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Tuesday, 16 September 2003

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

QUESTIONS WITHOUT NOTICE
National Security: Terrorism

Mr CREAN (2.01 p.m.)—My question is to the Prime Minister. I refer to his answer yesterday when he described the warnings in the British Joint Intelligence Committee report of 10 February on the increased threat of terrorism and the increased risk of weapons of mass destruction getting into the hands of terrorists arising from an attack on Iraq as 'shorter-term risks'. Prime Minister, where does the British Joint Intelligence Committee report describe these risks as short term? Hasn't the Prime Minister just made this version up?

Mr HOWARD—I observe, as my colleagues on this side of the House will observe, that this question has come from a man whose policies, if followed by others, would have left Saddam Hussein in power in Baghdad. Let us understand the context of this questioning. If the advice of the Australian Labor Party had been adopted by this government, by the American administration, by the British government and by others, then inevitably Saddam Hussein would still be in power in Iraq with all of the implications of that for the Iraqi people.

The Leader of the Opposition may not like being reminded of this, but it is the cold, brutal reality. The Leader of the Opposition chose to hide behind the seeking of another United Nations resolution, instead of having the courage to declare as a matter of principle where the Australian Labor Party stood. I repeat to the Leader of the Opposition, as I did yesterday, that governments receive many intelligence assessments. In the end, it is governments and not intelligence agencies that make judgments; it is in fact governments.

Let me refer to some words uttered not by the Chairman of the Joint Intelligence Committee of the United Kingdom and not by some agency of another country but by somebody who is well known and well respected on both sides of the parliament in Australia—that is, the Director-General of ASIO, Mr Dennis Richardson. He is a man whose advice on security matters should be listened to by this government and, indeed, by any serving Australian government—more than the views of any other person. In a speech that he gave to the Security in Government Conference on 30 April 2003, Dennis Richardson, the Director-General of ASIO, said:

It is still too early to judge what, if any, interplay there might be between the war in Iraq and terrorism. Let me repeat that; he said:

It is still too early to judge what, if any, interplay there might be between the war in Iraq and terrorism. But we can be certain that, apart from adding to its rhetoric of justification, the war will be irrelevant to the intent and purpose of the al-Qa'ida network. They killed innocent civilians before the war in Iraq and will seek to do so again.

Let me remind the parliament of the rationale used by the government for the decision to commit to Iraq. Our argument then, and it remains our argument now, was that if nations such as Iraq—

Mr Crean—Mr Speaker, I rise on a point of order which goes to relevance. The question was very specific as to where the JIC report referred to short-term risks. That was the Prime Minister's defence yesterday, and he is already walking away from it.

Mr Hockey interjecting—

Mr Laurie Ferguson interjecting—

The SPEAKER—Before I recognise the Prime Minister, I would remind all members
of their obligations under the standing orders, particularly standing order 55. My reference applies to the Minister for Small Business and Tourism and to the member for Reid. The Prime Minister’s answer is in order.

Mr HOWARD—Our rationale was that, if rogue states such as Iraq were allowed to retain the weapons our intelligence assessments told us they had, other rogue states would seek to do the same thing and, as more states were in that situation, the possibility of those weapons falling into the hands of terrorists would multiply. That was the rationale. Nothing in the JIC report and nothing advanced by the Leader of the Opposition has altered that judgment or altered the soundness of the decision unconditionally taken by the Australian government.

Ms Gillard—So you did just make it up!

Mr Crean—You made it up!

Mr Kelvin Thomson—Where are the weapons?

The SPEAKER—If the member for Lalor, the Leader of the Opposition and the member for Wills think that the Speaker does not intend to enforce standing order 55, they have got a surprise coming!

Ms Gillard—So you did just make it up!

Mr Crean—You made it up!

Mr Kelvin Thomson—Where are the weapons?

The SPEAKER—If the member for Lalor, the Leader of the Opposition and the member for Wills think that the Speaker does not intend to enforce standing order 55, they have got a surprise coming!

National Security: Terrorism

Mr SECKER (2.07 p.m.)—My question is addressed to the Minister for Foreign Affairs. Was the minister aware of the heightened risk of terrorism in the event of a war in Iraq? Did the minister or the government say anything publicly before or during that war that canvassed this risk?

