areas within Australia. In recent discussions with the arts minister I asked him, ‘How does it relate to the average person in Australia?’ We hear it being adapted in various films for television audiences as they look to the integration in their film coverage of historical events. That is obviously one way that the Australian community see it in that form. It is a very valuable form, one that is often not given due recognition.

The minister also indicated that it is available for regional areas. I am sure, Mr Speaker, that ScreenSound Australia have amazing footage of historical events within your area—as I have discovered they do of events within mine—and coverage from amateur photographers of the scenery in that area is brought together. I have told the minister that I would like to have a screening within my electorate of what is held by ScreenSound of the events within my electorate and of the coverage historically in the area. That will be particularly interesting. I am sure that most members in this House are not aware of the depth of coverage that ScreenSound Australia has.

So we will have the bringing together of the Australian Film Commission and ScreenSound Australia with the direct aim of encouraging, developing and promoting films within Australia, overriding some of the bureaucratic problems that they have, providing the funding and involvement and, of course, sharing some of the success that is there—and I am very glad to see bipartisan support of it. It is about developing the Australian character, actually celebrating it and displaying it to the international community. We will have various spin-offs in Australian tourism, Australian trade and, of course, in the pride with which Australians regard the Australian film industry. This bill allows the two organisations to come together and be integrated in terms of both the Public Service requirements under the Public Service Act and the minor changes to administration.

The films that we have had have highlighted some of the strong cultural identities of Australia, and this work will continue to go on in terms of promoting aspects of Australian cultural life. There have been concerns about staffing, but the terms and conditions of employment for staff will not be reduced as a result of these arrangements. The integration of the two agencies will take place in consultation with staff and their representatives, and a working party comprising managers of both ScreenSound and the commission has already been convened to work on the issues. We expect that there that there will be a stronger organisation with a capacity for future growth, and the combined agency will be a national leader in audiovisual cultural programs.

The Australian ScreenSound collection is an important record of Australia’s history and, for the first time, we highlight the significance and esteem with which it is held. For example, ScreenSound has a program called the Australian music project, which aims to reflect the diversity of Australian music in the past and the present. There are recordings from great bands of the past, such as the Bee Gees, and music from contemporary musicians such as Kasey Chambers. This gives an indication of the diversity that exists in Australian music. By utilising the collection, an understanding and appreciation of our cultural history can be gained. The collection also contains records of many important news items, which helps us interpret historical events and appreciate the events that led up to particular items of significance.

So this is going to be an invaluable resource that will finally be given the recognition it deserves under the bill. It also will
enable greater understanding of our cultural heritage. It will provide greater coordination between the two bodies and, with improved links to the sound, film and television industry, along with a greater potential for educational and exhibition activities, the enhanced organisation will be able to provide leadership in this area and increase people’s access to these records.

The Australian Film Commission has played a significant role in the film industry and has overseen Australia becoming an important player in the movie industry. The AFC provides assistance to Australian film production through funding and advice. The government is very supportive of the industry, which is why its funding is up to $131 million for the key federal film agencies, including nearly $20 million for the Australian Film Commission.

It is interesting to look at the Labor opposition’s approach to this. During the time they were in government there were some eight arts ministers—there was a revolving door—and since being in opposition they have had no fewer than six shadow arts spokespeople. Such is the attention they pay to it; it is regarded as not particularly important. They throw it here and throw it there without any particular shadow spokesperson having responsibility for it. The current shadow spokesman is said to be so busy that they have appointed a shadow parliamentary secretary to look after the arts. I would encourage those opposite to give it a bit more attention.

In conclusion, may I say that this is a particularly good piece of legislation. It brings together two icons of Australian cultural life: the Australian Film Commission and ScreenSound Australia. The Australian Film Commission has brought to us legends in Australian cultural life and some of the great films we in this country treasure. It has given us recognition not only in this country but also throughout the world, particularly in Europe and North America. It has avid followers and supporters, and we have continued to see works of outstanding merit produced through the Australian Film Commission. ScreenSound has an incredible amount of film footage which relates to Australia’s historical development; images of Australia’s cultural life are being preserved for all time.

The coalition government is acting on the arts, and this initiative is going to bring together two very fine institutions. It is going to provide the funding necessary to make the coming together of the two organisations work. It is also committed to encouraging and developing the Australian Film Commission. I was very pleased to hear the commission yesterday and the actors who were present at the first meeting of the coalition’s friends of the arts group indicate how much they support the level of funding from the government through its support for the Film Commission and note the huge benefits that come from this level of support. I commend the bill. I support the minister in his work with the Film Commission and ScreenSound Australia. They are great institutions, and they will become even stronger. Of course, it is all about the promotion of Australian culture both within Australia and internationally. The Film Commission has done that so outstandingly in the past to the benefit of all of us, and we look forward to further great achievements and further great distinction in the future.

Mr TANNER (Melbourne) (3.32 p.m.)—
The Australian Film Commission Amendment Bill 2003 involves the amalgamation of the Australian Film Commission and ScreenSound Australia, which will purportedly bring a variety of savings due to the combination of the administrative and other activities of the two organisations. Labor, with some minor degree of reluctance, does
support the bill. We are a bit concerned about the inadequate consultation with staff and the level of commitment to ensuring that no jobs are lost as a result of the changes that will be consequent upon the passing of this bill; nonetheless, the underlying rationale for the legislation is sound and we therefore accept and support the bill before the House today.

I recently discussed this matter with the Australian Film Commission and talked about another related issue which the previous speaker, the member for Cook, mentioned in passing—that is, the future of the Australian creative arts industry and, in particular, the film and television creative arts sector. That is central to this legislation and has a very important connection with part of my portfolio in particular, the local content rules for Australian television. I want to make some comments on the future of the local content rules, because they are currently in play, and the delegation to which the member for Cook referred. Various other parties have recently raised that issue because of their concerns about the prospective free trade agreement between Australia and the United States. There is in fact a live issue associated with the future of Australia’s local content rules for our television sector that we need to address.

It is eminently possible that in the negotiations with the United States our local content rules will be in some form or other traded away or traded down by the government. Although this possibility has been played down by Senator Alston, the Minister for Communications and Information Technology, and Mr Vail, the Minister for Trade, they have both been very careful not to rule it out. The Minister for Trade in question time several weeks ago claimed that the United States has effectively abandoned that demand and that it has no intention of pressing for a reduction in or abolition of the local content rules. Similarly, Senator Alston made statements on Insiders a couple of weeks ago suggesting that it was extremely improbable that there would be any change to our local content rules as a result of the free trade agreement being pursued with the United States.

I commenced by saying that I, and the Labor Party, have great reservations about the proposed free trade agreement with the United States, in particular because of the inevitably discriminatory impact it will have—should it proceed—with respect to other nations with whom Australia trades. Bilateral free trade agreements are almost invariably a second-best option and, although they should not be ruled out, are in many respects just as distortional to the patterns of genuine trade as they are liberating. It is therefore important to take very great care to ensure that, when a bilateral free trade agreement is being pursued as a possibility, it does not end up having a greater distortional than liberating effect on trade because of the fact that it discriminates against the trade of other nations who may happen to trade with Australia on the same terms with the same products.

In the area that touches my portfolio of communications, Labor is strongly committed to the retention of the existing local content rules, which ensure that there is a minimum level of creative activity in Australia’s film and television sector, that there is a minimum level of indigenous cultural activity in the electronic content sector and that there is a minimum level of employment and skill development opportunities provided to Australians in those very important cultural industries. Despite our local content rules there is still very much an open market in the Australian television sector, as can be demonstrated by the fact that the vast bulk of the content on our television that is not required to fill local content requirements—one way
or another—has its origins in the United States.

The broad standard with respect to local content is 55 per cent of the material broadcast between 6 a.m. and midnight. There is a variety of subquotas providing requirements for children’s programs, documentaries, drama and so forth. In spite of those restrictions, which are relatively liberal compared with those in some OECD countries, there is a very substantial degree of importation of American product by Australian television, and we have only to watch our TV on a nightly basis to see that reality.

The justification for retaining local content rules for Australian television is not so much related to any concept of a level playing field but is ultimately more related to the fact that, because of the vast size of the American market and indeed the other markets that the American companies also provide for, Australia is in effect a very minor market. Therefore, as a result of our relatively limited scale and size, when American programs are sold into our market, they are sold essentially at a discount because the effective cost of producing those programs has already been provided for in the American domestic market, or in that market plus other international markets. For example, a high-quality drama can be sold into Australia at a price which does not reflect a proportional level of the cost of production of the drama; it is essentially sold at a minimal marginal cost. Therefore, it is effectively impossible for producers of high-quality Australian drama to compete in any way on a level playing field with American drama producers.

It is costly, here or in the United States, to produce high-quality drama; therefore, it is very difficult for Australian companies because, by and large, in spite of some very good export successes, they simply cannot expect the enormous scale of audience to cover their costs that an American producer can expect. It is very difficult for those companies to compete openly with American companies. Therefore, we need some kind of guarantee that there will be a minimum level of Australian production; that there will be a minimum level of Australian cultural content on our screens and over our airwaves. Part 9 of the Broadcasting Services Act and the content standards that have been developed under that legislation are our mechanism for ensuring that that occurs. These requirements also apply to advertising. Again, the same time span is covered: between 6 a.m. and midnight, 80 per cent of advertising broadcast on Australian television has to have an Australian content component.

There is also some local content requirement with respect to pay TV—a 10 per cent expenditure on Australian drama for drama channels. In addition, there are significant Australian content requirements with respect to radio, which vary according to the particular genre of radio and particular kinds of music. They range from five per cent to 25 per cent Australian content, depending upon the particular music genre that is involved. There is also a specification for percentages of new Australian music to be played on the various radio stations which play music.

These standards provide an important guarantee that we in this country have a minimum level of creative activity in these very important sectors. Also, they provide an underpinning for a quite significant export industry. Australia does have to be careful not to be unduly protectionist in these sectors. It is very difficult to succeed internationally if your own market is not at least significantly exposed to international competition. If your domestic producers are totally shielded from international competition, their capacity to be competitive internationally will inevitably be eroded. We have a good
balance in Australia, where there is very sub-
stantial international competition, predomi-
nantly from the United States. But because of
our local content rules, we have a guarantee
of a minimum indigenous Australian content
and a minimum level of Australian produc-
tion, activity and skills development, which
provide a firm foundation for a significant
export industry that has a great potential to
be an even bigger export industry in the fu-
ture.

I make one final observation that needs to
be taken into account when considering these
issues—that is, the uncertainty into the future
as a result of changing technology. While I
am a strong supporter of maintaining the
existing local content rules, I do acknowl-
edge that into the medium term they are go-
ing to come under increasing pressure from
changes in technology. The local content
rules we have for television are built around
the restrictions that exist with respect to the
number of players that are in Australia’s
television market and the effective restric-
tions, courtesy of limitations on technology,
with respect to broadcasting generally. We
face a world in the future where what we
now know as free-to-air broadcasting is
likely to evolve into a much wider and more
diverse range of activities, including in par-
ticular broadcasting over the Internet on an
international basis.

It is therefore important for us to ensure
that, as technology changes and as the oppor-
tunities for broadcasting and for dissemi-
ating electronic content change, we always
have one eye on the ultimate objective of the
local content rules and do not get unduly
hung up about the process. We need to guar-
antee that we have a given level of Austra-
lian activity; a given level of Australian pro-
duction; a given level of Australian employ-
ment and skills development in this sector.
And if new technology generates ways of
circumventing the local content rules—
which I suspect it will—then we need to be
nimble; we need to ensure that we have other
means of guaranteeing that there is a certain
level of Australian content on our airwaves
and that we have a significant local industry.

I see a very big and growing role for the
ABC into the future. The ABC’s role in sus-
taining local content at the moment could be
improved. Admittedly budget restrictions,
courtesy of the Howard government’s ongo-
ing war against the ABC, do play a signifi-
cant role in the ABC’s inability to play a
more important part in the development of
Australian content; nonetheless, from the
longer term point of view, Labor and I be-
lieve that the ABC’s role in developing local
talent and producing local content will be-
come an increasingly important part of the
ABC’s charter.

We potentially will end up in a world
where many Australians will be able to ac-
cept electronic content—be it visual, audio
or whatever—from all around the world,
with very limited restrictions. That world is
probably some years away, but it will eventu-
ally come. Once that range of choice is
available to Australian consumers, our ca-
pacity to guarantee a minimum level of local
content in the Australian market will inevita-
bly be eroded. Therefore, we will have to
look to different mechanisms to ensure that
we continue to achieve the ultimate objec-
tive, which is a guarantee that there is a sub-
stantial level of production of Australian
content in the electronic media. We need to
ensure that people in this country have the
opportunity to see themselves, their own cul-
ture, their own lives and their own environ-
ments reflected in the electronic media, and
that we all have the capacity to relate to each
other through the electronic media and are
not simply bombarded with an endless array
of American programs. We need to ensure
that that goal is always met.
Although I and Labor remain firmly committed to the local content rules as they exist at the moment, we do acknowledge that in the medium term we will face challenges to those objectives—which we are firmly committed to meeting—because of new technology. Once that technological change starts to unfold—and nobody can know how long it will take and how consumer behaviour will change—and once those changes start to wash over the Australian market, we will then face some significant challenges to maintain local content and to ensure that our local ministry continues to flourish.

I am committed to meeting those challenges, and Labor is committed to meeting those challenges. We are committed in the meantime to maintaining the existing local content rules. I call on the government to rule out those content rules being up for negotiation in the free trade agreement discussions with the United States. They should not be up for grabs. We should decide what the content of our television is, not other countries. We should be in the position to determine the level of Australian content on Australian television screens. We should not allow that decision to be made by other countries, most particularly by the country that has the most to gain by eliminating Australian content from our screens altogether.

Mr KING (Wentworth) (3.47 p.m.)—The Australian Film Commission Amendment Bill 2003 heralds a new era in the already proud tradition of the Australian film industry. This bill proposes to integrate the Australian Film Commission with ScreenSound Australia—the National Screen and Sound Archive. Importantly a key aspect of this bill will be to ensure our film and audiovisual history is preserved under Commonwealth statute. The Australian Film Commission is the Commonwealth’s primary agency with regard to supporting and developing Australian television, film and, more recently, multimedia content.

Over the years, the commission has played an important role in helping to define Australia’s cultural identity through the popular medium of film and television. By undertaking activities and events that reach out to urban and regional Australia, the Australian Film Commission has ensured that Australians gain access to Australian audiovisual content. ScreenSound, our premier national film and sound archive has, over the years, established a remarkable collection of Australian audiovisual material. It has been involved in the restoration of some of our most important cinematic releases—films such as the Story of the Kelly Gang and The Sentimental Bloke.

With the world becoming a smaller place via the Internet, it is important that our cultural heritage is conserved so that future generations will be able to see how Australia was depicted via its audiovisual culture. That cultural heritage will be protected by this legislation before the House. In a key provision, item 4 inserts a definition of 'national collection' to identify the cultural and heritage importance of the additional material held by the Australian Film Commission following integration with ScreenSound Australia. Item 8 adds additional functions to the AFC to identify the broader cultural role for the AFC in developing, exhibiting and preserving that national collection. Item 9 also inserts an obligation that the new partnership use the national collection in the national interest.

Historically Australia has a strong and proud film culture going back to the early days of film production. From the very beginning of Australia’s film industry, local stories and myths were the prime subjects of our first films: the story of Ned Kelly, the convict tale For the Term of His Natural Life...
and C.J. Dennis’s *The Songs of a Sentimental Bloke*. In the 1930s, talented local film director Ken Hall turned to Australian culture by depicting Steele Rudd’s characters Dad and Dave. We still have some of those characters today, even in this place! Several Dad and Dave films were made by the Australian production company Cinesound and proved extremely popular with Australian audiences of the 1930s. During World War II and pre-television days, Movietone newsreels played an important role in depicting current affairs to the cinema-going public. Australians were moved by Damien Parer’s legendary films from the Kokoda campaign. They cheered the efforts of Don Bradman, were shocked at the Petrov affair and were inspired by visiting royals and movie and sports stars. Via the Movietone newsreels, the Australian public was shown the tragedy of natural disasters such as floods and droughts as well as the infamous rabbit plagues of the 1940s and 1950s. Today these newsreels are an important source of Australian history, and it is essential they be conserved.

Apart from the Movietone newsreels, the Australian film industry was virtually non-existent from the early 1950s to the early 1960s. A renaissance occurred in the 1970s with critically acclaimed films such as *Picnic at Hanging Rock*, the *Chant of Jimmy Blacksmith*, *Caddy*, *Stork*, *The Cars that Ate Paris*, *Newsfront* and *Mad Max*. Actors, directors and producers became famous people. Peter Weir, George Kennedy, Jack Thompson, Bryan Brown, Jackie Weaver and Mel Gibson were making regular appearances on our screens, and the stories that were depicted were uniquely Australian. Through the 1980s and 1990s, Australian films remained popular with the public. The *Mad Max* films continued their success. Peter Weir’s *Gallipoli* stirred the nation’s conscience, whilst *Muriel’s Wedding*, *Strictly Ballroom* and *Priscilla, Queen of the Desert* depicted a vibrant, modern Australia.

Today our industry continues to flourish in many areas. It is not uncommon for Australians to end up with an Academy Award for cinematography, a musical score or costume design. (Quorum formed) Our short film industry also continues to flourish and receive worldwide recognition. Recently the short film *Cracker Jack* was a surprise winner of a prestigious Palme d’Or award at the Cannes Film Festival. The current changes before the House have received favourable feedback from a key representative of the Australian—

**Mr Martin Ferguson**—Mr Deputy Speaker, I rise on a point of order. I draw your attention to an indication given by the Speaker in recent times about the application of the standing orders and the requirement that no-one stand in the corridors whilst parliament is under way. I ask you to request that those people leave the House.

**The DEPUTY SPEAKER (Hon. I.R. Causley)**—I do not think I need to—they have now left.

**Mr KING**—The Chief Executive of the Australian Film Commission, Kim Dalton, has clearly indicated to me, and others, that the proposed integration of the commission and ScreenSound Australia is definitely a positive outcome for the Australian film industry and film conservation. He was also keen to commend the government’s policy stance on the preservation and continued support of the film industry. In particular he singled out the importance of providing legislative changes which would ensure conservation of our vast film heritage. He also indicated that there had been a great deal of positive responses from the Australian film industry. Mr Dalton also made public his views regarding the amendments, in an article in the *Canberra Times* dated 15 May. He said:
that integrating the two organisations could enhance the support of audio-visual culture regionally, nationally and internationally.

He went on to say:

... the promised legislation, which would clarify the new agency’s role in the preservation of Australian cinema’s screen and sound heritage, would be a vital step.

It is clear that our film history has not only a healthy past but a very healthy future. It is a very favourable outcome to have our nation’s leading film development agency join with our nation’s premier film and sound archive. The Australian Film Commission Amendment Bill 2003 clearly demonstrates the government’s commitment to ensuring that the future of our film industry remains strong and that our film heritage will be preserved for all Australians to enjoy.

During the debate, we had some comments from the member for Cunningham regarding what he saw as the inappropriate-ness of the joinder of the two bodies. He said he had genuine concerns in that there were no details contained in the budget. But those details have now been brought before the House and they have the tentative support of the Friends of the National Film and Sound Archive, so his initial objection seems to hold no weight. He was also concerned that the merger safeguards which have been proposed by the Friends of the National Film and Sound Archive are not definite at this stage. But if we look at the way the arrangements have been put in place for the National Library of Australia, the National Museum of Australia and the National Gallery of Australia, we see that the arrangements with respect to the conservation of our archives through the AFC are of a similar vein. He also referred to the failed merger of the British Film Institute and the National Film and Television Archive in the UK and how this had to be reversed after four years. But the mistakes that were made in the United Kingdom are not being repeated here.

What is being proposed is that ScreenSound Australia will become part of the AFC and it will operate as a business activity of the AFC. That does not appear to have been understood by the member for Cunningham. That means that there will be a separate management role for ScreenSound Australia and the film archives but as part of the enhanced organisation. He was also concerned that the name that had been adopted—ScreenSound Australia—was in some way inappropriate and negative. That issue is being dealt with by this very legislation. The name ScreenSound Australia does disappear—it is subsumed by the AFC—but the AFC will carry on business with regard to archival activities under that name. So there is no legal impediment, legal concern or worry such as that referred to by him in respect of the company he mentioned.

He says it is too radical a step. That is a rather ironic comment for a person representing the party that he represents in this House to make. The member for Cunningham referred to the 1985 Joan Long report. I have a copy of that report in front of me, which I have had the opportunity to read. It is the only copy remaining, so I am told, in the archives of this parliament. It is a very interesting report. One of the parts that I wish to read talks about how the work of the archives occurs. On page 8 it is stated:

It is the archive’s job to locate, preserve, store and catalogue the scattered pieces. that is, of Australia’s film and TV memorabilia—

The preservation task is particularly urgent.

this was in 1985—

Much of the physical material—the films, tapes, records and cassettes—have only a limited life. At great risk, for instance, are the films made on nitrate stock, a highly unstable material with a
lifespan of between 30 and 70 years. Until 1951 nearly all professional films were made on nitrate stock and by the year 2000 most will have been literally turned to dust unless urgent action is taken. Not far behind there will be many wax and acetate sound recordings. The archive is working hard to ensure that this conservation occurs.

This report to the parliament in 1985 says that a detailed and proper program is being put in place to conserve the film archives of Australia. By bringing that archival activity under the aegis of AFC it will be enhanced and supported by a stronger organisation—not weakened as suggested by the member for Cunningham. He referred to the working party, with a reporting date of 1 July this year, but suggested that that was not an appropriate response to the management requirements of bringing these two organisations together. I suggest to the House that it is a very appropriate response to such a management challenge.

The member for Cunningham also suggested that the archival activities of the Commonwealth in the screen and film area will be prejudiced and its independence will be lost as a result of this merger. Why would that be the case? Many members on both sides of the House are very interested in film, TV and the cultural history of this country. They will have a watching brief over the operations of the AFC. Greater scrutiny will occur through the parliamentary committee and the minister and the department will also have that opportunity, as will lobby groups. I argue that, as a result of bringing Screen-Sound Australia out of the department into the independent AFC, a greater independence will occur—to the benefit of the conservation of the audiovisual heritage of this country. That seems to be obvious, having regard to the nature of the moves.

The member for Blaxland made comments to the effect that this merger was a takeover, subjugation and loss to the cultural heritage of this country. He referred, quite properly in his earlier remarks, to the fact that Soldiers of the Cross, made in 1896, was the first film material in our archival records. The film, The Story of the Kelly Gang, which was made in 1904, is also there. These important works of art in film are still, and will continue to be, conserved and enhanced by the processes now being proposed by the government. The member for Blaxland suggested that the merger would make both organisations weaker—because of their different histories, management styles and concerns. That is quite wrong. Experience shows that in a merger of this type—of two entities with related activities—those roles will be enhanced. Both will become stronger. There is no need to assume the worst; rather, one should assume that they will be enhanced. With the monitoring arrangements that I have mentioned, that will certainly be the case.

The member for Melbourne, who indicated the opposition’s support for the bill and stated that the underlying rationale behind the bill was sound, seemed to undermine what was said by the member for Fraser in his earlier media release, in which he suggested that the two bodies were fundamentally different. I suggest that the member of Melbourne has a more appropriate and proper response to the bill before the House than the other learned member of this place. The member for Melbourne Ports was not satisfied just to endorse the bill—and he was the only speaker in the opposition to do so—he went on to use this as an opportunity to attack the free trade negotiations between Australia and the United States and to query whether or not the local content rules would be maintained. He did this notwithstanding the fact that Ministers Vaile and Alston, and the negotiator from the United States, Ralph Ives, have all indicated that those content rules are part of a no go area.
There are a couple of problems with this approach by the opposition. I just want to mention them to put them on the record. The Labor Party’s approaches to the FTA arrangements are really inconsistent and out of date. They are inconsistent because it was recognised by the member for Melbourne that our markets must be significantly exposed to international competition if we want to obtain the benefits. He wants to have his cake and eat it too. He wants the bulwark of protection through the local content rules and the benefit of competition. That indicates an approach to the FTA arrangements which has not been thought through.

Finally, I make the obvious comment that the observations of the member for Melbourne in relation to this aspect of the debate are utterly irrelevant to the issue before the House. We have before us a bill which will enhance the roles of both organisations: the AFC and ScreenSound Australia. It will make the archive records of the Commonwealth and the audio visual heritage that is so important to many Australians more accessible. It will mean that ordinary Australians, either through their local parliamentarians or directly through the AFC, will have access to those records. It will mean that an important library resource is available to all Australians. It will mean that the AFC will have an enhanced role in the conservation of those records. And it will also mean important synergies—not just in national leadership in the film industry for the AFC but also in giving film writers and actors of the future immediate access, through the AFC, to the marvellous records that, in the past, have been so well conserved by ScreenSound Australia, our national archivist. I support the bill and commend it to the House.

Mr BRENDAN O’CONNOR (Burke) (4.07 p.m.)—I rise not to oppose the Australian Film Commission Amendment Bill 2003 but to support it. But, in supporting this bill, I note that a number of matters have been raised and a number of assurances have to be sought and given by the government about the merger of the Australian Film Commission with ScreenSound Australia. Understandably, there are those who are concerned about the merger and the motives behind the merger. Against the backdrop of what is a relatively narrow bill, there is a great debate going on about not only the bilateral free trade agreement with the United States, proposed by this government, but also local content and the protection of local Australian content in film and on television. So, in the context of this debate it is relevant to discuss where we are going on those matters.

I recall a number of speakers earlier in this debate mentioning the lunch they had yesterday with a number of important people in the film industry, in particular Bryan Brown and Rachel Ward—two high-profile actors who have been involved in the industry for many years. Bryan Brown, a very famous Australian actor and a spokesperson for local content, clearly indicated and raised his concerns yesterday with the government—publicly declaring his concern that local content would be undermined if there were not assurances given. Those assurances have not yet been given. I think the member for Wentworth erred when he indicated that there had been an ironclad guarantee given that, in the negotiations that are occurring between Australia and the United States on the bilateral agreement, the government would underwrite or protect a minimum level of local content.

These are high-profile advocates for local content and I think their concerns should be taken into account. Whilst these people could be dismissed as celebrities, they expressed the overwhelming view of Australians: that our local content on television should be preserved and protected. It could not be a more
topical time to raise these concerns, given
the government’s keen interest in reaching a
bilateral agreement with the United States.
Bryan Brown indicated yesterday that US
television is, as he sees it, a closed shop for
American content. He said, ‘The last show
on American network television that was not
American was The Avengers. And when do
you think that was? It was in the sixties.’
America is a very large nation and it clearly
has the capacity to produce a great deal more
content than a country of the size of Aus-
tralia. Without guarantees by this government
to protect the interests of local content on
Australian television, we cannot be assured
that they will not subordinate the interests of
this country’s industries in the way in which
they have subordinated this country’s inter-
ests in other matters.

This Prime Minister and this government
have been quite prepared to subordinate this
country’s interests when it comes to war.
They are quite happy to follow a president
and a country, contrary to the conventions
of the United Nations, when it comes to war.
Clearly, without having valid proof, they are
happy to rely upon assertions made about
weapons of mass destruction. They are
happy to contravene all sorts of international
covenants to follow the United States. It wor-
rries me that they are the negotiators at the
table with the United States and they will be
the people negotiating to protect local con-
tent on Australian television. It is in that con-
text that this bill has to be considered.

On the face of it, this bill is about a
merger of two bodies. It may be the case that
there may not be an adverse fallout as a re-
sult of the merger, but there are a number of
things that have not happened that should
happen before the merger takes place. Some
of those issues go to the way in which this
merger has been proposed. As I understand
it, there has been little or no consultation
with the organisations about the way in
which this merger should take place and
there has been no proper consultation with
the staff. I also understand that there are two
separate certified agreements regulating
these two bodies. If nothing else, this indi-
cates that there has been no foresight by the
government in planning this merger—and I
am therefore concerned about the manner in
which they have gone about this merger.

I think it is also fair to say—and this has
already been touched upon by other speak-
ers—that there is a concern out there that, by
merging the Australian Film Commission
and ScreenSound Australia, some of the ele-
ments of both will be lost. Mergers, on occa-
sion, can produce economies of scale and
benefits, but mergers can also bring about a
loss of a particular element of one of those
parts of the merger. I am concerned that
ScreenSound Australia, an organisation that
was created some 40 years before the Aus-
tralian Film Commission, could lose some of
those elements that have made it such a fan-
tastic organisation for our film industry.

If you click on the ABC web site you will
be able to read the transcript of an interview
between Ron Brent from ScreenSound Aus-
tralia and Rebecca Baillie, the interviewer.
The interview was about the fact that
ScreenSound Australia had managed to dis-
cover a copy of The Sentimental Bloke—a
fantastic Australian film produced in 1919—
and that, through some detective work, had
also managed to find a proper print and re-
store it to perfect condition. This is some-
thing that we can cherish and recognise as a
fantastic historical legacy of our film indus-
try.

This discovery—detective work, as it was
put in the interview—would not have oc-
curred without the efforts of ScreenSound
Australia. I think, therefore, that before we
start agreeing entirely on the way we go
about this, we should ask the question: are
we happy? Is the government convinced that, by merging the two bodies, particular services currently in existence will not be lost forever, which would damage our film industry? That has not been answered. There has been no satisfactory answer provided by the government in relation to that. Not only has the government not properly consulted but clearly there is no evidence of foresight in merging these two organisations. There has been no regard for the staff involved. As I understand it there has been some undertaking to maintain employment levels, but there has been no proper consultation with the staff. Again, this is symptomatic of a government that puts workers at the bottom of all priorities when it comes to their decisions.

I support this bill, but I do expect some assurances that staff will not be disadvantaged—more specifically, that employment will not suffer and jobs will not disappear unnecessarily as a result of the merger; that the separate identity and name of ScreenSound will be preserved, because it is a separate organisation with a separate objective; and that, whilst a merger may take place, it is critical that there is a discrete dimension to its objectives within any new organisation—and that the audio section will not be neglected as a result of this amalgamation. Concerns have been raised about this bill because of concerns about the motives of this government and its lack of concern for protecting local content. We hope that by supporting this bill we have not provided too much confidence in the government and that we have done the right thing. I will feel more satisfied that we have done the correct thing when the government has provided answers to the questions raised in this debate.

Mr McGAURAN (Gippsland—Minister for Science) (4.18 p.m.)—In continuance of my second reading speech I wish to express my enthusiasm and total support for this major reform of the government’s, whereby the National Film and Sound Archive joins with the Australian Film Commission to the benefit of both organisations. This is a major step forward that will significantly cement ScreenSound’s position as a cultural icon for the film, television, radio and audiovisual sectors of the community. We have taken into account after a great deal of thought and contemplation the implications of the cultural objectives of the agencies, the need for appropriate governance arrangements and the relationships with key stakeholders. Integrating the AFC and ScreenSound Australia is going to provide benefits for the two organisations involved but, most importantly, for the constituencies that they represent and serve.

ScreenSound’s identity and operations will be strengthened through this move. As a former minister responsible for ScreenSound, I was always frustrated that to a large extent it was ‘off the beaten track’ both in terms of public recognition and visitation and industry involvement and support. That is in no way to minimise, let alone demean, the very active and even passionate involvement by a great many in film, television and radio in ScreenSound, its operations and their assistance in its collection and preservation obligations and duties. I was always tremendously impressed by the enthusiasm, energy and level of commitment and dedication of the staff of ScreenSound and the various constituencies it works with. But there is a need to lift its profile in the general community, to give it an even stronger role in the collection and preservation of material that has largely shaped and formed contemporary Australian society.

The synergies created by combining the resources of ScreenSound and the AFC are going to expand the scope of screen cultural activities. Combining ScreenSound’s extensive audiovisual collection with the AFC’s
ability to support national exhibition programs will ensure that more Australians than ever, particularly in regional areas, are able to enjoy ScreenSound’s unique resources. It will get the collection out on the road and open the eyes of a great many more Australians than previously to the rich cultural heritage and traditions of film and television and radio in Australia. Many of Australia’s developments in television and radio have been ahead of the world. At the same time, we have always presented ourselves in a uniquely Australian way. Of course we are at as much risk as any other country, particularly English speaking countries, from an American cultural tidal wave. But for the most part we have been able to preserve an Australian identity in our film and television and radio. It is important, therefore, to collect it, to preserve it and to distribute it. Like Senator Alston, the Minister for Communications, Information Technology and the Arts, and Senator Rod Kemp, the Minister for the Arts and Sport, I am convinced that this new combined agency will be in a stronger position to provide national leadership in enhancing access to and understanding of audiovisual culture.

The member for Fraser and shadow minister for the arts sought certain assurances, and on the minister’s behalf I am able to say that the AFC has given public assurances that there will be no job losses as part of the new arrangements. The member for Cook noted that staff terms and conditions will not be lost as a result of the new arrangements. I hasten to assure the House—and especially the ScreenSound staff involved—that staff will not be disadvantaged in relation to their employment under the Public Service Act. The minister and the AFC have already given these assurances publicly at estimates and an assurance that the National Film and Sound Archive will retain its identity under the new arrangements. The AFC, in consultation with the sound archiving constituency, will at least maintain ScreenSound’s current activities in this area and will look for opportunities for further development, particularly in relation to access to Australia’s sound culture.

ScreenSound has a proud place among Australia’s other great national cultural institutions here in Canberra. Despite inherent difficulties, it is firmly on the tourist route, and that benefits the revenue-raising efforts of ScreenSound as well as adding to the general attractiveness of Canberra in its tourism promotions—a very important part of the cultural pathway here in Canberra. On behalf of the ministers involved and the government at large, I categorically state that organisation will not be relocated. The redeveloped Canberra building contains purpose-built facilities to enable ScreenSound to carry out its specialist archival operations, public programs and administrative requirements. This facility, beautifully presented and quite unique in its appeal, will carry the archive into the future. It will also provide the opportunity for a strengthened AFC presence in Canberra.

The member for Cunningham expressed some concerns about the integration of the AFC and ScreenSound. If the assurances I have already given are not enough for the member for Cunningham, I can further assure him that the National Film and Sound Archive will not be subsumed by the AFC; rather, the government sees the new combined organisation as a leader in the fields of film development and screen and sound archiving and in the delivery of audiovisual culture to Australians.

By chance, I met Maureen Barron, Chair of the Australian Film Commission, and Kim Dalton, the Chief Executive Officer of the Australian Film Commission, in Sydney only a few days ago. They are very excited about
the potential of the new structure and the ability to work fully and completely with the staff of ScreenSound, to draw on their experience and their commitment to their goals and objectives and to broaden that for the benefit of all. Maureen Barron was reassuring me that the AFC have extensive experience in multimedia. They have been tasked and funded for that purpose by Senator Alston in his capacity as Minister for Communications, Information Technology and the Arts, and they bring to the new arrangements a degree of skill and experience which they can inject into the new organisation and which will complement ScreenSound to a certain extent. Both Kim Dalton and Maureen Barron are also anxious to impress on anybody with enough interest to ask that they have a great deal to learn about ScreenSound and that they will be very heavily dependent on the experience and dedication of the ScreenSound staff.

I wish to thank the members for Moncrieff, Curtin, Cook and Wentworth for their contribution to the debate and for their interest and support for ScreenSound and the AFC coming together in one body. I know they have a strong interest in the arts and are fully supportive of the Australian film industry and the importance of preserving Australia’s screen and sound culture. I thank the member for Blaxland, who has expressed his knowledge of Australian film and his commitment to film archiving. I would emphasise that the bill will enshrine the screen and sound archiving function in legislation for the first time. It will give a statutory underpinning to the National Film and Sound Archive activities and organisation. Furthermore, the bill will impose on the AFC an obligation to make the most advantageous use of the collection in the national interest. In conclusion, I commend the bill to the House.

Question agreed to.

Bill read a second time.

Third Reading

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (4.28 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

MINISTER FOR IMMIGRATION AND MULTICULTURAL AND INDIGENOUS AFFAIRS

Censure Motion

Ms GILLARD (Lalor) (4.28 p.m.)—I move:

That so much of the standing and sessional orders be suspended as would prevent the Member for Lalor from moving the following motion:

That the House otherwise orders an amendment to the routine of business of the day to provide for a motion of censure against the Minister for Immigration, Multicultural and Indigenous Affairs in the following terms:

That this House censures the Minister for Immigration, Multicultural and Indigenous Affairs for continuing to mislead the House on this Cash for Visas scandal, refusing to abide by his Prime Minister’s Ministerial Code of Conduct and correct the record once he has been caught out, and for the Minister’s continued failure to respond to allegations:

That the Minister is allowing a pattern of preferential treatment to visa applicants that have links to the Minister and have donated to the Liberal Party, giving new meaning to the Liberal Party election slogan “We will decide who comes to this country and the circumstances in which they will come”, and that this Minister, following his scandalous role in the Children Overboard misinformation saga, has now brought into disrepute the integrity of Australia’s migration program; and in doing so has irreparably impugned his own credibility, integrity, and honesty.

In speaking to that motion, I can say there is no doubt why question time was cancelled
today. It was to stop us from questioning Minister Ruddock about the cash for visas scandal, and the parliamentary secretary knows it.

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (4.30 p.m.)—I move:

That the member be not further heard.

Question put.

The House divided. [4.34 p.m.]

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

Ayes............. 68
Noes............. 60
Majority........ 8

AYES
Abbott, A.J. Andrews, K.J.
Anthony, L.J. Baird, B.G.
Baldwin, R.C. Barresi, P.A.
Bartlett, K.J. Billson, B.F.
Bishop, B.K. Bishop, J.I.
Brough, M.T. Cadman, A.G.
Cameron, R.A. Charles, R.E.
Ciobo, S.M. Cobb, J.K.
Costello, P.H. Draper, P.
Dutton, P.C. Elson, K.S.
Entsch, W.G. Farmer, P.F.
Forrest, J.A. * Gallus, C.A.
Gambaro, T. Georgiou, P.
Haase, B.W. George, J.
Hartseyker, L. Gibbons, S.W.
Hull, K.E. Gillard, J.E.
Johnson, M.A. Griffin, A.P.
Kelly, D.M. Hall, J.G.
King, P.E. Hatton, M.J.
Lloyd, J.E. Irwin, J.
McArthur, S. * Jackson, S.M.
Moylan, J. E. Jenkins, H.A.
Munro, B.J. King, C.F.
Nelson, B.J. Lawrence, C.M.
Panopoulos, S. McClelland, R.B.
Paine, C.R. McLeay, L.B.
Ruddock, P.M. Melham, D.
Scott, B.C. Murphy, J. P.
Slipper, P.N. O’Connor, B.P.
Somlyay, A.M. Price, L.R.S.
Stone, S.N. Ripoll, B.F.
Ticehurst, K.Y. Sawford, R.W.
Truss, W.E. Sercombe, R.C.G.
Wakelin, B.H. Snowdon, W.E.
Williams, D.R. Tanner, L.
Worth, P.M. Vamvakou, M.

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

* denotes teller

Question agreed to.

The DEPUTY SPEAKER (Hon. I.R. Causley)—Is there a seconder for the motion?

Mr LAURIE FERGUSON (Reid) (4.39 p.m.)—I second the motion. Revelations by Tony Issa that the Minister for Employment and Workplace Relations, the Minister for Immigration and Multicultural and Indigenous Affairs and—

Mr ABBOTT (Warringah—Leader of the House) (4.39 p.m.)—I move:

That the member be not further heard.
Question put.
The House divided. [4.40 p.m.]
(The Deputy Speaker—Hon. I.R. Causley)

Ayes .......... 68
Noes .......... 60
Majority ...... 8

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

NOES
Adams, D.G.H. Albanese, A.N.
Beazley, K.C. Bevis, A.R.
Breueren, L.J. Burke, A.E.
Byrne, A.M. Corcoran, A.K.
Cox, D.A. Crosio, J.A.
Danby, M. * Edwards, G.J.
Ellis, A.L. Emerson, C.A.
Evans, M.J. Ferguson, L.D.T.
Ferguson, M.J. Fitzgibbon, J.A.
George, J. Gibbons, S.W.
Gillard, J.E. Grierson, S.J.
Griffin, A.P. Hall, J.G.
Hatton, M.J. Hoare, K.J.
Irwin, J. Jackson, S.M.
Jenkins, H.A. Kerr, D.J.C.
King, C.F. Latham, M.W.
Lawrence, C.M. Livermore, K.F.
McClelland, R.B. McFarlane, J.S.
McLeay, L.B. McMullan, R.F.
Melham, D. Mossfield, P.W.
Murphy, J. P. O'Connor, G.M.
O'Connor, B.P. Organ, M.
Price, L.R.S. Quick, H.V. *
Ripoll, B.F. Roxon, N.L.
Sawford, R.W. Sciaccia, C.A.
Sercombe, R.C.G. Smith, S.F.
Snowdon, W.E. Swan, W.M.
Tanner, L. Thomson, K.J.
Vavakainou, M. Wilkie, K.
Windsor, A.H.C. Zahra, C.J.

* denotes teller

Question agreed to.

Question put:
That the motion (Ms Gillard's) be agreed to.
The House divided. [4.44 p.m.]
(The Deputy Speaker—Hon. I.R. Causley)

Ayes .......... 60
Noes .......... 70
Majority ...... 10

AYES
Adams, D.G.H. Albanese, A.N.
Beazley, K.C. Bevis, A.R.
Breueren, L.J. Burke, A.E.
Byrne, A.M. Corcoran, A.K.
Cox, D.A. Crosio, J.A.
Danby, M. * Edwards, G.J.
Ellis, A.L. Emerson, C.A.
Evans, M.J. Ferguson, L.D.T.
Ferguson, M.J. Fitzgibbon, J.A.
George, J. Gibbons, S.W.
Gillard, J.E. Grierson, S.J.
Griffin, A.P. Hall, J.G.
Hatton, M.J. Hoare, K.J.
Mr Griffin (Bruce) (4.48 p.m.)—
Labor support the Industrial Chemicals (Notification and Assessment) Amendment Bill 2003 as we believe it will encourage research and development as well as the introduction of new technology to the industry. There are a few observations and comments I would like to make about the bill, particularly my concern at the lack of detail on the introduction of the proposed new safety measures.

The purpose of the proposed bill is to amend the Industrial Chemicals (Notification and Assessment) Act 1989. Fundamentally, there are two amendments to the act: firstly, to allow the introduction of increased volumes of new industrial chemicals to Australia under the commercial evaluation permit system; and, secondly, to change the process for registration of companies under the act.

The proposed changes in the bill recognise the importance of reforming the commercial evaluation permit system. The National Industrial Chemicals Notification and Assessment Scheme identified the need for reform of the commercial evaluation permit provisions in 1999. This was done in response to representations made by the chemical industry. These included formal representations from industry members of the National Industrial Chemicals Notification and Assessment Scheme and its Industry-Government Consultative Committee who argued that...
regulatory barriers were an obstacle to technical innovation within the industry.

The Industry-Government Consultative Committee agreed that the reform of the commercial evaluation permit provisions was a priority issue. The current commercial evaluation permit system allows the introduction of up to 2,000 kilograms of a new industrial chemical for up to two years with the Director of the National Industrial Chemicals Notification and Assessment Scheme able to refuse the application if not satisfied the volume applied for is needed for effective commercial evaluation. Under the current system, companies wishing to introduce more than 2,000 kilograms for commercial evaluation need to submit an application for an assessment certificate. Applications for assessment certificates involve a longer National Industrial Chemicals Notification and Assessment Scheme assessment time of more than 90 days, unless the chemical is of low hazard; a more detailed notification package including test reports, which may include toxicity and ecotoxicity test reports; and a higher assessment fee of up to $11,700 for a standard notification. In comparison, commercial evaluation permit data requirements are minimal—the National Industrial Chemicals Notification and Assessment Scheme assessment time is 14 days and the assessment fee is $2,600.

Part 1 of schedule 1 amends section 21E of the act by increasing the maximum quantity of a new industrial chemical permitted to be covered in a commercial evaluation permit application form. The bill proposes that the maximum volume for the introduction of new industrial chemicals under the commercial evaluation permit scheme be doubled to 4,000 kilograms. The National Industrial Chemicals Notification and Assessment Scheme estimates that, with a new maximum volume of 4,000 kilograms, there will be an increase of 99 per cent per year in the quantity of industrial chemicals covered by commercial evaluation permit applications. The National Industrial Chemicals Notification and Assessment Scheme’s internal analysis suggests that the needs of more than 97 per cent of potential commercial evaluation permit users would be covered with a volume limit of 4,000 kilograms.

We consider this to be a reasonable amendment to the act and in keeping with our continued support of research and development as well as the introduction of new technology to the industry. Having said that, we are keen to ensure that the proper processes are put in place. We echo the concerns of the Parliamentary Secretary to the Minister for Health and Ageing when she said in her second reading speech:

A strong prerequisite for the reform was that worker and public health and environmental standards were not to be compromised.

We welcome the parliamentary secretary’s comments, as it is of great importance that community standards for chemical introduction are met and maintained. It is vital that the proposed changes as outlined by the member for Adelaide in her second reading speech are implemented in order to protect worker and public health and environmental standards. I will outline those regulatory measures. Applicants are to provide a summary of health and environmental effects of the chemicals for the National Industrial Chemicals Notification and Assessment Scheme to use in the risk assessment. The National Industrial Chemicals Notification and Assessment Scheme is to upgrade its guidance on the use of the commercial evaluation permit system. In addition, the government is introducing a raft of administrative changes to help ensure that companies understand and comply with permit conditions, including the requirement that they report back to the National Industrial Chemicals Notification and Assessment Scheme on
any adverse effects experienced during the commercial evaluation and the success or otherwise of the commercial evaluation process. The National Industrial Chemicals Notification and Assessment Scheme is to compile this information and provide feedback to the public.

Currently under the act industrial chemicals cannot be introduced into Australia without registration under the act. Under current provisions a company has to renew its registration 30 days before the registration actually expires. Compliance with the registration date has been consistently low, at around 50 per cent each year. This has reportedly caused considerable confusion as companies cannot understand a renewal deadline which precedes expiry of registration by a month. This bill will align the deadline for renewal of registration with the expiry date. It will also introduce a late renewal penalty.

Company registration fees and charges are currently prescribed in the act. This is an exception rather than the rule, as all other national industrial chemicals notification and assessment scheme fees and charges are placed in regulations. This has resulted in an inflexible fee system which cannot readily respond to cost recovery needs. The bill removes registration fees and charges from the act. They will be specified instead in the regulations and will allow for the application of consumer price indexation.

Part 2 of schedule 1 amends part 3A of the act by aligning the deadline for renewal of registration under the act with the expiry date of registration and by introducing a penalty for late renewals. It also removes references in part 3A to a specific registration fee, replacing these with provisions for the payment of the amount prescribed for the purpose of registration.

Under new section 80B of the act it will be an offence of strict liability to introduce industrial chemicals without a current registration. Such an offence places the onus on the company to establish a valid reason for not ensuring that its registration was in force when introducing new chemicals. We believe these amendments to the registration process will ultimately result in an increase in applications, which can only benefit research and development within the industry.

Any environmental and safety concerns resulting from an increase in volume of new industrial chemicals needs to be given important consideration. It is imperative that additional regulatory measures will balance any risk arising from increasing the volume of industrial chemicals that can be introduced under the commercial evaluation permit system. At present, according to the National Industrial Chemicals Notification and Assessment Scheme, the commercial evaluation permit is currently the only National Industrial Chemicals Notification and Assessment Scheme—new chemicals assessment category—that does not require the applicant to provide some information, however brief, on the health and environmental effects of the chemical. The government has indicated that this situation will be remedied and we strongly encourage all changes to safety measures to be made in a timely fashion.

While Labor is clear in its support of this bill in its current form we are concerned that there will be an opportunity for potential commercial evaluation permit seekers to introduce additional quantities of industrial chemicals before the planned new safety measures are in place. For this reason our primary concern is that the proposed changes to safety measures are introduced as soon as is possible. I commend the bill to the House.
Mr ORGAN (Cunningham) (4.57 p.m.)—
The Industrial Chemicals (Notification and Assessment) Amendment Bill 2003 proposes amendments to the 1989 act in relation to commercial evaluation permits—CEPs—and to company registration provisions. The bill seeks to increase the volume of new industrial chemicals which can be introduced into Australia under commercial evaluation permits from 2,000 kilograms to 4,000 kilograms; that is, from two tonnes to four tonnes. It seeks this increase because it is claimed that the present limit is too low for some companies to access the fast-track mechanism under NICNAS—the National Industrial Chemicals Notification and Assessment Scheme. This is a statutory scheme located in the Office of Chemical Safety within the Commonwealth Department of Health and Ageing. The bill also proposes changes to registration provisions applied to introducers of industrial chemicals, because they continually fail to comply with them.

The reasoning behind this bill is deeply flawed and internally inconsistent. To understand why I say that, it is necessary to outline the CEP system in some detail and to consider carefully the forces at work here and the potential risks this bill could expose the Australian people to. The commercial evaluation permit was introduced in 1992 and exempted new industrial chemicals from the rigorous assessment process prescribed in the act. This was done so that importers and manufacturers could evaluate the potential of a new industrial chemical without the costs of providing a detailed notification package which includes the chemical’s physical and chemical properties and toxicology. In her second reading speech, the Parliamentary Secretary to the Minister for Health and Ageing told us that the changes now proposed follow:

... informal representation from chemical companies and formal representation from industry members of the NICNAS Industry-Government Consultative Committee to NICNAS in July 1999.

So this bill has come out of industry representations to the government.

What is the role of the NICNAS Industry-Government Consultative Committee? The most recent NICNAS annual report, 2001-02, under the heading ‘Terms of reference’, says that the consultative committee—the IGCC—was established to:

... ensure that industry has the opportunity to participate in the NICNAS budgetary process.

It does that in four ways: (1) reviewing the utilisation of resources against NICNAS objectives; (2) reviewing the performance of NICNAS against agreed performance indicators—including those established in the NICNAS service charter and corporate plan—and, in particular, the impact on industry and the protection of human health and the environment; (3) developing strategies for improving the efficiency and effectiveness of NICNAS operations within the context of established goals and objectives, and developing and emerging issues; and (4) developing compliance strategies and monitoring the effectiveness of these strategies in promoting compliance with the scheme. I do not know about you, Mr Deputy Speaker Jenkins, but those broad terms of reference do not sound to me like simply participating in the budgetary process of NICNAS. It sounds to me like the consultative committee is actually running the show. The latest NICNAS annual report tells us that the Industry-Government Consultative Committee has:

... eight members, including four industry representatives and four Government representatives.

In 2001-02 the government members were (1) the Director of NICNAS, who chairs the committee; (2) representatives from the Department of Employment and Workplace
Relations; (3) the Department of Industry, Tourism and Resources; and (4) Environment Australia. The industry members were from (1) the Australian Consumer and Specialty Products Association; (2) the Plastics and Chemicals Industry Association; (3) the Australian Paint Manufacturers Federation; and (4) the Australian Chamber of Commerce and Industry.

The chief executive officer of the National Occupational Health and Safety Commission is an ex-officio member of the consultative committee, which I would have assumed meant there were nine members, not eight as disclosed in the NICNAS annual report. This sounds to me to be a fairly important point to establish beyond doubt. If there are, indeed, only eight members and the NICNAS director exercises the normal role of a committee chair then the industry tail would appear to be wagging the consultative dog—that is, four industry members versus three government members. In fact, given the powers this so-called consultative committee seems to wield, the fox minding the chookhouse might be a better metaphor.

Let me now turn to the changes this August body is championing in this bill. In her second reading speech, the parliamentary secretary told us:

The chemical industry maintained—
in 1999—
that the volume limit of 2,000 kilograms was too low and that not all industry sectors could access this fast-track mechanism to bring in new and innovative chemicals.

Why couldn’t industry access this fast-track mechanism? The minister does not explain this statement. The minister went on to say that 28 per cent of respondents to an industry survey, commenced in July 2000, indicated that the current maximum was too low to complete the process of commercial evaluation. So, in 1999, industry was saying the current maximum is too low to access the process; then, in 2000, they say it is too low to complete the process. The results of the July 2000 survey are disclosed in the regulation impact statement—the RIS—which forms part of the explanatory memorandum to this bill. The RIS shows:

... across a range of industry sectors and production processes, the chemical volume required for commercial evaluation ranged from 25-1,000kg, with 1,000-2,000kg being the most frequent volume needed.

This does not make any sense. We are being told there that the range is from 25 to 1,000 kilograms, but we are being told in the same sentence that the most frequent volume needed is from 1,000 to 2,000 kilograms. The RIS also states:

NICNAS internal analysis of current CEP users suggest that the needs of most of the current users are covered by the existing 2,000 kilogram limit.

However, the RIS then goes on to state:

28% of responses indicated that the current 2,000kg maximum is too low for effective commercial evaluation, however 38% of companies rated their reliability to forecast the volumes of chemicals needed as poor.

Note that rider: ‘38 per cent of companies rated their reliability to forecast the volumes of chemicals needed as poor’. It is a key piece of information which the parliamentary secretary omitted to tell us in her second reading speech.

The NICNAS final report on reform of the commercial evaluation permit system, dated November 2002, says on page 2 that resolving issues with volume would lead to an estimated 28 per cent increase in applications. On page 4 of the same document, NICNAS says that raising the volume to 4,000 kilograms is estimated to account for an additional 21 applications a year, with an estimated average volume applied for of 3,000 kilograms. In 2001-02 NICNAS received 33 applications in the commercial evaluation
category, down from 51 the previous year and below the figure of 38 recorded in 1999-2000. Twenty-one additional applications on a base of 33 is almost 64 per cent, and on a base of 51 it is an increase of 41 per cent—that is, 41 per cent to 64 per cent, not 28 per cent as indicated previously.

That is one of the reasons that I say the reasoning behind this bill is internally inconsistent; the figures just do not add up. But there is more. In the November 2000 report on reform of the CEP system, NICNAS tells us that it operates with a culture of client service and ongoing improvement to ensure its regulation is effective, efficient and promotes sustainable use of chemicals. And there is the rub: ‘a culture of client service’.

NICNAS, under the guise of their industry dominated Industry-Government Consultative Committee, are hell-bent on expanding access to a system they admit is the only new assessment category that does not require the applicant to provide some information, however brief, on the health and environmental effects of the chemical. That is one of the reasons I say the reasoning behind this bill is deeply flawed. There are others. The proposals enshrined in this bill were released in a public discussion paper, with a three-month public comment period from December 2001 to February 2002. Just three responses were received as part of the so-called public consultation process—two from the chemical industry and one from WorkSafe Western Australia. There were three responses, and not one from the public or from environment groups. That is not what I would call a very successful consultation process, although the regulation impact statement to which I referred earlier seems to think that it was quite acceptable.

The RIS discloses that the changes proposed in this bill were formally tabled by industry members of the IGCC in August 1999. In 2000 NICNAS engaged what the RIS describes as an external consultant with chemical industry experience to conduct the survey of industry practices which I referred to earlier. That survey, which cost $60,754, was undertaken by SHE Pacific Pty Ltd, a subsidiary of Orica, a publicly owned Australian chemical company with around 9,000 employees across 35 countries and annual revenue of $4 billion. There is plenty of chemical industry experience there, but perhaps not too much externality, given that SHE Pacific Pty Ltd’s parent company could reasonably be expected to be one of the beneficiaries of the changes proposed in this bill. The survey formed a substantial part of that public discussion paper I mentioned earlier, a paper whose existence was advertised in the Commonwealth of Australia Chemical Gazette, on the NICNAS web site and in the national press. Now I think we can see why there was no real comment from members of the public. The Chemical Gazette is scarcely a household name; you would have to know about NICNAS before you could begin to find their web site; and the national press most likely only means the Australian and the Financial Review, neither particularly widely read publications apart from in this House and other areas.

Finally, there is the matter of company registration. The bill proposes a further watering down of the registration process, despite the fact that compliance has been persistently low, with just 50 per cent of companies meeting registration dates and despite changes made following a review three years ago which aimed to further streamline administration and enhance regulator compliance. The government’s response is laughable. They propose to introduce a late renewal penalty, while allowing a company to have its registration backdated if and when it finally complies.
I acknowledge that much of the groundwork was done before the National Industrial Chemicals Notification and Assessment Scheme was transferred to the Health and Ageing portfolio. But, as I have said before, the reasoning behind this bill is deeply flawed. I invite other members of this House to look closely at the bill and its supporting documents. If they do, they will come to the same conclusion I have. The role of government is to nurture and safeguard the public interest. This bill nurtures and safeguards the interests of the industrial chemicals industry, an industry which has the potential to expose generations yet unborn to horrendous risks from chemical exposure. Let us not forget that it took years of lobbying and protest to convince governments that exposure to vinyl chloride monomer, the key component of PVC plastics, causes liver cancer. Let us not forget those people who continue to suffer the effects of chemical exposure. This bill does nothing for them. The Greens reject it, and I urge other members to do likewise.

Mr HATTON (Blaxland) (5.11 p.m.)—

The Industrial Chemicals (Notification and Assessment) Amendment Bill 2003 comes under the aegis of the shadow portfolios for consumer protection and consumer health. The matters that are dealt with here go not just to those areas, but to the question of environmental health and safety. Those matters have been attested to by the Parliamentary Secretary to the Minister for Health and Ageing. Given that there are some provisions in this bill which will allow greater quantities of chemicals to be introduced into Australia, the government should give particular regard to ensuring consumer health and safety and also to concerns in relation to the environment.

But what we have just seen in the negativity of the argument put forward by the Greens is that, when faced with the question of what is modern, what is new or what is required by an advanced industrial society, it is very simple to look in an enclosed way at what the demands and needs are of an advanced industrial society. The Greens would close their eyes to that and simply say, ‘We don’t want to know about it; we’re not interested. We actually want to live in some enclave in the pre-industrial past. No development at all can be really any good. Human-kind, as a whole, should live in some pre-industrial state with a lack of desire, a lack of want and a lack of the need to understand that you can in fact have development.’ This is a core part of the appeal in what the Greens have put up: the argument that there was some state of nature which was perfect and allowed for the unalloyed good of those who enjoyed it.

I think they are fundamentally misguided and fundamentally wrong. Both the government and the opposition accept the need to make new arrangements with regard to industrial chemicals that are brought into Australia. Indeed, it was Labor in government which set the foundations for the manner in which industrial chemicals were brought into Australia for scientific and evaluative purposes. I am indebted to the Bills Digest—provided by the Department of the Parliamentary Library—for the background information on this, and to Peter Prince from the Laws and Bills Digest Service, who provided this. He notes that the commercial evaluation permit system was originally introduced in 1992 under the Keating Labor government. The then minister, the Hon. Jeanette McHugh MP, explained that this should be its operation. She said:

The Bill amends the Industrial Chemicals (Notifications and Assessment) Act 1989 to allow for the introduction of new industrial chemicals for the sole purpose of commercial evaluation. New Industrial Chemicals introduced for this purpose are to be exempt from the assessment provisions of the Act. This means that importers and manufac-
turers may evaluate the commercial potential of a new industrial chemical without having to invest resources in preparing the detailed notification package covering the chemical’s physical and chemical properties and toxicology which is currently required. The Bill enhances innovative product development by significantly reducing regulatory requirements.

That was just over a decade ago, but it was a major step forward in providing an innovative approach to industrial chemicals introduced into Australia. The Keating Labor government recognised that we live in an advanced industrial economy. The government recognised, as the former member for Blaxland recognised, having grown up in Bankstown in a seat that involves not only warehousing and retail and commercial but also manufacturing capacity, that the complexity of the societies in which we live demands development and industrial capacity and that, whatever state of nature is required or asked for by the Greens, the people in my seat of Blaxland and in seats in Sydney where industrial activity is undertaken recognise the realities and are aware of the environmental, social and health problems that could be caused by our environment and by the fact that we are a modern industrial society.

But people are not stupid. People are also entirely aware of the fact that, if you are going to create wealth, if you are going to provide jobs, if you are going to build the future on the basis of what we have got, then you need to be innovative and you need a better regime to allow for that, and that is what the Keating government came up with. The existing situation in 1992 was that, if you wanted to bring in industrial chemicals, you had to go through the entire process not only of notification but of proving the chemical’s physical and chemical properties and toxicology—and then you had to get through all the bureaucratic mess to deal with that. So the government determined that it was sensible, given this was an evaluation process, to put these matters into a special category and say that, for the purposes of companies attempting to assess whether or not it would be viable to use these new chemicals, they could go under the chemical evaluation process, where there were significant safeguards in place in regard to this.

Eleven years on, the parliamentary secretary at the table has argued in this bill that those safeguards need to be extended, in large part because of the increased volumes that it is entertained should be introduced into Australia. I think that is a reasonable, normal, sensible approach to the demands of living in an advanced industrial society. Responsible government, whether Labor or conservative, should in fact look to the needs and demands of Australian industry. It should carefully look at them and look at what regulation is necessary and whether that regulation needs to be beefed up and toughened up and whether in fact new environmental safety and health standards need to be incorporated, not just in the broad in terms of how we deal with the chemical industries and their products but specifically in regard to this evaluative process.

The government and the opposition in this regard are at one, because this is based on a fundamental pragmatism and an acceptance of the fact that there is no state of nature, something that people in Sydney and Melbourne and Perth and all the other cities in Australia understand. Even Tasmania, beautiful an island as it is, is not in a complete state of nature. It is a fact that we cannot escape that our society is complex, industrial and modern and, if we are going to provide jobs now and into the future, Australia has to run harder, be smarter, act in a more efficient way and build an economy that is resilient. These are the things we tried to do during the period of the Hawke and Keating govern-
ments—to internationalise this economy and also to modernise it dramatically, and to seek, in a smart and creative way, to work at the leading edge. One of the measures to actually push that forward was introduced in 1992 in this chemical evaluation process.

It is a significant problem that some people just want to close their eyes to the fact that they live in a complex world and an industrial society. It is our task as legislators, whether government or opposition, to look at the provisions that we have made as a national government to ensure the health and safety of our people and to make sure that we have done everything that we can to protect them with regard to the environment in which they live. There has been recent research to indicate that one of the measures the government has put in place, the Diesel Fuel Rebate Scheme, which they have recently expanded dramatically, is probably not a very good road to go down or a very good product to push in terms of the health of people in suburban Melbourne—where the deputy speaker comes from; or indeed on the fringes—or in suburban Sydney. There have been specific studies undertaken, which mirror the situation in the United States and also in Europe, showing that particulate matter from diesel engines, used in one industry after another across Australia and in the majority of the road transport in Australia, is not only generally injurious to the health of individuals, as was perceived to be the case, but is also a carcinogenic agent. It can cause cancer. And the studies done in the seat of the member for Gellibrand have indicated that, in one street in an area that has a great deal of road traffic, the level of cancers is way out of kilter with the rest of the community around that, and the finger is quite directly pointed at diesel.

A responsible government, looking at that kind of research and investigating it more closely, would, I think, have pause in terms of what is happening with the diesel rebate. It should also have pause with regard to the key question there—not because diesel is being used but to ensure that the cleanest possible diesel is available, diesel with a particulate nature that is not carcinogenic. Maybe that is one of the things we should be pursuing by regulation, by forward program or through policy. That is one of the things I will be interested in in the area of fuels in the future. That is something we need to pursue, a road that we need to go down. If we are endangering the very lives of people in our electorates because of the volume of traffic on the road and because of the particulate matter coming from diesel—entering the lungs and causing lung cancer—we need to take proper and appropriate measures with regard to that. We need, in this bill, to ensure that people are properly cared for. I commend the parliamentary secretary for the provisions in this bill that she has alluded to. They go to ensure that the environmental safety of people in Australia is further ensured, further regulated and further investigated as a result of the provisions of this bill.

We also need to look at a range of other areas across current portfolios where there are identifiable problems such as those I have just suggested, and we need to take another look at the impact of our actions as a federal parliament. If a situation needs to be redressed, whether it is by House committee, joint committee, Senate inquiry or by an initiative taken by the department of transport or whatever, let us address it. Let us not say that we do not live in an advanced industrial society. Let us not say that our constituents are not imperilled because of the nature of that society. Let us not say that we should simply look backward to a state of nature that can no longer be recaptured or that people should simply turn their backs on the complex society in which they live. But let us say that it is the task of a properly elected
and constituted parliament, both government and opposition, to carefully look at these matters and come up with solutions.

It has been argued by the chemical industry that the regime that has been in place since 1992, as an initiative of the Keating government, is no longer sufficient to ensure that Australia can adequately evaluate new chemicals and is no longer adequate in terms of putting new product on the basis of the current evaluation process. The bill suggests that we should increase the amounts up to, I think, 4,000 kilograms a year and that, apart from doing that, there should be a new range of measures taken with regard to the registration. In fact, there should be not only the system of notification and assessment of industrial chemicals to protect the health and safety of the environment but also provision for the registration of people or companies proposing to introduce industrial chemicals into Australia so that they might be more readily followed up and brought to book if they are breaking the regulations that have been provided. We should also ensure that we have a vibrant economy, which is now outward looking when it used to look internally. It is an economy that is dependent upon research, development and innovation—and in those three areas, this government has talked a great deal since 1996 but has in fact cut funding time and time again. We had such an economy for 13 years in the Hawke and, particularly, the Keating governments—governments that completely refashioned Australia’s economy to make it outward looking, internationalised and competitive. Looking a decade down the track—because that is where our policy needs to go—we must take appropriate measures to ensure that future jobs are ensured.

I think the shadow minister was correct in the assessment of this bill. There are, as far as we can see, proper safeguards and sufficient measures to ensure the safety and health of the people in our electorates with regard to these processes. The argument is that the increase in volume has no necessary impact on the health or safety of our constituents, but that the long-term good of the community, as argued by the chemical industry itself and which is the subject of the review, can be assured by making these changes. I think that is rational. I think that is sensible. There are industries which exist in the electorate of Blaxland which are dependent upon the introduction of these chemicals—simply for evaluation—so that they can then determine whether or not they can be more efficient, more productive and more effective. They can build stronger companies which do two things. Firstly, if they are primarily in the domestic market, they become bigger, stronger and more productive and therefore provide more employment for people in my electorate. The second is something I discussed earlier in relation to the EMDG bill, again a Keating government initiative. In pursuing that—and we are dealing with small companies in Blaxland and in the electorate of Banks as well because we share the same city—the manufacturing capacity that exists within our electorate is made as smart, as efficient and as clever as possible. The small companies grow through the help of Austrade and the EMDG Scheme and the ability to bring in volumes of chemicals to assess for their processes, and if they find that they can then innovate on the basis of the introduction of those new chemicals they can then export into the world.

We saw, particularly in the latter part of the Hawke government’s period through into the Keating period, through the dramatic rise in elaborately transformed manufactures, that this economy was changing—that its fundamental basis was broadening, that its narrow dependence on the old products, in particular the primary products produced in Australia, and minerals, was changing—so that a more
stable, a more fundamentally assured, a cleverer and a more resilient economy was created.

We know it was not created during the Menzies and Fraser periods. We know that the great problems facing Australia in manufacturing, production and export were never faced properly, truly and squarely by those governments. We in government laid the foundation for the new Australian economy, and part of that was the initiative we took on the CEP in 1992. As an opposition we are standing in the shadow of what we did in government up until only 7½ years ago, and we argued this in relation to the broad picture of where we are going. We believe in a modern, open, stable and fundamentally clever economy for Australia that will provide workers with jobs based on innovation, cleverness and a capacity to advance a modern industrial economy. Our electors—our constituents—live within that economy; they do not live in a state of nature. We believe it is our task as legislators to ensure not only their jobs for the future through innovation but also that their health and safety are encompassed by the legislation we pass in this place. We must address their concerns for them and their children.

I commend this bill as the shadow minister has done. This bill has the cooperation of the opposition. We initiated these sorts of approaches in the first place. We have no problem with the increase in volume, given that the proper safeguards have been undertaken, and I trust that this bill will get through the other place successfully as well. (Time expired)

Mr ANDREN (Calare) (5.31 p.m.)—I had no intention of speaking on the Industrial Chemicals (Notification and Assessment) Amendment Bill 2003 until the bells started ringing—and I mean not the bells to come down here but alarm bells—as I researched this bill during the course of the day. If the input from the opposition were rigorous and well argued then I might have been prepared to accept as perhaps simply political some of the quite patronising comments of the previous speaker regarding the Greens. But I commend the member for Cunningham for his contribution, and I support his concerns about aspects of this legislation and will detail some more of my own.

I am not talking about shutting up our industry, as the member for Blaxland implies that any doubters of aspects of this bill want. But, yes, as he said, we should be smarter. We should certainly be smarter than I believe this bill suggests. The main gist of the Industrial Chemicals (Notification and Assessment) Amendment Bill is to allow companies to double the amount of industrial chemicals they may import or manufacture for commercial evaluation, bypassing the assessment certificate system and any safeguards that may need to be put in place to ensure the health and safety of people and the environment on the basis of anecdotal evidence from the industry that amendments to this process are desperately needed.

The bill allows a 100 per cent increase from two to four tonnes in the introduction of industrial chemicals that may be hazardous or toxic, without any additional safeguards tied to it, by allowing this massive volume of chemicals to come under the commercial evaluation permit, or CEP, system. Presently, that system allows the introduction of up to 2,000 kilograms of a new industrial chemical for up to two years, with the director of the National Industrial Chemicals Notification and Assessment Scheme, NICNAS, able to refuse the application if not satisfied the volume applied for is needed for effective commercial evaluation. Under the current system, companies wishing to introduce more than 2,000 kilograms for commercial evaluation need to
submit an application for an assessment certificate. Applications for assessment certificates involve a longer NICNAS assessment time of more than 90 days unless the chemical is of low hazard; a more detailed notification package, including test reports, which may include toxicity and ecotoxicity test reports; and a higher assessment fee of up to $11,700 for a standard notification.

In comparison, CEP data requirements are minimal. The NICNAS assessment time is 14 days and the assessment fee is $2,600. It may be so, as the parliamentary secretary said in her second reading speech:

The change in maximum chemical volume allowable under the commercial evaluation permit will enable the faster introduction of new and innovative chemicals and technology ...

But, as the bill digest concludes and the explanatory memorandum says, the justification for the increase appears to rest largely on anecdotal evidence from industry that the existing 2,000 kilogram limit is a barrier to timely commercial evaluation. There is also no specific justification cited in the explanatory memorandum or the NICNAS final report for doubling the volume of chemicals allowed to bypass the normal approval process. NICNAS plans to introduce a range of additional environmental and safety measures to compensate for what it describes as the risk in allowing an increased quantity of chemicals to be introduced without a detailed assessment of each chemical’s physical and chemical properties and toxicology.

A wit in my office suggested earlier that NICNAS reminded him of the limerick:

With a knick-knack paddywhack
Give the dog a bone ...

The dog in this case appears to be the larger chemical companies, and it is certainly a case of the dog wagging the tail of the regulatory processes. There is nothing about extra safety measures tied to this legislation so far as I can see. What safeguards will be put in place to ensure OH&S for people working with four tonnes of chemicals which may be hazardous? How are volumes of this size to be contained? What extra measures will be put in place to contain spills? There is nothing in this bill addressing these questions. There is nothing in the bill that prevents the introduction of additional quantities of industrial chemicals before the planned new safety measures are in place. The shadow parliamentary secretary’s contribution was entirely unconvincing, largely consisting—as it did—of a reading of slabs of the Bills Digest. It sounded in many respects like a government second reading speech and did not contain any sensible evaluation of the legislation before us.

I may be missing the point, but there seem to be some big holes in this legislation that some other researchers I have contacted around this place seem to now recognise. As the member for Cunningham said, the final report of NICNAS—on which this legislation was apparently based—had nil public input, apart from a letter of general support from the Plastics and Chemicals Industries Association, comments from the government of Western Australia through WorkSafe Western Australia and comments from DuPont Australia. There were additional comments from the Therapeutic Goods Administration, Environment Australia and the National Industrial Chemicals Notification and Assessment Scheme. There seems to have been a shortage of advertising around this report, rather than a shortage of public interest. Perhaps people should have had an opportunity to examine it in more detail. I would be interested to hear from the parliamentary secretary just how widely advertised it was and why she suspects there was not a greater public input.

The Bills Digest clearly states:
At present according to NICNAS:

The CEP is currently the only NICNAS new chemicals assessment category that does not require the applicant to provide some information, however brief, on the health and environmental effects of the chemical.

The government has indicated that this will be remedied—but how and when? The Bills Digest goes on to say:

The NICNAS Final Report suggested the Industrial Chemicals (Notification and Assessment) Regulations 1990 ... could be amended to include such a requirement as part of the CEP system.

Why is there no amendment that I have seen? The second reading speech notes that compliance with the registration date has been persistently low, around 50 per cent each year, and that companies cannot understand a renewal deadline which precedes expiry of registration by a month. The bill will align the deadline for renewal of registration with the expiry date. It will also introduce a late renewal fee. But will this be sufficient to tackle the 50 per cent non-compliance rate which exists at the moment?

The Bills Digest says:

... despite the fact that ‘NICNAS consulted widely on this reform’—although the evidence does not seem to support that, given the list of respondents—the justification for the increase appears to rest largely ... on ‘anecdotal evidence’ from industry that the existing 2000 kg limit is a barrier to timely commercial evaluation. In particular, there is no specific justification cited in the Explanatory Memorandum or the NICNAS Final Report for doubling the volume of chemicals allowed to bypass the normal approval process.

Why are there no amendments from the opposition on this? Why is there just a reading from the Bills Digest—of which I have been forced to do quite a bit, because only today have I come across this legislation in any substantial way? Surely we have people on the opposition benches who are looking closely at this stuff, or why the devil are they there? The Bills Digest concludes:

There is nothing in the Bill that prevents the introduction of the additional quantities of industrial chemicals before the planned new safety measures are in place.

That alone is reason enough for me to oppose this legislation as it stands, and I so record that position now.

Ms WORTH (Adelaide—Parliamentary Secretary to the Minister for Health and Ageing) (5.41 p.m.)—in reply—I thank all those who have contributed to this debate on the Industrial Chemicals (Notification and Assessment) Amendment Bill 2003. I thank the opposition, the shadow minister and the member for Blaxland for their support. I am disappointed that the member for Calare along with the member for Cunningham have found fault. Perhaps it might be appropriate to deal with some of the points that they have raised.

Firstly, turning to the member for the Calare, I am sorry that he has implied that there is an inadequate regulatory body. We have a very strong regulatory body. I am pleased with the way NICNAS discharges its responsibilities, and I would like that placed on the record. I turn to other points that the member for Calare raised in relation to the CEC permit changes, claiming that they were unacceptable because it will simply double the volume of unassessed dangerous chemicals being exposed to the public and released into the environment. In fact, the proposed suite of changes to the CEC permit will increase health and safety and environmental protection. The CEC permit system is subject to strict conditions set by the regulator, including what end-uses can occur and conditions set on disposal and release. Further, CEC permit chemicals are not allowed to be used in end-use consumer products—finished domestic products, such as cleaners and...
cosmetics. Customer agreements must be in place for each permit, whereby the regulator is informed of the customer’s workplace.

Rather than opening the floodgates, NICNAS estimates that only an additional 20 chemicals per year may come under the revised CEC. All workers using a CEC permit chemical must be informed of the permit conditions set by the regulator. Further, the proposed changes of moving the maximum volume for a permit from two tonnes to four tonnes will occur in conjunction with increases in data requirements on health and environment effect, which are currently not required. Only a brief statement on the hazard status is currently required. The regulations will be changed to require a summary of all health and environmental safety data on the chemical, data which will be made publicly available. The changes will also strengthen the audit and record-keeping requirements, whereby any adverse effect must be reported to NICNAS, which will make these findings publicly available.

The member for Calare and the member for Cunningham shared concerns about consultation and the fact that the environmental movement was not consulted. Neither industry nor non-government organisations were individually consulted, given the vast range of interested parties, but extensive time was provided for consideration of the changes to the CEC. The industrial chemicals regulator, NICNAS, made a series of articles, discussion papers and draft proposals widely available. This was done using the common consultative practices of placing notices in the press and in the *Chemical Gazette*, as well as publicising proposed changes on the NICNAS web site, in their newsletter and in the NICNAS 2001-02 annual report.

A number of individuals representing what might be called the green movement are on NICNAS’s direct mailing list for publications, including its annual report and newsletter. The member for Cunningham raised the issue that in the RIS the volume range that industry flagged as required for commercial evaluation was 25 kilograms to 1,000 kilograms. This was a printing error. It should be 25 kilograms to 10,000 kilograms, as was correctly reported and as the industry had sought. One nought was missing in one of the areas where that figure was published. NICNAS further undertook its own analysis and determined that four tonnes would suit most industry needs.

The member for Cunningham also raised the issue of a survey that was commissioned by NICNAS. The consulting company, SHE Pacific, was originally commissioned but did not complete its work due to a change of management in the company. Following that, NICNAS undertook the survey itself using a staff project officer. I make those points just for the information of the member for Calare and the member for Cunningham.

I remind members that this bill makes a number of changes to the Industrial Chemicals (Notification and Assessment) Act 1989 in relation to commercial evaluation permits and company registration provisions. The bill seeks, firstly, to increase the amount of industrial chemicals that a company may introduce under the commercial evaluation permit system from two tonnes to four tonnes. The commercial evaluation permit allows companies to introduce chemicals at a controlled volume and time for market testing. Secondly, the bill aligns the deadline for the renewal of company registration with the expiry date of registration, that date being 31 August each year. Currently the renewal date is 1 August, one month before the start of the registration year on 1 September. This is a deviation from common practice for licences and registrations, where renewals are not required before the expiry date. The align-
ment will bring company registrations into line with the norm.

The bill also specifies 31 August as the deadline for a registered company to notify the Director of the National Industrial Chemicals Notification and Assessment Scheme, which we call NICNAS, that the company will not be renewing its registration in the next registration year. Currently no deadline is specified for such notifications. When a company does not renew its registration by the renewal deadline, NICNAS cannot tell whether the renewal is late or is a registration that is no longer required.

The bill will abolish the urgent handling fee and establish a late renewal penalty for renewals of company registrations received after the renewal deadline. If a company has not renewed its registration for the following year by 31 August, the company’s registration lapses until the application fee, the registration charge and the late renewal penalty have been paid, whereupon the registration is deemed to have been reinstated from the beginning of the registration year.

The bill also transfers company registration fees and charges from the act to the Industrial Chemicals (Notification and Assessment) Regulations 1990 to allow greater flexibility in adjusting fees to fully recover the cost of administering and implementing the act and regulations. Finally, it makes consequential amendments to support the above measures and in particular to ensure the provision for a late renewal penalty is viable. If a company is registered one year and seeks registration in the following year, the registration in the following year is treated as a renewal and attracts a penalty if it is late, rather than being treated as a registration and avoiding the late renewal penalty.

I commend the bill to the House.

Question agreed to.

Bill read a second time.

Third Reading

Ms WORTH (Adelaide—Parliamentary Secretary to the Minister for Health and Ageing) (5.50 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

SUPERANNUATION (SURCHARGE RATE REDUCTION) AMENDMENT BILL 2003

Second Reading

Debate resumed from 29 May, on motion by Mr Slipper:

That this bill be now read a second time.

Mr COX (Kingston) (5.50 p.m.)—Today we are considering the Superannuation (Surcharge Rate Reduction) Amendment Bill 2003. This bill is the government’s third attempt to introduce a tax cut for those earning more than $90,500. The bill reduces the rate of the superannuation surcharge tax from its current maximum of 15 per cent to 10½ per cent over three years. What makes this an unfair measure is that it only benefits those on surcharge incomes of more than $90,500 in 2002-03, with the greatest benefit flowing to those on more than $109,900.

The benefits in this bill flow to less than five per cent of working Australians. It does nothing for the millions of low- and middle-income Australians who are struggling to save enough for retirement. Labor argues that, in a time of negative returns and a record tax take from super, the government should put its resources into cutting superannuation taxes for all working Australians, not just for the small minority who benefit in this bill. Later I will outline the details of Labor’s fairer proposal to cut the contributions tax for all.

First, it is worth recalling previous occasions on which this bill has been before the House. What we saw both times was a cho-
rus line of government backbenchers telling us what a terrible impost the surcharge tax was on high-income earners and that it should be reduced to encourage them to save more for their retirement. What those members did not say was that the surcharge tax was a child of their own government, back in 1996. In introducing this tax the Prime Minister broke the promise he made on 1 February 1996 when he said:

We are not going to increase existing taxes and we’re not going to introduce new ones.

That was a pretty clear promise, which the government broke just six months later by announcing a new tax on superannuation contributions. At the time, the government justified the surcharge as an equity measure. Peter Costello said, in his budget speech on 20 August 1996:

The measures I am announcing tonight are designed to make superannuation fairer.

A major deficiency of the current system is that tax benefits for superannuation are overwhelmingly biased in favour of high-income earners.

For high income earners the superannuation contributions will still be highly concessional but are more in line with concessions to middle and low income earners.

The same government that introduced the surcharge tax as an equity measure now wants to reduce it. Something else that no government member cared to mention the last time we debated this issue was how, and by how much, they stood to benefit from this relatively exclusive tax cut. This is despite the fact that, back in 1996, the Treasurer could not stop talking about his decision to impose a tax on high-income earners, including himself. On 27 August 1996 Mr Costello said:

… the point I’d like to make is that on Budget night the first Treasurer in history—me—stood up and put a surcharge in respect to high income earners and applied it to himself and every other politician, you know, we’re the good guys in relation to this.

Where did he say this? He said it on the Midday Show when he was dancing the macarena. The Treasurer has not been dancing the macarena since the Prime Minister’s announcement about his future, but what we are likely to see today is a whole line of macarena dancers from the government, arguing passionately for a tax cut for themselves. I challenge each and every member of the government who rises to support this bill to explain to the vast majority of voters in their electorates—and it is a majority, even in the most blue-ribbon Liberal seats—who get nothing under this proposal, why they as a local member should get such a generous tax cut. I issue this challenge because that is the reality of this bill. The unfair reality is that this bill will provide a significant benefit for people on relatively high incomes by Australian community standards—not just treasurers’ standards. It is going to provide a benefit to all people in our profession. I think that most people in the community would agree that that is iniquitous.

One legitimate criticism of the surcharge was that, in terms of administrative costs, it was unnecessarily expensive. In its first year of operation some superannuation funds incurred, as associated administrative overheads, as much as 30 per cent of the revenue paid. I do not imagine that that has gone on forever, but it was an extremely expensive tax to implement. The administrative burden of the surcharge falls on all fund members, regardless of their income. One way or another the associated monitoring, collection and compliance costs must be met and are likely to reduce the overall accumulations of all fund members, not just those on whose behalf the surcharge is levied. Reducing the rate of the surcharge does absolutely nothing to redress the situation. If anything, a 10 per cent reduction in the surcharge each year for
each individual surchargeable member probably raises the average administrative costs.

Since the last time we debated this tax cut for high-income earners we have seen a lot of huffing and puffing from the government. The Minister for Revenue and Assistant Treasurer, Senator Coonan, recently argued that the measure was designed to enable those who are able to save for their retirement to do so. Here we have a minister caught out by her own rhetoric. Starting from the reasonable premise that high-income earners are already able to save for their retirement, she makes the absurd argument that they need a tax cut to enable them to do what she says they are already able to do. We on this side ask the minister: what about those middle- and low-income earners who, right now, are struggling to provide for their retirement? What are you doing to enable them to save for their retirement? The minister accuses us of playing the politics of envy. Is she accusing ordinary Australians of being envious of those, like herself, on higher incomes? Ordinary working Australians are not envious; they are, justifiably, angry at a government that gives them nothing but is prepared to throw millions more at high-income earners.

No doubt someone from the government will tell us that the low-income co-contribution is the government’s measure to help those struggling to provide for their retirement. While the co-contribution will be debated at greater length at a later stage, let me reiterate that Labor support the low-income co-contribution. Furthermore, we welcome the government’s decision to introduce it as a separate bill—a sign that it has abandoned its cynical tactic of linking it to the surcharge reduction in order to get the surcharge reduction through. That said, the contrast between the surcharge reduction and the co-contribution could not be starker. This contrast goes to the heart of the iniquity of the government’s approach. The co-contribution is only payable when low-income earners—those earning less than $32,500 a year—can find the extra cash to make voluntary super contributions. The surcharge reduction, on the other hand, will benefit everyone earning more than $90,500 a year, regardless of whether they make extra contributions.

The government claims that its measures constitute a balanced package. What does the government mean by a balanced package? What it means is a benefit for low-income earners that they cannot afford to access, a guaranteed benefit for high-income earners and nothing for middle-income earners—the millions of Australians earning between $32,500 and $90,500. So much for balance. No doubt the government will also try to huff and puff about the Senate obstructing its mandate to reduce the surcharge reduction. This rhetoric is a clear sign that the government has lost the policy debate on this issue. What it is secretly asking itself is: which proposal do the Australian people support—a tax cut for four or five per cent of taxpayers, or a tax cut for everyone?

I think the government knows the answer to this question, and this explains why the Treasurer chose not to mention this unfair tax cut in his budget speech. What the budget kept hidden but what this bill now shows is that the government’s tax cut is much more expensive than it first thought. As stated in the explanatory memorandum, this measure will cost some $525 million over three years—some $155 million more than in the last budget. While not disclosed by the government, the cost in 2006-07 is at least equal to the $290 million in 2005-06. With this included, the total cost over four years is even higher. Clearly the government is giving more to high-income earners than it admitted a year ago. We now have an opportu-
nity to implement a fairer proposal to boost retirement savings, but this chance will be lost if the government introduces its unfair changes.

In contrast to the Treasurer’s embarrassed failure to talk about super on 13 May, Labor has shown leadership by presenting a detailed and fully costed plan to cut the superannuation contributions tax paid by all working Australians. Labor’s plan to cut the contributions tax is the best way to deliver higher retirement incomes to millions of working Australians. Labor’s plan to cut the contributions tax is the best way to deliver higher retirement incomes to millions of working Australians. Peter Costello believes it is impossible to cut the contributions tax burden. In a radio interview on 22 October 2001 he said:

It’s pretty complicated. The taxing of contributions on the way in started back in the mid eighties.

Thanks, Greg Smith. He went on:

... and I think now that it’s started that’s going to always be with us. So it’s still better to put money into superannuation, than to take it as income. But that system having commenced 15 years ago would be incredibly complicated to unravel now.