Mr DOWNER—Mr Speaker, the short answer to that question is yes. I noticed yesterday that the Leader of the Opposition moved a censure motion. I apologise to the House for not being here, but the House is aware that I was at Don Willesee’s funeral.

In that motion, the Leader of the Opposition said:

We have before the parliament now conclusive information that the basis upon which the Prime Minister justified taking this country to war was a lie.

This is an argument based on a British Joint Intelligence Committee assessment—a sort of ‘British is best’ approach by the Australian Labor Party. The government took numerous measures to inform Australians of this risk before the war with Iraq began. I am surprised that the opposition—particularly the Leader of the Opposition—has deliberately and wantonly misled this parliament by not referring to that.

The member for Moore, who is a very fine member from Perth—

Mr Crean—A nice man!

Mr DOWNER—‘A nice man,’ says the Leader of the Opposition. He will not be putting that around at the next election if he knows you think he is a nice man.

The SPEAKER—The minister will address his remarks through the chair.

Mr DOWNER—On 10 February, the member for Moore—and this is central to the question that the member for Barker has asked—asked me a question at 2.17 p.m. I quote:

My question is addressed to the Minister for Foreign Affairs. Would the minister update the House on the government’s arrangements to ensure the safety and welfare of Australians in the Middle East?

This was on 10 February, which was clearly over a month before the war in Iraq began.

Dr Washer interjecting—

Mr DOWNER—Mal, you should listen because you might find this a little interesting. In my answer I quoted from the Department of Foreign Affairs and Trade’s general advice to Australian travellers, which was
issued on 5 February. The Leader of the Opposition knows this because he was in question time on 10 February. He knows what I said.

Mr Crean interjecting—

Mr DOWNER—You do listen to every word, I know, because you often quote them back to us. Now I am going to quote them back to you.

The SPEAKER—The minister will address his remarks through the chair.

Mr DOWNER—I said:

Australians should also be aware of the possible use of chemical and biological weapons in any conflict against Iraq, and take precautions if they have concerns about their security from such threats in consultation with their employers and local authorities.

The advice went on, as I explained to the House of Representatives on that date:

There would also be heightened potential for terrorist activity and civil unrest in the event of conflict in Iraq.

The Leader of the Opposition has spent two days trying to convince the Australian public that somehow the Prime Minister misled the public about a possible terrorist attack and an upgrading of the terrorist risk in the event of a war against Iraq. The fact is that is completely untrue. What the Leader of the Opposition said is completely untrue, and he knows it is untrue because he was sitting in the House of Representatives on that day—on 10 February—when I explained precisely that point to the House of Representatives and to the Australian people.

But that was not the sole incident. On 23 February, on the Sunday program, I said:

There’s no doubt that Australians, as part of the broader Western community, are terrorist targets. We all know that from what happened in Bali .... But it is possible that a war against Iraq could lead to organisations like al-Qaeda adjusting the timetable of their terrorist actions.

The Prime Minister has explained that the Director-General of ASIO made the same point. If you are going to come into the House of Representatives and allege that people are not telling the truth, make sure that, in doing so, you are telling the truth. The Leader of the Opposition has been quite untruthful in what he has said about government statements before the war in Iraq.

Iraqn

Mr CREAN (2.12 p.m.)—My question is again to the Prime Minister. It refers to answers he gave yesterday about the government’s decision to ignore UK intelligence assessments about the heightened—

Mr Downer—I just explained he didn’t!

Mr CREAN—risk of terrorist action as a result of the war in Iraq.

Mr Downer—It is completely untrue! You are accusing people of lying; what are you doing?

Mr CREAN—Calm down, Alex; just calm—

Mr Downer interjecting—

Mr CREAN—You have had your chance.

The SPEAKER—The Leader of the Opposition is entitled to be heard in silence. He will address his remarks through the chair.

Mr CREAN—Thank you, Mr Speaker. Prime Minister, isn’t it the case that in the five major statements or speeches that you gave on Iraq, which you referred to yesterday and which you told us had been checked by the Office of National Assessments, there was not one single mention of the short-term risks posed to Australians and Australian interests overseas as a result of military action in Iraq? Given that the Prime Minister only yesterday admitted under questioning that he knew of short-term risks of going to war in Iraq, why didn’t he tell the Australian people the truth about it before he sent them to war?
Mr HOWARD—The foreign minister has already taken the Leader of the Opposition apart on the basis of what he said. The Leader of the Opposition has been exposed by the foreign minister as having deliberately misled this parliament and, through this parliament—

The SPEAKER—The Prime Minister is aware—

Opposition members interjecting—

Mr HOWARD—We are very sensitive!