I think it would be considerably less complicated to unravel the contributions tax than the surcharge, which the Treasurer seems to believe desperately that he needs to unravel because it applies to people on as high an income as he is on. The Treasurer probably does not want to admit that under his government superannuation taxes have reached a record level of almost $5 billion, compared to $1.6 billion when the Howard government was elected. He is, of course, the highest taxing Treasurer in Australia’s history.

At a time when negative returns and high fees and charges are eating into super nest eggs, action is needed to ease the superannuation tax burden on all working Australians. Another reason why the Treasurer is refusing to cut the contributions tax may be that he does not really believe in superannuation as a policy to increase retirement incomes for ordinary Australians, nor does he believe in superannuation as a policy for preparing Australia for the challenges of an ageing population. As with Medicare, the Liberals opposed compulsory superannuation from opposition and are determined to undermine it in government.

Labor proposes that this bill and unfair and unnecessary changes to Commonwealth public sector superannuation be set aside and the money redirected into cutting the contributions tax from 15 per cent to 13 per cent, phased in over four years. As outlined in a statement by the shadow minister, Senator Nick Sherry, this plan is affordable and will add thousands of dollars to the retirement savings of ordinary Australians over their working lives. I will give a few examples of how people will benefit from Labor’s measures. Matthew is 20 and earns $40,000 a year over his career. He gets an extra $7,128 in a retirement nest egg under Labor’s plan to cut the contributions tax. Matthew would receive nothing under the Liberal government’s exclusive tax cut. Another example, of someone already well into their working life, is Heather, who is 40 and earns $60,000 a year over the rest of her career. Under Labor’s fairer tax cut, she receives an extra $4,069. Heather would receive nothing under the Liberals’ proposal. These examples are in present value, so they reflect the value in today’s terms. The benefits would be substantially more in the dollars of the future.

These outcomes provide a powerful incentive for Australians to invest in their own future, helping us to cope with our future needs. At a time of negative returns and widespread dissatisfaction with excess fees and charges in some funds, Labor’s plan will boost confidence in superannuation. Labor’s plan has received the endorsement of a number of superannuation industry bodies, in-
cluding the Association of Superannuation Funds of Australia and the Investment and Financial Services Association. They recognise Labor’s policy as an important step on the road to reforming superannuation, in contrast to the government’s piecemeal approach of minor, ad hoc changes. The government’s weak changes included the laughable policy of children’s superannuation accounts—a policy that formed the centrepiece of the government’s pre-election super package.

In launching the package on 5 November, the Prime Minister said that the Liberal policy ‘trailblazes particularly in the area of superannuation for children’—a policy that would teach children ‘the wonders of compound interest’ and produce a ‘strong savings and investment culture’. He said that $42 million had been set aside to provide for the cost to revenue of 470,000 of these accounts. Then things started to change. Treasury officials admitted in June 2002 that they varied their original costings for the measure down from $42 million to $3 million after the election. Treasury had revised its assumptions about who would benefit down to 47,000—10 per cent of what was first thought. Even this target proved way too ambitious. Labor has been informed by industry sources that as of early March just one account has been opened, and there are even doubts about the authenticity of this single account. Few funds have gone to the trouble of setting up the infrastructure for children’s accounts because they have had no interest from members. Yet Senator Coonan still thinks it is a great policy. She said on 14 February this year:

... I think it is a very sound and good policy ... There is obviously a very good underlying policy rationale for it. It is a good policy, and I will be doing everything I can to talk about it.

But it seems that nobody is listening or nobody is interested. Treasury’s absolute failure to produce accurate costings of the children’s accounts policy is one explanation for why the government quickly abandoned their policy of attacking Labor’s figures on our plan to cut the contributions tax. This was their initial tactic when they realised what a hard time they would have convincing Australians that their exclusive tax cut was better than our tax cut for all, but this was soon abandoned when the Treasurer’s costings of our policy, released on 17 May last year, were proved to be wildly inaccurate and deliberately misleading.

Even now, the government will not allow Treasury to publicly correct the record and release the figures which would prove our plan is affordable. Since we exposed the Treasury costings for the fraud they were, the government have fallen pretty much silent. They do not seem interested in debating the measure anymore, and we all know why: it is pretty hard to enter into an argument about how it is better to cut taxes to the top five per cent of taxpayers than it is to cut them for millions of working Australians.

The government’s approach to this debate is a bit like Basil Fawlty’s famous comment, ‘Don’t mention the war.’ Instead, it is ‘Don’t mention the surcharge reduction,’ or ‘Don’t mention bracket creep.’ The last time this measure was debated in the House, I expressed Labor’s concern that the Democrats would agree to this exclusive tax cut for high-income earners. In September last year the Democrat spokesman, Senator Cherry, backflipped on his party’s earlier position by offering the government a deal, whereby the Democrats would agree to a reduced surcharge reduction in return for a more generous co-contribution.

Mr Hardgrave—Senator Sherry is the Labor spokesman, not the Democrat spokesman.

Mr COX—Cherry.

Mr Hardgrave—Oh, Cherry. I thought you said Sherry.
Mr COX—No; Cherry. While this deal would have been an improvement on the Liberals’ package, it still suffered from the central contradiction of this package: it offered a guaranteed benefit for high-income earners and yet it required those on lower incomes to make voluntary contributions to receive any benefit. Fortunately, the Democrats appear to have abandoned this position after the government refused to deal with them. In their post-budget press release, the Democrats indicated that they will oppose the government’s unfair tax cut. We hope that this time they stick to their guns and, more than that, we hope that they come on board and support Labor’s plan for a fairer tax cut to benefit all superannuation fund members.

The contrast between the Labor and Liberal parties on superannuation could not be clearer. The Liberal Party do not believe in superannuation and are only prepared to offer an exclusive and unfair tax cut to those earning $90,500 or more. Labor believe all Australians can aspire to a comfortable income in retirement and are prepared to offer constructive policy solutions to achieve this. That is why we have put forward a tax cut to boost retirement incomes for all working Australians. With this in mind, I move:

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

“the bill be withdrawn and redrafted to:

(1) ensure that the proposed surcharge tax reduction to high-income earners, and changes to public sector funds do not proceed; and

(2) provide for a fairer contributions tax cut that will boost retirement incomes for all superannuation fund members to assist in preparing the nation for the ageing population”.

Mr CADMAN (Mitchell) (6.11 p.m.)—That is a strange amendment to the second reading motion for the Superannuation (Surcharge Rate Reduction) Amendment Bill 2003, I have to say. When I look at the amendment and at the budget proposals put forward by the Leader of the Opposition, I see that the proposal is to reduce all contributions. Are you going to improve the lot of the worker by forcing reduced contributions? That is a strange way of doing things.

You make a claim that you are going to improve the lot of retirees, yet your policy, stated by the Leader of the Opposition in reply to the 2003-04 budget, is to lower the superannuation contributions tax from 15 per cent to 13 per cent. That is the tax factor; you are going to put more back into the super funds. Very impressive! This is inconsistent, illogical and poorly thought through, with no policy base, no understanding of superannuation and no commitment to it or the workers. This is very strange policy making from a very strange party. I can just imagine somebody in that great organisation saying that turkeys had voted for Christmas; somebody probably did say that during the recent decision on the leadership.

I do not know how logical people can bypass the gradual change proposed by the government to relieve the super surcharge for those at the top end contributing towards their own retirement. It seems to me that this nation is in conflict over what is the best thing to do about retirement. The Australian Labor Party say, ‘We’re going to reduce the tax on the super funds,’ while the coalition say, ‘We’re going to reduce the amount people at the upper end are going to have to contribute. We’re going to allow them to actually contribute a greater amount to the fund, and we’re not going to claw back so much through the super surcharge.’

Mr ALBANESE—I second the amendment and reserve my right to speak.
There is no doubt that superannuation is complex. But this is a step towards making it clearer and easier. The claim of the coalition is that this is a worthy recommendation. It is a process that will improve the lot of those who should be encouraged to prepare for their own retirement. The disadvantage and disincentive in the current system is wrong. It was proposed that from 1 July 2002 the superannuation and termination payment surcharge rates would be reduced by one-tenth of their current levels for each of the next three income years. The Australian Labor Party rejected this, and they have proposed instead a reduction of tax for super funds.

The explanatory memorandum for this bill updates the figures in the 2002-03 budget papers, and the financial impact to revenue is now expected to cost $65 million in 2003-04, $170 million in 2004-05 and $290 million in 2005-06. When announcing this process, the Minister for Revenue and Assistant Treasurer, Senator Helen Coonan, said:

The Federal Government will increase the momentum for superannuation reform with renewed efforts to implement its election promises. It seems strange that the government, having made commitments to the Australian people, is now being told: ‘You have got it wrong and the Australian people have got it wrong. Only the Australian Labor Party can read what the community wants, and we’re going to move our own amendments.’ If the Labor Party are so successful in reading the community’s mind, they would have won the election—that is the fact of the matter. But they lost. This is their way of saying, ‘We want to have our way anyway.’

It reminds me of my mother-in-law, who used to watch the television chefs making their favourite recipes. She would follow the recipe and be critical of the amounts of ingredients in the recipe. As she watched the presentation on television, she would change the ingredients. When she went to cook the recipe, she found that she only made the same things as she always had and she was not at all excited with what the recipe of the famous chef was supposed to provide. That is what the Australian Labor Party are doing here. They wish to change something that is sensible and far-sighted which encourages those who ought to be preparing for their own retirement and takes away some of the penalties, and they are wondering why they are going to get the same results as they always have from employers and the community. They are proposing a forced superannuation process, which is something that is not going to produce long-lasting benefits in retirement and that lacks imagination. (Quorum formed)

As I was saying—

A government member—Tell us about the bantams.

Mr CADMAN—The bantams are the ones that say the turkeys voted for Christmas, and there is one sitting at the table. The idea that you are going to help people superannuate by insisting on keeping high taxes is crazy. The Australian Labor Party has no policy, no direction and no understanding when it comes to superannuation. The simple measure that we have here reduces the tax on the super surcharge in a scaled process. Part 2, schedule 1 of the bill indicates that 13.5 per cent of the amount to be accrued for the 2002-03 year will be removed. In 2003-04, 12 per cent of the amount accrued will be removed and in 2004-05 it will be 10.5 per cent. That is a very simple approach; it is a simple bill. Mr Deputy Speaker Price, I am disappointed and I know that the constituents of Western Sydney—who we represent and who the member at the table would not understand—will be absolutely shattered by the unintelligent, inept approach to superannua-
tion being offered by the Australian Labor Party.

I have spoken on this bill before. I have pleaded with the Australian Labor Party to have some commonsense in what they are doing and to encourage people to superannuate. That is a promise we made at the election. The Australian Labor Party want to ignore or change a commitment that we made. Their solution—and I cannot believe they suggested it—does not help the superannuation payers. They are saying that they are going to cut the tax on super funds. They are going to help the institutions; they are not going to help the people paying super at all.

On that note, I have to retire to my office to meet a crowd of people who have got a much more intelligent approach than you have here. I am really disappointed in the way in which this process has been handled. I would have thought that even the member for Grayndler, who claims to have an understanding of superannuation, would stop his party from being so crazy.

Ms HOARE (Charlton) (6.22 p.m.)—When Labor took government in 1983 less than 40 per cent of the full-time work force had superannuation coverage. Those employees that did have superannuation were predominantly white-collar workers. A number of extremely generous tax incentives existed to encourage people to save for superannuation; however, the manner in which these concessions operated overwhelmingly benefited high-income earners—an effective tax rate of less than five per cent. In 1983 the Labor government stripped back a number of these tax incentives to create a greater degree of equity in savings across society, with a tax rate of 30 per cent—15 per cent in and 15 per cent out. In 1985 the ACTU and the Labor government jointly argued before the Industrial Relations Commission for a three per cent productivity pay increase. This wage rise was to be paid in the form of superannuation. The commission ruled that awards should deliver the three per cent productivity wage increase in the form of superannuation.

During the late eighties most industry sectors negotiated the three per cent productivity wage increase being paid as superannuation; however, there was an anomaly for those workers that earned less than $450 a month—predominantly women, part-time, casual and migrant employees who received no benefit. Then in 1993 the Labor government announced that all employers would be required to pay a superannuation contribution into the superannuation account of all employees who earned in excess of $450 a month. Now 88 per cent of the work force have some superannuation coverage and close to $500 billion of workers’ retirement savings are tied up in the various superannuation schemes.

The surcharge rate is to be phased down from 15 per cent to 10.5 per cent over three years from 1 July 2003. This tax was introduced in the 1996 budget as a fairness measure. Labor opposed it on two grounds: firstly, because it breached the Liberals’ election promise of no new taxes or increases in existing taxes; and, secondly, because of the compliance costs for the funds who had to collect it. It is a very expensive tax to collect. The surcharge is imposed on all employer contributions on behalf of fund members whose adjusted taxable income exceeds the lowest surcharged threshold—$90,527 for 2002-03. The rate increases from 0.01 per cent to a maximum of 15 per cent for those fund members whose adjusted taxable income is over the upper threshold of $109,924 in 2002-03. The adjusted taxable income is equal to taxable income plus surchargeable contributions. In 1999 the Liberal government extended the definition to include reportable fringe benefits.
The benefit to high-income earners of the Liberal package is illustrated by a fund member with an income of $100,000 who receives nine per cent superannuation guarantee contributions of $9,000. Currently this fund member would pay a 15 per cent surcharge worth $1,350. Under the Liberals’ package they receive an annual tax cut of $405. Anyone on an income of less than $90,527 receives nothing. A reduction in the surcharge is therefore a highly inequitable measure. It does not solve the problem of administrative costs for superannuation funds. The cost of the reduction is $525 million over four years. Labor, in Simon Crean’s budget reply speech, proposed a fairer and fully costed alternative—a reduction in the contributions tax which applies to most Australians from 15 per cent to 13 per cent.

Superannuation is taxed three times: 15 per cent on employer contributions, 15 per cent on earnings and 15 per cent on the portion of a lump sum over $105,843 on retirement. Voluntary personal contributions from after-tax income are not taxed. In 1996 this government introduced a new tax, called the surcharge, for high-income earners. As I said, anyone earning over $90,527 pays an extra tax on contributions—a one per cent tax for every $1,295 over $90,527, which is capped at 15 per cent. The tax is collected through superannuation funds.

There is also another tax on superannuation. The GST imposed on superannuation funds results in lower retirement incomes for millions of Australians. This additional tax on super funds means an additional tax on Australians’ superannuation savings. Superannuation funds have to pay the GST on services and capital equipment they use to collect superannuation contributions. These costs are passed on to Australian workers. The GST on super funds means Australians have less to live on in retirement.

In this year’s budget the Prime Minister and the Treasurer proposed this exclusive cut to the rate of the surcharge tax on high-income earners by 30 per cent. The budget contained what the Treasurer claimed was a plan to boost incentives to investment in superannuation. In truth it is an exclusive tax cut that will benefit high-income earners whilst leaving middle Australia with nothing. The Liberals’ proposal to give a superannuation tax cut will benefit only the top four per cent of working Australians. Labor has a better plan.

Before the 1996 election, Prime Minister Howard promised he would not introduce any new taxes. Within months he had broken this promise by introducing the surcharge in his first budget in 1996. The Prime Minister’s extraordinary claim is that because he did not call the surcharge a tax it is not a tax. This is deceitful and it is obviously wrong. The surcharge has imposed considerable administration costs on all superannuation fund members. The Liberal government’s plan to phase down the surcharge rate to 10.5 per cent does nothing to address the problems of administering the tax.

Rather than cutting the surcharge, which will benefit only a small section of the community, Labor’s plan is to cut the contributions tax for all. This is a much better way to deliver higher retirement incomes to all working Australians. The problems associated with the lack of adequacy of retirement incomes are well known. We have repeatedly heard from the industry, consumer groups and retirement income researchers that one of the best ways to tackle this problem is through a reduction in contributions tax. At the moment the government imposes a 15 per cent tax on contributions made to superannuation funds. This reduces the retirement incomes of all superannuation contributors. Labor’s alternative proposal is to cut the superannuation contributions tax for all Austra-
lians from the present 15 per cent to 13 per cent.

It is worth noting that those who end up on higher incomes later in their careers, through hard work and commitment to their careers, are likely to have spent many years on lower incomes. Our contributions tax cut will assist them during this growth of income stage, whereas the Liberal plan will do nothing at all for them. In many two-income families, the Labor plan will deliver a higher total benefit than the surcharge tax reduction would have. If, for example, a higher income earner has a lower income spouse, they may find that their net tax cut is better under Labor’s plan—the cut would be shared rather than being concentrated just on the higher income spouse.

Labor continues to support proposals for low-income earners’ co-contributions. The government has delayed this by linking it to their unfair surcharge reduction. If the government is serious about helping low-income earners, they would already have done what they have done now, and what we have pressured them into doing: present these measures as a separate bill. Labor’s package for a fairer superannuation system is revenue neutral. This is achieved by opposing the government’s election proposal to reduce the superannuation surcharge and by expensive and unfair changes to Commonwealth public sector schemes.

After the last budget, the government presented different costings of Labor’s plan. The government’s costings were deliberately misleading because they ignored the phase-in of Labor’s proposal. These government figures have been adjusted in our costing information to accurately reflect Labor’s proposal. Labor’s plan to cut the contributions tax is the best way to deliver higher retirement incomes for all working Australians. Labor’s superannuation alternative is to cut the superannuation contributions tax for all Australians from the present 15 per cent to 13 per cent, phased in over four years. This would add many thousands of dollars to everyone’s retirement incomes. It is fiscally responsible and fully costed.

Before Labor extended superannuation to the vast majority of Australians, only the well-off enjoyed the luxury of a comfortable retirement. Last year’s budget contained what the Treasurer claimed was a plan to boost incentives to investment in superannuation. In truth, it is a plan to benefit the well-off whilst leaving middle Australia with nothing. The Prime Minister’s proposal to give a superannuation tax cut will benefit only the top four per cent of working Australians. This unfair plan was quietly slipped into the budget, and that is what we are debating now.

Labor will redirect the Treasurer’s superannuation tax cut away from the few to benefit all superannuation fund members. At the moment the government imposes a 15 per cent on contributions made to superannuation funds. As I said before, this reduces retirement incomes. At a time when negative returns and high fees and charges are eating into super nest eggs, action is needed to ease the superannuation tax burden on all working Australians. We now have an opportunity to implement a fairer proposal, which will improve the budget and boost retirement savings, but this chance will be lost if the government is successful in introducing its unfair changes.

In my initial remarks I outlined the history of the Labor Party’s introduction of superannuation, so that all Australians could have a retirement income. These were initiated in 1983, as I have said, with the initial termination payments. This was a new tax treatment for bona fide redundancy, early retirement and invalidity payments. There were tax in-
stalments from the ETPs, tax relief on roll-
overs within a 90-day rollover period, and a
statement of termination payment. The tax
rate on the post June 1983 component was
limited by means of the rebate.

In 1985 the Labor government introduced
award based superannuation. That is when
the government and the ACTU reached
agreement on productivity award based su-
perannuation for the majority of the work
force. In 1985 a joint ministerial statement
was released for comment on proposed oper-
ating standards that occupational superannu-
ation schemes must meet to qualify for in-
come tax concessions. The Treasurer’s
statement in June 1986 established the Insur-
ance and Superannuation Commission.
Operating standards were imposed for access
to tax concessions by superannuation funds,
and approved deposit funds and pooled super
trusts were announced.

In November 1987 legislation was intro-
duced and passed to establish the Insurance
and Superannuation Commission. Functions
were transferred from the Treasury and the
ATO to the ISC Australian Actuary, and the
roles of insurance commissioner and life ins-
urance commissioner were amalgamated. In
May 1988 an economic statement which out-
lined a new regime for limiting tax conces-
sions on ETPs, pensions and annuities was
released. Reasonable benefits limits were
also announced, as were new taxation ar-
rangements for superannuation funds. In July
1988 there were new rules imposed to limit
marginal tax rates on ETPs, including con-
cessional components. The pre-July ’83 and
post-June ’83 components were limited by
means of rebates based on age, year of re-
cipient and period of service or fund member-
ship. In July 1990 a reasonable benefits lim-
its regime was managed by the Insurance and
Superannuation Commission. Reporting by
payers of ETPs above threshold pensions and
annuities was also announced. There was a
measurement of aggregated benefits against
highest average salary based limits, and there
were also concepts of countered amounts,
qualifying amounts and excessive compo-
nants. Determinations were made by the In-
surance and Superannuation Commission for
the completion of tax returns. Compulsory
commutation of excessive pensions and an-
nuities to ETPs were also applied.

In the 1991-92 budget the superannuation
guarantee was announced. An information
paper was released and changes to access
deductions for personal contributions were
also announced. In June 1991 a Senate select
committee on superannuation was estab-
lished to inquire into 17 issues, including the
taxation of superannuation vesting of bene-
fits, prudential controls, superannuation sim-
plification, adequacy of public education and
the superannuation guarantee. As I indicated
in my opening remarks, in 1993 the Labor
government announced that all employers
would be required to pay superannuation
contributions into the superannuation ac-
counts of all employees who earned in ex-
cess of $450 per month.

Labor’s plan is a fairer system. It provides
tax cuts to all working Australians who con-
tribute to superannuation and not just to the
top four per cent of income earners who earn
over $90,000 a year. This government is one
which provides support for the top end of
town. This legislation clearly epitomises that
approach to governance, and that is why we
in the Labor Party are opposing it.

Ms CORCORAN (Isaacs) (6.40 p.m.)—
The Superannuation (Surcharge Rate Reduc-
tion) Amendment Bill 2003 is essentially
about reducing the superannuation surcharge
for high-income earners. The superannuation
surcharge was introduced by this government
in 1996. At that time the Treasurer said:

The measures I am announcing tonight are de-
signed to make superannuation fairer.
A major deficiency of the current system is that tax benefits for superannuation are overwhelmingly biased in favour of high income earners. For a person on the top tax rate, superannuation is a 33 percentage point tax concession while a person earning $20,000 receives a 5 percentage point tax concession.

He went on to say:

High income earners can take added advantage through salary sacrifice arrangements that are not available to lower income earners.

The Government isremedying this situation.

For high income earners the superannuation contributions will still be highly concessional but are more in line with concessions to middle and low income earners.

With those words, the government recognised that high-income earners receive a tax benefit that is out of kilter with the benefits available to others—that is, middle- and low-income earners—and the government was prepared to do something about it.

By now proposing to reduce that surcharge, the government is, by default, saying that it is now okay to increase benefits to high-income earners and not to others. The government is saying that it is prepared to offer a tax advantage to high-income earners—a tax break that is not being offered to those on lower incomes, and a tax break that comes at a significant cost to the public purse. This benefit to high-income earners will cost the taxpayer about $525 million by 2005-06—a cost which has increased from the first estimate of $370 million over four years which was made last year. The effect of this bill is to reduce the surcharge that is applied to those on taxable incomes of over $90,000 from 15 per cent now to 13.5 per cent in 2002-03, to 12 per cent in 2003-04 and to 10½ per cent in 2004-05.

At the same time that this legislation is before us, the government has also introduced legislation that offers benefits to those on an income of below $20,000. That is the co-contribution legislation, where those on incomes of less than $20,000 per year will have access to government funds if they put some of their money into superannuation. I could spend some time wondering about just which families or taxpayers on less than $20,000 per year can afford to put money into superannuation, but that is not today’s issue. I do point out that those taxpayers in the middle—that is, those who earn between $20,000 and $90,000 per year—are getting nothing out of these two pieces of legislation. There has been no justification put forward by the government for reducing this surcharge for high-income earners—about four per cent of wage earners—while not offering any superannuation tax benefits for low- and middle-income earners.

It is generally agreed that we should all be encouraged to save for our retirement. The Australian Institute of Superannuation Trustees made a submission to the Senate Select Committee Inquiry into Superannuation and Standards of Living in Retirement last year. That submission notes that an income of somewhere between $20,000 and $30,000 per year is seen as an adequate retirement income. It then notes that someone on average weekly earnings, saving nine per cent—and that is the current superannuation guarantee rate—for 30 years, will need a part pension to get to the minimum of $20,000 per year. This shows that we are a long way from retirees being independent of a government pension if they are to have an adequate income in their retirement. It follows, then, that we should be doing all we can to encourage superannuation savings. Many people on the average weekly income will not be able to afford to put much away into superannuation, and it makes sense to not put too many obstacles in their way.

AIST’s research also shows that those people on low and middle incomes, those in
casual jobs and those who are in and out of the paid work force are slow in accumulating savings for their retirement. This makes sense, and one does not have to be a rocket scientist to understand this and to see that this situation is not about to change. Those on low incomes, particularly, and those on middle incomes often have more immediate demands on their income. As much as they may want to save for retirement, other things are more important to them in the short term.

At the time of AIST’s submission—April 2002—it was noted that, whilst over 90 per cent of all employees have some superannuation, the average account balance is below $10,000. For men, the median balance is $13,400; for women it is $6,400. More worrying still is the fact that 50 per cent of the women who will retire over the next 10 years have less than $20,000 accumulated in superannuation. All this points to the need for steps to improve the superannuation situation for those on low and middle incomes. To give those on high incomes a superannuation tax break and deny that to those on low and middle incomes does not make any sense.

ACOSS makes the point that those on high incomes are likely to save for retirement without tax incentives and are unlikely to be eligible for the age pension. Therefore, ACOSS argues, and it is hard to disagree with them, offering a high-income earner tax incentives to save is a waste of a scarce resource—that resource being the taxpayers’ dollar. There are a number of issues in the superannuation arena that need attention before we think about a tax cut for those on high incomes. The current situation of the many and complex fees and charges has to be simplified. Members and potential members of superannuation funds need to be able to compare the fees and charges of the different funds and to be able to make reasonable assessments of how those fees and charges will affect the ultimate benefit available to the member.

Many people have more than one superannuation fund and find it costly or administratively difficult to consolidate their accounts. Multiple accounts are easy to accumulate because of the increasing casualisation of the workforce, the fact that many people now hold down more than one job and the fact that many people move between jobs and in and out of employment. Currently there are about 24 million accounts for eight million members. This also leads to lost superannuation accounts. Most members of this place will be aware of the campaign being run by the Australian Preservation Fund to find the owners of $6 million held in unclaimed superannuation accounts. These so-called ‘lost’ funds are clearly a waste of money. They also clearly show that the system that has led to this situation is in need of some attention.

To add to our woes in superannuation, we are currently experiencing record levels of fees, charges and commissions; negative returns on our funds—averaging a negative 4½ per cent last year, with another negative year likely this year; record levels of theft and fraud; and declining contributions from employees and employers. In my view, addressing these points is a higher priority than giving a tax break to high-income earners. ACOSS makes the point that superannuation concessions cost the taxpayer about $5 billion per year. These are concessions that cost $1.6 billion in 1995-96. Half of this $5 billion is enjoyed by one-sixth of employees; one-third of the tax benefit is enjoyed by one-tenth of employees. This situation will become even worse if this legislation is passed.

It is interesting to note that this surcharge is one of the most expensive taxes to administer. Something like the equivalent of 30 per
percent of the revenue raised in the first year was spent by the superannuation funds in set-up costs and administering the scheme. It remains very expensive, and this cost is borne by all members of the fund. These costs are not reduced one iota by a reduction in the surcharge, so there is no advantage here in the cut; there is actually an increase in the cost per dollar raised. In his budget reply speech last month the Leader of the Opposition set out an alternative. He proposed that instead of spending the money on a tax cut to those on high incomes the funds be put to a superannuation tax cut to all Australians, from the present 15 per cent to 13 per cent. Labor also proposes tough regulation of fees, with a ban on exit fees and commissions, a cap on ongoing fees and charges on the nine per cent compulsory superannuation guarantee, and tougher enforcement of the law to ensure that financial planners give independent and competent advice to consumers and full compensation for funds lost through theft or fraud.

The Labor Party over the years has done a lot of work towards ensuring employees have sufficient superannuation to see them through retirement. It was Labor that established the framework for the three pillars approach to retirement income. The three pillars are as follows. The first is a guaranteed minimum retirement income—the age pension, set at 25 per cent of male total average weekly earnings. The second is a system of compulsory contributions for employees, and this started from a modest three per cent of earnings and has gradually moved to nine per cent, where it sits today. The original legislation went further than nine per cent: it proposed an additional three per cent employee and three per cent government contribution, amounting to a total of 15 per cent. Unfortunately, this was abandoned by the present government in 1997, and that move is seen as a backward step. The third pillar is additional savings above the compulsory level, strongly influenced by income and tax concessions.

Lower taxation on superannuation does provide some incentive to save. The incentive needs to go to low- and middle-income earners, not to high-income earners. As I said earlier, the low- or middle-income earner is the person without sufficient superannuation at present, for all sorts of reasons. These are the people that need all the help that we can give them to save. The scarce resource that is the taxpayers’ dollar needs to be spent where it is most effective. High-income earners do not need an incentive to save; by and large, they do that anyway. To spend taxpayers’ money on providing high-income earners with a superannuation tax break is not an efficient use of taxpayers’ money and it is inequitable. There are many ways to spend this proposed $520 billion, and the Labor Party very sensibly suggests that it goes to a superannuation tax break for all who invest in superannuation—which is most of the workforce. This is good policy and good on equity grounds.

Mr Hatton (Blaxland) (6.51 p.m.)—We are dealing here with the Superannuation (Surcharge Rate Reduction) Amendment Bill 2003. We are dealing here with, first, a change to an original government bill that was a dumb idea at the time, introduced only for the government to say that they were going to be tough on the top end of town—on those people who were earning most—which reflected the fact that they really did not have a fundamental belief in superannuation. But they argued that they were really for the battlers. We know they have done that consistently since 1996. No-one really believes them, but they have conned a proportion of the electorate, who have taken the argument that they have put.
But they have tried to come up with a tricky way of saying, ‘How can we demonstrate that, as a government—even though we are the party of those who are most advantaged—we can look like we’re doing something to belt the people who earn the most?’ So they came up with a superannuation surcharge. Almost anyone and everyone who is involved in tax policy and superannuation policy has argued—as they did at the start—that the surcharge, administratively, is complex and costly, that it does not make all that much sense and that, as a measure in itself, it has not returned what it might, given the high costs. When this surcharge was first imposed, almost every superannuation company in the nation argued that it was a crazy thing to do, because the return to government was small, even though that is increasing in dollar terms, compared with the costs and burdens placed on companies that dealt in superannuation. The argument at the time was vigorous, to say the least. The fundamentals of that argument, I think, are entirely sustainable.

The opposition at the time—because the government threw in this bill—said, ‘Okay, we’ll support that bill; we’ll go through with it.’ The opposition did not want to be dealing with a government that deals in propaganda, in falsification, in turning things upside down, in presenting what is black as white and what is true as false, which has an advertising arm and a marketing arm and which will attempt to suborn or subvert almost anything that is said by the opposition. What we did in dealing with this was to say, ‘Okay, we’ll support it; it’s up to the Australian people to make their determination with regard to this and to see through what is a blatant electioneering process.’

What we are faced with here, some years down the track, is the effects of the government changing their approach to what is going to happen with this kind of legislation. You have to cast your mind back to the broader context: previously when they were whacking this on, they were also promising those on higher incomes that their upper marginal rate would be reduced—the 47 to 49 per cent that people would pay. They were saying, ‘It’s our intention; we really want to bring that upper marginal rate down.’

This government have gone cold on that idea, as they have gone cold on the idea of putting money back into the community and back to individual taxpayers. They are taking in more money year after year, and this is a common thing. We know the effect of the rates of taxation and changeover time with inflation and with price movements. We know that people on overtime increasingly go into higher tax brackets. And, with bracket creep, there is more money that could be returned.

We know how niggardly and parsimonious this government has been about returning money to the Australian population at large. We know that the tax cuts that this government has promised in this budget are worth $10 billion over four years and that they are effectively worth about four bucks a week for the average family. We know also that this government has tailored those tax cuts. The Treasurer made the very point yesterday—when we did have a question time, when this government was not afraid to walk away from a question time and did not create an excuse that its members could not be there; maybe it is the fact that the Prime Minister does not really trust the Treasurer, despite his past practice when the Prime Minister has been away to handle that—that the more money you earn, the more per week you will get back as a tax cut through what the government proposes this year, and that is some compensation, he would argue, for those on higher incomes.
The other form of compensation the government have sought to give people is to say, ‘We, in our pristine state, arguing that we were really for the commonality of people in this Commonwealth, put on this surcharge to belt those people who are getting most because of the criticisms that were around in relation to superannuation and the fact that those who were earning more weren’t paying as much as others.’ In imposing the surcharge, which the superannuation entities have argued is administratively complex financially, the government have actually penalised the superannuation companies in terms of the running of these processes. They said at the start, ‘If you combine this with the government’s proposal for choice in superannuation, the administrative burdens are such that it makes a number of these companies uncompetitive with the larger companies, because there is just too much dead weight on top of them.’ There is an underlying truth in this. The government have said, ‘We’re going to belt the people up the top with this surcharge.’ But the real costs of this—because they are born by the companies that deal in superannuation—will not be passed on to just those people on higher incomes of $90,000 and above; the costs will be born by all those people who take out super. Most importantly, costs will be born by the vast commonality of Australians. There is an extra bit here—the costs which are continuing as a result of this legislation. What is its purpose? The purpose is to reduce superannuation surcharge rates by one-tenth of their current level over three years. There is a small reduction in the level that they are imposed at, but the administrative costs, the financial burdens on the super companies, remain at least the same—relatively, they increase.

What is the benefit to the commonality of Australians? The answer is nil. Most of the people this proposal would be seen to be benefiting would think the size of it was fairly small. They are looking at a surcharge of 15 per cent and at that surcharge being built up over time. In the 2001 election campaign, the coalition came up with what they thought was a brilliant idea and what is known according to the digest as ‘A Better Superannuation System’. We know that they have no better superannuation system. We know that the superannuation system introduced by the Hawke and Keating governments, and established by Paul Keating when he was Treasurer, laid the foundations for a diverse, strong and deep superannuation system. The effect of that system is that nine per cent of the earnings of virtually everyone in employment in this country is invested for their future benefit.

The government argued in 2001 that they want to put in A Better Superannuation System, and they have argued in this bill that the way to achieve that is by cutting the surcharge rates on higher income earners by 10 per cent. I do not think that is smart at all. It was a dumb thing to do in the first place. It was a political act in the first place and no more than that. The Treasurer knew it, his associated ministers knew it and the party knew it; it was a con job to say that a certain section of society was going to be belted. They never really meant it. They are gradually pulling apart the threads of this policy, one-tenth at a time over three years. We see in the provisions of this bill that after three years they will review the surcharge arrangements to determine whether any further changes are required. If they take one-tenth away, after they review it after three years they might think, ‘Maybe this isn’t working too effectively; maybe it is the case that those significant and strong arguments put forward by superannuation companies from the start that this was not only administratively complex but also placed burdens on them and on the ordinary people who put
their money into super’—and who will actually bear the real costs of this—‘mean that it is becoming increasingly unsupportable.’

We may find that, if this government last—and I certainly hope they do not—super will not be better for ordinary Australians or for these people who are having a little bit of it taken off but will be immeasurably worse. The future benefit of all Australians—whether or not they are hit by the surcharge—lies in broad based and deeply resolved superannuation for all Australians. This government ensured that nine per cent would be the absolute maximum contribution that any Australian would really get. Some people in the old days of the Fraser government period when John Howard was Treasurer and the Menzies period were more privileged and had a higher rate of superannuation put aside for them because they were earning more money and because their companies enjoyed a special condition such that their employees were allowed access to super. The majority of the population at the time—except primarily for those people who worked for state or Commonwealth governments—was locked out of the system; only those privileged to be in managerial positions in companies actually got a guernsey. Therefore, at that time, because there were small numbers, that privileged position could in fact be assured.

What we are dealing with is a reduction in the surcharge from 15 per cent: reducing to 13 ½ per cent in 2002-03, 12 per cent in 2003-04, and 10½ per cent in 2004-05. It is 10 per cent, but it is 10 per cent a year. What we are really dealing with here is not 10 per cent over three years but 10 per cent in the first year, 10 per cent in the second year and 10 per cent in the third year so that cumulatively one-third of that 15 per cent surcharge will not be charged after three years. Then they will review it. They will say, ‘We’ve got 10 per cent; we’re still belting those who are up the top and we’re supposedly helping those people who are down at the bottom.’ This is just a con job by this conservative government—a combination of Liberals and Nationals operating as an Australian conservative government—who said in their original proposal that they were going to belt the top end of town but who are now, as part of their 2001 election promises, taking back a full one-third of that surcharge. The weight of the cost of this will be borne by ordinary Australians—that is, ordinary Australian battlers who were given access to superannuation by a Labor government when no-one else did.

We also are dealing with a government that said in its 2001 proposal for A Better Superannuation System: ‘You will ask for no more. You can do no Oliver Twist with regard to this. Don’t come back to us asking for seconds. Nine per cent is what is going to be legislated, and that will be it forever.’ Any commentator in this country with any sense at all will tell you, with respect to the Keating government proposals to put 12 per cent and then 15 per cent of people’s wages into superannuation, that 12 per cent is just bearable and 15 per cent is the minimum you need to be looking at to actually provide for people in the future. This conservative government—which has no idea about the present, let alone the future, and which misinterprets the past according to its own designs—does not have a clue when it comes to generational change and does not have a clue when it comes to providing for the future needs of our society.

I recently heard about a report—and I think I heard about it on the ABC in the last week—that argued that my group, the baby boomers, have not adequately provided for their future. I would argue that that is very correct. Those who grew up in the fifties and sixties with the post-war certainties of full employment in a society that, whilst it was
changing, had come out of what was effectively an enclosed state and who went through school and then into university—because university was opened up to them by the Whitlam Labor government—saw vast possibilities in front of them. But what was not underlined to them were the facts that if they wanted to not only survive but also prosper and enjoy a full life in the future then they had to be sure to start putting money away for the future and that super would be one of the ways to do it.

The reason those people did not have that innovative thought, the reason there was no penetration of that concept in my generation, is that it was not on the cards. Unless you were a state or Commonwealth government servant or unless you were in a managerial position with a major company, you were not in the race; you did not get the government support that went with superannuation. The private company that you worked for looked after one part of their work force, not all of it; and, for the one part of the work force they looked after in terms of super, they were able to claim a taxation benefit back from the Commonwealth government.

What we have here is just one part of pulling away the threads of this government’s proposals to be really hard on one section of society. A number of my colleagues do not believe in my conviction—which was a Keating Labor government conviction—that all of us who are in work should be putting 15 per cent into our super. I remind my colleagues who are not convinced of this and remind the government, which seems to entirely and deliberately misunderstand this, about the reality of the l-a-w tax cuts, which the current Treasurer refused to endorse. Day after day for seven years or more we have had this absolute misleading of the parliament that they were not paid. The reality is very simple. Prime Minister Keating paid the first tranche of those tax cuts nine months early, and in paying those as tax cuts he made this change: that the second part of those were to be commuted into superannuation benefits and delayed a year. The goal was to move beyond the nine per cent limit, which Labor had already legislated, to 12 per cent. The second part of those tax cuts commuted to super was to take us to 12 per cent and then on the road to 15 per cent, which was the minimum we needed to provide not only for the baby boomer generation and future generations but for the economic stability that Australia has never enjoyed.

We have always been a nation of people dependent upon foreign investment and foreign income to develop our country. In the larger sense, that will never change. But what we do see because of the Keating government developments in super is an enormous ballast in Australia’s national savings. We have got to nine per cent; we should have got to 12 per cent and that should have continued to be legislated. That is what was cut—the possibility of going to 12 per cent for super contributions, then going to 15 per cent later. That was stripped away by this coalition government when it came to office. So the l-a-w tax cuts are not a lie perpetrated by the former Labor government; that they are a lie is a continuing distortion that this government has sought to perpetrate.

Labor is fundamentally proud of what it did with respect to super. If Labor were to return to government, it would seek to restore to centrality a superannuation contribution for all Australians that can enrich and enliven their lives, which this bill will not do. Labor will seek to restore a superannuation contribution that is not used as a propaganda piece—as this legislation was. There was a 15 per cent surcharge, which will be reduced now, if this bill is passed, to 10 per cent over a three-year period. Labor is real in its determination to provide future benefit to
Mr BRENDAN O'CONNOR (Burke) (7.11 p.m.)—I rise tonight to speak on the Superannuation (Surcharge Rate Reduction) Amendment Bill 2003. We are discussing what is a very important matter for all working families in this country. We do so against the backdrop of significant differences that have been clearly articulated by the government and the opposition in terms of what their respective priorities are. This bill highlights the stark differences in approach, in priority and indeed in concern for ordinary families having decent savings when they retire. The Treasurer’s budget last month clearly delineated those differences. Firstly, there was the announcement of a paltry $4 tax cut for the Australian taxpayer. At the same time, without much regard, there was reference to a cut in the current superannuation tax of higher income earners. What did not happen and what was not announced in the budget was an equitable cut to the contributions tax paid by all superannuants in this country. What was not articulated by the Treasurer was an equitable application of taxation cuts in this regard.

By way of contrast, the Leader of the Opposition’s budget reply highlighted what we would do if we were elected. We would ensure across-the-board cuts to taxes on superannuation contributions made by all superannuants, not only those people who are earning $90,000 and above. Those people earning $90,000 and above constitute no more than just over four per cent of the working population of this country. Clearly, when he announced his cut for those elite employees, what the Treasurer was saying to those employees who constitute 96 per cent of the working population was that they are not a concern for this government; they are not a priority. Instead, the government’s concern is focused upon those fortunate enough to be earning an annual income of five figures. That is a matter that will really resonate with the community.

This government, in recent times, has been able to distract the public from domestic matters. Although that distraction has been the result of some tragedies that have arisen in recent years, this government has deliberately distracted the public’s attention and, on some occasions, the media’s attention from matters that are occurring at home. Increasingly, Australian families want to know what this government will do to readdress their retirement and their savings issues. They are concerned about Medicare and the inability to find bulk-billing doctors. They are concerned about the increasing costs of their children participating in post-secondary education. Their concerns also go to how much money they will have when they retire.

The differences between the two major political parties in this chamber have been clearly enunciated: the government seeks to introduce cuts for those at the high end of the income scale, and the Labor Party propose that there be an equitable cut. Our view is that a cut from 15 per cent to 13 per cent, phased in over three years, would add many thousands of dollars to everyone’s retirement income. We believe it is fiscally responsible, and it is fully costed.

Before Labor extended superannuation to the vast majority of Australians, only the well-off enjoyed the luxury of a comfortable retirement. I am very well aware of the inequality that existed not that long ago. Many factory workers and people who worked in all sorts of workplaces were not in receipt of any decent superannuation and were not taking home a great deal of money. Most of their money was expended on a day-to-day or week-to-week basis. They did not have the capacity to save that many others at the high

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end had, so there was a double inequity: the higher paid had the capacity to save some of their earnings and, quite often, they most often had some sort of superannuation granted to them by their employer. Conversely, those people who had to spend their whole income just to exist were not in receipt of superannuation. It was only with the election of Labor governments in the 1980s through to the 1990s that we saw significant improvements in this area. I know of people who were low-paid employees and have since retired. They have become beneficiaries of some decent contributions that their employers made during their working lives, which they can rely upon.

Unfortunately for many workers, some of whom have since retired, in the first 20 or so years of their working lives they were not recipients of any form of superannuation. It might be hard for people in the community who have entered the work force relatively recently to fully understand how, less than 20 years ago, the great bulk of the Australian work force were not given a nest egg on which to retire. The member for Blaxland clearly articulated that the Hawke and the Keating governments introduced fundamental changes in this area that ensured that the Australian work force are now in receipt of a minimum of nine per cent of their income.

I concur with the views expressed by the member for Blaxland, who said that superannuation has come a long way from where it started. Further proposals were envisaged but were never ultimately realised. One was a vision to have contributions of 15 per cent to ensure that even those on very low incomes would have a decent sum on which to retire. That is something that former Labor governments have considered and that this government has denied. Since this government was elected, there has been no regard for superannuation as an area of importance that will ensure a decent quality of life amongst our citizens. It is an aberration, but it is something that people’s minds are turning more to, when they watch this government, as the fog of war disappears and other international matters can no longer be used to distract the public’s attention from this important issue. As this issue resonates throughout the community—and I know it is doing so increasingly—this government will stand charged with effectively disregarding the majority of Australian superannuants on the issue of retirement savings.

I will now indicate by way of example how people would be better off, or worse off, under the different plans. Example 1: if a constituent in my electorate aged 20 earned $40,000 a year over their working life, they would get an extra $7,000 in a retirement nest egg under Labor’s plan. Under the Liberal government’s proposal, they would get nothing. Example 2: if a constituent aged 40 earned $40,000 a year, they would receive $2,700 more under Labor’s plan; under this government’s proposal to cut the superannuation tax for high-income earners, they would receive nothing. Example 3: it would be clear that a constituent who was 40 years of age and earned $60,000 a year for the rest of their career would receive $4,000 under Labor’s plan and would receive nothing under the Liberal proposal.

Example 4 highlights the hypocrisy of this government the most. If another constituent—the same age as the two preceding examples, 40—earned $100,000 for the rest of his or her career, he or she would receive $6,782 under Labor’s plan. But under the present government’s plan that constituent would be in receipt of an extra $15,260. Of the four examples, the only example where the recipient is better off is where that salary earner is in receipt of $100,000. So you can clearly see, by way of those examples, the way the government’s policy is skewed towards the rich or the better off and away
from the less well off. This is something that
the government should hang its head in
shame for, because there is no justification
for it. Everybody is in need of decent retire-
ment savings. There is a need to ensure, par-
ticularly for those people who do not have
the capacity to save from their average
weekly earnings, that there is a contribution
put aside for retirement. The way this gov-
ernment is operating, that is becoming less
and less of a guarantee.

It is also important to note in the context
of superannuation generally that this gov-
ernment has not only shown a disregard for
the majority of superannuants and those peo-
ple in receipt of lower wages as opposed to
higher wages but also been driven by an ide-
ology to undermine superannuation industry
funds. Those industry funds, it should be
known, in fact have been more successful in
the last couple of years, coping with the
changes and the difficulties in the economy,
than any other superannuation fund. It is
quite interesting to note, when you compare
and contrast the way those funds have gone
in the last couple of years, that they have
been far more successful in ensuring that the
superannuation entitlements of their mem-
bers have been preserved. They have been
far more successful compared to many of the
other superannuation funds that this govern-
ment seems to be pushing.

To ensure that ordinary working families
are in receipt of decent and fair superannua-
tion contributions, we need to try to get the
blinkers off this government. It needs to
move away from looking after those people
on $100,000 or more and towards those peo-
ple on average weekly earnings and those
families that are in need of decent retirement
savings when they retire. That is only going
to happen if the government does a backflip
on the comments it has made in the budget,
and that is clearly not likely.

The only result left for the Australian
community is to throw this mob out, because
they do not deserve to be in office. They
have no regard for 96 per cent of the work
force. They have no regard for those people
that struggle week by week to earn enough to
put enough food on their table, to educate
their kids, and to pay their rent or mortgage.
They have no regard for that. You can see
that in the policies that they produce in the
areas of health and education. You see it in
their disregard for Medicare and their con-
tempt for bulk-billing. You see it in the way
they quite happily increase the impost on
students going to university and deprive
people from lower socioeconomic back-
grounds of the opportunity to get into univer-
sity. You see it again in relation to superan-
nuation—mainly because this government
have seen superannuation for ordinary work-
ing families as an anathema. Liberal gov-
ernment members think superannuation
means part of a bonus package you give to
managers. That is what they think superan-
nuation is: part of a total salary package you
might give to a manager or someone very
high up in a company. They do not think it is
for those people that struggle day by day,
week by week, just to have a decent living
and a decent quality of life for themselves
and their families.

I find it quite extraordinary that the gov-
ernment think they can get away with depriv-
ing 96 per cent of the work force—those that
are struggling, in many cases, to make ends
meet—of a tax cut in the area of superannua-
tion at the same time as they provide a tax
cut to the top four per cent of wage-earners.
We should not be surprised, because we have
seen this behaviour before. They were not
happy when there were fundamental changes
in the eighties. The Labor Party was the only
party that was pushing these decent changes
in the eighties. Labor governments were the
only ones who were providing the changes
that were required for ordinary Australian families. So we should not be surprised. What really needs to happen now is that the government should be tossed out of office, because they have a contemptuous disregard for ordinary working families of this country.

As the fog of war lifts, as it has, as international matters fade, as they are, and as the government fails to continue to distract the Australian public and even parts of the media from these issues, the electors of this country will indeed make their choice on the policies. The policies on this side are fundamentally different from the government’s policies. We are concerned about education, restoring bulk-billing in the form of saving Medicare, and ensuring that there are decent places in education and an equitable cut in the superannuation contribution. Therefore, I know that, come election time, we will be on that side and they will be back here.

Mr ANDREN (Calare) (7.29 p.m.)—I would like to speak on the Superannuation (Surcharge Rate Reduction) Amendment Bill 2003 but, because I have left some notes in my office, I will continue my remarks tomorrow.

Debate interrupted.

ADJOURNMENT

The SPEAKER—Order! It being 7.29 p.m., I propose the question:

That the House do now adjourn.

Health: Tough on Drugs Strategy

Ms BURKE (Chisholm) (7.29 p.m.)—In this House during question time yesterday, the Prime Minister again ran out the tired line that his government’s Tough on Drugs policy has produced great results, that it has ‘reduced the demand for illicit drugs’. Mr Howard said:

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 governments of Australia over the time that the program has been in operation.

We have clear evidence that the commitment 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.

No data are provided to support these sweeping claims of success. What the Prime Minister failed to say is that his government has been in receipt of a report for eight months which is highly critical of the government’s Tough on Drugs stance. The report, commissioned by the government, has found that the government’s Tough on Drugs stance has triggered an explosion in hepatitis C infection. It lashes out at the Howard government for ‘abrogating responsibility and refusing to provide leadership and resources to fix the urgent public health problem’. The Prime Minister also fails to recognise that there has not been a steady flow of heroin into Australia for many months because supplies from various sources, particularly Afghanistan, have dried up. The government’s great claims to border protection can see innocent people drown at sea, but it is not so successful at keeping out illicit drugs. The observed drop in supply is due more to various wars interrupting production than any domestic policy, so the lack of overdoses is not an indicator of a great policy but rather a lack of supply from the point of production. The government perhaps should now start to record the overdose rate of prescription drugs such as benzodiazepines or other illicit drugs to really see if its Tough on Drugs policy is working.

Far from helping the situation, the government’s approach is producing far greater health risks to all Australians. Almost all
those involved in the area of drug and alcohol research and support services have argued long and hard for a harm minimisation approach in conjunction with a better coordinated and resourced public health program. The government has ignored this advice and gone down the route of zero tolerance. Again, the government’s own report, provided by a broad based council of experts in the area of hepatitis C, is highly critical of this approach. The report says:

The ‘zero tolerance’ approach tries to stamp out illicit drug use—instead of trying to make their inevitable use safer. There is growing recognition that criminalisation of injecting drug use ... has contributed to increased transmission rates.

Information provided by the Hepatitis C Council of Victoria makes for fascinating reading and is largely the basis of the report currently before the minister, which the minister is ignoring. The information states:

- The rise in estimated new hepatitis C infections from 11,000 infections in 1997 to 16,000 infections in 2001 shows that hepatitis C infections continue to increase alarmingly.
- A range of innovative strategies are needed to be introduced if we are to reduce this level of infection.
- Needle and syringe programs have succeeded in slowing infections, but we need to build on this success.
- We need targeted prevention strategies for young people, particularly young people who inject or are at risk of injecting before they become infected with hepatitis C.
- The introduction of some prevention strategies will require political courage. If this courage is not taken, then hepatitis C infections will continue to increase.
- Clear and unambiguous support of harm reduction intervention is the key to reducing hepatitis C infection.
- The Review of the National Strategy notes the uptake of hepatitis C treatments is extremely low—approximately 1% of people with hepatitis C have ever accessed treatment.
- Access to treatment is a key issue for people with hepatitis C. Factors that contribute to this area are:
  - strict eligibility criteria
  - restriction of only being able to access treatment through liver clinics in major hospitals
  - experiences of discrimination in health care settings
  - social and economic issues such as homelessness, poverty, unemployment, lack of social support
  - side effects of treatment
- The Review of the National Strategy found that the strategy has not achieved its objective of increasing access to the full range of treatment and care services for people with hepatitis C.
- ... best practice treatment ... is available in countries such as the US, the UK and Canada, but not yet approved for hepatitis C treatment in Australia.

Federal funding

- The recent federal budget allocation of $15.9 million over four years for hepatitis prevention and education is a CPI increase on previous hepatitis C funding. In the final year of funding, this equates to $13 per person with hepatitis C. It will be impossible to address the issues raised in the Review of the National Strategy without significantly increased resourcing.
- The need for additional funding needs to come from both state and federal governments.
- A sustained, comprehensive and committed response to hepatitis C is needed to respond effectively.
The Tough on Drugs strategy is not working. The minister needs to respond. (Time expired)

Minister for Immigration and Multicultural and Indigenous Affairs

Mr PYNE (Sturt) (7.34 p.m.)—I would like to talk a little bit about the Minister for Immigration and Multicultural and Indigenous Affairs and the extraordinary campaign that has been waged against him by members of the opposition. Most people in Australia would agree that it has certainly been a successful smear campaign to try to slur his reputation.

Mr Gavan O’Connor interjecting—

Mr PYNE—I would not be taking any credit for it if I were the member for Corio. Before I was interrupted by the opposition, I was going to say that most Australians would agree that this minister is one of great integrity and is a conscientious minister. I would describe him as a fastidious minister who takes great care over the detail of his portfolio, and he has questioned me on many occasions about the immigration program that we have and how it could operate better. For the Labor Party to suggest that this minister would be capable of the sorts of things they have claimed in the last three weeks is a disgraceful smear, a slur and a misuse of parliamentary privilege, and I think they should hang their heads in shame.

Under this minister for immigration, the program has been reoriented from one of rorting by the Labor Party, protection of special interests and vested interests, and the giving of visas to particular ethnic groups in order to curry political favour to one that has re-established people’s faith in the immigration program in Australia. When we first came to power in 1996, seven out of eight migrants coming to this country were coming under the family reunion program. There was a deep lack of support in the Australian public for the immigration program, and many people would say this was a direct result of the Labor Party’s misuse of it. They cast it into disrepute and allowed the creation of an environment in which former member for Oxley Pauline Hanson was able to spread her vicious bile in that electorate. This is something they should be hanging their heads in shame about. Their own former minister for finance Peter Walsh described their immigration program as a program of ‘cave-ins and blow-outs’. In 1993 and 1994, 42,000 visas were granted by the Labor Party minister for immigration at the time on the basis of political expediency. It is a well-known fact, and it is a disgrace. It cast our immigration program into disrepute.

This compares with the program set by the minister for immigration since 1996, which is reoriented towards skills and Australia’s national interest. Quite frankly, after seven years we have been able to increase the number of migrants who come to this country with community support, because the community recognises that those people will make a contribution to our society rather than simply being part of a politically expedient program promoted by the Labor Party.

The member for Lalor and the member for Reid, in a desperate attempt to throw people’s attention away from the tremendous deficiencies of the Leader of the Opposition and his frontbench, have run a campaign of smear and innuendo over the last three weeks. In the Hbeiche case, they have claimed—not by a proper substantive motion but by smear and innuendo in question time—that the minister has misled the House. They have not produced at any point any document in this House that proves their case against the minister for immigration. He has asked them on numerous occasions to prove the case that they are making and to produce the evidence. They cannot produce the document, because no document of that
nature exists. They know it and the minister for immigration knows it, and that is why they squib when he demands that they produce the evidence. There is none, and so they cannot produce it.

Labor claim that the minister interfered in the program to allow Mr Dante Tan to become an Australian citizen. They have not produced any evidence of that. The minister has denied it and, in fact, the minister for immigration was not even the minister responsible for citizenship at the time they claim he was interfering in the program and organising Mr Dante Tan’s citizenship.

Labor have tried to traduce the reputation of a minister that most of the Australian people would regard as one of the finest and one who has done his utmost over his public life to uphold standards of decency and fairness. His responses in question time to disgraceful and outrageous questions have been a model and a standard for us all to try to achieve. He is the father of the House; he has been here since 1973. His father was a member of parliament before him. The Ruddock family is a family with a long history of public service to this country, and Labor should apologise for the attempt that they have made to slur him and his family. (Time expired)

International Justice for Cleaners Day

Mr BRENDAN O’CONNOR (Burke) (7.39 p.m.)—I rise to touch upon two very important things that have occurred recently. I would like to make reference to International Justice for Cleaners Day, which took place this week. This is a campaign that lobbies employers and companies to provide better conditions for their cleaning work force. Some may know that this campaign started in the mid-eighties in the United States where there are a large number of working poor people who have to work full time for very little money. Indeed, some find themselves below the poverty line even when they work in excess of 40 or 50 hours.

This international day, which was commemorated this week, highlights a very important moment for very low-paid workers who have not been properly recognised. Therefore, I congratulate those unions—in particular, the LHMU—that raised this matter in the Australian context. As I understand it, the Australian leg of the campaign this year focused on cleaning staff at Westfield shopping malls. The rights of the low-paid are of critical significance in this country, and this government does not pay them much regard. It is very important, particularly in the context of having such a conservative and antiworker government, that we recognise the plight of low-paid workers and their efforts to improve their conditions and their lot in this community.

The other matter is somewhat related although a bit more provincial, or a bit closer to home. It is on the same theme. I refer to the success, only last week, of childcarers in Victorian councils who, by way of settlement, won their work value case before the Industrial Relations Commission. They were led by the Australian Services Union, of which I am a former official, so I know many of these employees.

As most people would know, childcarers are fantastic contributors to society. They undertake the care of our children, and therefore they undertake the care of our future, in some senses. When compared with other professionals or semiprofessionals—depending on where they sit in their qualifications—childcarers have been very badly paid historically. If you compare, for example, their qualifications against any other kind of qualification to try to find a decent work value, you will find they have been undervalued in a major way.
This case, which has given wage increases of up to $150 to these workers, sets not a precedent—because it was a settlement—but the right benchmark for where childcare workers deserve to be in this country—that is, in a position comparable to other professional groups. Those that have resisted that may, of course, be disappointed. But I know this: there are 1,500 childcarers in Victoria who are very happy tonight, and many thousands of others will believe that one day soon they will be rewarded according to their efforts, skills and responsibility. I congratulate those workers, and, in particular, the ASU and the ACTU, for their role in that case.

In the end, as always, the most important facet of the struggle to get decent recognition is borne by the workers themselves. They are the ones who have been campaigning and talking to the parents, the users of the service and the community at large to try to highlight the fact that they have been unfairly recognised historically. This decision, or settlement, properly recognises them now in a manner which they deserve. I only hope that soon the rest of the childcarers across this country will be properly recognised in the same way and will be afforded a decent income—which they truly deserve, given that they undertake the care of our children and therefore, in some ways, the care of our future.

Immigration: Protection Visas

Mr TOLLNER (Solomon) (7.44 p.m.)—Like most Territorians, I welcome the decisions that are being made by our federal Minister for Immigration and Multicultural and Indigenous Affairs, who is granting permanent residency to the overwhelming majority of East Timorese asylum seekers. Right from the very beginning, the minister made it perfectly clear that the existing immigration policy and procedures were well equipped to process these claims.

My colleague in the other place Senator Scullion and I saw our roles as explaining the processes to the East Timorese in the Territory and assisting them to make full and compelling applications to the minister. Senator Scullion ran a clinic from his office for the people affected and we also had Department of Immigration and Multicultural and Indigenous Affairs staff and interpreting services available for them. This role was welcomed and embraced by the East Timorese and that was clearly demonstrated by the many people who came to see us for assistance and supporting letters. We also had numerous meetings with the minister and other colleagues in the government to try to shore up some favourable support for the assessment of the cases.

Despite numerous approaches to our local rag in Darwin, the Northern Territory News, nothing was reported of the reality of the work being done. In fact, had the Northern Territory News reported some of the information that was sent to them by the minister or me they could also have claimed to have assisted this small community in the Northern Territory. Alas, the NT News appeared to be blind to the actions of those in government who can achieve results for Territorians. Instead, they joined with the member for Lingiari and created a lot of fear, concern and undue worry for the people of East Timor and the Northern Territory community as a whole.

The NT News followed the Labor line, which was to create a new visa class. That is the Labor response: to avoid taking any difficult decisions and to just let everyone stay. As the member for Sturt mentioned before, in 1993 and 1994 there were massive blowouts with no concern by Labor for the national interest, due process and the rights of
Australian citizens to expect their government to act in their interests. The member for Lalor trumpeted only one proposal and that was to call for a special visa class. In championing that idea, she was a complete failure. It never happened. In fact, contrary to the misreporting in the NT News, no bill calling for the creation of such a visa was ever introduced into the parliament by anyone on the other side of this House.

It should also be recorded that the member for Lingiari never once during this entire process sought a meeting with the minister to discuss the issue or to support the East Timorese. Not once. Labor let down the East Timorese by refusing to hear their cases when they originally arrived in Australia. Labor again let down the East Timorese when the member for Lingiari and his cronies started the legal nightmare that was to befall the East Timorese for many years. Of course, this was done to suck up to the then dictator Suharto.

It has been a coalition government and this minister who have finally done what is right for all. The NT News now heralding Labor as the saviours of the East Timorese is beyond contempt. It was a Labor government that presided over the most shambolic, mismanaged and rorted immigration program in Australia’s history. That was an immigration program that did not deliver any economic benefit and an immigration program that was most decidedly not in the national interest. Almost a year ago, Senator Scullion and I said to the public and to the East Timorese community that we would do everything in our power to ensure that the East Timorese asylum seekers stayed in Australia. We meant it then, it was certainly believed and appreciated by the East Timorese and their supporters, and this government is delivering.

International Justice for Cleaners Day

Mr Martin Ferguson (Batman) (7.49 p.m.)—This week saw the celebration of International Justice for Cleaners Day. The day aims to draw the world’s attention to the often overlooked profession—a profession I was previously proud to represent as the General Secretary of the Miscellaneous Workers Union—and, more importantly, a profession that suffers considerably under employment regimes such as the one overseen by the Howard government.

Low-paid workers do not matter to the Howard government. The government’s employment climate has seen the professional cleaning industry hung out to dry through a climate of contracting. Contracting has seen decent jobs—secure and decent full-time employment with proper wage structures and proper conditions—turned into precarious part-time and casual positions with little to no job security and no respect from many employers or clients. Cleaning professionals are among the lowest paid workers in Australia—earning between $12 and $13 an hour, and many are from a non-English speaking background—yet employers take a knife to them by giving them insufficient hours to do their work each day.

Take, for example, the cleaning of our own electorate offices. The Howard government’s contractual arrangements for these workers often mean they have to drive many kilometres across town, from one office to another, within a short space of time, and they do not get paid for their travel time. They are then given very strict time limits to get the job done and little or no pay. They are left to decide when to finish up, whether or not they have finished the job, and more often than not they actually spend more time of their own to make sure that our offices are cleaned in a proper way, with no pay from the Commonwealth government.
I put to the House that it is about time that we stood up for such people. It is about time the government was forced to have a look at the contractual arrangements that go to the working arrangements for cleaners in our own electorate offices. In the context of cleaners being the lowest paid in our community, I want to compare them with a number of others in the Australian community who are very topical this week. I am talking about an hourly rate of $12 to $13 per hour, with these people often putting in their own free time to do the job cleaning our electorate offices. I want to compare them with the esteemed members of our judiciary in Australia.

Today we hear of yet another pay rise for federal judges of four per cent paid from 1 July, taking their annual salary to—guess what—$305,300 per annum. This pay rise is on top of a pay rise delivered just eight months ago to federal judges of 17 per cent; in essence, a 21 per cent pay rise in just eight months. How can we justify that to low-paid workers such as cleaners, many of whom are women, many of whom are refugees and many of whom struggle from week to week to put bread and butter on the table to feed their families? Then again, that is the Remuneration Tribunal—done in secret, with special jobs and special outcomes for the elite in the Australian community. It is no different from yet another pay rise, a pay rise of four per cent, granted to politicians in the last couple of weeks. I respect those in the cleaning profession—the hardworking members of our community who clean our electorate offices and who clean Parliament House.

On the battle for decent wages and conditions, I want to compliment the Treasurer—this is perhaps the first occasion—on his endeavour to reverse a High Court decision which took away the requirement for state judges to pay the superannuation surcharge imposed on other high-income earners in Australia. Imagine these wealthy judges going to the High Court to escape paying taxes that ordinary fellow Australians pay. I note that the Treasurer recently raised with state attorneys-general the requirement to reverse that High Court decision. I simply say to the Treasurer and to the state governments in Australia: if it is good enough for ordinary workers to pay the surcharge on superannuation then it is good enough for judges to do so—especially when they are receiving a salary of over $300,000 per annum. I say to judges: start thinking about those who clean your judicial chambers on $12 or $13 an hour, you greedy lot. (Time expired)

Indi Electorate: Work for the Dole

Ms PANOPOULOS (Indi) (7.54 p.m.)—Last month I had the pleasure of visiting the Work for the Dole bushfire recovery team in my electorate, and it is with great pride that I advise the House of the success Work for the Dole has had and continues to have in my electorate of Indi. The potential of the Howard government’s Work for the Dole program has been illuminated by a small gang of 22 local job seekers who volunteered their time and energy to replace fences destroyed during the north-east Victorian bushfires this summer. I congratulate these 22 participants on their enthusiasm to gain work experience and to contribute to the recovery of the Beechworth, Myrtleford and Eurobin areas after last summer’s devastating fires. I am also very proud of them as individuals and hold them up as examples in my electorate.

I commend Scott O’Brien, the Community Work Coordinator from Hume Employment Services and Bruce Biggs from Central Victorian Group Training for helping to create the perfect practical example of the Howard government’s Work for the Dole program benefiting local job seekers and their communities. These 22 Work for the Dole participants are making a real difference to
some of the people affected by the fires in the north-east and it is most sincerely appreciated. This particular Work for the Dole team has pulled down over 15 kilometres of fire damaged fencing on four separate farms in the Beechworth and Alpine areas. Today in fact they were given permission to undergo accredited fencing training and will now begin erecting fences in my electorate. This team has also constructed a hessian barrier to stop silt from the fires seeping into our waterways. This is a very important task as it protects the water supply in my local towns. It also helps to maintain the water quality of the Murray-Darling Basin. As I am sure you know, Mr Speaker, the north-east of Victoria provides 38 per cent of the high-quality water that goes into the Murray-Darling Basin. All of this, and they are only one-third of the way through their program.

These Work for the Dole volunteers have even gone so far as to appoint one of their own participants as the project’s occupational health and safety officer, a task which will be shared around every fortnight. Here we have local Work for the Dole participants not only enthusiastic to assist their local community, not only eager to learn new skills that are on offer, but keen to play a part in the administration of the project they are involved in. These volunteers are a shining example of the Howard government’s Work for the Dole program benefitting the participants in it who are giving back something to their local communities.

I was involved in the Work for the Dole program long before I was elected to parliament and I continue to support wholeheartedly Work for the Dole programs in my electorate, particularly this program. Despite the clear evidence that I have seen over many years of participants embracing this program, of gaining new skills, new confidence and often a new job, Labor have constantly maligned Work for the Dole. The positive impact this Work for the Dole bushfire recovery program has already had and will continue to have and the accruing benefits to local towns in my electorate fly in the face of the constant criticism by the member for Grayndler, the Labor shadow minister for employment services and training, of this outstanding government program. The member for Grayndler and his Labor colleagues simply cannot stomach the fact that the Work for the Dole participants actually derive pleasure from and gain valuable work experience through this program. The current Leader of the Opposition has called Work for the Dole a mickey mouse scheme and his predecessor has referred to it as a disgrace. It is unfortunate that the opposition do not believe in this program. It clearly demonstrates that they do not believe in encouraging and supporting job seekers to be more active in finding employment and developing self-esteem. It just shows how out of touch they are with local communities and the needs of our unemployed.

The success of Work for the Dole in my electorate and the tenacity and spirit of this latest group of volunteers demonstrates not only the benefits that the Work for the Dole program bestows on its local communities but also the strength with which Australians are embracing this outstanding Howard government initiative.

House adjourned at 7.59 p.m.

NOTICES

The following notices were given:

Mr Abbott to move:

That standing orders 93, 94 and 399 be suspended for the remainder of this period of sittings, except when a motion is moved pursuant to the applicable standing order by a Minister.

Mr Abbott to move:

That standing order 399 be suspended for the remainder of this period of sittings, except when a
motion is moved pursuant to the standing order by a Minister.

Mr McGauran to present a bill for an act to amend legislation related to communications, and for related purposes.

Mr McGauran to present a bill for an act to amend legislation relating to postal services, and for related purposes.

Mr Slipper to move:

That, in accordance with the provisions of the Public Works Committee Act 1969, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: Construction of a respecified immigration reception and processing centre on Christmas Island.
The DEPUTY SPEAKER (Hon. I.R. Causley) took the chair at 9.44 a.m.

STATEMENTS BY MEMBERS

Roads: Great Ocean Road

Mr GAVAN O’CONNOR (Corio) (9.44 a.m.)—I want to make some comments on the recent tabling of the green paper in regard to the tourism part of the Industry, Tourism and Resources portfolio. As members would be aware, the government made a commitment to deliver a white paper 10-year plan for Australian tourism. That proposal was delayed and delayed. The industry was expecting the green paper to be tabled around October 2002 and a 10-year plan white paper by the end of 2002. That did not occur. We had procrastination and delay. At the end of the process all we got from the Minister for Industry, Tourism and Resources was a green paper, which his own colleagues indicated was lacking in detail and contained no bottom line costings. It was thrown off the cabinet table, and the industry was very disappointed.

The tourism industry is very important to Australia. In my own locality, the City of Greater Geelong is the gateway to the Great Ocean Road, one of the icon tourism assets of Australia which is visited by well over one million people. In the context of the brief opportunity I have, I ask that the Minister for Transport and Regional Services consider making a Commonwealth contribution to the western bypass around Geelong, which will connect the Princes Highway with the Great Ocean Road more cohesively. I raise the matter in this debate because I think it is very important that the federal government play its role in financing vital pieces of infrastructure that will have great spin-offs for Australian tourism. A Commonwealth contribution to this bypass will ensure that it is built. It would not only be important to the economy of the western district of Victoria but certainly stimulate tourism along the Great Ocean Road.

Mr RANDALL (Canning) (9.47 a.m.)—I rise today to raise the issue of the burning of the Australian flag. I raise this issue because my constituents want me to. My office has received numerous calls and emails about this issue. As I walk down the street, people say to me, ‘Hey Don, don’t forget—we are not happy that people are burning the Australian flag.’ In Perth last week a court case was concluded concerning a juvenile who had, at the recent demonstrations against the Iraq war, burnt the Australian flag. He was released without conviction because it is not against the law. The interesting fact was that this young person was a New Zealand citizen, and in his own country it is illegal to burn the flag.

I see it as tantamount to anarchy when people in the streets decide to burn the national symbol of their country. I believe that advocating that this act be outlawed does not contravene the freedom of speech provisions in our Constitution. I believe I would have widespread support in the community, as has been demonstrated on talkback radio in Perth, and all around Australia, in taking this matter forward. I intend to seek further advice from my colleagues. Given the opportunity, I would even consider introducing a private member’s bill because I believe that the Australian community, particularly those who have served our country under this flag for well over 100 years, feel desecrated and defiled when they see the national sym-
bol which they have so much respect for, and which symbolises the achievements and the independence of the Australian people, being burnt in the streets as a symbol of derision.

I intend to take this matter further. I intend to raise the issue with my colleagues. I would like to see this parliament deal with the issue. Our flag deserves to be treated with respect and dignity. The protection of our flag is important to the Australian people.

Iraq

Mr ALBANESE (Grayndler) (9.50 a.m.)—On 18 March 2003 the House of Representatives adopted a motion supporting war in Iraq. Point 2 of that motion said:

… that Iraq’s continued possession and pursuit 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;

Mr Howard, the Prime Minister, went on to say:

This morning I announced that Australia had joined a coalition, led by the United States, which intends to disarm Iraq of its prohibited weapons of mass destruction.

That was the basis upon which Australia participated in war. On 14 May 2003 the Prime Minister, in this House, said:

I remind the House, and through it the people of Australia, that the Security Council was unanimous, through resolution 1441, in its view that Saddam Hussein had continued his weapons of mass destruction programs and that Iraq was therefore in material breach of its obligations under a long series of Security Council resolutions.

We know also that President Bush and Prime Minister Blair continued to put the argument. Indeed, Prime Minister Blair put the argument that Iraq had missiles and offensive weaponry ready to go within 45 minutes.

I am very pleased that no Australian casualties, apart from a journalist, were suffered during the Iraq conflict. We can all be pleased that it was over as quickly as possible. But at the same time that is in itself an indication of the extent to which containment was working. It is very clear that the Iraqi regime, evil as it was, had largely been disarmed, which is why it fell so quickly. Some months later, there has been no evidence produced of either weapons of mass destruction or of a direct link with al-Qaeda. Andrew Wilkie, the former defence analyst with the ONA, said on 17 June:

… sooner or later the cock and bull surrounding Iraq and WMD is going to catch up with the Australian Government. The deception and its consequences are just too great to be ignored.

I join with people such as Robin Cook and Clare Short in expressing my concern that a war occurred—a war with over 3,000 civilian casualties—on the basis of false and misleading information and indeed deception by governments about the Iraqi weapons of mass destruction program. We need to get the full facts of this matter. (Time expired)

Flinders Electorate: Police and Security

Mr HUNT (Flinders) (9.53 a.m.)—I rise to speak on the subject of police and security in the towns of Somerville and Baxter within my electorate of Flinders. Not long ago I had the opportunity to travel with the police on the midnight to 4 a.m. shift one Saturday night throughout Hastings, Baxter, Somerville and other parts of my electorate. There were two conclusions that came to me from that: first, there is good and reasonable security for the
people of Somerville, Baxter and Tyabb; but, secondly, there is a significant problem with underage drinking and with opportunities—

A division having been called in the House of Representatives—

Sitting suspended from 9.54 a.m. to 10.18 a.m.

The DEPUTY SPEAKER (Hon. I.R. Causley)—In accordance with standing order 275A, the time for members’ statements has ended.

APPROPRIATION BILL (No. 1) 2003-2004

Consideration in Detail

Consideration resumed from 17 June.

Department of Industry, Tourism and Resources

Proposed expenditure, $874,432,000.

Mr FITZGIBBON (Hunter) (10.18 a.m.)—One of the most disappointing aspects of the Howard government’s latest budget is the total absence, once again, of any attempt to develop a national energy policy for Australia. I have been in the resources portfolio for some 19 months, and what struck me most on my arrival was the fact that, as a resource rich nation with increasing import dependency and projections of demand for energy outstripping supply from domestic sources in the not too distant future, we do not have an energy policy in this country. Nor do we have any proficient approach to deal with the environmental challenges that face this nation and the way those issues are linked to energy production and consumption in this country.

I have been talking about this for the last 18 or 19 months, and I am pleased that the Howard government has now seen fit to establish an energy task force—a committee that effectively works at cabinet level and, I understand, is driven by the deputy heads in the various departments with an interest in energy policy. But I would have thought that we might have seen some result of their deliberations in this year’s budget, because next year’s budget is so far away in terms of the energy and environmental issues facing this nation. We did see a plan on transport fuels, I will acknowledge, but it was not much of a plan. It is a plan that does not come into effect until 2008, and it takes no account of the impact that the new policy will have on the gas based fuel industries—in particular, compressed natural gas and the more popular liquefied petroleum gas, which is otherwise known as LPG. Prior to the year 2000, LPG was untaxed—a decision taken by the Keating government, in recognition of the need to give it some assistance in its early years of development and in recognition of the positive environmental effects of LPG as against our more traditional fuels.

As a result of the introduction of the GST, LPG copped a 10 per cent tax, compounding the problem for the industry. This was a heavy hit for LPG because the government took a decision to reduce the fuel excise on petrol to offset some of the impacts of the GST—not a sufficient reduction, but a reduction. But, because LPG did not attract a fuel excise, there was no excise to be reduced, so LPG copped the full brunt of the GST and therefore was made less competitive as against traditional fuels like unleaded petrol. We have now learned that by 2008 LPG will also attract an excise. This was a heavy hit for an industry in an early growth phase, at a time when we should be and are attempting to encourage motorists onto cleaner fuels.
As a result of the government-commissioned fuel tax inquiry, David Trebeck recommended that all fuels be taxed equally. The Treasurer’s response was—I do not have the quote with me so I will paraphrase—that the government will not be embracing the Trebeck committee’s recommendation on LPG, because of the negative economic impact it will have on the industry. That was the Treasurer’s response to the Trebeck report’s recommendation. Yet here we see, in the latest budget, the government embracing that recommendation. (Extension of time granted) The question that needs to be asked of the Treasurer and the Minister for Industry, Tourism and Resources is: what has changed between the Treasurer’s announcement in response to Trebeck and the delivery of the 2003-04 budget? And what facility or scheme has the Treasurer or the industry minister put in place to ensure that the catastrophic ramifications for the LPG industry that he predicted in his own media release will not be the natural consequence of the government’s decision on fuel taxes in this budget?

The opposition have no problem with the concept of taxing fuels equally. I am happy to say that. We have no difficulty whatsoever with the concept of taxing transport fuels on their energy content. But these things have to be looked at holistically; they have to be looked at together with mechanisms that ensure that important young industries in this country, like the LPG industry, are not unnecessarily adversely affected. Many motorists have invested heavily in converting their motor vehicles to LPG as a result of encouragement from the government. They have been whacked with the GST and now they are to be whacked with a fuel excise. This is certainly bad news for the development of the industry and for its attempt to convince motoring corporations of the merits of designing and building LPG dedicated cars.

That is all we see on energy in this budget: some sort of plan for transport fuels that will not come into effect until 2008 but no real plan for the gas and electricity sectors—the Parer report has now been collecting dust for around 12 months—and of course no plan for upstream oil and gas and, in particular, our increasing oil import dependency.

There has been a lot of hoo-ha in recent months about the development of our gas industry in this country—and I am certainly a great supporter of that development. In August 2002 the venture partners of the North West Shelf project announced with great fanfare that they had secured a $25 billion deal to export liquefied natural gas to China. It was slaps on the back all round as the media hailed the deal as Australia’s single biggest export contract.

I have been asking questions about that deal ever since and people have been avoiding answering those questions, hiding behind the veil of commercial-in-confidence. The questions I have been asking include this very important one: in the face of increasing import oil dependency and in the absence of a national energy policy, is it in the nation’s long-term interest to be selling our natural gas at such low prices? In questions on notice I have put it to the Treasurer and to the Minister for Industry, Tourism and Resources that we are exporting that gas at prices 30 per cent below current world prices. This has enormous implications for the Australian economy, including knock-on effects for other resource projects in this country.

If we were to announce tomorrow a new $25 billion coal contract with a nation we had not before enjoyed a relationship with but that we were selling that coal at prices 30 per cent below current world prices, there would be hell to pay. It would be on the front page of every newspaper. Yet no-one has refuted my claim that the gas has been sold to China so cheaply. Too little has been said about the equity arrangements the Chinese have been allowed to take in the North West Shelf venture, and too little has been said about the fact that we have given...
the Chinese exclusive shipping rights on that deal—and, indeed, we will be providing the training for the seamen who will man the ships that transport that gas.

I am not suggesting for a moment that the export of our natural resources is a bad thing. It is inherently a good thing. *(Extension of time granted)* In many ways our economy remains underpinned by those export arrangements. But until the 1960s Australia’s major political parties gave bipartisan support to the retention of export controls on our finite mineral and energy resources. The Labor Party maintained its position much longer than did the Liberals, but the forces of globalisation forced a rethink during the early 1980s. Amongst the arguments which forced Labor’s hand was the case put by the North West Shelf venture partners that export sales of natural gas were necessary to fund the development of a national domestic gas grid. More than 20 years on, seven or so mainly multinational companies—those that control our oil and gas reserves—are focusing their gas marketing almost entirely on export opportunities. They have not held up their end of the bargain.

Despite our enormous wealth in offshore gas reserves, the only consortium seriously—and I emphasise that word—marketing new sources of natural gas from offshore Australia for domestic consumption is that which is attempting to import gas from Papua New Guinea. That is not a criticism of that project by any means, but it is interesting that the only consortium seriously marketing gas domestically in this country is the one which is seeking to import gas from PNG. The venture partners in the Sunrise project will claim to be spending millions of dollars marketing Sunrise gas onshore, but behind the veil of commercial-in-confidence we do not see any real evidence of that and nor do we see the working programs which form the basis of the retention of that lease in the hands of that particular consortium.

Meanwhile, Australia’s oil self-sufficiency continues to fall. By 2010 our import dependency will rise to 60 per cent of annual requirements. The impact on the nation’s balance of trade will be in the order of $7 billion to $8 billion annually. Over the past seven years Australia has been consuming its oil at a rate three times faster than it has been finding it. This increasing import dependency leaves us further exposed to the whims of OPEC and the problems which continue in the Middle East. Australia’s best strategy, and the one absent from the budget once again, is to further develop the nation’s gas economy.

In addition to its ability to replace oil as a transport fuel, natural gas is a cleaner alternative for electricity generation and an important feedstock for our infant petrochemicals industry. However, attracting sufficient investment in gas infrastructure will require certainty of supply. Australia has around 140 trillion cubic feet of known gas reserves—enough to supply both domestic and export markets. However, more than 60 per cent of those reserves lie deep under water in distant offshore areas off western and northern Australia. A recent ABN Amro report reminds us that almost all known gas reserves in eastern Australia are contractually committed and a supply shortfall is expected by the year 2007. Imagine the looming impact for residential and business consumers alike of that shortfall.

We must begin to plan ahead to ensure that sufficient gas is reserved for domestic purposes and that our tax and regulatory structures reward projects that exploit our community owned resources in a manner which delivers maximum economic and social benefits to all Australians rather than bolsters the bottom line of the major oil companies. But it is the company bottom line which our current tax and property rights regimes focus on. Our tax structure offers no reward or incentive to projects which address our import dependence, and multina-
tional companies are able to warehouse known gas reserves in favour of their interests elsewhere around the globe. Under the Commonwealth legislation which regulates property rights for offshore oil and gas, a company which discovers a gas field with commercial potential is able to sit on the reserve for up to 26 years, and arguably even longer. (Extension of time granted)

During a recent briefing of the House of Representatives Standing Committee on Industry and Resources, I asked departmental officers what comparative analysis had been done of Australia’s property rights regime and that of our competitors. The answer, amazingly, was none. If you ask yourself how our regulatory regime for property rights in these offshore areas compares with regimes in like countries, there is no answer. I find it amazing that that work has not been done. I emphasise the words ‘like countries’ because I know that issues such as prospectivity will determine largely how tough the regulatory regime is, but I do not think ours is tough enough.

Not all that long ago a review of the submerged lands act canvassed the issues very widely. I would have thought that out of that review might have come some tougher use-it-or-lose-it proposals, but all we got were two minor changes to the act, which effectively worked to the benefit of the major oil companies rather than to the Australian community in general.

Mr Ciobo—Mr Deputy Speaker—

The DEPUTY SPEAKER (Hon. B.C. Scott)—Is the honourable member seeking to ask a question?

Mr Ciobo—I am.

The DEPUTY SPEAKER—Will you allow a question?

Mr FITZGIBBON—Yes.

Mr Ciobo—I noticed the shadow minister’s interest in obtaining the greatest rights possible for all Australians. I am interested to know the opposition’s policy with regard to the recent agreement on Sunrise with East Timor and whether or not they support the Australian government’s moves to secure the greatest share possible for Australians while allowing equity for East Timor.

Mr FITZGIBBON—I am happy to field the honourable member’s question. The Australian Labor Party do support the government’s work in that area. We think the decision to give 90 per cent of the revenue out of the Bayu-Undan field to the East Timorese is a good thing in the interests of that developing nation and is a fair arrangement for the two parties. But, given that the member has raised the issue, can I say that it was very much a fatal crash. I have spoken on many occasions in this place of the threat that was posed to the Bayu-Undan projects by the government’s insistence that the unitisation agreement associated with Greater Sunrise be bedded down prior to the signing of the treaty between those two nations.

Some will recall the day on which the enabling legislation for that treaty was to be introduced into the House. At the eleventh hour there was still debate during question time at the bar table between the Prime Minister, the Minister for Foreign Affairs and the Minister for Industry, Tourism and Resources about whether that legislation would be introduced. Why? Because it was in the interests of Woodside and Shell that a nexus be retained between the Timor Sea treaty and the unitisation agreement. Why? Because it served their commercial interests best for the nexus to remain in place. Again, we see in many respects the commercial
interests of some of the bigger players in the industry being potentially placed ahead of the national interest.

I am very pleased that Bayu-Undan is now a real prospect for final phase. I hope in the not too distant future we will see gas coming into Wickham Point in Darwin from Bayu-Undan and more serious attempts being made to get Sunrise gas onshore into Darwin not only for LNG export but also as a means of fuelling industrial development in the country’s north and of providing a new source of competitively priced gas to the south-east market.

Before I fielded the question, I was talking about the total lack of existence of any comparative analysis between our property rights regime in Australia and those in like countries. Australia’s future demands a tougher use-it-or-lose-it approach regime for the regulation of our offshore resources and a tax system which rewards projects that maximise the national interest—and Sunrise is a good example. You need a regime which says to the Sunrise venture partners, ‘If you want to do it offshore, that’s fine, but you will get one tax regime; if you want to do it onshore under a proposal which maximises the national interest, you get another taxation regime.’ (Extension of time granted)

I conclude by saying that, further to the proposals I have just mentioned, the government must develop a plan to increase domestic consumption of our offshore gas reserves by converting more transport vehicles to gas based fuels and encouraging investment in gas-consuming industries in geographical locations close to source. Sadly, as I have said on a number of occasions, we have seen no such plan in the budget. Despite the announcement of a committee being established, we appear to be some way off seeing any sort of strategy at all from the government on this.

Mr CIOBO (Moncrieff) (10.40 a.m.)—I rise to speak in support of the government’s allocation of expenditure to the budget of the Department of Industry, Tourism and Resources. In particular, I will highlight the important benefits pertaining to the tourism industry on the Gold Coast. I have outlined in this chamber and, indeed, in the main chamber on many occasions that, in regard to our local GDP, tourism is the Gold Coast’s largest export, accounting for some 37 per cent of our local industry.