Mr Latham—Who’s sensitive?

The SPEAKER—The member for Werriwa!

Mr McMullan interjecting—

Mr Latham interjecting—

The SPEAKER—The member for Fraser! The member for Werriwa! I am on my feet. The Prime Minister is aware that it has been the practice of former occupiers of the chair—and the House of Representatives Practice makes the point—that a statement of deliberately misleading the parliament must be made by a substantive motion.

Mr HOWARD—Mr Speaker, I withdraw that, and I am very happy to substitute it with the claim that the Minister for Foreign Affairs has exposed the falsity of the claim made by the Leader of the Opposition.

Mr Crean—How about your false claims?

Mr HOWARD—The falsity of the claim is demonstrated by the fact that it was made perfectly clear in March last year that, although—and I will come to the specifics—there was no heightened threat to Australia, there was a heightened threat to certain Australian interests in the Middle East because of the outbreak of the war. That was spelt out in our travel advisories and it was spelt out in the answer given by the Minister for Foreign Affairs to the member for Moore. But let me quote again from the speech on 30 quote again from the speech on 30 April of this year from Dennis Richardson. Dennis Richardson, let me remind you, is the Director-General of ASIO. He is the senior adviser to this government on matters affecting the security of this country. This is what he had to say—

Mrs Crosio interjecting—

The SPEAKER—I warn the member for Prospect!

Mr HOWARD—at the beginning of his speech:

Against the possibility of Australia’s involvement in a war in Iraq, ASIO reviewed threat levels. We made a judgment that involvement in a war in Iraq would not, in the absence of credible and specific intelligence, warrant a raising of the overall threat level here in Australia.

This was the judgment of the Director-General of ASIO. It was not John Howard’s judgment or Alexander Downer’s judgment, but it happened to correspond with the judgment that we had made. Of course we took into account the possibility of increased threats in the Middle Eastern area, but we also made the judgment that in the medium to longer term the national security of this country would be advanced by the removal of Saddam Hussein. That was a judgment that was different from the judgment of the Labor Party. The Labor Party formed a view that unless you got another resolution from the United Nations you did nothing about Saddam. The Labor Party and the Leader of the Opposition cannot escape the ugly reality that if their advice had been followed Saddam Hussein would still be running Iraq. That is the fundamental reality that the Leader of the Opposition cannot escape the ugly reality that if their advice had been followed Saddam Hussein would still be running Iraq. That is the fundamental reality that the Leader of the Opposition finds uncomfortable, and I remind the Leader of the Opposition that he will constantly be reminded of that ugly reality if he continues this line of argument.

Opposition members interjecting—
Mr Crean interjecting—

The SPEAKER—I remind the Leader of the Opposition that, if the Prime Minister were to interject as frequently as he does, he would expect me to take action against the Prime Minister. The obligations of standing order 55 apply to everyone in this House.

Iraq

Mr HAWKER (2.18 p.m.)—My question is addressed to the Minister for Foreign Affairs. Would the minister inform the House of the key findings of the United Kingdom Intelligence and Security Committee report titled Iraq weapons of mass destruction—intelligence and assessments? Is the minister aware of any commentary on the intelligence and the war on Iraq?

Mr DOWNER—First, I thank the honourable member for Wannon for his question. I also wish to table the answer that I gave to the question from the member for Moore on 10 February and the travel advisory of 5 February.

Mr Rudd—You are tabling Hansard!

Mr DOWNER—I am sure you do not want to see them, but you will have to now. The government welcomes the report of the British parliamentary Intelligence and Security Committee into intelligence about Iraq’s weapons of mass destruction program.

Dr Emerson—Are we a little bit precious?

The SPEAKER—The member for Rankin is warned!