I am delighted that through the Minister for Small Business and Tourism, Joe Hockey, a significant contribution has been made to the long-term interests of Australia’s tourism industry through the groundwork that has been laid and the long-term focus and nature of what we are doing in the tourism industry. In particular, I know many Gold Coast businesses are very supportive of the work and effort that the minister has put into developing the green paper. The fact that there has been so much consultation with the tourism industry has been a change welcomed by those in the industry. They recognise the coalition’s commitment through the green paper and subsequently the white paper represents one of the most significant commitments to the tourism industry by any government in the history of this nation.

Tourism continues to grow as an industry. It is our largest services export, worth some $17 billion to $18 billion a year, with a projection of blue sky ahead. It employs some 550,000 people and accounts for some six per cent to seven per cent of GDP. I am delighted that the Parliamentary Secretary to the Minister for Industry, Tourism and Resources, the honourable member for Leichhardt, is in this chamber this morning. Towards the end of my remarks, I will direct some queries to him about the future of the tourism industry.
I was particularly pleased to see the recent announcement made on behalf of the Howard government by the minister, Hon. Joe Hockey, regarding an additional $10 million worth of new money to be spent in supporting a campaign to remind people of the benefits of visiting Australia. This campaign and this $10 million will go a long way, given that the ATC will also be contributing on a dollar-for-dollar basis. That is $20 million that will be made available to support a campaign throughout South-East Asia. This campaign, focused on attracting Japanese visitors back to Australia and to the Gold Coast, is of particular interest to residents and proprietors of tourism businesses on the Gold Coast because these visitors represent one of the single largest slices of inbound tourism for the Gold Coast—and for the whole nation.

In relation to that $20 million, I am also pleased the government has recognised the need to move quickly and effectively to overcome any remaining fears that continue in regard to SARS—and I know that many, through Friends of Tourism, have acted as advocates to both the parliamentary secretary and the minister about this. I am very pleased this money will go a long way towards ensuring this takes place.

I was also pleased to see recent announcements that Australian Airlines will be expanding their network and that Qantas will be resuming greater capacity in their flights, and Emirates Airlines was recently reported as announcing that they will be flying a daily service in and out of Brisbane. Again, this is fantastic news for local residents in my electorate of Moncrieff because it means that one of our growing high-yielding markets of inbound tourists—that is, tourists from the Middle East—will now be able to fly in and out of Brisbane. The benefits that will flow to areas like the Gold Coast will be absolutely fantastic.

In addition to these new initiatives the Howard government has taken, I am very pleased there is support on the ground from both the Parliamentary Secretary to the Minister for Industry, Tourism and Resources and the Minister for Small Business and Tourism. It is a fact that the minister and the parliamentary secretary have both visited my electorate on a great number of occasions. The minister must have visited the Gold Coast on at least eight occasions since being appointed. Indeed, his very first visit following his appointment was to the Gold Coast. Likewise, I was more than pleased to welcome the parliamentary secretary to my electorate only a few weeks ago to speak with proprietors in the super yacht industry and the charter fishing industry. They are both industries that the parliamentary secretary has supported for some time now.

I would ask the parliamentary secretary, if he would not mind, to outline the benefits that will flow, not only to those people on the Gold Coast in the tourism industry but more broadly across the nation, as a result of the green paper. What is the process in regard to consultation on the green paper and what benefits can we expect to arise from the $20 million of new funding that has gone into a campaign to help Australia recover from SARS?

The DEPUTY SPEAKER (Hon. B.C. Scott)—I call the Parliamentary Secretary to the Minister for Industry, Tourism and Resources. Did you have a question?

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (10.45 a.m.)—No. I am responding to the question that the honourable member for Moncrieff asked regarding his electorate and the green paper recently released by the Minister for Industry, Tourism and Resources. We are currently going through a phase of broad consultation with the industry as they go through the green paper. We will put forward recommendations once that consultation process is finished—I think, from memory—in early
August. They will then be considered and a white paper produced, the first time we have had such a document for the tourism industry in this country. It will set out a blueprint for direction and policy over the next 10 years in our tourism industry.

For the member for Moncrieff’s electorate—with one of the most prominent tourism industry regions in the country, the Gold Coast—it will have very significant benefits and implications. A very significant part of the green paper is the focus on regional tourism and decentralising it from metropolitan areas, so areas like the Gold Coast and the Gold Coast hinterland are likely to be major beneficiaries of any of the policy initiatives growing on the regional tourism program initiatives we already have in place.

The Gold Coast receives a very significant number of tourists from Japan. The $20 million that the member for Moncrieff mentioned is $10 million of new money from the government and $10 million of tourism industry money. That is on top of the $13 million already available. It is being spent at a time when we are seeing SARS now on the wane and Australian airlines, including Qantas, suggesting that they are still on track for a profit and are looking to continue their expansion program. Emirates Airline is also wanting a larger presence in the Australian market. There is evidence that the Japanese people are ready to start travelling again, so the markets are going to be targeted into those areas. The tourism minister is leading a delegation on about—

Mr Gavan O’Connor—On a point of order, it is very important that the honourable Parliamentary Secretary address his comments through the Chair. I have a bit of hearing difficulty; too much rock-and-roll in my younger days. It would be helpful if you could address the comments through the Chair.

The DEPUTY SPEAKER (Hon. B.C. Scott)—I am sure that the parliamentary secretary will address his comments through the Chair.

Mr ENTSCH—And I am sure that you have intense interest in what I have to say, particularly in relation to the fact that the Minister for Small Business and Tourism, as I said, will be leading a delegation on about 7 or 8 July. The first delegation will be going to Japan and, I think, Singapore, London and the United States, with a broad range of meetings and a whole lot of industry people going along. This is going to be taking place at the same time as we are starting our spearhead campaign into these areas. We are going to have a second delegation in October to China, Japan, Hong Kong and other markets as well. So there is a concerted effort, now that people are thinking about travelling, to say, ‘Hey, think of destination Australia,’ and encourage people at this early stage to start coming back to this country. There is a lot happening and I am confident that it will make a difference.

Mr GAVAN O’CONNOR (Corio) (10.50 a.m.)—In the context of this debate on tourism and particularly the tourism portfolio, I have some comments to make on what the honourable member for Moncrieff said in this chamber. I often have the pleasure of following him in debate. It is a bit of a shame that he has left the chamber, because he has a habit of kicking own goals when he gets up to speak.

We heard the honourable member speaking about tourism and the importance of tourism to his electorate on the Gold Coast. He also spoke about the long-term focus of the green paper. It is very interesting that the honourable member should raise this issue, because nothing has had a greater adverse impact on Gold Coast tourism than the Iraq war. In fact, the high-yield
tourism market of the Middle East was damaged quite significantly by the actions of the government of which the honourable member for Moncrieff is a member. He gets up in this chamber lauding the efforts of the minister and the green paper. The minister was up to his ears day after day in the House defending the government’s policy on Iraq. This policy has damaged the tourism trade to the Middle East and it has damaged the electorate of the honourable member for Moncrieff and businesses in that electorate. So I am not surprised that he gets up in this place and tries to make up a little ground in the present debate. He talks about the long-term focus of the green paper. I suggest that he looks at the short-term focus—a bit of short-term focus on the impact on businesses on the Gold Coast of the policies of the government of which he is part.

The honourable member mentioned the Emirates Airlines decision to fly into Brisbane, which of course is welcomed. I note that in a press release of 13 June 2003 the Minister for Small Business and Tourism, Joe Hockey, stated:

There will also be increased marketing for the key emerging markets of India and the Middle East.

I should hope so! You have done so much to damage that market through your policies in other areas that I would hope that you would certainly allocate some of that $10 million plus industry and ATC contributions to that market in an effort to help it recover.

I take issue with some of the comments that were made in response to the Dorothy dixer from the honourable member for Moncrieff to the Parliamentary Secretary to the Minister for Industry, Tourism and Resources. The parliamentary secretary indicated that the government was going through a phase of broad consultation with industry. How long does it take you? You have been going through this phase of consultation since when—March 2002? Or was it earlier than that when you announced that you were entering this green paper process? You gave an indication to the industry that you would deliver on the 10-year plan in December 2002. Six months later we got a green paper and now you are telling us that you are going to engage in more consultation.

I think the member for Hunter really hit the nail on the head when he criticised the government for the lack of a national energy policy. I am levelling the same criticism: you are a policy-free zone; you do not have a national energy policy and you do not have at this point in time a tourism policy either. This particular budget offered you a unique opportunity, at a time of great adversity in this particular industry, to table a vision for the industry. What we got was a cabinet submission that was thrown off the table so that you could have more consultations, and the criticism was that it was messy, that it was uncosted. (Extension of time granted) These are the facts of the matter. I am also responding to the comments made by the honourable parliamentary secretary in the context of this debate. He said that SARS is on the wane. Parliamentary secretary, if you look at the statistics coming through on visitor numbers and forward bookings, the March and April statistics were a result of the Iraq experience. The wave from SARS is still breaking with regard to the tourism figures. I am glad that you at least acknowledge there is a problem.

A division having been called in the House of Representatives—

Sitting suspended from 10.56 a.m. to 11.09 a.m.

Mr GAVAN O’CONNOR—Before the division in the House of Representatives was called, I was making the point that the Minister for Small Business and Tourism went to North
Queensland—an area that I believe the Parliamentary Secretary to the Minister for Industry, Tourism and Resources is quite familiar with—and made the extraordinary statement that there was no SARS crisis or economic crisis—

Mr Entsch—Out of context.

Mr GAVAN O’CONNOR—It certainly was. The reality of it is that it is always out of context when you are backtracking from a stupid statement. The honourable parliamentary secretary had to wear another major gaff by a Liberal tourism minister. We all recall the honourable minister’s predecessor making the extraordinary statement at the time of the Ansett collapse that it was just a blip. Then of course we had the minister making the statement in North Queensland, of all places—where tourism operators were suffering a decline of some 80 per cent to 90 per cent in their business from particular Asian markets that had literally turned off—that there was no SARS crisis. I rest my case—there is nothing more I can say about that.

I will make some comments on the budget. I think the industry is disappointed that the government failed in this budget to fund any real new initiatives for tourism—another opportunity lost to Australian tourism. Of course, the government has made great play of the fact that the Prime Minister appeared at the ATEC conference in Perth. The Prime Minister actually went out of his way to go to the conference to soothe over the ruffled feathers, because he had an incompetent minister who had failed to deliver even a green paper—let alone a white paper—plan for Australian tourism, and the industry was furious at the delays. This is very important, especially considering that the debate we are having in this chamber is about the tourism budget. We find that the government has missed a golden opportunity, through its own incompetence, to really do something at a time of crisis for Australian tourism. Instead, the minister made silly statements about there not being a SARS crisis in this country.

We need to understand the process that the government has set itself on with this 10-year plan for Australian tourism. We on this side of the House do not have any qualms with plans for industries—that is our bread and butter. We did it for 13 years and we did it successfully. We effectively restructured the automotive industry, which was left a near basket case by the coalition. We then restructured the textile, clothing and footwear industries, the dairy industry and the pharmaceuticals industry. So we do not have a problem with 10-year plans. What we have a problem with is incompetence in government and the incompetent execution of the commitments that you gave.

In March the government indicated that it was going to embark on this process of consultation with the industry. Little did the industry know that, with such incompetence at the top, in leadership, this process would be stretched out—how long is the piece of string?—to the point that it is now and a very important opportunity in the budget that we are debating here would be missed by this minister by virtue of his incompetence. (Extension of time granted) In March the government gave the commitment to develop a 10-year plan. Normally you engage in a period of consultation with the industry. The minister put out a discussion paper with a list of key questions. I had no qualms with that and I had no qualms with the timetable. I had no qualms with a timetable that said that we would have a 10-year plan by December 2002.

Come October, the industry started to get nervous about the tabling of the green paper. Where was it? Where was the green paper in October? The industry understood that the government would have to table that green paper in October, engage in some more industry dis-
cussion in the lead-up to the budget, announce its 10-year plan at the time of the budget and have some concrete resources and proposals to put before the industry. What we got was absolute incompetence. The budget opportunity was missed. The opportunity in this portfolio to deliver a 10-year plan at a time of crisis for the industry was missed by this minister. I did the rounds of the industry in April and May and I can tell the parliamentary secretary that this government’s name was mud. The industry players are very courteous, patient people, but how long do they have to wait? How incompetent is the government to have made them wait for over 18 months with this process?

What should have happened is this: in March 2002 the government declares it is going to embark on a 10-year planning process; in October it tables its green paper; over six months of consultation it firms up the proposals, and then it goes to its next budget in May 2003 with a concrete set of proposals for this industry. The minister had to go to the industry with his tail between his legs and say, ‘It is coming’, and then in early 2003, ‘It is still coming’, and then, as it drifted into the critical budget planning phase, settling the budget parameters, ‘It is still coming’. But it was not the white paper 10-year plan that was coming—it was only the green paper.

Let me restate for the parliamentary record that the minister took a set of proposals to the cabinet, which threw them out because they were messy, with no bottom line costings and lacking in detail—that is what the minister’s cabinet colleagues said. So in a couple of weeks he hustled up some more proposals with a bit of detail, a bit of flesh on the bone. We know the coalition cabinet leaks because all these newspaper articles appeared telling us what actually went on between Minister Macfarlane and Minister Hockey. We know the reason—the industry knows the reason—why this green paper and white paper process fell down. It fell down because of the animosity between the two ministers, their incapacity to get along, their failure to put their personal differences aside for the sake of the tourism industry at a time of crisis and deliver to the industry. We had petty bickering in the ministry, and the consequence of that was this inordinate delay in the tabling of the green paper.

When the green paper was tabled, it contained a whole host of structural proposals and initiatives that could have been implemented six, eight or 12 months ago by any minister who was really interested in the portfolio. But he did not implement them. He sat back and the process drifted on—(Extension of time granted)

This process drifted on. I think it is important for the industry to understand the incompetence of the government. The government will dress it up in all sorts of rhetoric about how the Prime Minister appeared at ATEC and smoothed the ruffled feathers; how the minister actually got the green paper to the cabinet table; how wonderful it is that the cabinet now is aware of tourism. Where has the government been for seven or eight years? We have a green paper which the ministers themselves described as ‘messy, lacking in detail and having no bottom line costings’ and it has taken that weak document on the cabinet table for them to be really aware of Australia’s tourism industry. I am afraid the government has failed to take the opportunity in this budget—according to its timetable, not ours—to do something really constructive for this particular industry.

It is very important for the public record that the history of the 10-year plan is put on the table. As I said, we do not argue with the fact that you are attempting to develop a 10-year plan. We did it in wine and the other areas we have discussed before; we know the planning
process. But we know that where you have a weak minister and an incompetent government it goes off the rails.

As far as the impact of SARS is concerned, I will restate once again the difficulties that the industry is facing as a result of this particular left field event. We certainly do not begrudge the industry the meagre dollars that the government has put into the marketing and promotion effort in particular markets. After all, the government has been milking the industry and Australian travellers with the Ansett ticket tax. They call it a levy but we know what it is; it is a tax—the Ansett ticket tax on Australian tourism. The industry would be very pleased at the government’s recent announcement, as we were. We have been pressing the government for a long period of time to remove this insidious Liberal tax on Australian tourism and transport.

We welcome the parliamentary secretary’s admission here today, and the belated admission by the minister, that there is a SARS problem. The impact on the Australian economy could be in the region of $1 billion to $3 billion. If that had happened in agriculture, for example, you would have had the National Party ministers railing about the fact that Australian agriculture was on its knees. But when it happens in tourism all these great coalition and Liberal supporters of Australian tourism roll over in the face of the minister’s silly statement and try to defend the indefensible.

The simple fact is that there are operators out there who have already gone to the wall. Up in North Queensland, where the honourable parliamentary secretary comes from, the operators are extremely concerned that they may lose some of the accumulated skill base that they have and which keeps this industry very much alive and delivering quality service to overseas tourists. We still have that SARS wave breaking over Australian tourism. We see in the budget no short-term measures in a regional sense to help any of the operators who have been seriously affected.

We welcome the increases in airline capacity. I am certainly not going to rail against the minister for attempting with his tours overseas to stimulate tourism. I did call him a tourist minister; he is the tourism minister and he is a bit of a tourist. He has been a bit of a tourist so far as the green paper is concerned. But if he can take some industry representatives to key markets and stimulate those then the industry and the Australian community will certainly welcome that.

I note that the minister talked about new money; the new $10 million that he has allocated in the portfolio. I hope the minister does come into the committee because I would like to ask him some questions about that. I will indulge myself here. Parliamentary Secretary, is the minister proposing to come in here? It is significant.

Mr Entsch—The minister is unfortunately not available today, but I am here to respond on his behalf.

(Extension of time granted)

Mr GAVAN O’CONNOR—I thank the honourable parliamentary secretary for clarifying that matter. I did not know whether the minister would be present today. We would certainly like to know where this $10 million of new money has come from within the industry portfolio. Is it a new allocation or is it simply money that has been taken from other areas of the tourism and industry portfolio? I think it is very important that the industry understands what sort of money this is. I note that in the recent Senate estimates hearings the secretary to the
department, Mr Paterson, referred to a fund which is not mentioned anywhere in the budget papers called the priority fund. That is a very interesting little hollow log. Money from this fund is allocated and spent at the sole discretion of the secretary.

We understand from the answers given at the Senate estimates hearing that the priority fund stood at $3 million at the start of last financial year and that the level varied throughout the year as money was added to the fund as a result of underspending on departmental activities and as money was spent at the discretion of the secretary. The Senate estimates committee was told that the $2 million contribution to the $7 million domestic tourism package announced by Minister Hockey on 7 May 2003 was from this priority fund. I am concerned at the lack of proper accountability that this process implies. It seems that moneys allocated by the parliament for one particular purpose can be too easily turned over to a completely different purpose at the sole discretion of the departmental secretary.

Dare I say it in these hallowed halls, but it smells very much like a slush fund to me. Is the parliamentary secretary able to tell the House how much is in the priority fund at present and whether this is the source of the new money that was referred to in the minister’s press release announcing the additional $10 million for the Australian Tourist Commission?

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (11.27 a.m.)—I do not keep a running tab on the priorities fund so I am not in a position to be able to comment at this stage. In relation to the $10 million, my understanding is that it is new money, but I will need to confirm that. I am more than happy to get back to the member for Corio to confirm that. The $7 million domestic program earlier this year was funded out of the deferred promotion programs. That was held over while the impact of the Iraq conflict and SARS were being felt. It was felt that it would be better to hold that money over and spend it after that period of time. I will get back to the member on the other issue.

Dr EMERSON (Rankin) (11.28 a.m.)—I would like to ask the Parliamentary Secretary to the Minister for Industry, Tourism and Resources a threshold question before I go through a range of questions in regard to the strategic investment coordinator process.

The DEPUTY SPEAKER (Hon. B.C. Scott)—Is the honourable member seeking to ask a question?

Dr EMERSON—I will put it in the form of my opening contribution. I will not go for the allocated time. If I can then get an answer to the question, it will guide the direction that I will take thereafter. The threshold issue is that I have a number of questions in regard to the strategic investment coordinator process. I suspect that the parliamentary secretary will not be able to answer all of those questions here and now—and I acknowledge and accept that. However, I do seek an assurance that when he inevitably responds to at least some of them he will get back to us on the process of responding to those questions and the time involved. Could he clarify that, when he says he will get back to us, he will, or that the department will respond, and also what the nature of that response will be. I asked similar questions—not on this particular topic—of this portfolio in the consideration of detail stage last year and I did not get any response. Could the parliamentary secretary clarify that, please?

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (11.30 a.m.)—There is no problem at all with the honourable member’s request. You are right in assuming that it would be highly unlikely I would be able to give you
Dr Emerson—How?

Mr ENTSCH—I will do it formally in writing, and I will endeavour to ensure that it is done as quickly as possible—hopefully before the end of the current two-week sitting period.

Dr EMERSON (Rankin) (11.31 a.m.)—The issues I wish to raise surround the secretive strategic investment coordinator process. I will go through the questions I seek answers to. Who is the strategic investment coordinator? Is it true that Mr Fergus Ryan departed from that position some months ago? If so, how long ago? If he has so departed, is there a process underway to replace Mr Ryan? Could the parliamentary secretary advise whether the position is being advertised? If he is being replaced, has the decision been made as to his replacement—and, of course, who is it? If he is not being replaced, the question then is: why not, given that the whole process is named the ‘strategic investment coordinator’ after the strategic investment coordinator? Will we have a strategic investment coordinator in the future?

Following from that, in the absence of a strategic investment coordinator at present—and I believe there is no such coordinator—how are applications for Commonwealth assistance under the strategic investment coordination process made by companies? How are they brought to the attention of ministers and the Prime Minister? Who does that in the absence of the strategic investment coordinator? How many companies have applications before the Commonwealth for assistance under the strategic investment coordination process? Can the parliamentary secretary give details, including their names? If not, why not? How many applications have been rejected and how many have been withdrawn?

I point out that in an answer to a question on notice given on 27 August 2002, the Prime Minister advised me that at that time $663.766 million in incentives had been offered on the recommendation of the strategic investment coordinator. Is that figure still current, given that that was as at 27 August last year? Of the total amount offered under the strategic investment coordination process, how much has actually been expended and how much is sitting in the forward estimates? How many applications for assistance have been approved in the last 12 months, and can the parliamentary secretary provide details?

Very importantly, how is the strategic investment coordination process funded? Is it a funded program as such? My understanding is that it may not be. Does it have an appropriation in advance, or are projects funded after a decision is made to approve them? If the strategic investment coordinator process is not a program as such, where does the money come from? Does it come from the contingency reserve? If so, what allowance is made in the contingency reserve for Commonwealth funding assistance for possible future major projects? That is a very important question to me.

Could the parliamentary secretary provide details of the budget process for funding provided under the strategic investment coordinator process? Are cost-benefit analyses prepared on the net benefits of approved projects to Australia as opposed to the project proponents? I am sure cost-benefit analyses are conducted by the companies themselves as a basis for whether they are going to proceed with a project or not, and form part of the basis for their application. My question actually relates to whether cost-benefit analyses are prepared within the bureaucracy on the net benefits to Australia of these projects, not to the company itself.
because that goes to the question of commercial-in-confidence. I have heard before that such
cost-benefit analyses are not released because they are commercial-in-confidence. Our argu-
ment is that, if money is being given to companies on the basis that these projects are good for
Australia, the public has a right to know what the cost-benefit analyses show rather than just
receiving a press release saying, ‘Please be assured that these projects are good for Australia.’

I would like to know who does these cost-benefit analyses within the bureaucracy. I am
told publicly by the minister that such cost-benefit analyses are done. If in fact such cost-
benefit analyses are not done, how can the government assure Australians that such projects
are in the national interest? If national cost-benefit analyses are prepared, can they be released
publicly, given that they are different from the commercial-in-confidence information? (Ex-
tension of time granted) I point out that, if the argument is about commercial-in-confidence,
we are not asking for the company’s own cost-benefit analyses but the cost-benefit analyses of
the worth of these projects to Australia. Why can’t that be provided? Finally, in relation to the
process in general, how can taxpayers be assured that Australia is getting net benefits from
projects supported by the strategic investment coordinator process?

I raise three projects that have, in the past, applied for funding under the strategic invest-
ment coordinator process. The first is AMC around Rockhampton. My understanding is that
that application was declined under the strategic investment coordinator process but funding
has been provided by the Commonwealth for AMC. Can the parliamentary secretary advise
the amount and the nature of the funding that has been provided for AMC and, given its recent
difficulties, what are the financial implications for the Commonwealth of those recent diffi-
culties? What funds are effectively at risk as a result of the difficulties that AMC is experienc-
ing? I would like that in some sort of tabulated form rather than a general discursive response.

The second project is the Asia Pacific Space Centre, which was funded under the strategic
investment coordinator process. Can I get an indication of progress in relation to the space
centre and the financial implications for the Commonwealth of that space centre proceeding
or not proceeding. If it proceeds, no doubt the Commonwealth funding will be expended. If it
does not proceed, does that mean the Commonwealth funding is at risk? Has money already
been allocated which would be lost? I ask that in relation to the space centre and also to AMC.

The third and final one is the Methanex project at the Burrup Peninsula in Western Austra-
lia. Similarly, what funding has been provided under the strategic investment coordinator
process and under any other processes? What are the level of risk and the nature of risk to
Commonwealth funding of any changes to the nature and scale of that particular project?

In the remaining time I have, I will ask the parliamentary secretary questions on the R&D
Start program. The budget papers reveal that it was not a freeze that was applied to the R&D
Start program in the last financial year, as asserted by the minister at the time, but that there
was a $16 million underspend in the R&D Start program. It was not a freeze; it was a cut.
That is my assertion, and it is pretty clear from the budget papers that that is the case. Can the
parliamentary secretary advise why, instead of a freeze, this particular program was cut by
$16 million compared with the allocated funds for 2002-03? I understand that that money will
be restored in subsequent years. I understand how that works and no doubt the argument com-
ing back will be that it was not cut, it was just held back and maybe the freeze was a little bit
too cold. It was overdone; it went below zero to the extent of $16 million. I assume that
money is being restored in the forward estimates, but what was the money actually used for in
the budget? Effectively it was a deferral of spending; there presumably would have been some reallocation rather than a bigger budget surplus being recorded. What was that money snaffled for, if you like, in the current financial year? If I can get answers to those questions I would be a very happy, Parliamentary Secretary.

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (11.40 a.m.)—Firstly, in response to the member for Rankin, as I indicated, I will get responses in writing to you. We will respond in detail to all of your questions and I will certainly make sure that that happens during this current sitting. I acknowledge the contribution of the member for Moncrieff, particularly in light of his very strong commitment to the tourism industry and his very active participation in the evolution of the green paper. I would also like to thank other honourable members who have contributed to this debate.

I found it rather interesting that, some years down the track, the member for Hunter was still focusing on the GST, but I note no attempt at a policy initiative to either change or abolish the new system. In response to his comments in relation to LPG, the initiative that has been taken is for an excise to be introduced in July 2008 phasing in to a final rate in 2012. That final rate, of course, will take into account LPG’s lower energy content. I do believe that fuel has to compete on its commercial merits rather than on tax treatments. There is certainly significant time there to be able to make those adjustments. Of course, he did not mention the initiatives the government was taking in relation to ethanol. That is another alternative that is certainly going to make a significant difference.

The member for Hunter also made reference to the Sunrise gas field and was critical of the fact that the operator was looking at exporting and not bringing gas into Australia. Every effort is being made to support the Sunrise project making landfall in Darwin. One of the problems that the operators are having is establishing sufficient markets in Australia to be able to justify the very significant cost of bringing this pipeline onshore. They are certainly making progress on it, but these things cost money and there has to be some commercial reality in the equation. Nevertheless, we are very hopeful that that will occur in the future. The honourable member also made reference to property rights. This government has certainly been very active in working towards ensuring that the property rights of Australians are protected. One recent initiative was the signing of the Madrid protocol, which makes it much easier for people in this country and other countries which are party to the protocol to protect their rights. The innovation patent which we introduced is there to help small and medium enterprises protect their rights in a cost-effective way.

We will be undertaking major reforms to the designs legislation in order to strengthen the protection of designs, and we are currently examining further reforms to trademarks legislation. We are very active. We have a very good advisory group in the Advisory Council on Intellectual Property, ACIP, and they are constantly working to identify other ways in which the government can work to protect intellectual property for businesses and individuals in this country. (Extension of time granted)

I was interested to hear some of the comments of the member for Corio about tourism. I was a little surprised at his suggestion that the Australian tourism market had crashed because of the Iraqi war and the fact that suddenly people from the Middle East were not travelling to Australia. I think the majority of people coming from Iraq prior to the conflict were arriving without visas, and that has been addressed very significantly since that time. In fact the rela-
tionship between Australia and many of our Middle Eastern neighbours has actually been enhanced. That is certainly reflected in our trade and, more recently, in the visit that we had from the Emirates airline. So clearly the member is out of touch with regard to that.

In relation to the focus he put on the minister’s comments about SARS, it is very easy to twist some words around. I was present at the time the minister made that comment. The minister was asked about the impact on Australia and he responded that, although occupancy rates in Hong Kong and Singapore are down to five or 10 per cent, Australia—because of its domestic tourism situation—is still managing to survive, and that compared to those markets you could not call it a crisis. That is very different to what was being suggested by the member for Corio.

In relation to the criticism of the green paper, it is interesting to note that from 1983 to 1996 the opposition had every opportunity to prepare a green paper—or any other coloured paper, for that matter—about directions for tourism, but of course they did not. For 13 years they did nothing. Okay, it has taken some time—about 18 months—to develop this but in that 18-month period we have had a number of issues which needed to be taken into consideration: the Iraqi conflict, SARS, the drought, bushfires and Bali. All these things caused delays in making sure that we have a comprehensive document. We are now well and truly on track to do that. We now have a focus on building tourism in this country. We are developing a long-term plan for the industry, and we are looking at spreading the benefits into regional tourism and putting a particular focus on Indigenous tourism. Even outside the budget process we are able to put more money into this—money when it is needed. Any amount of money during the SARS situation would have had no impact whatsoever. It is a matter of spending money when we are going to get value for our dollars. I suggest to you that the industry is very appreciative of the way that is happening now.

The honourable member made comments about people being very critical of the minister. I suggest that the industry are suggesting that Minister Hockey is in fact one of the best ministers that they have seen in that portfolio for many years. I hear regularly statements such as ‘he is a breath of fresh air’ or ‘he is somebody who is committed to the industry’, and not just from the tourism operators. I have a quote here by TTF Australia’s Managing Director, Christopher Brown. Those on the other side will be quite familiar with the name ‘Brown’. John Brown, Christopher’s father, was a minister for tourism—a very nice man for whom I have a tremendous amount of respect and a great deal of affection. (Extension of time granted) Christopher now heads the TTF, and recently he paid a personal tribute to Minister Hockey that I think is worth putting on the record. Christopher Brown said:

In the 10 years I have been doing this job I have always judged state and federal tourism ministers by one simple criteria: their ability to secure funding for the industry. Joe Hockey has listened to what the TTF has said to him about the need for leadership and financial commitment from the federal government and he has acted accordingly. While Australia is never going to match the huge amounts of money that will be thrown at stimulating recovery in Asian economies, I am delighted that the government’s commitment of $10 million and the private sector’s commitment of $10 million is evidence of a very strong partnership that makes this industry great.

Good on you, Chris Brown; you are right on the money with regard to that.

Despite a very tight budgetary situation, the budget provides for over $250 million in new funding for initiatives to support industry development and the resource sector. For example,
the new Pharmaceuticals Partnerships Program and the R&D Start program will encourage additional R&D activities in Australia. Importantly, Geoscience Australia will receive $61 million over four years to boost scientific research in Australia’s offshore petroleum basins. The budget also supports international competitiveness by providing $3 million over the next two years to create the National Measurement Institute, which will deliver improved measurement services to Australia’s domestic and international trading industries. The budget also assists Australian small businesses to participate in major projects and global supply chains by supporting ISONET and the Supplier Access to Major Projects Program. I would like to briefly talk about a few of these areas in more detail because they are significant.

The budget provides funding for the government’s post-2005 automotive assistance package announced in December last year. On Monday of this week, I was at the Holden manufacturing plant in Elizabeth in South Australia to assist in the launch of Holden’s third shift. Holden will directly employ 1,000 extra people at their Elizabeth facility as a result of the introduction of the third shift, meaning that Holden will be producing cars 24 hours a day. This is one of very few car plants in the world that have the capacity to be able to do this. This massive expansion program will enable Holden to pursue new export opportunities and increase the number of models it produces at its plant in Elizabeth. It was quite telling that, while I was representing the Howard coalition government at Holden on Monday—welcoming 1,000 new jobs, 248 extra new cars a day and more exports to the world—Labor was instead focusing on dealing with their own leadership car wreck.

The government is giving the Australian automotive industry more than a decade of certainty. On 13 December 2002, the government announced a 10-year plan for the industry which will ensure its continued development into a world-class competitive industry. The government will be providing very generous support to the value of an estimated $4.2 billion for the 10 years to the year 2015. Unlike previous assistance, the 10-year plan will eventually align support for the industry with the manufacturing sector as a whole.

The new Automotive Competitiveness and Investment Scheme will provide stronger incentives for industry research and development. $150 million will be set aside in the form of a research and development fund to encourage vehicle producers to invest in high-end research and development activities. The future of the automotive industry is certainly looking very good, with 2003 shaping up to be a record year for both domestic sales and Australian vehicle exports.

The budget initiative for Geoscience Australia of an extra $61 million for the petroleum program is a major boost for offshore petroleum exploration in Australia. The funding for Geoscience Australia is being provided in two parts. The first part will be the ongoing base funding for Geoscience Australia’s oil program and is worth $36 million over the next four years. (Extension of time granted) This will enable Geoscience Australia to continue to provide information to explorers about the petroleum potential of Australia’s offshore basins in order to promote offshore Australia as a destination for international oil investment. Oil exploration is risky and expensive. Australia competes with other countries in a global market to attract exploration investment. The provision of precompetitive data is critical to attracting investment in this high-risk area.

The second part—$25 million over four years—will fund the collection of new seismic data in remote, untested frontier areas as well as the preservation of existing data. This fund-
ing will greatly increase the chance of funding another oil province like Bass Strait and therefore reduce Australia’s dependence on oil imports for future energy needs. The funding will also allow Geoscience Australia to transfer data from over half a million deteriorating, old-technology tapes onto modern storage media—thus preserving a valuable library of seismic data obtained over more than four decades for future use by the exploration industry. Scientific data gathered and interpreted through Geoscience Australia’s oil program is vital in attracting new private sector exploration investment.

The pharmaceutical industry is one of Australia’s leading innovators and one of our leading exporters of manufactured products. The new Pharmaceuticals Partnerships Program, to be known as P3, will stimulate a total investment of more than half a billion dollars in areas of R&D where Australia is globally competitive. P3 will replace the Pharmaceutical Industry Investment Program, which expires in June 2004, and will provide $150 million in R&D grants funding over five years to capitalise on the world’s biotechnology, health and medical research undertaken in Australia. This is double the amount of R&D funding available under the PIIP. P3 has been strongly welcomed by all parts of the pharmaceutical industry. It will promote additional R&D throughout the entire pharmaceuticals value chain. Entry into the program will be competitive and the program will be accessible to all companies that are part of or contribute to the Australian pharmaceutical industry—provided they have a verifiable track record in pharmaceuticals R&D. Under P3 the government will provide 30c for every additional dollar firms spend on R&D, compared with the 20 per cent rate offered under PIIP. The 30 per cent subsidy equates, after tax, to the support provided under the premium 175 per cent R&D tax concession.

The government’s flagship innovation program, R&D Start, has been extended to June 2007 with an additional $41 million. The R&D Start program is an outstanding success, assisting over 1,000 innovative Australian companies to conduct research and development and to commercialise those outcomes. The additional $41 million in 2006-07 guarantees that the R&D Start program operates unhindered through 2003-04, providing support for three-year R&D projects which will be completed in 2006-07. Grants worth around $170 million will be available to companies in 2003-04. Options for the program beyond 2006-07 will be decided as part of the evaluation of the $3 billion Backing Australia’s Ability package, which will commence in 2003.

Overall, this budget provides significant assistance for industry and continues the government’s support for industry and innovation, investment and international competitiveness. It clearly demonstrates the strength of leadership of the Howard coalition government in providing industry, tourism and resources in Australia. I welcome these budget appropriations.

Mr BRENDAN O’CONNOR (Burke) (12.00 p.m.)—I rise very happily to make some comments on industry and in particular on the Productivity Commission’s report on the textile, clothing and footwear sector. Clearly, the member for Leichhardt established for all of us that he can read, but he really showed no passion about the supposed boast of the government that this area is doing well. I think it is fair to say that the textile, clothing and footwear sector is under enormous pressure—and it has been historically. Some governments have sought to lend assistance to it and others have failed to, and I think it is fair to say that this government has had little regard for the industry and indeed the workers in this area.
For the record, I would like to make some comments on the Productivity Commission’s report which was handed down in April this year. The Productivity Commission will now, as I understand it, undertake public hearings and receive further submissions on the position paper that they released—some time after 31 July. At the end of my short summary on the matter, I was in fact going to ask the parliamentary secretary what his view is—actually what the government’s view is—on the TCF sector. I suppose in leaving the chamber, they have illustrated how much regard they have for the textile, clothing and footwear sector. There is no-one here from the government to even answer a question on this very important issue. The Productivity Commission will allow a public hearing, and I think it is important for the record to indicate a couple of things.

A division having been called in the House of Representatives—

Sitting suspended from 12.02 p.m. to 12.17 p.m.

Mr BRENDAN O’CONNOR—Before the suspension, I was saying there are some important issues that go to the way in which this government should deal with the TCF sector. Indeed, I think it is fair to say that they have not dealt with these issues sufficiently. Clearly, the position paper of the Productivity Commission fails to recognise this. Australia is leading the developed world in its TCF tariff reductions. There are significant non-tariff barriers in the economies of our major trading partners that inhibit Australian TCF exports. The Australian TCF sector has significantly restructured over the past decade and tariff levels have fallen from 130 per cent to 25 per cent while, at the same time, employment has halved from 116,000 to 58,000 workers. It is also fair to say that the Australian TCF sector is still a significant manufacturing industry, especially in regional Australia, so job losses in this area will have a great impact on other manufacturing and service businesses and on local economies across the country. These matters need to be considered. I believe the Productivity Commission’s report works on a very narrow construct in terms of its own considerations for this sector. I have employees in the textiles, clothing and footwear industry in my electorate and, as many know, they are not very well paid in many instances. Those people need their employment and the businesses need to continue, for they are the lifeblood of the community.

The member for Leichhardt, who is here representing the minister, seems to have left the chamber. Therefore, I do not expect now to get an answer from the government on this issue; that is very disappointing and rather contemptuous of the parliament.

The federal government should consider the way in which it oversees the tariff reduction. I am not in favour of a tariff reduction from 2005 in this industry. There should be a freeze and they should be considering the following questions. What tariff and non-tariff barriers do Australian TCF companies face in exporting their goods overseas? What has been the economic cost of displaced TCF workers over the past decade through increased use of government welfare? (Extension of time granted) I will not be too much longer, but I think it is critical that these issues be placed on the record for the government at some point in time—clearly in the future, not today—to respond. What has been the economic cost to other manufacturing and service businesses from the closure of half of the TCF industry? What are the full social costs associated with the resultant unemployment from TCF factory closures? What are the benefits to the Australian community of further tariff reductions?

The federal government should maintain the current freeze in tariffs until it can demonstrate that any reduction is in the interests of Australian workers and until such time that our
major trading partners reduce their tariff and non-tariff barriers to a level equal to Australia’s—that is, current to the 2003 level of tariffs. The government should also continue to fund an industry assistance program similar to SIPs, the Strategic Investment Program scheme, but ensure that any new program ties business assistance to the ongoing employment of Australian workers. There should be funding for a retraining program, similar to the labour adjustment program, that is specific to the TCF sector and pays workers for retraining. The government should clean up the TCF industry by ensuring that all employees, including home-based workers, are paid award wages and work in safe and suitable conditions. These are some of the things that the government needs to address. No-one is suggesting for a moment that this industry is not under great peril from the very competitive global market, but we need to ensure that these matters are dealt with properly. I hope one day the government is in the chamber, as they are supposed to be, to answer these questions.

Proposed expenditure agreed to.

Department of Communications, Information Technology and the Arts

Proposed expenditure, $1,917,766,000

Mr McMULLAN (Fraser) (12.23 p.m.)—I have two specific matters that I wish to raise, about which I hope to get a response from the minister. The first relates to the report of the contemporary visual arts and crafts inquiry—the Myer report. Firstly I want to say how much I appreciate the work that Rupert Myer did and to congratulate him. When he was given the task, I met with him and had a brief discussion. While I was impressed with him as a person and with his knowledge, I thought the task that he had been given was impossible, because it is a very diverse sector and there are a lot of challenges before it. While no report is perfect and no report covers every base of something as complex as the contemporary visual arts and crafts sector, I think he has brought down an excellent report and there has, overall, been a positive response by all the players in the sector. The state governments have put forward money, not always exactly in the manner proposed by Myer but of about that order, and the Commonwealth has put forward some money—not as much as Myer recommended, but some. All those things will be helpful.

I want to go particularly to the matter to which the government has made no response; that is, the Myer committee recommendation for resale royalty. My fundamental question is this: why hasn’t the government yet responded to this recommendation? This is not a matter that needed even to wait for the budget. I know that Rupert Myer said we should perhaps put aside $250,000 to cover the cost of the working party which he proposed, but, frankly, that is the sort of thing which you would normally expect an expenditure review committee to say a department should do from within its existing resources. But $250,000 is not going to decide whether this proposition goes ahead; it is a question of principle.

The recommendation was quite clear and careful about establishing a working group comprising representatives from the government and the visual arts and crafts sector to analyse the options for introducing a resale royalty arrangement, with a commitment in principle that we should introduce it, and to then look at a process to determine an appropriate body to administer the resale royalty arrangement.

The Labor Party has not made a formal decision about this but we have had a longstanding support for the principle and I remain committed to it. I am perplexed that the government, when the report came down initially, said that this was something they would look at, but now...
they have stalled. I know that there will be some resistance from those who benefit from the existing lack of support for artists, but this is a manner—without cost to the government—by which we can allow visual artists to enjoy a direct economic benefit from their work, we can provide visual artists with a sustained income similar to royalties and we can create important safeguards against exploitation of artists—particularly Indigenous artists.

A striking example of the problem we currently have where the original artist receives no benefit from the increase in the value of their work is the artwork *Water Dreaming at Kalipinypa* by Johnny Warangkula Tjupurrula. It was originally purchased in the 1970s for $150. It sold in 2000 for $486,500. The artist and the artist’s family obtained no benefit.

The secondary reason why we should be acting is that Australia is a signatory to the Berne convention. I am not saying in this instance we should simply act because a convention requires it; I am saying this will drive extra benefits for Australian artists. Under the Berne convention, countries that adopt resale royalties are entitled to reciprocal rights. This is spreading. The EU has mandated that all member countries should introduce resale royalties for living artists by 2006 and artists’ estates by 2012. The combined effect of those initiatives should mean that when Australia introduces resale royalties not only will the domestic activity benefit Australian artists but there will be a flow of income coming into Australia from EU and other countries which also have resale royalties, to the benefit of Australia but more particularly to the benefit of Australian artists. I want to raise that with the minister. I will raise one other question to save him responding individually. The simple question is: why hasn’t the government yet responded to this recommendation? (*Extension of time granted*).

I will now raise the second point I wish to raise with the minister and about which I seek a response from him. Why has the government failed to give a positive response to the Queensland government’s approach to it about extending the refundable tax offset that has been made available for feature films to television series and related work? Last year, the government introduced a 12.5 per cent refundable tax offset for feature films, telemovies and miniseries with a minimum Australian expenditure of $15 million. However, while the level of production of feature films has increased, the opposite is true for television series and telemovies. The offset does not apply to television series, and bundling of telemovies and straight-to-video films in order to meet the minimum expenditure requirement is not permitted.

These telemovies have much smaller budgets than feature films and often do not do their post production in Australia. Bundling the telemovies and requiring the same 70 per cent spend as in the feature film legislation would encourage producers to shoot a number of telemovies in Australia in a given period and would ensure a greater amount of post production work for Australians.

AusFILM have been lobbying hard on this. In their report, AusFILM state:

AusFILM strongly believes that the extension of the refundable tax offset to large budget television series and bundled television movies is essential in order to reverse the current substantial decline in the production of television series and telemovies by foreign producers in Australia.

The report continues:

The analysis of the economic impact of extending the offset undertaken by the independent and respected economic consultancy—

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I think they wrote that about themselves——

the Allen Consulting Group shows that the extension of the offset in this way would create annual Australian expenditure on the production of large budget television series and bundled non-theatrical films of approximately AUD$180 million [up to] AUD$295 million ... The offset would add between AUD$139 million and AUD$228 million to annual Australian GDP.

That is AusFILM’s proposal. They may be overstating their case—industry bodies have been known to do that in the past—but there is no doubt it would be a substantial positive. I am advised by AusFILM that Allen Consulting’s report suggested:

... the extension of the offset would be revenue positive for the Australian Government contributing between AUD$25 million and AUD$41 million in net terms to the annual budget “bottom line”.

AusFILM approach this in the context where:

AFC preliminary six month production survey data for 2002-03 shows a further decline in offshore television drama production, with half-year levels at half those of 2001-02, and the lowest in five years.

The Queensland government has been lobbying hard about this. The Minister for the Arts in Queensland, Mr Foley, said recently:

... the reality is that we can only sustain such a high level of production if we continue to provide training and employment opportunities to build our depth of crew. Television production is essential in doing this.

He also said:

Telemovies and long running television series have been integral to the growth of the Queensland film industry.

Mr Foley went on to say:

... long-running television series sourced from offshore had an average production shoot of between eight to ten months, with many series going on to shoot a second and third season. This provides regular training and employment for longer periods than feature films and leads to the establishment of infrastructure such as post-production houses.

With the strengthening of the Australian dollar, the competition for this area of work is getting greater.

The Allen Consultancy report and the AusFILM analysis about the budget impact might be wrong, and it may be that there is a cost question involved. I would be quite open to a discussion about the idea that we should proceed to extend this offset and cap the amount of expenditure. It is irrational to ration the money available on a quirky distinction between one sort of production and another, particularly when the production being excluded is that which is most likely to create long-term continuing opportunities and provide long-term opportunities for the establishment of Australian based production houses and production facilities. These would strengthen training and production development, as would the extension of the 12.5 per cent refundable tax offset to large budget television series and bundled non-theatrical films. I really want to know why the government has not responded positively yet to the Queensland government’s approach on this matter. (Time expired)

Mr McGauran (Gippsland—Minister for Science) (12.33 p.m.)—I would wish, with the tolerance of the chamber, to respond to the specific cultural matters raised by the shadow minister for the arts, before other members take the opportunity during the debate on the Ap—
propriation Bill (No. 1) 2003-2004 to address a number of various communications and telecommunications matters of great interest to them and to the House.

Firstly, on the Report of the Contemporary Visual Arts and Craft Inquiry— the Myer report—I fully endorse the honourable member for Fraser’s words of praise for Rupert Myer. I agree with the honourable member for Fraser. Rupert Myer was given a mind-bogglingly difficult task. I, as minister at the time, and my colleagues had great confidence in Rupert Myer. We still thought he was being given an extraordinarily difficult job, given the range, breadth, diversity and complexity of the visual arts and crafts sector. The ABS puts the number of visual artists at approximately 40,000, which I find a little hard to believe, but certainly you can number approximately 10,000 who derive their income largely or entirely from their work. It is certainly a very significant sector of the arts community and the wider community. So full marks to Rupert Myer.

I think the member for Fraser is being a little unnecessarily critical of the government’s funding response. I think that $20 million in new funding over four years is a significant achievement by the Minister for the Arts and Sport, Senator Rod Kemp, and I congratulate him for that—$3 million in the first year, rising to $6 million; and that is in addition to the approximately $9 million which the Commonwealth already invests in the visual arts and crafts sector. In any event, proportionally it may be as high as a 50 per cent increase in the allocation to the visual arts. I think that is a major breakthrough for the sector and for the representative minister.

The question of resale royalties is a very vexed one. Instinctively, if you have a certain free market approach and a pursuit of excellence, you need a great deal of convincing, but that is just my immediate reaction. The answer to the honourable member’s question is that—and, again, I will obtain formal advice—on my own inquiry some time ago I was informed by the minister—and blame me and not him if this is not correct—that the consideration of the matter had been referred to the Australia Council. The matter has not been shelved; it is simply that the minister wants further advice as to the practicalities and mechanisms for implementation if the government were to accept the principle. I do not for a moment suggest that the government has accepted what is a difficult principle.

The honourable member for Fraser is right to point to what appears to be the unfairness of the situation whereby an artist in the later years of life sees his or her work sold at a multiple of 100 or 1,000 times the original purchase price of years before. The honourable member will agree that it is largely the exploitation of Indigenous artists that has driven this droit de suite debate, particularly when the older Aboriginal artist finds him or herself in impoverished circumstances. So it is an emotive as well as an equity question.

In regard to the question of why foreign productions of television series do not receive the same tax incentives as foreign films, you do get into trouble because the question arises: is our support for the film industry for cultural or industry development reasons? When Senator Alston and I were framing the arguments for cabinet in 1999 to win the new $62 million, if my memory serves me correctly, film assistance package, we based it on cultural rather than industry development reasons, because the industry development argument opens up all sorts of different and counter points of view. (Extension of time granted) But the honourable member for Fraser is entitled to say, ‘I understand the support for Australian films or Australian mini-series, but why does the argument about the conflict between industry development and
cultural reasons extend to foreign film productions?” It is because the dollars stretch only so far and Senator Alston and I argued that foreign films actually developed our skills base as well as giving employment.

It is impossible to argue against the jobs argument in regard to foreign TV series and a significant development of the skills base in the television sector, but let’s face it: the United States TV series filmed in Queensland are not exactly cultural icons and I think that you would have to frame it in industry development terms. That is no easy task in cabinet. But again, I will receive a further and better reply from the relevant minister.

Mr TANNER (Melbourne) (12.40 p.m.)—There is not a great deal to comment on in this year’s budget with regard to the communications portfolio. There are hardly any new initiatives of any great significance, but there are a couple of accounting matters that are worthy of note. One is that the Commonwealth government has again pushed out the proposed sale of Telstra by a further year. The first year it is budgeted for is the 2005-06 year, which of course is beyond the term of this parliament. So the proposed sale has been deferred by a further year. The second matter that is worthy of some comment is the fact that Telstra was substantially overvalued in the national accounts in the budget papers. The value of Telstra shares was set at something like $5.25 per share when at the present time they are only around $4.40 or $4.50. For the purpose of beautifying the national accounts and the national balance sheet, a completely false impression of the actual market value of the government’s current 50.1 per cent holding in Telstra was put forward. This is a significant concern for the credibility and the integrity of the budget papers.

Having set down Labor’s policy and also our critique of the government’s handling of Telstra in the House yesterday, I do not wish to reiterate those points in any great detail other than simply to remind the chamber that Labor is committed to returning Telstra to its primary focus, which is delivering high-quality telecommunications services that are accessible to all Australians, and taking it away from its recent obsessions with very large international investments. I noticed in the business section of today’s Australian Telstra is likely to take a further hit of loss of value of between half a billion dollars and $1 billion; a further likely write-down of the value of Telstra’s investments in CSL. If that occurs, that will take the total of Telstra losses on its rather dubious Asian investments to over $3 billion. Who is to know what further losses may well occur?

Labour will refocus Telstra on to its primary responsibilities. What has been occurring under the Howard government is that Telstra has been allowing its core responsibilities to languish: its network is in a serious state of disrepair; it is slashing staff; it is cutting back on capital investment at home and increasingly investing more and more in Asia, and losing lots of money in the process; and it is seeking to advance its ambitions in the media sector. Its priorities are all wrong; it should be there as the ultimate guarantee that all Australians, no matter where they live and no matter what their income levels are, will get access to decent telecommunications services. Telstra should be the universal guarantee of that, and under this government it is being allowed to drift away into other activities as a prelude to the government’s agenda to privatise Telstra.

The second issue I wish to refer to is the future of the ABC. We all know well that, over the past month or so, the government has accelerated its jihad against the ABC with a ludicrous dossier that was cooked up by somebody in Senator Alston’s office about alleged acts of bias
in respect to the war in Iraq. When you actually read this dossier, it is difficult to avoid laughing, so nitpicking and ridiculous are the claims of bias. In some instances they rest on an individual word. For example, it is claimed that when a report was made about George Bush saying that Saddam Hussein may still be alive, the use of the word ‘concedes’ rather than the use of the word ‘says’ was some evidence of systemic bias on the part of the ABC, AM and Linda Mottram.

Those claims are just beneath contempt; they are completely ridiculous and part of the government’s broader ideological agenda to attack and ultimately cripple the ABC. They have tried stacking the board with ideological zealots and political warriors like Ron Brunton and Michael Kroger, they have tried cutting the funding and they have tried tying the funding. Now it is a direct frontal assault and Senator Alston should come clean about his plans to set up some kind of supervisory body stacked with Liberal Party supporters designed to sanitise the ABC and turn it into a propaganda arm of the Howard government. That is the agenda; that is where they are heading. They have failed in some of the attacks that they have taken so far, although that has had an effect on the ABC, without question. They are now proceeding down a different path—a full frontal assault.

Labor has a new policy for ABC board appointments, which is designed to ensure that these appointments can occur at arm’s length from the minister. The minister will not be responsible for the short-listing process, which will occur through an arm’s length process of senior public servants, including the Merit Protection Commissioner and an independent eminent person, as it does in Britain with respect to BBC board appointments and other board appointments. (Extension of time granted) Labor will ensure that ABC board appointments are much more rigorous and properly scrutinised and that there will be a genuine process of advertising, interviewing and short-listing so that people who are appointed to the ABC board will be compared with all available candidates—not just plucked out of the air as Dr Ron Brunton was. The most ridiculous aspect of Dr Brunton’s appointment was that the only credentials in public broadcasting the government could put forward for him were that he had dealt with a number of issues that get a lot of coverage on the ABC. On that principle, you could have somebody who is involved in sport or even a criminal put on the ABC board on the basis that there is a lot of reporting of sport and crime on the ABC. It is an absolutely ludicrous justification and it reveals the bankruptcy of the ideological agenda that the government is pursuing; seeking to totally cripple and undermine the ABC.

The final comment I wish to make also relates to broadcasting and connects the issue of the ABC with the current budget—it is on the future of digital television in Australia. Under the Howard government, the much flaunted digital conversion is now in reverse. We have had an incredibly slow, painful move from analogue to digital, with very little progress made. The number of Australian households capable of directly receiving digital TV is still only in the tens of thousands, if you do not count the Austar retransmission factor. We have had a delay in the application of the high definition standard. We have then had the standard of mandating watered down to suit the interests of some of the broadcasters. The data-casting licence auction—the government’s creation, unique in the world—has disintegrated. The government has flip-flopped all over the place about the question of multichannelling; one minute Senator Alston is out there saying that he favours multichannelling, that it is a good idea and he is putting things to cabinet; the next minute it is all off again. That has been going on now for some

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months. Finally, we had the embarrassing failure of the government to provide appropriate support for the ABC to continue its two digital multichannels, ABC Kids and Fly. In spite of the government’s claims that the ABC gave no warning of that, the ABC has, in fact, produced evidence that it gave ample warning to the government on numerous occasions that the funding of those two channels was from one-off sources and the ABC would need further assistance for them to continue. Senator Alston and the government chose to ignore that. The end result is that we now have digital roll out in television in Australia going into reverse because those two multichannels—which did drive some of the limited take up of digital receivers—are now going to be off the air, and therefore, the digital switch over from analogue is in reverse.

The government stands condemned for absolutely failing to deal with this very important transition. It now has to go back to the drawing board. Its failure in this budget, amongst other things, was to allow the situation to occur where the ABC—which had stuck its neck out and done some very good things in digital with those two multichannels—is forced into a position of having to abandon them. Therefore, the two out of a very small number of things that are driving the digital change over in Australia have now disappeared. The government is in complete disarray on this issue and really needs to start again. Labor stand ready to engage in constructive dialogue about how we can reform the digital strategy that was put in place in 1998 in order to ensure that a genuine change can occur and that all Australians will ultimately enjoy the benefits of digital TV, greater competition, greater consumer choice and better quality.

Mr McGauran (Gippsland—Minister for Science) (12.45 p.m.)—I will immediately address the issues that the member for Melbourne raised, should he wish—

Mr Tanner—I have heard it all before.

Mr McGauran—I am very disappointed. I wanted to engage the member for Melbourne. How can we have constructive exchange here in which our minds are opened up and the blinkers taken off if we do not remain to hear the other point of view? In regard to his Telstra points, this is a rehash of the arguments he put yesterday in the debate on the matter of public importance which were comprehensively demolished by none other than me. If anybody is reading this debate in Hansard I refer them to Hansard of 17 June and the debate on the matter of public importance, which was a more elongated debate. The member for Melbourne expanded on the summary issues he has put today and I responded to them.

I want to go on to the ABC. I wanted to tell the member for Melbourne, even though he has now absented himself, that he should not confuse the statutory independence of the ABC—in regard to programming and independence of operations—with immunity from criticism. Because the ABC is a statutory independent body does not mean it should be completely free from criticism. In regard to the bias of the ABC, I was very taken—as I was driving along a few weeks ago—by the comments of a talkback caller to the ABC’s 3LO program. He seemed to encapsulate my own view when he said to the morning broadcaster, John Faine, ‘It is not a question of whether or not you are left-wing and biased; it is a question of how left-wing and biased.’

I think that would be most people’s point of view. Cultural issues such as whether there should be a republic, reconciliation, the need for an apology or engagement in Asia—the whole Keating agenda, which has been so comprehensively rejected election after election—are still being pursued by many commentators and presenters on the ABC. I do not think there
is any question about this. What I object to are the snide remarks, the innuendos and the framing of questions by presenters who wish to appear neutral and not biased. I am happy for there to be people—so long as there is counterbalance—on the ABC who put their points of view strongly, fearlessly and unambiguously. What drives me mad are all those presenters—and there are plenty of them, as detailed in Senator Alston’s release of numerous examples of unacceptable bias—who abuse their positions and put across points of view quite dishonestly, because they do not declare them. Anybody who listens to ABC radio talkback especially can be in no doubt from the reactions and from the tone just where their political sympathies lie. I largely exempt from that view ABC regional radio, which is interested in servicing its community and putting forward local opinions of importance to local communities. The ABC is a taxpayer funded organisation so we can demand independence of it.

With Alan Jones you might apply the same test. It is not a question of whether or not Alan Jones is conservative; it is a question of how conservative he is on various issues. But Alan Jones operates in a commercial market and he is paid by a public company which is answerable to shareholders. There is a big difference between the neutrality we expect, even demand, from a taxpayer organisation as opposed to what we expect from an operation that lives or dies commercially by its audience.

This idea that ABC directors should not be directly appointed by the government of the day is nonsense. I know that Mr Murphy has been pushing this for a long time. I am quite taken by the September 2001 appointment of the new chairman of the BBC under the so-called ‘Nolan rule’. The appointment is supposed to be neutral and not tainted by the government of the day. (Extension of time granted) The chairman, Mr Gavyn Davies, was a Labour Party member and a long-time ministerial advisor to Labour governments. How did he get through the Nolan rules? How was a Labour Party person appointed? He might be well qualified; I am not saying he is not. But do not think for a moment his appointment has not raised questions and opened up the process to criticism by the Conservative Party of Britain, and brought into question the BBC’s political impartiality.

I would think that the reason why a long-time Labour Party ministerial adviser has ended up as Chairman of the BBC, supposedly under a mechanism to avoid such tainted appointments, is that the government of the day appoint the selection panel. I do not believe for a moment that the Labor Party would not wish to influence the appointment of the directors of the ABC. To me, the larger question is: what influence can the directors of the ABC bring to bear on that huge organisation? The idea that Michael Kroger or Ron Brunton would wish to interfere with the independence of the ABC is anathema to me, as it is to them—and, in any event, if they were to chart such a course the question of effectiveness would raise itself.

In drawing to a conclusion my response to the member for Melbourne, it is unquestionable to my own mind and to the minds of most people I meet that the ABC has a certain political bent and favours the Labor Party. I just wish it were overt. I would not begrudge Phillip Adams his platform if there were a counterbalance. I do not accept for a moment the Labor Party’s dodgy ‘independent’ selection of ABC directors mechanism. It has not worked elsewhere.

Just bear this in mind: if there were a funding scandal in the ABC, who do you think the Labor Party would be pursuing? They would be pursuing the Minister for Communications, Information Technology and the Arts. No government minister can ever escape public criti-
cism or opposition scrutiny of a statutory body just because it is legislatively independent and free to act according to its own good or bad judgment. We all know that a minister is accountable for every aspect of their portfolio.

The Labor Party is saying, ‘Senator Alston can have nothing to do with the ABC—he can’t dare question the balance and fairness of their coverage of news and current events; of course he can’t do that.’ But the moment there is a problem within the ABC, who would be nailed to the wall? Of course it would be the minister. Consequently, no minister can wash their hands of the operations of any independent statutory body, and it is hypocritical of the Labor Party to think that the ABC can operate separate to government. Just because a statutory body is independent of a department does not mean that it is entirely independent of a government.

Ms GRIERSON (Newcastle) (12.57 p.m.)—I would love to engage in debate on the independence of the ABC but I want to raise a different matter, so I will just send my best wishes to regional ABC in Newcastle and to the Friends of the ABC in Newcastle. In our debate today we have been talking about whether the communications portfolio is delivering through Appropriation Bill (No. 1) 2003-2004 appropriate services and quality services.

As we are having welcoming back parades today, I want to draw to the attention of the House a problem with Australia Post—a rather overlooked arm of communications. Over the last few months I have received over 130 complaints about the outsourcing of a mail delivery service in my electorate. One that I particularly want to mention came from one of my constituents in Stockton whose husband was in the Defence Force in the Middle East. The RAAF sent her mail regarding a special support day for partners and families of deployed Defence Force members. Unfortunately, she did not get that; it was two weeks late and she missed the whole event.

I have received 130 complaints about mail not being delivered, 130 complaints dealing with mail being dumped, and complaints about people having each other’s mail delivered to them. The privacy issues are real—for example, essays on policing practice that are particularly confidential have gone to the wrong addresses. That has been continuing. The reason is that Australia Post’s contract was outsourced to an 18-year-old gentleman. I have no problems with 18-year-olds getting employment in an area that has a 30 per cent youth unemployment rate, but I have now had three meetings with the regional manager of Australia Post and I am assured that he has done everything he can for the deliverer. Australia Post has colour coded things to cover a colour blindness problem, done all sorts of things to deal with a dyslexia problem and done all sorts of training, but this service is still absolutely unsatisfactory. At my last meeting with the regional manager I was told that he has now lost his job. Restructuring means that two regions are now being collapsed into one.

The DEPUTY SPEAKER (Hon. I.R. Causley)—Order! It being one o’clock, the debate is interrupted. The member will have the right to continue at a later time. The Main Committee stands adjourned until 4 p.m.

Sitting suspended from 1.00 p.m. to 4.01 p.m.

Mr MURPHY (Lowe) (4.01 p.m.)—Shortly prior to the suspension of the Committee, the member for Gippsland, who was representing the communications minister, was making some comments in relation to the concerns of the shadow minister for communications on issues related to his portfolio. Minister McGauran was casting aspersions upon the Labor Party’s
policy adopted from the British model—the Nolan model—for the appointment of governors to the BBC board. The arguments that Minister McGauran advanced were spurious, because the Blair government appointee whom he referred to was a serious applicant who had a serious background in broadcasting.

The rules in the Nolan model are not about banning a person from being an appropriate appointee to the BBC board simply on the grounds that he or she may have had an association with a political party. The Nolan model is a merit based selection process which draws up a list of suitable candidates. I am very pleased that Minister McGauran has entered the chamber, because he knows that I have an interest in the ABC—and I will come to the Broadcasting Services Amendment (Media Ownership) Bill in a minute. I was saying, Minister, that you were casting aspersions upon Labor’s adoption of the Nolan model.

Mr McGauran—Yes, I was.

Mr Murphy—Now that you have entered the chamber, I will restate: an appointee to the position of Chairman of the Board of Governors of the BBC, whom you referred to, was a person who had a very serious background in broadcasting. As I was saying before you came in, the Nolan model is not about banning a person as a possible suitable applicant to be appointed to the board simply on the grounds that he or she may have had an association with a political party. The Nolan model is a merit based selection process which draws up a list of candidates for selection.

In relation to the Howard government’s recent appointments—and I acknowledge that they have been as blatantly political as those from our side of politics in the past, I acknowledge that, and I have said that both here and in the House—the appointments of Mr Michael Kroger and Dr Ron Brunton are absurd. When Dr Brunton was asked to justify his appointment to the ABC Board recently, the best he could offer was a claim that he had written extensively on issues that had been covered by the ABC. That was the best he could offer. If that is the criteria, you could appointment a Ned Kelly—anyone—to the ABC under the present arrangements. That is what we are trying to eliminate.

Mr McGauran—Who should it be?

Mr Murphy—(Lowe) (4.05 p.m.)—I am not going to put forward a candidate, but it should be someone who has a serious background in broadcasting and knows something about broadcasting. The public broadcaster is very vital to our democracy—and this has direct relevance to the Broadcasting Services Amendment (Media Ownership) Bill 2002 which is currently in the Senate; and I will say something more about that in a minute. You were also saying that you know where the ABC’s political sympathies lie. I have a clear recollection that, when Neville Wran was Premier of New South Wales and when Bob Hawke and Paul Keating were prime ministers, they all complained bitterly about some of the editorials of the public broadcaster. That is a matter of public record. Against that background and the more recent background of claims of bias by your government, I would suggest that the ABC is doing its job when the government—whether it is a coalition government, a Labor government, a federal government or a state government—is complaining about it. (Extension of time granted)

For the benefit of the minister, I was saying that the Broadcasting Services Amendment (Media Ownership) Bill 2002 is currently in the Senate. There are reports in today’s newspa-
per that Senator Alston might be pushing for a vote next week in the House. In my view, this is one of the most serious bits of legislation before the parliament at the moment. You would have heard my interjections, Minister, on the very day that you first introduced that bill—one Thursday afternoon before the parliament rose. I want to draw your attention to question No. 11, which I put on the Notice Paper back on 13 February last year, just to remind you, and hopefully Senator Alston, of the seriousness of the Broadcasting Services Amendment (Media Ownership) Bill 2002. Under that bill, as you know Minister, your government proposes to hand over the public interest in our democracy to Mr Rupert Murdoch and Mr Kerry Packer. Mr Murdoch’s News Ltd owns two-thirds of the metropolitan daily newspapers in Australia, three-quarters of the Sunday newspapers, one-half of the suburban newspapers and one-quarter of the regional newspapers. News Ltd also has a quarter stake in Foxtel’s monopoly pay television, with Mr Packer—Telstra has the rest—as well as News Interactive online. News Ltd has additional media interests in AAP Information Services. And that is only here in Australia.

Mr Packer’s company, PBL—the largest shareholder being Mr Packer—owns and controls one regional and three metropolitan television licences, giving it a reach of more than half of the potential audience. It also has a quarter interest in Foxtel and a third interest in Sky News, it publishes 65 magazines and its share of the circulation in the top 30 Australian magazines is approximately 40 per cent, not to mention that it has its very popular online operation, ninemsn.

What this government proposes to do is change our media laws forever to allow the Packer and Murdoch moguls to own newspapers, television stations and radio stations in the one market. That is slaughtering the public interest; that is handing over our democracy to the media moguls. When people cast a vote in an election, invariably they cast a vote for a party, a leader and, in a small number of cases, their local member. They are not voting for Mr Packer and they are not voting for Mr Murdoch. And yet the Howard government is proposing, possibly as early as next week, to have this bill put through the Senate. But it will fail because the Democrats and the Independents understand the seriousness of allowing Mr Packer and Mr Murdoch to own newspapers, television stations and radio stations in the one market.

I have given you an indication of just how much of the media they own. The consequences of this, Minister—and you know it—are that Mr Packer’s company could buy Fairfax and Mr Murdoch’s company could buy Channel 7 and Channel 10, and they could also buy Southern Cross and Macquarie radio. Your way of dealing with this is to have Professor Flint, the head of the ABA, issue exemption certificates—which are just blank cheques—to separate newsrooms from their owners. You know that it cannot be done. You have only to look at the state of the Murdoch newspapers in relation to the war in Iraq. There was not an editor in North America, Australia or the United Kingdom who challenged their boss with regard to his blatant support of the war in Iraq. He who pays the piper calls the tune. In Italy they have only had stable government in recent times. Why? Because Mr Silvio Berlusconi owns just about all of the major media outlets. Have a look at Hansard to see what the member for Calare—who has actually worked for Mr Packer—has said in relation to Mr Packer’s interference in the media in Australia. You cannot separate newsrooms from their owners. Professor Flint cannot issue certificates of exemption. (Time expired)
Mr McGauran (Gippsland—Minister for Science) (4.12 p.m.)—Madam Deputy Speaker, I seek the tolerance and forbearance of the Main Committee to allow me to abscend. I have to return to the chamber, where I am required to sum up the Australian Film Commission Amendment Bill 2003 on behalf of the Minister for Communications, Information Technology and the Arts. I thank the member for Lowe for his contribution. It was emotive; not entirely accurate or fair in regard to his criticisms of the government, but they are strongly held views of his and he has consistently put them in regard to both the ABC—especially the selection of the directors of the ABC—and cross-media ownership laws. While his views may come as no surprise, they are strongly put and would resonate with some in the community. I stress the word ‘some’. I will not try to put a figure on it. He would say a majority; I would say a minority.

Before I depart, I must defend Dr Ron Brunton. It is unfair to contest his appointment on the basis that he is not qualified. You cannot just appoint ABC directors on the basis of some experience in public broadcasting.

Ms King—It would help a little bit!

Mr McGauran—It would help a little bit, and that is why we have board directors who arise out of that broadcasting sector. But you also need representatives of the general community, and that is Dr Ron Brunton’s qualification. He is a person of wide experience and he is a writer of note. He is also a person of conviction and strong views and beliefs, and a fine, outstanding and decent man thrown in. You are not going to put everybody on the ABC board simply because they have had some narrow experience in broadcasting. Of course, you are seeking a variety of life experiences and community involvement—and that is Dr Ron Brunton’s qualification. I think he is eminently qualified. And with that comment, Madam Deputy Speaker, I curtail my remarks and take my leave.

Mr Mossfield (Greenway) (4.14 p.m.)—I rise to discuss an issue I have been campaigning on for quite some time—telecommunications infrastructure in developing suburbs. Greenway is an electorate facing huge residential developments but which is lagging behind in terms of infrastructure upgrades, specifically in relation to access to broadband Internet services. There is a great community web site based in my electorate called 2768.com, referring, of course, to the postcode of Parklea, Stanhope Gardens and Glenwood. The message boards are a great tool within these communities, allowing dialogue on a range of local issues. Mark Thompson, the administrator, and those who help him maintain the site must be congratulated, because the site is an excellent source of local news and events as well as opinions from local constituents.

One of the oldest and largest threads in the forum is ‘Internet access in the 2768 area’. To give honourable members some idea of the frustrations that are being felt in the suburbs regarding decent access to the Internet, I will read some of the posts from various local residents. The thread started on 11 October last year with a question from Adrian:

Hello,
Just a question to see if anybody in Stanhope has ADSL to their house? I am trying to get it but apparently we are too far away from the Kellyville Exchange.
Also, dial-up seems very poor as well (may be for the same reason) usually connected between 21K up to 31K on a rare occasion.
Anyone with better luck?
To which Mark Thompson, the systems administrator, replied:
Hi Adrian,

This a sore point with me and Telstra, before we moved here back in Feb this year. I triple checked with Telstra that we could have ADSL and they said YES no problemo buddy. I need it for my business and recreation, as well as the kids ... When I moved in to Stanhope Gardens and asked Telstra to have the line installed they told us that we were on fibre and that the technology was too advanced to have ADSL installed and therefore a big NO in getting it (I was not happy Jan!!!). We are on what is called a loop and in effect not able to have the fibre line split so that ADSL can be used, that goes for all of Stanhope Gardens.

This was followed by Ian, who said:
Yep, we’ve had the same problem. Speed is usually 28, Primus tell us that it is due to Telstra’s “pair-gaining” of lines and therefore ADSL is not an option.

On 12 May this year Rajiv asked:
What is the maximum dial-up speed that we can get in Glenwood?
I can only get 31.2 and rarely 33.6.
Is this because of the Telstra infrastructure in the Glenwood area?
To which RKinder responded:
Short answer: yes. Long answer: sounds like you are on a pair gains system (along with ~ 1million other people in suburban areas in Australia). One of the limitations of pair gains is that your dial up speed is limited to approx 33.6 kBps.

Another limitation on your line is that you won’t be able to get ADSL. There are plans in the pipeline for Telstra to upgrade certain pair gains systems to be able to get ADSL, but up to 60% of pair gains sufferers will still be left in the information Dark Ages.

Richard Clement put it rather succinctly in his post of November last year, when he said:
Like many of you I have been getting pretty cheesed off with trying to get a broadband connection to the Internet—dealing with Telstra is like wading through mud.

A local resident who uses the screen name ‘Billkek” also outlined his frustrations. He said:
Here are my experiences and frustrations dealing with Telstra.
First, it appears that due to ‘newness’ (I’ve been here more than two years now, I didn’t think we were that ‘new’ any more :) of our suburb, to provide essential services, we have all been lumped with pair gains technology—a single twisted pair serves the entire street. Second, we are hanging off a ‘RIM’ exchange—basically, a reduced functionality exchange.

I recently hassled Telstra again to find out if our exchange had been upgraded, to which they told me it had, but I am still on pair gains, so can’t get ADSL. I asked whether I could get a twisted pair from the local exchange—I can for $200+, with no guarantees whatsoever that it will work with ADSL.

Telstra say that ADSL is available in the suburbs, so there is no real problem. It is true that it is available for some but, as Timbo, who posted on 5 May this year outlined, you just never know when or how: *(Extension of time granted)*

I have ADSL in Stanhope Gardens. I had to go through the depths of hell and in the end it happened purely by fluke. Unfortunately all the houses in our area are on a phone line system called a ‘loop’ which basically does not allow for ADSL as ADSL travels through Telstra copper and the copper cable leaving goes to your house to a central point in the ‘loop’ where it continues as fibre, thus, no ADSL.
I had another phone line installed for business and was informed by the Telstra technician that no more lines were available on the loop and I had to have a copper straight back to the exchange. 'Woo hoo' I thought in the back of my head knowing full well this meant that I could get ADSL.

So there you have it—the depths of hell and a pure fluke—not a promising combination. Telstra needs to lift its game in response to the legitimate concerns of my local residents. I ask the minister: when is something going to be done to improve the infrastructure in the newer suburbs of my electorate so that local residents can enjoy proper access to information technology?

Mr WINDSOR (New England) (4.21 p.m.)—I would like to speak briefly in this debate on three issues relating to the Communications, Information Technology and the Arts portfolio. A couple of them were spoken about earlier today, and two relate to regionalism and the media.

I endorse some of the remarks made earlier about regional ABC. I know there is a debate taking place on bias in the ABC. Regional ABC, in my view, is something that should be applauded and supported. To the government's credit, last year it supported regional ABC with the addition of more staff. But I think we have to be ever vigilant that the regional radio network through the ABC is maintained. In my view, it definitely is not biased in any sense. It is doing what radio should be doing—reporting local issues to local people, as well as the broader field of issues through the news bulletins and other areas. I pledge my support to regional ABC and urge the Minister for Communications, Information Technology and the Arts to ensure that the regional radio station network is maintained and does not fall to the ever constant cost pressure of economic rationalism and centralisation of various media outlets.

The second issue I raise is in relation to the Australian Broadcasting Authority and the regional content of television stations. Currently, a number of rumours are doing the rounds in my electorate—particularly in Tamworth, but also in other parts of New South Wales such as Wagga, Albury, Orange et cetera—about the way Prime Television may or may not adjust its structure to comply with the 120-point regional content arrangements contained in the act. It appears that those arrangements may not be sufficient to ensure the level of regional content that many country viewers have been used to, particularly with Prime Television out of Tamworth. There is a threat that those services could be reduced. At the moment Prime Television are over the 120 points and could reduce their regional service levels back to 120 points or just over. That would mean a reduction in the service that the community is used to. This is an interesting example for people to think about in relation to regional issues, in particular, regional television. I am told Prime Television have 12 areas. Currently they have five areas that they broadcast regional news out of. That means that there are seven areas where they have to comply with the ABA's 120-point regional content arrangements.

One way of doing that is obviously to reduce the service level at the five and equalise the costs across the 12. That might comply with the act, but what it would be doing is removing services that people in at least those five country communities have been used to. So I urge the minister to be aware of those concerns.

Mr Albanese interjecting—

Mr WINDSOR—When you are the minister, I will urge you. I urge the minister to be aware of those issues, particularly in relation to the way in which the regional content arrangements are being played out. I do know that Prime Television management are analysing a whole range of things. Even though these are rumours that are being put about, one would
have to assume that any level of management would be looking at equalising across the system to comply with the regional content provisions of the act, so there are certain negative aspects of the ABA arrangements.

The other issue I raise is a bit more serious. I raised it in the main chamber yesterday. It is in relation to the falsification by Telstra staff of letters to newspapers. Two letters have been sent to newspapers in my electorate, the Northern Daily Leader, which is based in Tamworth, and the Armidale Independent. (Extension of time granted) Quite recently Telstra announced that they were going to remove some infrastructure services staff from the New England and the north-west. I responded in a newspaper article by saying that I found that a bit unusual, particularly in an area where lightning strikes are prevalent and the infrastructure levels have been fairly low and neglected historically, that Telstra could do with less infrastructure service staff than they currently had. I gave some statistics to bear out some of the indicators on infrastructure staff and also said that the New South Wales manager I think 12 months ago had indicated to me that, because of the geography of the New England area and the granite country and granite soils, the underground infrastructure was not the best and was subject to lightning strike et cetera more so than many other areas.

After that article was written, a response came back from Telstra virtually accusing me of inventing this, saying that the infrastructure was in perfect order and that I did not have a clue what I was talking about. It was indicated in the papers that the signatory was the area divisional manager, one Ian Peters, who happens to be a friend of mine. I know him quite well, and his staff at Telstra Country Wide do an excellent job even though they are working under fairly difficult circumstances. I happen to know that the said Mr Peters was actually working in Queensland at the time. On tracing the letter, it was discovered that the letter was actually signed by someone out of corporate affairs in Sydney and was not signed ‘Ian Peters’—it was signed two indecipherable letters. This letter was printed under the name of Mr Ian Peters. Mr Ian Peters subsequently returned from Queensland and rang me one morning to say he had not written this particular letter. I have raised this issue a couple of times now and the minister has not responded. I spoke to the state manager, Roger Bamber, about 10 days ago and he said he would ring back on the issue the next day, but he has not responded.

Telstra should respond to this, because the name of a well-respected area general manager has been used on a letter criticising the local member. I could not care less about the criticism, but using the name of someone who was not aware of the letter is not only demeaning to his position as an area manager of Telstra Country Wide but represents, in my view, a politicisation of Telstra by someone. I do not know who it is, but I think the minister should find out who this person in corporate affairs at Telstra—not Telstra Country Wide—in Sydney is. If the minister wants a copy of the letter, I can give him one.

A division having been called in the House of Representatives—

Sitting suspended from 4.30 p.m. to 4.51 p.m.

Mr WINDSOR—In conclusion, I call upon the Minister for Communications, Information Technology and the Arts to investigate the use of a Telstra Country Wide regional letterhead without the notice of the regional manager, signed by someone else in corporate affairs in Sydney, and the use of the good name of Telstra to get both media outlets to print that letter—although they have both recognised that it was a bogus letter in terms of the author. I would ask the minister to investigate it and at least apologise to both of those papers for using the
good name of Telstra to have a letter printed without them having the correct information as to the author, and apologise to the area manager, Mr Peters, for the use of his name in those circumstances.

Proposed expenditure agreed to.

**Department of Employment and Workplace Relations**

Proposed expenditure, $1,752,520,000.

Mr ALBANESE (Grayndler) (4.53 p.m.)—There are a number of issues I wish to raise today which I covered in more detail in my response to the appropriation bill. The first issue is the underperformance of Job Network. Funding to the Job Network is based upon placements of people into employment, in particular long-term employment. The Minister for Employment Services told the parliament last year:

> What the opposition seems to forget is that there is no payment of these outcome fees unless the person is in employment for 13 or 26 weeks.

In the minister’s own words, there is no payment without outcome. This may explain why for every year since 2000 the Job Network has failed to meet budget estimates set by the department. In fact, since 2001 underspending on the Job Network has totalled $286 million. What that means in real terms is that money that was allocated to assist people into employment has not been spent and has gone back into consolidated revenue rather than being spent on employment programs to put people into work. This underspend is a direct product of the system’s failure to find jobs for the unemployed at a rate anticipated by even the government’s own figures.

Every year this government has tinkered with the Job Network system and every year there has been an underexpenditure. During the Senate estimates hearings earlier this month Mr Bob Correll, Deputy Secretary, Employment, of DEWR admitted:

> ... the outcome rates that were built into some earlier estimates were probably overstated.

In the department’s own words, the government has overstated the employment outcomes the Job Network has been capable of delivering. Having saved $286 million as a result of the Job Network’s failure to deliver, the Minister for Employment Services has the gall to crow loudly that the government will be spending an additional $375 million over the next three years on assistance for the unemployed. This money the minister talks about is not new money; it is mostly money that the government has failed to spend over the last three years.

The facts about Job Network’s performance are these. The number of long-term unemployed is higher today than it was when the Howard government was first elected to office in March 1996—and that is from the government’s own Department of Family and Community Services figures. Only 17 to 18 per cent of those who undertook intensive assistance, the highest level of assistance available under the Job Network, were in employment three months after completing the program. Only one in eight disadvantaged job seekers found full-time employment at the completion of intensive assistance.

Not only has the Job Network failed to live up to the government’s hopes but also its performance has not matched that of the labour market programs it replaced. In particular, the former Labor government’s Jobstart program achieved employment outcomes of 60 per cent, whereas intensive assistance has been achieving outcomes of just over 40 per cent. Assessing cost-effectiveness, the Productivity Commission found that the cost per off-benefit outcome...
for intensive assistance was $22,010, compared to only $9,700 for Jobstart. So much for value for money. In other words, Labor’s Jobstart program was achieving better outcomes at a lower cost to taxpayers than the Job Network’s intensive assistance. A lack of new investment in the 2003 budget will ensure that the government’s Job Network continues to perform poorly in reducing entrenched joblessness in our community.

The next issue I want to touch on is Job Network closures. Last year the Minister for Employment Services said:

Today there are some 2,000 Job Network sites right around Australia in people’s communities where they are unemployed. That is the Job Network and the government’s services coming to the unemployed ...

They are leaving the unemployed now, Minister. As a result of the changes in Job Network 3, this government is closing more offices than it is keeping open. Fifty-three per cent of Job Network sites are earmarked for closure between now and 1 July. This translates into a loss of 691 regional sites and a further 410 metropolitan sites. In total, of the current 2,087 sites, 1,101 will close permanently. Again I emphasise that the government is closing more sites than it is keeping open. The number of Job Network sites offering intensive assistance services will be slashed by 12 per cent—from 1,119 currently to 986. (Extension of time granted)

These closures will leave many smaller towns without any Job Network provider, and the unemployed in those towns will have to travel further to get the help they need to find a job. Members such as the member for Lingiari will outline exactly what impact this has in regional Australia.

On top of the reduction in face-to-face service, my office has received numerous complaints from job seekers, Job Network providers and Centrelink staff about the state of the much vaunted IT system. According to these complaints, the system that is supposed to facilitate the booking of appointments with providers, the posting and updating of resumes on the Australian JobSearch site and the sending of vacancy information to job seekers is continuously crashing, causing distress to providers and job seekers alike. The Minister for Employment Services has an opportunity here tonight to say that that is not the case—to say that the IT system is all working okay. But he will not do that if he is honest with this parliament, because the system is simply unable to cope with the demands being placed on it.

One job seeker who contacted my office said that it took her eight hours to gain access to the system simply so she could update her resume details. And when she finally did gain access, the system froze on her. This is a system the minister calls the world’s best IT. It appears that inadequate time has been allowed for the installation and testing of the multimillion dollar IT infrastructure that underpins the operation of the Job Network. In light of these complaints, the minister should now come clean as to the scale of the problem and give the parliament an assurance that all the bugs in the system will be fixed by 1 July. It is not just the opposition saying this; people on the ground are drawing attention to these problems. On 2 June 2003 the AASW, representing social workers around Australia, released a press release which said:

The closure of 1,000 offices around Australia established to help the unemployed obtain work will leave many unemployed Australians further disenfranchised. There is considerable hypocrisy in Job Network 3. The government increased the number of Centrelink offices in the last federal budget and now closes
employment offices. How can it claim to encourage Australians from welfare to work, yet decrease services aimed to gain them employment?

That is the question that has to be asked. But the government has other work to welfare programs as well. If you work for Employment National and you are going to lose your job as of 1 July but you find another job within the federal public service then you lose your redundancy payout. Therefore, there is actually an incentive for people to find themselves on the unemployment queue as of 1 July. This is an extraordinary innovation by the Howard government: perhaps the world’s first ever work to welfare program has been introduced.

This budget talks big about the issues of security but, when it comes to providing financial security that only a job can bring, this budget contains no strategies, no reforms and no new investment. Like its predecessors, it contains no steadfast commitment to full employment, will do nothing to help the long-term unemployed and indeed contains predictions of a deteriorating employment outlook. This budget sentences the unemployed to another period of suffering and hopelessness; another period whereby the government will emphasise pejorative terms against the unemployed rather than trying to lift them up and give them an opportunity that a job provides.

Mr SNOWDON (Lingiari) (5.02 p.m.)—I endorse the remarks made by my colleague the shadow minister for employment services and training. I will not take much time, I hope; I just want to raise a couple of issues and ask a couple of questions of the minister. The minister knows that I have communicated to him and his office about issues to do with Job Network contracts for the Northern Territory, and in particular one where the Julalikari council failed to get a contract that went to a Queensland company involved in industry, training and employment services—ITeC.

My concern is that the contracting processes do not take account of the appropriateness or otherwise of organisations that carry out work with Indigenous communities. I make this observation: the Julalikari and Tangentyere are two of only a very small number of Indigenous providers around Australia. And here we have a prominent and important provider in Central Australia, operating out of Tennant Creek, with a contract in Borroloola and Katherine, failing to get a contract. Not only does this undersell the importance of this particular organisation to the communities in which they work, but it denies the absolute imperative of ensuring that the people who carry out these services do so in a culturally appropriate manner. They have to understand the community in which they are serving and they understand the labour markets in which they are going to work. I also make the observation that the Ngaanyatjarra provider working out of Ayers Rock, the Julalikari and Tangentyere were the only three Indigenous providers to the Northern Territory—and three of only very few in Australia. Now we only have the Ngaanyatjarra and Julalikari job shop with contracts, and even those contracts are specific to locations.