Mr DOWNER—I was addressing the House on the matter of the British parliamentary Intelligence and Security Committee report into intelligence about Iraq’s weapons of mass destruction program. The terms of reference were to examine whether available intelligence on Iraq’s weapons of mass destruction was adequately and properly assessed and whether it was accurately reflected in the British government’s publications, including its September 2002 dossier. This all-party committee of the House of Commons concluded:

Based on the intelligence and the [Joint Intelligence Committee] Assessments that we have seen, we accept that there was convincing intelligence that Iraq had active chemical, biological and nuclear programmes and the capability to produce chemical and biological weapons. Iraq was also continuing to develop ballistic missiles. All these activities were prohibited under [United Nations Security Council resolutions].

The British House of Commons committee rejected any suggestion that intelligence was—to use the British expression—’sexed up’ for public use against Iraq. The Joint Intelligence Committee, which has been the subject of discussion in this House, was found not to have been subject to political pressure. The committee also found that the September dossier in Britain on Iraq’s weapons of mass destruction had not been sexed up by the British government. The Intelligence and Security Committee concluded—and this has been an important part of the debate in Australia in recent times:

… [the Secret Intelligence Service] continues to believe that the Iraqis were attempting to negotiate the purchase of uranium from Niger. We—that is, the parliamentary committee—have questioned the SIS about the basis of its judgement and conclude that it is reasonable.

One of the claims made by the opposition against our own Prime Minister was that he had not told the truth about the Niger claim, but here we have a British House of Commons committee confirming the assessment made by the United Kingdom’s Secret Intelligence Service, saying that the claim, which was of course published in Britain and the United States, was reasonable and drawing the attention of the public to the fact that the British Secret Intelligence Service—the British intelligence community—still stand by
that claim. So, here again, one of the accusations made by the Leader of the Opposition against the Prime Minister has been found to be untrue.

Let me conclude by making this point, because I think it is a useful one. I assume that the Leader of the Opposition, from all of his questions and from his censure motion yesterday, believes that all of the Joint Intelligence Committee’s judgments are accurate. Is that what we can conclude?

**The SPEAKER**—Minister!

*Honourable members interjecting—*

**The SPEAKER**—I have taken action!

**Mr DOWNER**—The fact is that any reasonable person listening to the Leader of the Opposition—

**Mr Crean**—Mr Speaker, I seek leave to answer the minister’s question.

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

**Mr DOWNER**—would conclude that the Leader of the Opposition believes that anything the Joint Intelligence Committee says is accurate. Therefore, we must conclude that the Leader of the Opposition now believes that there was convincing intelligence that Iraq had active chemical, biological and nuclear programs and the capability to produce chemical and biological weapons and that it also continued to develop ballistic missiles. Yet the Leader of the Opposition has been going around this country saying that the Prime Minister and the government lied about Saddam Hussein’s weapons of mass destruction programs. But if anybody is not telling the truth then I am afraid it has been exposed today—it is the Leader of the Opposition. It is the Leader of the Opposition who has not been telling the truth and who has been trying in desperation to run a political line which, once put under a little bit of forensic examination, is found to be totally vacuous.

**Iraq**

**Mr RUDD** (2.24 p.m.)—My question is to the Prime Minister. I refer to the Prime Minister’s comment yesterday that the government was always open about the risks outlined in the British Joint Intelligence Committee report of 10 February 2003. Prime Minister, where and when did you tell the Australian parliament and people about the specific risk outlined in the British Joint Intelligence Committee report that chemical and biological warfare technology or agents could find their way into the hands of terrorists as a result of the war with Iraq?

**Mr HOWARD**—The Minister for Foreign Affairs has already explained, as I did yesterday, the content of the travel advisories that warned about the potential danger in particular Middle Eastern countries. I can only repeat, as I will, what I have said on earlier occasions, and that is that, in accordance with normal practice, the Joint Intelligence Committee report was only handed to Australia’s intelligence agencies. I notice that yesterday the Leader of the Opposition—and he repeated it this morning on radio—dismissed the proposition that this document did not come to ministers. I also observed a number of the newspapers this morning, including the work of a columnist in one of the national broadsheets who I think knows more about security matters than the Leader of the Opposition is. The truth is that this document was not itself handed to me or to ministers. But, clearly, it would have—
Mr Rudd—Mr Speaker, I raise a point of order on relevance. The Prime Minister was asked when and where he told the Australian people about the risk of WMD proliferation.

The SPEAKER—The member for Griffith will resume his seat. The Prime Minister is relevant.