The bulk of the Northern Territory is not covered by contracts—to the point now where the department is seeking fee-for-service for rural and remote areas of the Northern Territory. I ask the minister: what provisions are being made for fee-for-service provision of these network services for rural and remote areas of the Northern Territory? Has a tender been advertised for the Top End of the Northern Territory? If so, what areas is it to cover? What about the rest of the electorate of Lingiari? What proposals are there for fee-for-service arrangements for the remainder of the Northern Territory if one has been let for the Top End? What
parts of the Northern Territory are covered by that tender? What parts will not be covered by that tender? What are the people in the areas covered by that tender supposed to do for Job Network provision? The answer is ‘nothing’, because there is no access to Job Network provision for those people—the bulk of whom are unemployed and the most disadvantaged of all Australians.

Minister—through you, Mr Deputy Speaker—what is the review process that successful tenders will have to complete at the end of the first six months of their contract? What happens if contractors are found to be not up to scratch and not able to service the needs of the communities for which they are supposed to provide services? I go to the question of the IT systems which the shadow minister raised: are all the IT systems for contractors to carry out the administrative arrangements required by DEWR in place and ready for when the new contracts begin on 1 July? When the tenders were considered, was it assumed that a contractor that had been successful in one market would be successful in another? For instance, if a contractor was successful in an urban contract, was it assumed that they could perform with the same success in a remote market? What substantiation were they asked to provide to ensure that outcome?

I am fully conversant with JobStart; indeed, I was the parliamentary secretary responsible for employment services during the final three years of the Keating government. I know full well about labour market programs, and I know what happens when you cut programs to remote communities. And I know what happens to unemployed people who do not have access to educational opportunities or labour market services when they try to enter the labour market. In the Northern Territory there are very large numbers of people who have no access to these services. I ask the minister: what is being done to ensure that all Territorians—indeed, all Australians—have access to services through the Job Network? I want a guarantee that all of my constituents will have access to appropriate services through the Job Network—not services that might apply in Sydney, Melbourne, Brisbane or anywhere else but services which are particular to their needs—and appropriate labour market programs to meet their needs. (Time expired)

Mr BROUGH (Longman—Minister for Employment Services) (5.08 p.m.)—I would be happy to address the issues raised by the member for Lingiari and the shadow minister. First, I would like to make a few comments on, I guess, the rhetoric from the shadow minister as opposed to the worthwhile questions that were raised by the member for Lingiari, which I will address in detail. The shadow minister referred to the ‘underperformance’ of the Job Network. Every independent study and every internal study has shown that the Job Network has outperformed the programs they replaced in terms of positive outcomes and cost-effectiveness. That is not to say that they cannot do better; and of course that is part of what we are trying to achieve from 1 July.

There is always a hang-up from the opposition on expenditure. My challenge back to the shadow minister is: I accept that you want to see more money being spent. Can you please articulate where you want it spent, how you want it spent, and what outcomes you hope to achieve? The shadow minister often goes on about long-term unemployment, and he mixes up—I think deliberately; I know he is smart enough to know it not to be the case—figures and facts when there is a disclosure that says, ‘These should not be used as long-term unemployed figures because they are not an accurate reflection of the labour market.’ If you want to com-
pare apples with apples, we compare using the figures provided by the Australian Bureau of Statistics, and they show that there has been a dramatic decrease—and I challenge the opposition spokesman to stand up here today and say whether or not that is true. The facts and figures that he refers to are people who have been on benefit or off benefit but have come on or off over a period of time. If you wish to compare those figures, then they, again, are much reduced under the Howard government than they were under the previous regime.

I really do not want to harp on those sorts of statistics because the facts speak for themselves: today there is a six per cent unemployment rate, mature age unemployment is down to 3.7 from eight per cent. These are facts which stand on their own. There are more people employed today than there ever have been in the nation’s history. With regard to the support that the shadow minister and the member for Lingiari refer to in the previous labour market programs, does this mean that the shadow minister and the opposition will be proposing a policy of returning to those?

Now on to the issues of substance. I raise the issue of IT. What the department is doing here is the biggest IT build of its kind in the world, because we are doing things which are absolutely leading edge. Yes, there have been issues around that IT—yesterday, for argument’s sake, there were approximately 1.2 million transactions in one day, and of those there were less than 0.2 per cent of outings, failings or time lapses. Yes, that is still about 1,500 to 2,000 out of 1.2 million. There have been times over the last few weeks where it has been lapsing in time. We have addressed those issues and we are confident that on 1 July, when the remainder of the build comes in, it will work.

What we are doing is matching 727,000 unemployed people with the available jobs, we are sending that information to them in any number of ways in which they require or request, such as SMS messaging, via their own home page, voice messaging, or being able to pick up. In Canberra the other day I was down at a Job Network member and a young fellow walked in and told me how he had received six messages on the day—six jobs that he could look for automatically matched. It gave him a great deal of heart.

I turn now to some of those issues addressed by the member for Lingiari. First of all, in regard to the tender process, there was a two-phase tender process: one was on your demonstrated capacity to deliver—because you have delivered other government or similar programs in the past; and also an individualised plan on how you are to deliver employment services in the individual markets. For argument’s sake, if someone was tendering in a number of sites, say, Redfern in Sydney and Tennant Creek, then quite clearly one size does not fit all. They had to be able to demonstrate their connections with that community, what they were going to do with that community to deal with the demographics of the unemployed in that community and they had to do the same in every individual site. The organisation that has won the tender in Tennant Creek is a Mackay based firm but they will be based in Tennant Creek and they have experience in dealing with both Torres Strait Islanders and Aboriginals and they have been very successful.

I take the point, and I think it is made quite honestly, by the member for Lingiari when he says these organisations play an important role in the towns they are in, in the Indigenous communities—and we accept that. (Extension of time granted) We acknowledge the important work they play across a range of fields and are not disparaging of that at all. What we are saying is that, with anyone who is delivering employment services, no matter where it is in Aus-
tralia, that every cent of that money should be going towards the assistance of unemployed people.

The performance of the organisations mentioned by the opposition has in fact not come up to scratch. They were not able to actually find work and connect people in the labour market to even a reasonable degree. The new organisations, like everybody, those that have gained rollover as well as new entrants into the market, will be assessed each and every six months as part of the contract. If they do not come up to scratch, they are given one milestone in which to be able to deliver services and then we can revisit their contract and provide either partial or full removal of their business, because I am only interested in providing quality outcomes for unemployed people, not just saying there is a service there.

I think the member for Lingiari also made a very good point, and that is, are we going to tell people operating in the Top End that they have to deliver the same service as to people in Sydney, Melbourne and Brisbane? The answer is simply no, and that is why we flagged right at the outset of this process that we would reserve the right to buy fee for service and have a unique product which meets the market in any area in which we felt that the program, the active participation model, was not going to be the best fit. To that end we went back and negotiated with a number of organisations in a number of localities where they were not told what to provide but told us what to provide.

This information is available on our web site. It is part of the tender. I would be happy to provide to the member for Lingiari the successful tenderers. The tender has gone out; the tender has been received; and I am about to make those announcements. By 1 July, every part of Australia will be covered as per our commitment—every part of Australia. There are numerous parts of Australia that in the past have had limited or no response under Liberal and Labor governments. I do not think there is anybody in this room, including the member for Lingiari, who obviously has direct experience with this, who could deny the fact that under the Labor government there were major parts of Australia that had no service whatsoever and where people had to travel for hours to get to a CES. I hope that deals with the concerns of the member for Lingiari.

From 1 July, we go to a new system which has world’s best IT. It is very much a personalised system, an individualised system, and it is determined by trying to provide the best employment services, depending upon the individual’s own requirements and their locality. The amount of money that is being spent is being determined by their needs, not by the government’s needs. For the very first time in this nation’s history, every unemployed person, regardless of where they live or how long they have been unemployed, has a universal right to the full suite of unemployment services. That has never occurred before under Liberal or Labor, regardless of how much money has been spent. That is something that this government is very proud of. We will continue to strive to do more, and we look forward to an input from the opposition on any areas where they believe we can strengthen the system.

Proposed expenditure for the Department of Employment and Workplace Relations agreed to.

Department of Education, Science and Training

Proposed expenditure, $2,193,285,000.
Mr ALBANESE (Grayndler) (5.17 p.m.)—When it comes to TAFE funding, we find that the Minister for Education, Science and Training—known by those on this side of the House as Rainman mark 2—has been using smoke and mirrors to conceal the fact that this budget contains no new money. On budget night, Minister Nelson announced in his press release that he had written to state and territory training ministers offering them an additional $218.7 million between 2004 and 2006 under the new ANT A agreement. We had a look at Budget Paper No. 2. When you see the ANT A funding for each year—the additional expenditure—it is pretty easy to see that the figures are zero, zero, zero and zero in the out years. That adds up to a total of zero—no new money from this minister.

There is no new real funding for VET in this budget. In fact, base recurrent funding remains at 2000 levels and the growth funding on offer barely keeps pace with indexation. In their letter of response to Minister Nelson’s offer, the state and territory training ministers wrote:

We note your offer of $220 million for the period of the next Agreement and the objectives you wish to see included. While agreeing with you on some of the objectives which should be contained in the next Agreement, the fact that your proposal contains no new funding is a matter of considerable concern.

For that reason, when the state and territory ministers met in Darwin last Friday, they refused to endorse the proposed agreement. In doing so, Queensland’s minister for employment and training, Mr Matt Foley, said:

Commonwealth Minister Brendan Nelson’s claim that increased funding is being offered to the states is simply wrong. The offer includes a small additional amount of indexation and funding already allocated for the Commonwealth’s welfare agenda. The indexation will not even cover wage increases, and will certainly not allow for any growth in demand.

As well as stagnating Commonwealth funding, the minister is proposing to expand the competitive training market through the user choice mechanisms. This proposal has the potential to undermine TAFE as the public provider, putting yet another successful public institution at risk of being dismantled by the market driven ideological agenda of the Howard government.

The other area of training I wish to comment on is the government’s New Apprenticeship Scheme. The 2003 federal budget missed the opportunity to reform the New Apprenticeship Scheme so that it could more effectively address acute skills shortages in the economy and provide young Australians with the qualifications that will improve their long-term career prospects. While the minister regularly boasts that under his government the number of people undertaking apprenticeships and traineeships has doubled, he fails to point out that most of this growth has occurred in industries such as retail and fast food and that, at the same time as much of this growth in new apprenticeship numbers has occurred in service industries, the Department of Employment and Workplace Relations has identified skills shortages across a range of traditional trade occupations, including carpentry, plumbing, cabinet-making, panel beating and metal fabrication.

In its submission to the Senate skills inquiry, the Australian Industry Group found that over half the businesses surveyed face skill shortages. At a time when many communities in this country are experiencing high levels of unemployment, we have businesses crying out for skilled workers. This situation is not rational but it is a direct result of government policy. This emerging skills crisis has been caused by the financial incentive structure put in place by
the Commonwealth government, and this budget does nothing to rebalance these incentives towards areas of skills shortages.

When it comes to vocational education and training, the budget has failed to make the necessary reforms and investment. It is a budget that has abolished the ECEF, a program that grew out of the Australian Student Traineeship Foundation founded by the Labor government and that was working and producing results. This is a government which has failed to invest in our human capital. It has failed to fund our public TAFE institutions at the same time as a number of policies, including changes to Youth Allowance, pushed people into TAFE. If you go to do that, you need to fund it properly. It has failed to ensure that the apprenticeship system readies young people for the current and future skill needs of our economy.

Mr SNOWDON (Lingiari) (5.22 p.m.)—I want to raise the question of Indigenous education particularly as it relates to my own electorate of Lingiari. I want to acknowledge that the minister has been more than forthcoming in expressing his support for improving Indigenous education outcomes across Australia. I note that last week he was at Woolaning Homelands Christian School, which is in Lingiari—unfortunately I was unable to be there—for the opening of a new school for which the Commonwealth has provided $6.7 million. The school services roughly five communities: Port Keats or Wadeye, Peppimenarti, Palumpa, Batchelor and Woolaning. I want to make this observation. The Commonwealth was gracious enough to provide $6.7 million to this independent Christian school and currently 24 pupils are enrolled.

The reason I raise that is not to say that I do not think the funding is appropriate but to point out that in the Northern Territory currently, apart from a number of schools in the Catholic system at Wadeye, Bathurst and Melville Islands and Tiwi Island and apart from Nyangatjarra College at Yulara, there are no Indigenous secondary colleges, except now for Woolaning, in the Northern Territory. The minister would know, as he would have been informed by his department, that part of the rationale for the development of Woolaning was the failure of the previous Northern Territory government, the CLP government, to provide secondary school services for Indigenous students within the region. I recall this because I met with the Christian schools to discuss how they might get around the problem of the provision of this education and how they might seek funding as an independent school so that the service could be provided.

In the Northern Territory there are 45,000 children of school age. Of these, 38 per cent—or roughly 17,000—are Indigenous. Importantly—and this is one thing I hope the minister is aware of—around 5,000 of those 17,000 have no access to either a decent primary or secondary school. In fact, there has never been a graduate—not one—at year 12 level of any bush school in the Northern Territory. This year, however, there are four young Indigenous students and one non-Indigenous student at Kalkariudji in year 12 and there are a number of other kids at Maningrida who are doing year 11.

I raise this to point out the dilemma which confronts, firstly, the government of the Northern Territory. I am sure the minister is aware of the Grants Commission’s report into the funding of Indigenous services across Australia which was prepared 18 months or so ago. What I want to highlight to the minister is how we express to these Indigenous students how we provide for them appropriate and adequate secondary or a primary schooling. I am not saying that this is all the responsibility of the minister, but it is the responsibility that resides with the Northern Territory and the Commonwealth governments and is the result of in excess of two
decades of maladministration of education in the Northern Territory by the previous conservative government.

Currently we have this catch-22 situation. There are enormous numbers—5,000 at least—of young Territorians who live in remote communities who have no access to high school education of any form. I ask the minister: what does his government intend to do to ensure that these students get access to appropriate educational services to meet their needs? I know that it is something that needs and should have—and I am sure, would have—the cooperation of the Northern Territory government. But he would be aware, as I am, that 80 per cent of the Northern Territory government’s current budget revenue comes from the Commonwealth. They cannot afford to provide, as the minister has done, $6.4 million for 24 students at Woolaning. How does he propose to provide the capital requirements for the infrastructure alone needed to provide decent educational services to these 4,000 or 5,000 young Territorians who, at the moment, have no access to high school services and high school facilities?

(Extension of time granted)

This is an issue which has been at the front and centre of my participation in this parliament since I came here in 1987. I know that the minister is aware of the Learning lessons report which was done by a former colleague, Bob Collins, looking at educational services for Indigenous students in the Northern Territory and I know he would be aware of the outcomes of that report. But it is worth reminding him that, in the Northern Territory, only 14 per cent of Indigenous students who start year 8 finish year 12. That is compared to 80 per cent of non-Indigenous students. In 2001, only 40 Indigenous children in the Northern Territory finished year 12 out of an Indigenous population of young people who are of school age of 17,000. In 1998, only six Indigenous males achieved adequate academic success for entry into Northern Territory University.

This is a major and significant problem—it is a national problem. It requires the attention of the federal government in partnership—in this case, with the Northern Territory—with the relevant state governments. If we are to address the appalling poverty status of Indigenous Australians who live in remote communities, we must address the issue of education. While I respect the minister’s commitment, this budget unfortunately does not reflect that commitment. If we are to achieve outcomes we all want for these Australians, we must provide the resources for them to be able to do it and we must do it in conjunction with them. We are not going to do that unless we get off our backsides and actually provide the resources. I would ask the minister to inform us how he intends to address this issue of the deficit of a high school education for these 5,000 students in the Northern Territory—and I am sure the figures are replicated in the remote parts of Queensland and Western Australia. I know that there is an emphasis on primary education, which I think is quite important. But if we do not address the needs of these students who are currently of school age who do not have access to education, we are effectively saying to a generation of young Australians, ‘We don’t care for you.’

Dr NELSON (Bradfield—Minister for Education, Science and Training) (5.30 p.m.)—I address my first remarks to the member for Grayndler, whom I understand for very good reasons has had to go to the main chamber. The member for Grayndler made certain remarks about the Commonwealth’s commitment to vocational education and training and, in particular, the Australian National Training Authority agreement and the initiatives announced by the government in the budget in relation to the Enterprise Career Education Foundation.
Firstly, the Commonwealth has put on the table an offer which I made on budget night to the state and territory ministers for the next three years of funding for ANTA. This represents $3.57 billion over three years from the Commonwealth, which is a 12½ per cent increase on the Commonwealth funding under the current agreement. It includes some $218.5 million over three years, comprising $150 million for indexation and $68.7 million for Australians Working Together, which covers initiatives for parents returning to the work force, mature age workers who want to acquire more training, and people who have a disability who are seeking training. The offer includes $325 million in growth funding which is in the current agreement. That $325 million includes $25 million worth of indexation on top of the growth money in the current agreement. In other words, the Commonwealth is building into the base of the ANTA agreement for the next three years growth money—extra money—in addition to that in the current agreement.

The offer from the Commonwealth represents a 2½ per cent real increase in funding per year over the three years of the agreement. The member for Grayndler ought to consider that the Commonwealth is asking the states and territories to match on a dollar for dollar basis the $325 million in growth funding, including indexation, and the $119 million in total for Australians Working Together. That will result, if fully matched, in 71,000 additional training places alone in the areas of disability, mature age people seeking training and parents returning to the work force. I also point out to the member for Grayndler that the states and territories did not reject the offer made by the Commonwealth. They did express to varying degrees their concern about the need, as they saw it, for the Commonwealth to offer more money than it was offering, but they have all agreed that their officials will now negotiate the detail of the agreement with officials from my department on the basis of the offer that has been put on the table.

Access Economics, which did a significant amount of work for ANTA in forecasting forward growth in relation to training, forecast that in the eight years from 2003 we will see around 2.7 per cent growth in demand for training. If you look at the next three years for which this offer applies—the three years of the agreement—you will see that they are forecasting 2.9 per cent annualised real growth in demand over those three years but 1.7 per cent growth in demand in the second and third years of the agreement. What the Commonwealth is offering is a 2½ per cent real increase in funding above and beyond the amount in the current agreement. If the states agree to the conditions that have been set out by the Commonwealth, this will represent 1.5 per cent real growth per annum in funding from the states and territories.

The fact is that some of the states and territories cannot even afford to match the offer, let alone exceed it, and some of those states and territories can. For example, in the state of South Australia, there was announced in the budget a 12 per cent increase in user charges in TAFE this year—and a 50 per cent increase in charges for apprentices, many of whom come from the poorest families in the country. There are no loans to support them. An impost of $155 million in additional funding has been placed on employers in relation to apprentices in Victoria and, at the same time, it has seen the introduction of full-fee-paying degrees in TAFE—no loans available there. In the state of Tasmania, there has been a 1.2 per cent increase in its funding for VET this year; in Queensland, a reduction of 0.02 per cent; and, in the Australian Capital Territory, an increase of two per cent. (Extension of time granted) The Common-
wealth’s offer in relation to the ANTA agreement is appropriate and generous in the context of forward growth in terms of demand and also taking into account the circumstances of the states and territories which will be required to match that offer.

I also pointed out to state and territory ministers that 26 per cent of what is now provided for full-time students in the TAFE sector and 36 per cent of module completers is for non-vocational purposes—and in many cases it is for very good reasons. We need to examine the fact that, whilst we are doing everything we can to get more young people interested in taking up apprenticeships and training, there is a cultural problem that unfortunately has been besetting many young people; that is, that the only way to succeed in life is to get a university education—as important as that is.

We have belly-dancing, fingernail sculpting, fruit carving, aromatherapy and a whole variety of things that are on offer in the vocational education and training sector which are very good for the personal development and sense of fulfilment of many of the 1.7 million Australians who go through training and the 1.3 million in the TAFE sector. But we need to ask ourselves why it is that South Australia, New South Wales, Victoria and Tasmania are reducing training places in engineering, in the automotive industry and in traditional construction and building. Why is it that there is a contraction by the states for training places in those areas when, at the same time, you can go off to other TAFEs and learn how to trace your family tree. I think they are some of the real issues that we collectively need to be starting to address as we move into this next three years of funding.

The Enterprise and Career Education Foundation—or ECEF, as it is known—into which the Commonwealth government invested $100 million of Commonwealth money, has done some terrific work. It is focused primarily on career transitions for young Australians. It has not been scrapped. The assertions that are made by the member for Grayndler are quite erroneous and they risk causing alarm to quite vulnerable people—not only the people who are providing structured workplace learning for young people but also those young people and their families who are engaged in it.

The Commonwealth has announced that the management and administration of ECEF will be taken over by the Commonwealth. The question for me was: why is it that we are running a career transitions program, which is so important, and employing almost 40 hardworking staff in the middle of the Sydney CBD when here in Canberra we have a very large number of hardworking, well-educated, diligent public servants who are working in schools education and apprenticeships and training? Our priority needs to be to bring seamlessness to our schools and our career transition programs—and that is exactly what we are doing. All of the contracts that have been entered into by ECEF will be honoured. I have written to all of the providers, state and territory ministers and everybody in this regard. It is important that we have coordination which meets the priorities for career transitions which are fully integrated with our schools programs.

Ms MACKLIN (Jagajaga) (5.39 p.m.)—I will briefly respond to the comments of the Minister for Education, Science and Training on the ANTA agreement. He failed to mention that the states do not agree that the money that he has put forward is new money. For the record, it would be useful for him to make sure that he makes their views clear. They do not agree that this is new or additional funding above indexation or above other funding that is already in the federal budget that will go to training.
I want to go to a couple of issues in the higher education sector, one of which was mentioned in two of Australia’s newspapers today. One was a report in the Sydney Morning Herald this morning, based on the education minister’s own budget figures, showing that students will pay up to 85 per cent of the costs of their course through their HECS fees under what we consider to be very unfair changes contained in this budget for Australia’s university students. From the report that is based on this government’s own budget figures, we find that around a quarter of a million Australian students could be contributing half or more of the cost of their studies.

Another is a piece in the Australian today from Emeritus Professor Peter Karmel, former head of the Commonwealth Tertiary Education Commission. He today published similar figures, saying that, under the government’s plans in this budget, HECS students will on average be paying 40 per cent of the cost of their degree, which is certainly a lot more than the minister has claimed—that they will be paying only 25 per cent. In fact, we heard the minister repeat this accounting fiddle yesterday in question time when he said that taxpayers are paying for three-quarters of the education of those who go to university under this package.

It is unfortunate in the extreme that the minister is misrepresenting the cost to students and their families. They are already paying some of the highest costs in the developed world to go to university. I ask the minister to explain how he gets 25 per cent when Professor Karmel says that on average it is 40 per cent and when the figures in the Sydney Morning Herald demonstrate that there is a range of proportions that students will be paying, from 28 per cent for nursing through to 85 per cent for law. That is a very big difference from the figures that the minister has been quoting. It would be good if he would come clean and answer the charges that were in the papers today.

This is not the first time that we have had this minister fiddling the figures. We had him saying on national television that he would be offering loans to cover the cost of full fees. We know that that is not true. The government is only offering $50,000 loans, whereas the University of Melbourne have said that they will be charging fees of $150,000 for their medical students. I hasten to add, before the minister puts in his usual retort, that we do not want an increase in this loans scheme. We do not want to see full-fee places, full stop. We do not think that it is a fair way to fund our university places; we think full fees should be abolished. There should not be a loans scheme, because Australians students are already paying enough for their university degrees.

The last area I want to touch on is another one where this minister has been fiddling the figures. He claims—and once again this has been on national radio—that as a result of this budget there will be 31,000 new university places.

Mr King—Mr Deputy Speaker, under standing order 84A, I ask the member to identify the asserted fiddling she has referred to.

The DEPUTY SPEAKER (Mr Barresi)—Is the honourable member seeking to ask a question?

Mr King—I am indeed, under standing order 84A.

The DEPUTY SPEAKER—Will the member for Jagajaga allow the question?

Ms MACKLIN—Yes. The minister, I am sure, will remember the Alan Jones program where he told Alan Jones and all of his listeners that he, the minister, was creating 31,000 new
places for Australian students. That is wrong. That is totally wrong. (Extension of time granted) The minister should come clean and make it plain to all Australian students and their families that by 2007, which is four years away, there will be only 2,116 additional new commencing places for Australian students—not 31,000 places. There will be only 2,116 new commencing places by 2007.

So now we have a third strike where from this minister we have had very dodgy accounting figures that certainly mislead Australian families and students about how much they will have to pay and how many places there will be at Australian universities. These are very serious matters and I do hope that he will answer the questions that have been put forward in the Australian media today, that he will answer the question I am putting to him, that he will come clean and tell the truth—that in fact there are only 2,116 new commencing places for Australian students by 2007.

Mr KING (Wentworth) (5.45 p.m.)—I rise today to consider certain aspects of the educational appropriations. Before I do, I want to briefly mention the reform process which has been under way since 20 June 2003 when the Prime Minister announced the inquiry into higher education. Shortly after that, the university vice-chancellors issued an important document called Forward from the crossroads: pathways to effective and diverse Australian universities. I want to briefly refer to the four aims of the vice-chancellors set out in the foreword to that report—their vision by 2020. It is worth repeating.

In September 2002, they said that by 2020 they want Australia to be ranked in the top five nations for higher education, excellence and investing at least two per cent of GDP in its university sector; secondly, that we should have at least one recognised world-class research centre in every significant academic field; thirdly, higher education services should be one of the top three value-adding Australian exports; and, finally, over 60 per cent of Australians should be completing higher education instead of 40 per cent.

Each of those objectives is a highly laudable aim. What are they about? They are about building Australia’s future. It is not about building Australia’s future in buildings and great constructs such as high towers or bridges and so on, but building where it counts—building through ordinary people. If this country wants to build a better future, we can only do it through the people. We can only do it through the people if we have high quality education programs such as that put forward by the Minister for Education, Science and Training.

I suggest that we have got that before this House today. In the budget, the Treasurer and, through him, the minister in statements since that time, has set out the program which I believe will create a better future and build a better country for all Australians. Do not take my word for it. Here is the response of the Australian vice-chancellors in June 2003 to the budget. Let us not forget whom we are talking about. We are talking about highly critical, intelligent, well-read people who have a stake in the future of education in this country. They are not going to throw away the future. They are not going to throw away their critical faculties on any throwaway lines such as might be suggested by those opposite. They have a highly considered approach, as the member for New England, who knows a lot about these things, would know. This is what they say:

The AVCC welcomes Our universities: Backing Australia’s future. It sets the foundations for reform of university financing arrangements to allow universities greater flexibility to pursue their missions. The package is the first serious attempt in the last decade to enhance the quality of public higher education.
in Australia. The focus on sustainability, quality, equity, and diversity reflects the emphasis of the AVCC in *Forward from the crossroads*.

There you have it—from the horse’s mouth. The people who run our universities, our higher education institutions, are saying that this government is putting in place a vision that will bring about those four fundamental ideals for the year 2020.

I just want to say a couple of things further about this whole process. We are, of course, about building a better future for all Australians. We do not do it, as I have said, through bricks and mortar; we do it through our people. We want to make sure that everybody in this country who wants a higher education has access to it. But we want to make sure also that we have centres of excellence and learning. We want to see that our country is not just a middle-of-the-road nation around the world but one that esteems excellence. We want to know that the people of Taiwan, Sri Lanka, Europe and even the United States can come here and get as good an, if not better, education as people anywhere else in the world. We want to make sure that the intellectual capital that this country has in such great store—the potential of the nation—is built up over time.

The other important thing about the process being put forward by the minister is choice. What we have here is an opportunity for Australians who want to choose where they wish to pursue their education to be able to do so through centres of excellence. For example, the University of New South Wales probably has one of the best engineering faculties in the world. Professor Wyatt Hume has an ideal: he wants to have shared industrial partnerships around the university—a bit like Sun Valley in the United States, with Berkeley and Stanford universities. That is the sort of thing we want to do with our universities. Australia can do it, and this budget is all about doing that very thing.

**Ms BURKE (Chisholm) (5.50 p.m.)—**I want to pose a series of questions directly to the minister. Why does Deakin University receive less funding per student than other universities on average? Deakin University receives $10,790 based on fully funded places while the average is $11,683. The ANU receives $34,571. I would like to know why there is such a discrepancy in the amount of money that Deakin University is receiving per student.

Another issue I would like to raise with the minister is overenrolments. Under the system of overenrolment, universities that enrol students above the Commonwealth quota get a quarter of the full rate of Commonwealth government funding. The Howard government has admitted that its overenrolment system, introduced in 1998, has been a disaster for universities and has said that it will convert all overenrolments to fully funded places. We want to make sure that these places are not lost to universities and that they are not lost to HECS places. There are 6,022 overenrolments this year in Victorian universities. There are 726 overenrolled places at Deakin University alone, and there are 371 overenrolled places at Monash University. I want to ensure that Deakin University and Monash University do not lose these places and that no pressure is placed on any of the campuses relating to Deakin University, in particular some of its outlying and smaller campuses such as Warrnambool.

There is another issue that I would like explored, which I will give to the minister on notice because I am sure he does not know much about it. I cannot find much out about it, so I will explore it here today. There are some rumours running at Monash University that it is in a collaborative mode with a university in Iran. The principal rumour we hear is that the federal government has struck a deal to send back 277 Iranian refugees to Iran in return for the fol-
low: a wheat deal, 5,000 working holiday visas over the next few years and a $1 million donation to the University of Kish. The university of Kish is located on the island of Kish in the Persian Gulf—a free trade zone—and is a private university run by a wealthy Iranian family. Apparently Monash has a sister relationship with Kish and the engineering faculty has an academic program relationship with it. How will the government get $1 million to Kish, and will this money come from current funding? Could this possibly be delivered via Monash University and its engineering faculty?

Ms KING (Ballarat) (5.53 p.m.)—In this debate I want to focus particularly on the issue of overenrolments at the University of Ballarat—a university I am sure the minister knows well, given that the vice-chancellor was one of his lecturers, I understand. According to the Vice-Chancellor, Kerry Cox, the university is currently overenrolled by 350 places. The university is currently also going through a process of reviewing demand for all of its courses. The first casualty in this process has unfortunately been the theatre production course in the Faculty of Arts. I am sure the minister remembers standing on the steps at Camp Street at the arts faculty, praising the arts in our community and praising the new faculty. Unfortunately, the theatre production course has been closed. I understand the next cab off the rank is the business and IT course.

What I would like the minister to confirm in the first instance is: will universities face financial penalties if they are overenrolled by more than two per cent? I understand that the University of Ballarat is currently overenrolled by nine per cent. Can the minister guarantee that the number of student places at the University of Ballarat will not decline following the government’s university changes? Can the minister promise that he will not remove any of the University of Ballarat’s 350 marginally funded places once they have been finally converted to properly funded places?

Mr WINDSOR (New England) (5.54 p.m.)—I do apologise for the state of my glasses, but I have two children at university and they were $20 glasses to start with. I guess that shows the cost impost on parents. Firstly, thank you, Minister, for being here. I think this process can work in a very constructive fashion, and I appreciate the opportunity to say a few words. In particular, I would like to focus on regional universities. I raised this issue in the parliament yesterday, particularly in relation to the University of New England, but I think some of the same problems apply to other regional universities. A call is beginning for some form of distinction in the funding arrangements between what I would call real regional universities that have their infrastructure and infrastructure costs totally based in the region and regional campuses that may be satellites of some of the major metropolitan universities. What seems to be showing up on analysis is that some of those regional universities will suffer cost disadvantages.

The minister partly answered that question yesterday by saying that there is a transition fund of $12.6 million in the budget projections that could be used to placate those universities that suffer some degree of disadvantage through the reform process. I think that says something about the underlying integrity of the reform process itself, that you have to have some sort of transition fund in place just in case an inadvertent accident occurs along the way. At best you could say that it may have some short-term benefit in relation to the early years of transition, but there does not seem to be anything built into the future years for regionally based universities. I think that is something that really has to be fleshed out. An undertaking
was given by the minister himself, and in answer to a question that I raised on 17 October 2002 Dr Nelson said:

Out of this reform process I put it to the House that universities and campuses—

the word ‘campuses’ keeps coming up in the language—

in regions of this country will be very significant winners.

Bearing in mind that the University of New England has a very large external student component and that a lot of the funding arrangements are done on the internal student component—and I think this is another fairly special area that some of the other regional universities may also have—the University of New England has done a financial analysis on the impact of the reforms. It suggests that, instead of being winners, the university is going to be $1.8 million worse off than it was before the reforms were put in place. I have not seen how those figures have been calculated. I have seen a rough breakdown of where the university picks up money and where it loses money—and I could go into that by way of a letter if the minister needed that, but I think he has received the same letter from the vice-chancellor.

The promise that was made—and what people were hoping for, I guess—was that there would be an improvement in the financial situation of universities generally but that particular recognition would be given to the other cost disadvantages of regionally based universities. The department and the minister have obviously put in place a regional loading—from 30 per cent down to 2½ per cent—and at the moment there is some debate at Bega, Nowra and some other campuses about that money being shared across a greater number of campuses. As that money gets eaten up by new players, there is also some concern about the impact that will have on the older players’ accounting processes. But even with the regional loading built in to the University of New England, it is going to be $1.8 million worse off in 2005. (Extension of time granted) I see that as a very real problem and one that I think the government will have to address to get support for those regional university programs.

As a member of parliament representing the electorate of New England, I definitely cannot support these reforms on the basis of the numbers that the accounting people at the university are presenting. I am fully aware that the Minister for Education, Science and Training is going to be meeting with the various vice-chancellors and I applaud that. I hope that some arrangements can be put in place so that we do end up with a better system than the one we have had. But we definitely do not want a system that is financially worse than the one that we had in the past.

There are a number of other issues that I would raise, and I do apologise for taking a bit of time. The minister may be able to assist with some of these. Scholarships for rural and regional students from low-income and Indigenous backgrounds have been established in recognition of the financial barriers that these students face in accessing higher education. Why, then, do those scholarships count as income for the purpose of student income support? For instance, if a student receives a $4,000 scholarship, they have used up almost two-thirds of their so-called ‘income bank’ for the year. This means that their ability to work while studying is limited by financial disincentives once their income bank has been exhausted. I would like the minister to take that on board and, if he can, shed some light on it.

As I understand it, there is a proposal to introduce an interest-bearing loan for postgraduate and full fee paying students. Postgraduate students currently receive an interest-free loan.
am very concerned about the possible effects on students in my electorate pursuing postgraduate work when they face an interest rate on their study debt. Why has the minister chosen to introduce an interest rate? I think that I know the answer to that, but he may like to elaborate on it. What is the reasoning behind forcing students to repay the interest-free loan before the interest-bearing loan, meaning that they will face an even larger level of debt?

The Australian Vice-Chancellors Committee has recognised that we cannot know all of the effects of increased levels of university fees on participation—especially on students from the various equity groups like rural and isolated people. Has the minister’s department conducted any research into the effects of HECS and study debt on different groups of students, particularly regional students? Is the minister planning to release the report that I believe has been done into trends in higher education participation and access over the previous decade?

Another issue that has been of concern in my particular area is the tying of some of the funding arrangements—I think it is $404 million—to the adherence to governance arrangements. Having recently been appointed to the university council and attended one meeting, I am sure that it is not an attack on me as an individual. I think that country people in particular do have regard for various members of parliament, irrespective of their political background, because of the skill levels that they bring in and the networking that takes place. I think that that applies much more at a regional level than at a major metropolitan level. I see that the tying of funding arrangements to governance is more of a political thing than anything else. In the argy-bargy that takes place in the Senate, the government is probably quite prepared to relinquish the workplace arrangements and governance criteria that it is placing on the whole reform package. I would like the minister to explain why he sees the tying of funding to governance arrangements as being so absolutely critical to the forward motion of the funding arrangements.

Dr NELSON (Bradfield—Minister for Education, Science and Training) (6.04 p.m.)—I will respond to a number of issues that have been raised. Firstly, in relation to student contributions, this year the Commonwealth will make available to Australian universities $6.4 billion. Around $1.5 billion of that will subsequently be paid back by the students who are in the university system, through the tax system, under the Higher Education Contributions Scheme. I have said repeatedly that students currently pay for about a quarter of the total costs of university education. Under these reforms they will pay about 26.8 per cent.

In relation to the core funding which goes specifically to course provision, in this reform package the government has unpacked what it costs to provide each and every course into 10 different clusters and assigned to each the Commonwealth contribution to the cost of just providing that course. In the case of law, which is a very inexpensive course to provide, that is $1,509. I have yet to meet an Australian who has said to me that we should be training more lawyers or, indeed, reducing in any way the HECS contributions law students currently make to their qualification. From law we go right through to agricultural science, medicine, dentistry and veterinary science, which are quite expensive courses to provide.

The assumption inherent in the question from the member for Jagajaga is that the only cost associated with providing an education to a university student is putting a lecturer in front of them in a lecture theatre. But of course there are IT requirements, buildings to be maintained, administration, libraries and all kinds of facilities—not the least of which are the scholarships
and research funding associated with university education—all of which have to be funded. In the end, the students’ contribution is around 25 per cent.

As far as the loans are concerned, the Labor Party is critical of the $50,000 proposed for full fee paying students in public institutions and students who will choose to take that loan to possibly up to 84 private higher education providers, about 20 of which will, I think, be on the AQF. On one hand, the Labor Party says that it is totally opposed to any student being in a full fee paying place in an Australian university; on the other hand, it says that it considers $50,000 not enough money to lend a student.

Ms Macklin—You said it covered the full cost of the course, which it doesn’t.

Dr Nelson—I have never said that it will cover the full cost of the course. What I have said is that it will cover the full cost of about two-thirds of the courses that are available to full fee paying students. We have 784 courses that are available to full fee paying students. As far as we can determine, about 16 of those are offered at around $100,000 or more—courses in veterinary science, dentistry, law and aviation. The $50,000 covers fully about two-thirds of the courses which are available to students. If the Labor Party wants to put a case to the government that the level of those loans should be increased, we would be happy to receive a submission.

The other problem inherent in the Labor Party’s position is the idea that, once all of the HECS funded places are filled, in some way students who are academically qualified should not be offered the same opportunities as students who come from overseas. I think this is a form of reverse elitism which says that, just because you do not qualify for a government funded place, you should not be able to fully fund your own education if you choose to. There are 9,500 students in the system at the moment who do just that. Under the Labor Party’s proposals, those students will presumably have to go back into a HECS funded place and push almost 10,000 students out the other end of the higher education sector.

As far as this government is concerned, if an Australian student is considered academically capable of doing a particular course, they should have that opportunity. Whether it is in photonics, laser science at Swinburne, e-journalism at CQU, arts or science, all of those students should be able to be offered a place. (Extension of time granted) If those Australian students are offered a place in a course that they really want to do on a full fee paying basis, they should have that opportunity, that choice, available to them and not be forced to not take up that place simply because they do not have the money or they cannot get access to it.

Many students will save up the money. If you go to the Australian Institute of Music in Sydney, for example, they will tell you that students who are accepted to the institute go away for two years, work at three jobs, save up, come back and say, ‘I’ve saved the money; I can now take up the place.’ Under this government’s proposals, those students, if they choose to, will be able to access a loan that is paid back on an income contingent basis when they earn $30,000 a year, indexed to the CPI plus a 3½ per cent interest rate capped at 10 years. What that does is open opportunities.

If the Labor Party continues to maintain the position that it has taken, it will be denying opportunities to young people who otherwise want to take them up. The member for Jagajaga may smirk, and others in the back may sneer, but what the Labor Party is doing is saying to many young people that, because they did not qualify on a merit basis—as it ought to be—for,
for example, law, dentistry, veterinary science, journalism or education at Sydney University, they should be forced to go and do something that they do not want to do. As far as we are concerned, if it is good enough for a student to come from Beijing or Jakarta to do a full fee paying course in an Australian university, those choices ought equally be available to Australian students.

Of the number of places that are available, I have said repeatedly that over the first five years of this package the government will be fully funding 25,000 marginally funded, over-enrolled places in the system. There will be 1,170 medical school places, 574 places in regional nursing, and 745 places in teaching and nursing, predominantly in private higher education institutions—for example, Avondale and the University of Notre Dame. There will be 1,400 growth places at a cost of $10.9 million in 2007; in 2008, there will 4,250 additional growth places. In addition to that, there are the places that were put into Backing Australia’s Ability. The 1,880 for regional places and the 5,500 in total for science, information, communication technology and mathematics are now built into the base.

As far as the over-enrolled places are concerned, I said to the states and territories in October that the states and territories and the Commonwealth need to develop a system for distributing places in higher education to meet unmet demand, which is significant and growing, in south-east Queensland and Western Australia in particular. As you know, we took a 20-year forecast of growth in and demand for higher education. In relation to the over-enrolled places that are going to be fully funded by the government, we will be negotiating with the states and territories.

Ms King—Mr Deputy Speaker, I seek to ask a question.

The DEPUTY SPEAKER—Is the minister prepared to answer the question?

Dr NELSON—Sure.

Ms King—in response to your comments, can I take it, in relation to the 350 places that are over-enrolled at the University of Ballarat, that the answer was no to my question?

Dr NELSON—As I was in the process of saying, we will be negotiating with the states and territories in relation to all of the places that come into the higher education system. In particular, I can tell you with great confidence that the last thing the government will be doing is reducing places at the University of Ballarat. Nor, indeed, will the government be reducing places at Deakin University. The member for Ballarat can with some confidence go back to tell the vice-chancellor at the University of Ballarat that the number of places and opportunities available for students at that university will increase under this package. The second point that ought to be made is that the vice-chancellor of the University of Ballarat has himself said that the reason why that particular course in drama is being abolished is low demand. He said himself that he could not in all conscience continue to fund it when there is significant and unmet demand for other courses.

The next question that was put concerned regional campuses. Particularly in Western Australia, the universities are essentially city based. In order to provide additional financial assistance to those universities—and to others that are city based but have campuses that are servicing regional communities—it is quite appropriate to speak in terms of universities and campuses. (Extension of time granted) Sydney University, for example, which is in a much stronger financial position than many other universities, nonetheless provides university edu-
cation to people in Orange and surrounding districts. For that reason, obviously we recognise it for that campus in terms of regional loading.

On the question of the University of New England and how it in particular fares, I have not yet seen its financial analysis. I am very happy to have the officials of my department sit down with those from the University of New England and carefully work through the analysis of what their position will be. The member for New England is quite right that there is a transitional fund of $12.6 million in 2005 to ensure that in the transition is no university is financially disadvantaged.

I suspect—I can only speculate—that their analysis may be based on the fact that, as we move to the Commonwealth grants scheme and funding universities specifically for what they provide instead of what they historically have provided, they may feel, at least in that component of the package, that they might be disadvantaged. I do not yet know but we will certainly work through it and ensure that they are not. There are a whole lot of other initiatives, as I said in the House yesterday, from which they will also benefit.

As far as the government sees it, income is income, whether from scholarship or other sources. The government position is that if a student does receive a scholarship then it will be treated as income. A student could receive an accommodation scholarship and an education scholarship and obviously not have their youth allowance or Austudy adversely affected unless they start to work.

With regard to paying HECS before FEE-HELP is paid, FEE-HELP loans can voluntarily be repaid at any stage. But in terms of whether the compulsory requirement through the tax system comes first from HECS or FEE-HELP, it will come from HECS. If we were not to do so, that would increase, potentially, the cost of HECS to the Commonwealth taxpayer.

With regard to the HECS impact on student participation, we have had 14 years experience with HECS. Throughout most of the seventies and eighties, the socioeconomic profile of those who were attending university did not change. The previous government, to its credit, when it amalgamated the colleges of advanced education and universities, recognised that the taxpayer could not fully fund university education moving to a mass system of education—with every institution doing research, scholarship and teaching—and introduced HECS.

One of the principal architects of HECS is Professor Bruce Chapman, with whom I recommend honourable members spend a bit of time. His argument, put to us through the review of higher education, was that increasing HECS—or at least giving universities the flexibility to increase HECS—would not have an adverse impact on low socioeconomic status participation. In fact, in 1988, 18 per cent of 18-year-olds from the poorest quintile in the country were attending university. By 1993, that had increased to 20 per cent. By 1998, it had increased to 25 per cent. We have not got any more recent figures at the moment. As a result of the introduction of HECS—and the arguments against HECS are the same ones that are being put up now against the reforms the government is proposing—we have had a doubling of the number of students in Australian universities and we have had a doubling of the proportion of the population who have a university education.

It is interesting to note that the biggest single barrier to people getting into university is not money; it is a lousy year 12 outcome. We need to do everything that we can as a country to see that young people see university as a part of their life’s horizon and that they focus, for

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example, on the fundamentals of literacy. If you look at Gary Marks’s work for the Australian Council for Education Research, you see that the single biggest determinant of the year 12 outcome is year 9 literacy. Kids who are in the top quintile for year 9 literacy have a tertiary entrance score which is 25 points higher than the students from the bottom quintile. (Extension of time granted)

As Professor Mary Kalantzis, the President of the Australian Council of Deans of Education, said, the government is proposing to effectively abolish all up-front fees, whether it is voluntary student unionism or whether it is the full fee paying students, in offering them a loan and continuing and building on HECS. She went on further to say that we are bringing students from the periphery to the centre of the higher education experience.

From the government’s perspective there is no evidence at all to suggest that these changes will have an adverse impact on student participation. Let us keep in mind that the argument for HECS flexibility was put to me by every one of the vice-chancellors of the 38 universities. Every one said, ‘This is important.’ We need to understand that money is only half the problem in this sector. If all any government did was put more money into it, without changing its regulation and administration, we would set them up for failure in the longer term. Equally, if all we did was try to undertake structural reform without further financial investment we would also fail.

The decision on whether or not to increase HECS is a decision to be taken entirely by the university. Some university vice-chancellors have already said that they will not be changing their HECS charges. Some of them have said that they want to offer more scholarships—so some students will not have to pay any HECS at all. Other universities are obviously looking at it with a view to increasing some of their HECS charges. But it is quite wrong for critics to say that every HECS charge is going up by 30 per cent in every institution.

I now turn to the issue of governance. Governance is very important. These institutions are administering anything from $56 million to $800 million. Governing councils have an average size of 21 but they can have anything from 16 up to 37 at the University of Queensland. It is important that the people who come to governing councils are trustees of the university—people who are there to do the very best that they can for the university; people who are not delegates who are there to represent the interests of someone else, but rather bring to the governing council their experiences and the views, wisdom et cetera of other organisations and networks; and people who, when they go to the council, make decisions that are in the interests of that university.

We believe that the majority of those on governing councils should be external to the university. We also believe that there should be professional development provided to those who go on to governing councils. One of the measures in the package is $200,000 to establish the association for university governing councils. Some people might say—and I suspect I will get this comment in a moment—‘Why would you take on governance reform?’ We are increasingly being judged against international benchmarks. When we set up, for example, the national centres for excellence in plant function, genomics, biotechnology and information, communication and technology, we had universities that had enormous trouble tendering for a national centre of excellence because their governance arrangements would not allow them to go into a commercial arrangement with an industry provider or business. There were even universities that had trouble going into a consortium with a university in another jurisdiction.

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It is important to have modern governance practices which are consistent in any reasonable way with best practice when you are managing serious sums of money—and most of it public money. The other thing that is important in governance is that people on governing councils need to be responsible for the commercial decisions that they take. It is not good enough—and it is not fair, as Jane Lomax-Smith in Adelaide will tell you—to have a university governing council making a commercial decision which has to be worn by a state government and a state minister. They need to be responsible.

In relation to politicians, with the greatest respect to all of my colleagues who serve on governing councils, one politician said to me, ‘The best three years of my life was when I was on the XYZ university governing council. I learned so much.’ My point is that people should go on governing councils not to have a learning experience but to bring skills and expertise to it which are important for the sound, efficient and secure administration of a university. Working politicians often have a conflict of interest, and that is why—and for a number of other reasons—our protocols say that we do not want working politicians on governing councils.

The last issue which was raised which I have not yet addressed is that raised by the member for Lingiari in terms of Aboriginal education. (Extension of time granted) To put it in its simplest form, we are halfway through a four-year agreement with states and territories on Aboriginal specific education initiatives. For reasons which would be understood by most members, you cannot simply take an agreement—in terms of what will be provided by state and Commonwealth governments for Aboriginal education initiatives—and turn it on its head halfway through. We have, from memory, $467 million of Indigenous specific education initiatives in this budget, of which $192 million is specifically Abstudy. In relation to the Woolaning school, there are 48 students at the school—24 last year and 24 next year.

Opposition members interjecting—

Dr NELSON—Members opposite may well laugh but, for goodness sake, I suggest that you go to those areas and have a look at the faces of the families of those children and then laugh in front of them. This school will make an enormous difference. This is the beginning of a school which is servicing 40,000 square kilometres. As the member for Lingiari said, there are people from five principal tribal backgrounds. As one Aboriginal woman said to me when I was extending the Nyangatjatjara facility at Yulara, ‘If white people in the city can have access to a college, why can’t we?’ The Commonwealth funding for this—$6.7 million in total—is the beginning of a values based, Christian education for the children of Aboriginal families across a very important, underserviced, part of the Northern Territory. All schools begin small, and at some point they become larger. As I said earlier, it will not make a difference to all of the Aboriginal families and their children in the Northern Territory, but I can tell you that it is sure as hell going to make a difference to these 48—and those who end up going to the school. The fact that many of the schools are underresourced and that many Aboriginal children—about a quarter, from Bob’s report—are not actually going to school is not, of itself, any argument to be derisory of this initiative. This is an important initiative and there need to be a lot more of them.

In terms of Aboriginal education, one needs only to have a look at the Northern Territory’s education budget and the indexation for education generally, for Aboriginal and non-Aboriginal students, to see that the Territory government has some distance to go—as do all of us in the area of Aboriginal education. But as to the idea that these sorts of initiatives
should be the subject of ridicule, I ask anybody, whatever side of the House they are on, to seriously reflect on themselves if they think that that is what we should be doing. This is a very important initiative. If one has vision, one can think about the Aboriginal kids who will go through this facility over the coming decade, and the number of kids who will have been touched by it. If we can get the first Aboriginal child out of the Northern Territory to year 12 and completing it, along the terms that the member for Lingiari has said, then as far as I am concerned it is $6.7 million bloody well invested.

Ms MACKLIN (Jagajaga) (6.29 p.m.)—I just wanted to pick up on a remark that the minister made earlier when he said that one of the major barriers to students getting into university is getting a good year 12 score. I ask him: why is this government putting increases of 200, 300 and 400 per cent—that, as I understand it, amount to over $100 million in this budget—into elite private schools rather than making sure we see far more substantial increases going into needy schools, either public or private?

Dr NELSON (Bradfield—Minister for Education, Science and Training) (6.30 p.m.)—The government has increased its funding to schools in the budget by 8.3 per cent taking it to, I think, $6.9 billion. The increase to the state government school sector is 5½ per cent and there is a 9.9 per cent increase to the non-government school sector. The reason for that, of course, is that the Commonwealth, unlike the states, is indexing its money according to the average government school recurrent cost index.

The DEPUTY SPEAKER (Hon. I.R. Causley)—Order! Is the member seeking to ask a question?

Ms Macklin—Yes.

The DEPUTY SPEAKER—Will the minister accept the question?

Dr NELSON—Sure.

Ms Macklin—Minister, what is the percentage increase to the elite private schools—the old category 1 private schools?

Dr NELSON—The indexation, as I was saying, is based on the average government school recurrent cost index, and the underresourcing of government schools is primarily a result of underresourcing at a state and territory level. The increase in funding to non-government schools, whether they are servicing the poorer socioeconomic status suburbs in the country or whether they are servicing the most affluent, is based on the number of students that are in the school and also the percentage of average government school recurrent costs that the students from families in those suburbs attending those schools would attract. The level of funding—which was, as I understand it, supported by Australian Labor Party when this legislation was passed, and is the model used by the Tasmanian government to distribute funding to non-government schools—was calculated and put into the states grants act when it was enacted. So the level of funding that is going to these schools is a product of a formula which is well understood.

Ms Macklin—What is the percentage increase?

Dr NELSON—I will take on notice the percentage increase for those particular schools.

Mr WINDSOR (New England) (6.32 p.m.)—I wish to follow up on a couple of issues that the minister raised. I find the response to the governance issues a fairly shallow one. It proba-
bly indicates that the government is prepared to ditch it in the Senate. Having said that, I read what the Australian vice-chancellors are saying in terms of the governance rules. They are saying that they believe it is a bit of an overreaction by the government. The minister—and I do not want to verbal him—said that they wanted people in the councils who had the expertise to handle large sums of money, because it was a role administering vast sums of, mostly, public money. I would have thought that it would be very important to have state and federal government representatives—representatives from the bodies that provide that public money. You may be able to fiddle with the numbers a bit, but to have those representatives actually on the council would have significant benefits, in terms not only of watching over the way in which public funds are administered by the council and the administration of a university but also the capacity for the elected MPs to go back to the state and federal government and departments and argue the case on behalf of their particular universities.

This does seem to be a bit of an overreaction and could be construed as a means for the government to remove anybody who could say too much about what was going on internally, so that the negotiations would be strictly between government and the university administration and you would have the capacity to use the funding and discipline arrangements to lever the various institutions. That is something—particularly when the package is supposedly predicated on some degree of flexibility—that needs to be fleshed out and looked at.

I thank the minister for answering the number of questions that I raised, but I would like to read into Hansard the problem with the University of New England. It may help the minister in relation to a further answer or his knowledge of their problem. I will read a couple of paragraphs from a letter from the University of New England administration. It says:

That means the University of New England’s administration—

have done our analysis of the proposed Commonwealth Course Contribution scheme we find that in 2005 we will lose about $1.8 million on the new discipline profile funding and another $2 million on the loss of differential for coursework postgraduate enrolments.

This will mean a lot more to others than me—

The regional loading of 7.5% on fulltime internal students helps to plug that hole by approximately $1.41 million and the enhanced nursing and education funding adds about $950,000.

When this letter was actually written, that represented a shortfall of $1.5 million. I was told yesterday that they have had a closer look and it is something like $1.8 million. That may help explain to the minister some of the problems.

Obviously when you have something like 70 per cent of the student load as external students—and I must congratulate the University of New England, they have done a great job with external students—a lot of those external students are regional students, although there are some urban or major metropolitan students and overseas students doing external work as well—I would imagine that that mix of student loading would have an impact on the funding arrangements. But nonetheless, it is a negative impact that flies in the face of what the government and the minister have been saying—that all universities will be better off in relation to the proposed changes.

Dr NELSON (Bradfield— Minister for Education, Science and Training) (6.37 p.m.)—The government’s reforms are based on a number of things. In 1995, David Hoare did a major
review of university accountability and produced a report on what was required for governance reform, which is largely consistent with what we are now doing. The Victorian government last year—predating the problems at RMIT—undertook a review of governance of universities in Victoria and has subsequently enacted legislation which is almost identical to what we are proposing here. In fact, I think there are only a couple of small amendments—the main one being the size of governing councils—which would see university governance requirements being consistent with this. The South Australian legislation is pretty much consistent with this too.

I appreciate the remarks about having currently working elected officials and the benefits that that brings, but there has also been experience by coalition and Labor governments at federal and state levels of it actually creating a lot of problems.

Mr Windsor—Perhaps they should be Independents?

Dr NELSON—There are also occasions where people are appointed to university councils for all of the wrong reasons, not for the right ones. The vice-chancellors made a series of recommendations of what they thought was required in higher education reform, one of which is covered by our governance reforms.

On the issue of the University of New England and how they fare, until we see precisely what is the basis of their calculation it is difficult to answer. It depends in part on how they have treated HECS as a component of what is currently their operating grant. But as I said earlier, we are moving to a system of funding universities for the courses that they actually provide. What you find in some universities is that there are a lot of low-cost courses on offer—disproportionately a lot of low-cost stuff—and in others a disproportionate amount of high-cost stuff. We have got a transition fund to actually ensure that none of them are disadvantaged in the process of moving to the new system, including the University of New England. But, as we have already found with a couple of institutions that have come to us with similar concerns, when we have actually walked them through what is proposed and how it will work, they are either satisfied that their calculations were not accurate or that they will be able to access the transition fund to make sure that they will not be disadvantaged in the process of going from where they are to the new system.

Mr WINDSOR (New England) (6.40 p.m.)—In terms of the governance areas, as I understand it—and I could be wrong—the states have jurisdiction over the appointments. What would be the government’s position if, in terms of this $404 million that is tied to the changes in governance rules, the states determined that they did not want the governance rules changed? Would the federal government withhold the $404 million on the basis of that refusal?

Dr NELSON (Bradfield—Minister for Education, Science and Training) (6.41 p.m.)—The government’s position is quite clear, and that is in order for the $404 million to be made available to the universities—with 2.5 per cent, five per cent, 7.5 per cent increases respectively from 2005 through to 2007—that governance reform will be necessary and that will require states to amend their enabling acts, which in a number of cases is going to be very straightforward. We also want to make sure that enterprise agreements do not preclude the opportunity for the negotiation for an AWA or Commonwealth contract if that is the choice of the employees. They are the two conditions on that Commonwealth grants scheme money. We will be amending the enabling acts for the Australian National University and the Australian Mari-
time College, over which the Commonwealth obviously has control. I would be surprised if most of them would not do this because, as I say, this is based on a lot of advice and a lot of consultation with a lot of groups, including states and territories. I would be very disappointed if they do not play ball on this but, if they do not, this CGS money will not be available to the universities.

Proposed expenditure agreed to.

**Department of the Environment and Heritage**

Proposed expenditure, $579,317,000.

**Mr Kelvin Thomson (Wills) (6.42 p.m.)**—I do have many concerns about the nature of the government’s expenditure in the area of environment and heritage. There are questions of underexpenditure—that is, failure to spend money which has been allocated as part of the budget process—as well as expenditure which has been poorly targeted, results not achieved, objectives not met. I have raised many of those questions and concerns in other forums and many have been pursued by the opposition through the estimates process and we have asked many questions arising from that. So I do not propose to go through those issues. I do wish simply to raise two issues, however, both of them going to coastal funding and coastal care. The first arises from a report this morning in the Sydney Morning Herald from Stephanie Peatling which reports that:

Thousands of coastal care projects are under threat after the Federal Government sacked their regional co-ordinators and reshaped funding for community groups.

As I spell out these two issues, the parliamentary secretary might perhaps be able to respond to them. The reference in the *Sydney Morning Herald* article is to Coastcare projects based in New South Wales. The report indicates that since the program began in 1996, community groups in New South Wales have won 600 grants for work on dune revegetation, weed and feral animal eradication and boardwalk construction. The work of these community groups has been organised by six regional coordinators in New South Wales. They were paid for by the federal environment department, and those six regional coordinators were sent letters of termination earlier this month.

We are told that, instead of having money set aside specifically for Coastcare projects, the volunteer groups managing small community based projects will now have to apply to a $20 million fund for local groups. That is the Envirofund. If they apply for that, they had better hope that they live in a government held electorate, because that is where all the Envirofund money is going. The report indicates that environmentalists and local councils have criticised this plan as a slap in the face for thousands of volunteers who work to clear up Australia’s coastline. They fear that projects focusing on other environmental issues will win funding at the expense of coastal projects. For example, the marine campaign coordinator at the Nature Conservation Council of New South Wales said that the marine environment would suffer. Ms Megan Gallagher says that Coastcare has delivered many important community projects to the coastal communities of New South Wales and that it looks unlikely that the coast will experience such a passionate level of care after 30 June. I ask the parliamentary secretary to advise if she has anything that she can tell the opposition and the groups which have been working on these coastal care projects.
The second issue which I wish to raise also goes to coastal care, and it concerns the future of the Marine and Coastal Community Network. I dare say the parliamentary secretary is aware of the good work which has been carried out by the Marine and Coastal Community Network over a number of years. It has in recent times—particularly, I recall, in the last budget—had its funding cut, I think by in the order of 30 per cent. I would like to know what is now going on in relation to the budget recently handed down. My questions are these. Did the latest budget, the 2003-04 budget, include provision for funding of the Marine and Coastal Community Network? Is the network going to be given the triennial funding that it needs in order to be most effective in terms of medium-term planning and project delivery? Has it been allocated funding beyond 30 June? What is the process for determining its funding beyond 30 June? Has a decision been made concerning its funding? If not, when will a funding decision be made? If funding is discontinued, what will happen to the network and what will happen to those people who are presently employed by it?

**Dr STONE** (Murray—Parliamentary Secretary to the Minister for the Environment and Heritage) (6.48 p.m.)—The member for Wills began by talking about the funding for Coastcare—a very important program that was one of the early NHT initiatives and in particular it involved local councils. We absolutely commend local councils and community groups who did extraordinary work revegetating coastal regions and sand dunes, fencing off areas, and doing a lot of rubbish collection and replanting of indigenous species. That was part of the Natural Heritage Trust mark 1, when we were looking at some 17 programs across Australia.

As a result of careful evaluation of that first Natural Heritage Trust program, there was an understanding that—with the development of so many community groups’ understanding of the environment, stimulated by the funding they had received—we needed to be more regionally or catchment focused and more strategic in the way in which we allocated funds into the future. This meant that, instead of taking small groups—local councils, in fact—as a focus of funding, we should take a total catchment or integrated catchment management approach. This is not new. We have advocated integrated catchment management across Australia for some 20 years. Rather than saying that coastal funding or funding for Coastcare type projects has ceased, we are asking for coastal communities to integrate with or be part of the catchment wherein they find themselves and participate with others who live inland, whose activities impact very much on the coastal regions.

As the member for Wills said, these communities are eligible to apply for enviro grants as individual land care groups or community-based groups, but we are looking to phase out the enviro grants. These grants are still part of the older system that was not as strategic or based on a sense of total catchment management. We are not in any shape or form abandoning, forgetting or not caring about the coastal regions of Australia. In the future we will be looking at a much better approach whereby volunteers can feel that their efforts are being even better integrated into the landscape in which they find themselves.

The member for Wills is also concerned about the six regional coordinators, particularly those of New South Wales. He quoted from a *Sydney Morning Herald* article that was printed today. I find it interesting that the member for Wills has to rely on newspaper reports to know what is going on in the environment—but there you go!

**Mr Kelvin Thomson**—We would never get anything out of the department.
Dr STONE—If you were tuned in to what was going on around Australia, you would not need to rely on media releases. With the reconfiguration of the Natural Heritage Trust mark 2, which continues to deliver the biggest environment fund this country has ever seen, we wanted to make sure that our facilitators and coordinators were as appropriate and as best placed as possible. In April 2003 we announced the future arrangements for facilitators and coordinators. The Commonwealth and the states announced a model in April 2003. Public submissions were received in response to the Commonwealth discussion paper on the future of facilitators and coordinators, there was an evaluation of the NHT mark 1 networks and a lot of discussions took place with the facilitators and coordinators about the places where they were located. We found that some facilitators and coordinators were extremely effective in their places of employment, but there was a need for some new arrangements and these arrangements will be implemented as close as possible to 1 July 2003. Support at the state and Commonwealth level is an essential part of the facilitator and coordinator framework. We understand that, unless you have some human capital—someone to help resource, facilitate and catalyse local communities—often the project does not progress well. (Extension of time granted)

I do not share the concern of the member for Wills about facilitators and coordinators. Coastal regions need to look to the appropriate natural resource management planners in their part of New South Wales. Within that natural resource management planning group they will find access to facilitators and coordinators who have been very carefully organised with longer terms of employment than before and placed in agencies that will facilitate their work.

Mr KELVIN THOMSON (Wills) (6.53 p.m.)—From the time that I took over this portfolio, I have had groups coming to me expressing concern about the transition from the Natural Heritage Trust mark 1 to the Natural Heritage Trust mark 2. I think that transition has been mismanaged and, as a result, there has been uncertainty. Groups right around the country have brought that to my attention. In fact, groups from the parliamentary secretary’s own electorate have expressed their concern to me about the way in which this matter was being managed and issues which impacted on the Goulburn Broken Catchment Management Authority. They had significant concerns about the government’s management of the Natural Heritage Trust and national action plan issues.

I express my concern again that what is going on here is disguised funding cuts. Work which has, up until now, been done along our coasts will not be effectively followed up and many worthwhile projects will now languish. Nothing that the parliamentary secretary had to say in her response gave us any comfort or reassurance on that front. There is a real risk that work which has been carried out, particularly by voluntary groups in the past few years, will now languish. I asked the parliamentary secretary about the marine and coastal community network. If she responded, I missed that and I ask whether the parliamentary secretary is able to provide me with any advice regarding the future of the marine and coastal community network.

Dr STONE (Murray—Parliamentary Secretary to the Minister for the Environment and Heritage) (6.55 p.m.)—I think you can dress up all you like suggestions that those who have received significant funding through the NHT mark 1 are afraid about NHT mark 2, but let me assure you there is a very strong sense throughout Australia that until we do tackle issues like salinity, biodiversity degradation and loss, water quality, air quality and soil degradation is-

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issues on a catchment or region wide basis, there is no way that we can deliver the results this country needs. It is those who do not understand natural resource management who advocate a situation where only the squeaky wheels get the oil—where those best prepared and those with the most successful advocates put their hands up and win grants spotted around the countryside. Rather, what we are doing through the Natural Heritage Trust mark 2 is investing in significant regional planning. These planning exercises have been carefully placed within a framework of minimum criteria. The regional plans must include plans for vegetation, water quality management, agribusiness—if that is within their region—and for their manufacturing and tourism sectors, if that is what is important in their part of the world.

These plans are to encompass all elements of natural resource management and community sustainability, wherever they may be. That makes far greater sense, and it is what was called for and identified as a key development of NHT mark 1. We stimulated communities in mark 1 with funding rounds year after year. After that stimulation, we now move on to a much more strategic approach. I want to assure the member for Wills, though, that we still have Coastcare identified as a program and there is similar funding in the estimates for 2003-04, as published in the budget statistics, of $32.5 million. With the work already done in the last five years, we expect there will be the same continued dedication, commitment to and enhancement of our coastlines that there has been before. But we would be even more keen that all of the local councils, in particular those that were involved before in the Coastcare work, now engage with their regional natural resource management planning exercises.

Local government has not been to the fore in the past in terms of dealing as well as it should with issues of local planning and environmental management. One of the criteria for us in accrediting these plans is that the NHT mark 2 planning bodies indicate to the Commonwealth and the states that local councils have been engaged, along with Indigenous stakeholders and a range of other stakeholders in their communities. I know numbers of local councils who are very pleased that for the first time the third tier of Australian government is being recognised and engaged in natural resource planning, which is being funded so significantly by the Commonwealth. That includes coastal areas. With regard to the funding for the coastal network, you have asked very specific questions and I will take those on notice so I can supply you with the specific data.

Mr Griffin (Bruce) (6.59 p.m.)—I would like to address briefly the issue of ethanol here in the Main Committee tonight. I want to make a couple of points and ask a question with regard to what the government is doing in this area. It has been obvious to members on both sides that the debate around ethanol over the last 12 months in particular has been an example of a government having a great deal of lethargy with regard to dealing with an issue which has important consumer and environmental concerns. We had a situation where internationally and nationally, and throughout groups in the automobile industry and consumers, a very clear position was put that ethanol levels in fuels required capping at 10 per cent and required comprehensive labelling to ensure that there was certainty in respect to the industry and to avoid some of the concerns that were being raised publicly and that were undermining the viability of that industry. This government took ages to act. Well over six months after it became fundamentally clear that was what was required, Dr Kemp, as the minister, ordered study after study to re-establish what had already been made clear through so many other
studies before. Then in February we had an announcement from the government. I quote from a press release:

The Commonwealth will now take action … I expect to be making an announcement shortly and hope that motorists will see labels on petrol bowser within the next couple of months.

That was in mid-February. Months later still no action had been taken in respect to that issue. In April we finally saw an announcement about capping and a further announcement about being prepared to label, but again still more details were required. In the interim, states like Victoria actually took action on this issue and moved down the track. But this really required a national answer and that national answer was very slow in coming.

In respect to the viability of this industry in the longer term, I quote from the Australian Automobile Association publication Motoring Directions. It said in May:

In light of the public and political debate about ethanol over the past 12 months, the cost to production and lower energy levels, the scientific findings of the orbital study, the according to many marginal environmental benefits and the lack of benefits to the sugar industry, it is difficult to understand why there has been such a sustained rush to ethanol in Australia.

There was an article in the Sydney Morning Herald on 14 June which addressed aspects of those issues and I quote from that article, which was entitled ‘When the needle points to empty’. It states:

The National Party, especially its leader, John Anderson, has a huge exposure to the future of the ethanol industry. Gunnedah is Anderson’s home town, and success with the Primary Energy ethanol project and the associated pipeline will shore up his party’s sagging fortunes in the region.

His party has lost two adjacent federal seats to independents—Calare, held by Peter Andren since 1996, and New England, won in 2001 by Tony Windsor. The backlash if the Gunnedah project doesn’t proceed could be fierce.

For backers of the ethanol projects, who are looking for investors, the main hurdle is forcing the oil companies to support ethanol blends. ‘The oil industry has been told there will be voluntary ethanol [blends] otherwise it will be mandated,’ says Peter Anderton, who is handling Mutiplex’s ambitions in the ethanol field.

Although I understand that this aspect may well relate to Minister Anderson, I ask the parliamentary secretary if she could enlighten the House more on the issue of the question of voluntary versus mandatory blends with regard to ethanol.

Dr STONE (Murray—Parliamentary Secretary to the Minister for the Environment and Heritage) (7.03 p.m.)—The question is about ethanol use as a renewable, sustainable fuel in Australia. Of course this is a very important issue in Australia as we struggle to find ways to develop a long-term energy policy that does not leave us dependent on fossil fuels, especially petroleum, as we have been in the past. Other countries have used ethanols for a very long time. A significant proportion of their fuels has been made up of ethanol. In fact, there is a long history in Australia of ethanol use surprisingly, although some imagine it has just come along.

From 1929 to 1957, all gasoline sold in Queensland contained 10 per cent ethanol. Manildra Park Petroleum has been selling blends of up to 20 per cent in New South Wales since at least 1994 and other independents have also been distributing ethanol-petrol blends in New South Wales and Queensland since the mid-1990s. BP commenced an E10 trial in the Brisbane region in April 2002. But no-one in Australia had undertaken studies specifically to look
at the scientific evidence for any safe limits there might be for ethanol mixes in petrol. There was, as you would be aware, some public concern about some claims being made—in particular, surprise, surprise, by big multinational oil companies—that certain levels of blends of ethanol could do damage to motors. So this government obviously needed to try and help resolve those issues.

The government’s testing program provided evidence that ethanol blends higher than 20 per cent caused problems for a proportion of older vehicles in the fleet. Testing found that 20 per cent ethanol could cause hesitation and problems with starting in very cold conditions and could cause deterioration of metal, plastic and rubber components in some older vehicles. Newer vehicles did not demonstrate problems with 20 per cent ethanol, although durability testing will not be complete until mid-2004. Therefore, based on this evidence, the government capped ethanol in petrol at 10 per cent, as you are aware and as the member opposite has stated. We believe that 10 per cent was an appropriate level to set, given that in Australia we do have a number of older vehicles.

The Fuel Quality Standards Act required Minister Kemp to consult with the Fuel Standards Consultative Committee, and all members of the committee supported a 10 per cent ethanol limit in petrol. This limit is set through an amendment to the Fuel Standard (Petrol) Determination, which the minister signed off on 24 April 2003. One of the issues has been this whole business of labelling of fuel mixes at the bowser. This has been a problem in some cities in the past when motorists had no idea of the mix of petrol they were putting into their vehicles. We believe that the labelling of fuel is a very critical part of the process so that the public can be confident about what they are putting into their motors. I think some of the debate that has gone on about ethanol has been unfortunate because for some motorists now the very word ‘ethanol’ instils some sense of fear about the quality of the fuel. I believe that some of the multinational companies who are now putting up signage saying ‘Guaranteed no ethanol’ are really being very mischievous. In fact, the same companies in other countries are proud to make the point that there is an ethanol mix in their products and to claim the environmental standards or their ethical considerations in relation to that ethanol mix as part of their regard for their consumers. But in Australia we have got the opposite problem.

We must also make sure that the public understands that there are biodiesels which are of great value in lowering our greenhouse emissions and are also very good for motors. These diesels are often based on a canola product in the first instance. Like ethanol, biodiesel products have great difficulty in breaking the stranglehold of some of our larger oil companies in terms of finding a retail outlet.

In Australia we have got to make sure that the public is well informed about ethanol and other renewable fuels which provide a significant advantage to the environment when they are used. I very much welcome the opposition’s concern about the use of ethanol. Let us hope in the future that the public demands an ethanol or other mix in their fuels. (Time expired)

Mr Griffin (Bruce) (7.08 p.m.)—Just very briefly, I bring to the attention of the parliamentary secretary the report in the newspaper, which I quote again:

The oil industry has been told there will be [voluntary] ethanol [blends], otherwise it will be mandated. Can I get a direct comment as to the government’s intention in that respect? Has the industry been told that and, if so, what does the government intend to do about that issue?
Dr STONE (Murray—Parliamentary Secretary to the Minister for the Environment and Heritage) (7.09 p.m.)—Clearly it is as you say. At this stage it is purely a voluntary process whether an oil company chooses to blend their product, their petroleum based petrols, with ethanol. We are not mandating an ethanol quantity at this time. We are going to wait and see how the market responds. Quite obviously, as has been stated by the minister, it is a case of seeing just what evolves in terms of fuel mix consumption in the future—whether there has been such damage done to the reputation of ethanol that the public will turn away from it, or whether the public is better informed and understands that this is a mix that is good for the environment, good for the country and in fact good for agribusiness. When cereals and sugar are able to be used for this product, it is good for sustainable agribusiness output. So, as the minister has stated, we are waiting to see how the public responds. If there is a problem in the future then obviously we, like other countries, have the option of seeing whether there is a mandated percentage of alternative renewable fuels that should be mixed with petroleum based fuels. (Extension of time granted)

Sustainable natural resources are essential for the wellbeing of this nation; and natural, built and cultural heritage all shape and define our national identity. Consequently, the Howard government puts environment and heritage at the very heart of Commonwealth government policy and ensures that programs are adequately resourced. We know from our State of the Environment reporting that we have significant problems as a result of the last 200 years of not understanding the relationships between the biodiversity and sustainability of this country and the way we have managed the landscape—through urbanisation or regional development, tourism or agribusiness, forestry or mining. We now understand that the last 200 years have delivered to this country a situation in which natural resources are often stressed and degraded.

The 2003-04 budget delivers the biggest set of funds ever committed by any Commonwealth government to the environment. Today’s Commonwealth environment policy is more strategic, comprehensive and balanced than ever before. There has been a substantial increase in annual Commonwealth environment portfolio expenditure since we first came to government in 1996. Our policy is built on legislative reform, particularly the EPBC Act. It is based on a belief that the sustainability of the environment is inextricably linked with that of industry, governments, and regional and urban communities. We cannot survive as a nation unless we learn how to better manage our landscape and our resources. The Howard government is committed to Australia’s sustainability. John Howard himself has demanded a whole-of-government framework, has established the Sustainable Environment Committee of cabinet and is overseeing the long-term energy policy.

I want to highlight briefly some of the significant spends in the 2003-04 budget. There is the $2 billion benchmark for environmental spending, which includes a $40 million boost over the next five years for Australia’s urban environment to protect air quality, water quality and other initiatives to enhance the environment in the urban areas that are home for most Australians. There is $52.6 million over four years for a new program called Distinctively Australian Heritage to protect our nationally significant heritage places and provide a stronger sense for all Australians about what it means to be an Australian. There is $115.5 million over eight years to restore, rehabilitate and return to the public seven spectacular and historic sites on the foreshore of Sydney Harbour. There is a $16 million program, with $8 million provided
by the Commonwealth government over five years, to protect wetlands adjacent to the Great Barrier Reef and improve the quality of the water entering the Great Barrier Reef lagoon, one of the world’s great wilderness areas.

The budget includes $18.2 million over two years for the National Oceans Office to finalise and implement the first marine regional plan for the two million square kilometres of ocean that comprise the south-eastern marine region and to develop a northern regional marine park in the Torres Strait. The Bureau of Meteorology has $93.4 million in new funds committed to boost its world class weather forecasting and to replace and enhance its radar networks, particularly six new Doppler radar systems which will bring this country enhanced ability to understand climate change and weather in real time. In the worst drought on record, we know that these dollars are very well spent. There is $20 million for community action under the Australian government Envirofund, which I have already spoken about. Green Corps continues, of course. I have talked about the Natural Heritage Trust mark 2. Last year’s $274 million was spent and this year we will spend all of the commitment of $250 million, despite the drought and the current difficulties communities have in being able to do this environmental work. The National Action Plan for Salinity and Water Quality is the first national approach Australia has had to one of the greatest problems facing us today.

I am proud to say that our Indigenous programs feature strongly in this year’s budget—the Indigenous Protected Areas Program in particular. Over 13 million square hectares are now being managed by Indigenous Australians who have volunteered to put their country under a sustainable management plan with support from the Natural Heritage Trust budget. They manage that country to international standards and guidelines and in a way that protects their own communities’ futures and brings their country back.

Finally, I refer to the Australian Antarctic Division. Australia lays claim to over 42 per cent of the Antarctic. We take our responsibilities very seriously. As we speak, there are officials in Madrid at the Antarctic Treaties meeting leading debate on the development of new tourism management principles and on the development of better acceptance of liability for accidents in the Antarctic and its waters. There is an understanding that we, as a nation, need to look after that great wilderness to ensure that the past exploitation and generated waste are remedi-ated. We take Antarctic responsibilities very seriously and hence the size of the budget we have supplied to the Australian Antarctic Division.

Question agreed to.

Department of Immigration and Multicultural and Indigenous Affairs

Proposed expenditure, $2,334,603,000

Mrs IRWIN (Fowler) (7.16 p.m.)—Where is the minister? In looking at the appropriations in detail for the Department of Immigration and Multicultural and Indigenous Affairs, there are a number of unanswered questions which concern me. For a start, I have some concerns about the residential housing project. In a press release of 15 May, two days after the release of the budget, the minister announced plans for a residential housing project for Port Hedland. The minister mentioned the success of the residential housing project at Woomera.

If the minister were here, if the minister were not hiding and if the minister had the guts to front up to the Main Committee—I am absolutely disgusted; where is Phil the minister?—I would ask the minister the following: Minister, wherever you may be, following the closure of

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the Woomera detention centre, will the residential housing project remain at Woomera and, if so, what arrangements will be made to allow residents at Woomera to maintain contact with detainees transferred to other centres? What funding is there in the budget for the proposed residential housing project in Port Augusta? Here is the minister now. Welcome, Minister. We need to know how these people in Woomera can keep in contact with their loved ones detained in Baxter or centres even further away from Woomera.

On the subject of families kept apart by the department’s policies, I would also like to know whether the minister is aware of a number of mothers with children held in detention in Nauru whose husbands are living in Australia on temporary protection visas. Is the minister aware that the UNHCR processing standard allows for the grant of refugee status to the whole family when one parent is granted refugee status? Why does the department claim to be processing to the UNHCR standard when it is clearly ignoring this important standard? Minister, why will you not allow these families to be reunited in Australia?

There is the issue of unaccompanied minors. I understand that a number of unaccompanied minors are still held in detention and not in foster care in the community where they belong. Does the minister recall his statement in December of last year in which he said:

... except in exceptional circumstances, all unaccompanied minors in detention will be moved quickly to an alternative place of detention.

Minister, why has this not occurred, and what are the exceptional circumstances for their continued detention rather than their placement in foster care? Is it for reasons of cost, or is it all just too hard? What are the reasons for keeping minors behind razor wire?

I note that even the Liberal Party National Convention has taken up the issue of women working illegally in the sex industry. What programs does the minister’s department have to target this problem and what additional funding, if any, is there in this budget for this purpose? All we have heard so far is the minister in denial mode. It is not a big problem, he tells us. Even your own party, Minister, is telling you it is a big problem. What is he going to do about the problem of women working illegally in the sex industry and the undeniable proof that many women are held in sexual servitude?

But we cannot say the minister has not been earning his pay. You could say that he has doubled his productivity. I understand from an answer given in the Senate that as at 30 April this year the minister has approved 1,751 cases under section 417 of the Migration Act, or more than 20 approvals per month. This compares with less than nine per month by the previous minister, Senator Bolkus, and less than six per month by Mr Hand. Minister, how do you account for this more than doubling of the rate of approvals by ministerial discretion under section 417 compared to previous ministers? How do you account for this surge in productivity? The minister must have a good incentive scheme to put all that extra effort in. Here we have a minister working overtime to personally intervene in twice as many cases as other ministers but a minister with no time and no compassion to reunite families. (Time expired)

Mr RUDDOCK (Berowra—Minister for Immigration and Multicultural and Indigenous Affairs and Minister Assisting the Prime Minister for Reconciliation) (7.21 p.m.)—If there were serious questions, I will try and address them. First, in relation to the question of women and children, the Woomera alternative detention model as evaluated seemed to be able to provide a reasonable basis upon which we could continue to achieve our objectives in relation to
having people available for processing and possible removal if there is no claim to be in Australia.

In relation to that, we are seeking to put in place alternative detention arrangements in the city of Port Augusta modelled on the Woomera arrangements. We do want to have those up as quickly as possible but we also want to consult with the local community, as well as with the South Australian government.

Ms Plibersek—Consult—that sounds very friendly.

Mr Ruddock—They were anxious to be involved. I do not wish to be critical in relation to their involvement, because we want their cooperation, but for a while that consultation was not able to proceed while elections for local government were under way in South Australia. I might just make that point. In relation to the question of Port Headland, we are also consulting there in relation to the implementation of alternative detention arrangements for women and children.

In relation to TPVs, the issue in relation to those people who came without lawful authority is that family reunion was not going to be facilitated. That is the bottom line. We have a broader public interest as to whether we put in place measures that ultimately encourage people-smuggling and people to put their lives at risk or whether or not we are prepared to work assiduously at preventing that. You can take a fairly relaxed view about how you are going to process people after they have endeavoured to come to Australia without lawful authority, but at the end of the day the more relaxed the view you take the more likely that you are going to be exploited. Reference was made to the issue of—

Mrs Irwin—When is your next fundraiser?

Mr Ruddock—if you want serious answers you may contribute to the discussion, but I do not appreciate comments of that sort. Let me make the point that there were issues raised which I intend to address, perhaps only briefly, given the time I have. I was asked about the situation with the unaccompanied minors. I have to say that as at 16 May there was only one unaccompanied minor for whom I am the guardian who was in an immigration facility. This minor has been assessed against the guidelines and found not to meet them due to a high risk of absconding.

Within the immigration detention facilities there may be other vulnerable children, such as those with non-parental relatives as guardians, where we make some judgment as to whether or not they should be released or should remain with the non-parental relatives who have been guardians for them. There are people who are caught in our compliance operations, and the decisions that we take there are based upon questions of whether or not we are able to make fairly quick arrangements for them to be able to be removed. We have to weigh that up against the criteria that were spelt out in the instructions that I gave.

I was asked about the sex industry. There were some arrests and charges brought against a number of people involved in sexual servitude. I think that is a clear indication of our intention to deal with this issue. That does not in any way derogate from what I have had to say about potential numbers involved, but it certainly indicates our determination to deal with an issue about which we legislated to ensure that it could be dealt with.

I will make some comments in relation to section 417 and why my utilisation is greater. When you were in office—or when your colleagues were in office—you had a very relaxed
view about the way in which the law would be amended to accommodate rejected asylum seekers. You put in place a provision—

**The DEPUTY SPEAKER (Mr Jenkins)**—Order! The minister will direct his remarks through the chair.

*Mrs Irwin interjecting—*

**The DEPUTY SPEAKER**—The honourable member for Fowler will sit in silence.

**Mr RUDDOCK**—In relation to rejected asylum seekers, 13,000 people obtained release under the provisions under regulation 816 when you were in office. These matters need to be seen in context. *(Time expired)*

**Ms GILLARD** (Lalor) *(7.27 p.m.)*—My statement is in the context that the purpose of appropriating money for the Department of Immigration and Multicultural and Indigenous Affairs is to enable it to run an immigration system with integrity. In that context, Minister, I ask you: have you sighted the original protection visa application by Mr Bedweny Hbeiche? If so, on what date did you first sight it? In relation to your decision under ministerial discretion to grant Mr Hbeiche a visa, what process brought the file to you on that occasion? Specifically, did you or a member of your staff request the file from the department of immigration? If so, what caused you or a member of your staff to make that request?

**Mr RUDDOCK** (Berowra—Minister for Immigration and Multicultural and Indigenous Affairs and Minister Assisting the Prime Minister for Reconciliation) *(7.27 p.m.)*—I will make this observation: I still have not seen it.

**Ms Gillard**—Do you want one?

**Mr RUDDOCK**—I made the point in the parliament yesterday that it was not a relevant issue in relation to the decision I had to take. The advice that I received from the department in the first instance—which was an abstract of the facts and quite possibly deficient in the examination of the full range of issues—was the basis upon which I made my decision. That did not refer to the man having any family in Australia. I later received a brief. I do not know in relation to every case the procedures by which those briefs reach me. I run a very open office. People come to me and raise matters from time to time. Sometimes they do it orally. If you were observant in the House yesterday you would have seen one of your colleagues come to me and hand me a letter. I wrote on the letter ‘Brief, please’, so that I can look at the issues that have been raised.

There are a variety of mechanisms by which people approach me and they come to my attention. They come to my attention at times because a tribunal will refer matters to me. At other times there is a situation where departmental officers will do that. At other times you receive letters from the people themselves. At other times you have requests from members of parliament.

**Ms Gillard**—What happened with this one? Answer the question.

**Mr RUDDOCK**—If the records that I have available to me indicate how that arose, I will let you know. But I do not know that it is recorded in every case. When I finally made a decision in this matter, it was on the basis of a brief.

Some people have suggested that I should see every file and review them. One of my staff members said to me today, ‘You are looking at, say, 25,000 cases over the last seven years’—
as I have. ‘You would essentially be looking at hundreds of cases a week—with the full file that you were going to try to read.’ There are procedures which have been put in place to ensure that I am briefed. I have a range of issues to consider. I have given guidelines as to the sorts of factors that I will consider in dealing with these matters. I think that is a proper basis upon which the consideration as to whether or not I will intervene can be entertained. That is the background to it.

Main Committee adjourned at 7.31 p.m.