Mr Howard—The reality is that this document was handed to our intelligence agencies, and in making its decision to commit our forces to war the government had available the assessments of our intelligence agency. We also had announced and stated publicly a speech made by Mr Dennis Richardson, the Director-General of ASIO. He made this speech on 17 February 2003. This is what he had to say:

A war in Iraq, with or without UN sanction, may well influence the timing of some terrorist attacks.

Mr Rudd—Mr Speaker, I rise on a point of order. Again, the Prime Minister evades the only question I have asked—

The SPEAKER—I have indicated to the Prime Minister that he is in order.

Mr Howard—The Director-General of ASIO said:

But of one thing we can be certain; a peaceful solution to the current situation will be irrelevant to bin Laden’s intent and purpose.

- Al-Qaeda will seek to follow through on whatever it may be planning at present; and
- Its targets of first choice will remain innocent civilians.

Mr Rudd—Mr Speaker, I rise on a point of order. Again, the Prime Minister evades the only question I have asked—

The SPEAKER—Is the point of order on relevance?

Mr Rudd—which is when and where did he warn the Australian people about WMD—

The SPEAKER—The member for Griffith will resume his seat. The member for Griffith is well aware that standing order 145 requires the answerer to the question to be relevant to the question. The Prime Minister was asked a question about the British intelligence report and its advice on the Iraqi war. He is entirely relevant.

Mr Rudd—with respect, Mr Speaker, my question was not as you described it. My question asked the Prime Minister specifically: when and where did he warn the Australian people of the WMD proliferation—

The SPEAKER—The member for Griffith will resume his seat. The Prime Minister is being relevant.

Mr Howard—I thought the whole point of this was about the impact on terrorist threats of the decision to go to war in Iraq. I thought that is what it was all about, and I thought I was quoting from the Director-General of ASIO, who was addressing that very issue.

Mr Rudd—With respect, Mr Speaker, I rise on a point of order: can I ask the Prime Minister to table the document from which he was reading?
The SPEAKER—Was the Prime Minister quoting from a document?

Mr HOWARD—I was quoting from some notes.

Honourable members interjecting—

The SPEAKER—I have dealt with the matter.

Iraq

Mr LLOYD (2.30 p.m.)—My question is addressed to the Minister for Foreign Affairs. Would the minister inform the House of the contribution which the war in Iraq has made to global peace and security?

Opposition members—Ha, ha!

Mr LLOYD—They think it is funny; it is very serious.

Opposition members interjecting—

The SPEAKER—Member for Swan! Member for Grayndler! Member for Fowler! The member for Robertson will be heard in silence.

Mr LLOYD—My question is addressed to the Minister for Foreign Affairs. Would the minister inform the House of the contribution which the war in Iraq has made to global peace and security? What evidence is there to suggest that the people of Iraq are better off without Saddam Hussein, and what alternative views exist on this issue?

Mr DOWNER—I thank the honourable member for Robertson for his question and for the interest he shows in this very central issue; it is certainly occupying the attention of parliament. There is no doubt that the lives of the overwhelming majority of Iraqis, and especially children, are improved thanks to the removal of Saddam Hussein’s brutal regime: health care is now accessible to all, not just the elite; vaccinations to treat 4.2 million children and 700,000 pregnant women are now being made available; doctors are being paid regularly; schools and universities have reopened; nearly 600 schools will be restored anew before the new term begins; and teachers are being paid four times as much as they were paid under Saddam Hussein’s regime.

I think—and certainly for us on this side of the House—it is particularly significant that the Iraqi people are living without fear of persecution by Saddam Hussein’s henchmen. It is quite astonishing that 150 mass graves have been found in Iraq since the end of the war in Iraq, with the bodies of 300,000 people. That is testament to Saddam Hussein’s brutality. Obviously, security is still a problem, especially in the Sunni triangle, north of Baghdad, but most of the country is stable and Iraqis are taking the lead in maintaining law and order: 60,000 Iraqis are now employed in the security services, and 37,000 Iraqis are employed in the police alone.

Opinion polls were not often done in Iraq during the brutal regime of Saddam Hussein, but two opinion polls have been done in Iraq since the fall of this regime. Iraqis, for all the difficulties they are going through at this time, are overwhelmingly optimistic about their future. Polling shows that over 70 per cent of Iraqis believe they will be better off as a result of what has happened. A month or two ago there was an opinion poll by a British polling organisation which asked a very pertinent question—that is, whether the Iraqis wanted Saddam Hussein back. That begs the question: what percentage of Iraqis did want Saddam Hussein back? Twenty per cent? Fifty per cent? No. So low was the number that it was below 16 per cent—it was five per cent. That should give the Leader of the Opposition some hope—still 11 per cent to go!

The SPEAKER—The minister will address his remarks through the chair.

Mr Crean interjecting—
Mr DOWNER—The Leader of the Opposition interjects, but I heard on the news this morning that he has plumbed new depths, depths that I never reached. The coalition’s removal of Saddam has strengthened international security. I never claimed to be terribly popular when I was Leader of the Opposition, but I was more popular than the current Leader of the Opposition is.

The SPEAKER—The minister’s self-effacing approach to the answer is not helping the chair. He will address his remarks through the chair.

Mr DOWNER—I apologise, Mr Speaker. There is such a cacophony of interjection that I thought I should respond to a percentage of it.

The SPEAKER—The minister will address his remarks through the chair.

Mr DOWNER—The coalition of the willing’s removal of Saddam Hussein has strengthened international security by removing once and for all the threat of Saddam’s weapons of mass destruction, a threat acknowledged by the international community in Security Council resolution 1441.

Mr Crean—Where are they?

Opposition members interjecting—

Mr DOWNER—The Leader of the Opposition asks: ‘Where are they?’ I would have thought that the Joint Intelligence Committee report—your bible, apparently, in these matters—makes it perfectly clear that they did have them. I think that the government was right to participate in the coalition of the willing to remove Saddam Hussein’s brutal regime. The honourable member for Robertson asked whether there was any alternative. I can answer that question very simply and quickly: the alternative was the one put forward by the Australian Labor Party, and that was an alternative which would have left Saddam Hussein in power and the Iraqi people at his mercy.

Iraq

Mr CREAN (2.36 p.m.)—My question is to the Prime Minister. I refer to his answer yesterday in which he claimed to have been open with the Australian people about the risks associated with going into Iraq. Prime Minister, I refer to paragraph 127 of the British Joint Intelligence Committee report, which says:

The JIC assessed that any collapse of the Iraqi regime would increase the risk of chemical and biological warfare technology or agents finding their way into the hands of terrorists, not necessarily al-Qaida.

Prime Minister, can you point to any single statement or speech that you have made in which you warned the Australian people of that risk?

Mr Downer—I thought you said they didn’t have any.

The SPEAKER—The Minister for Foreign Affairs, the Prime Minister has the call!

Mr HOWARD—The Minister for Foreign Affairs, quite properly, interjects that he thought the Leader of the Opposition was alleging that Saddam Hussein did not have any of these weapons. The reality is that the Leader of the Opposition has changed his position on this. Before the war started, the Leader of the Opposition said that he did believe that Saddam had weapons of mass destruction. That was the position of both the Leader of the Opposition and his spokesman on foreign affairs, the member for Griffith.

The point I made yesterday, and I repeat it again today, is that in relation to potential threats to Australia and Australian interests we were completely open and transparent. Our responsibility is to address Australia’s security risk and Australian interests. We made it perfectly clear that there was a heightened threat to Australian interests in
the Middle East as a result of the outbreak of the war. That was reflected in travel advisories. It was adverted to by me in the House on 24 March. It was explicitly adverted to by the Minister for Foreign Affairs on 10 February. Mr Dennis Richardson, the Director-General of ASIO, drew attention to the fact—and I repeated it—that there had been no credible intelligence received justifying a lifting of the terror alert in Australia. In relation to Australian interests overseas, we made it clear that, because of the outbreak of the war, there was a heightened threat, and we were open. In relation to the general security threat to Australia, where there was no credible intelligence, there was no justification to lift the alert.

Nothing can absolve the Leader of the Opposition from the fact that, in the lead-up to the Iraqi war, he did not have the courage to state a position based on his own belief. The problem with the Leader of the Opposition was that he sought to hide behind the seeking of another resolution from the United Nations—and everybody knows that, if that policy had been embraced by the Americans, by the British and by us, Saddam Hussein would still be running Iraq.

Mr Latham—Mr Speaker, I rise on a point of order. The entire answer has been about the Leader of the Opposition. The question is about the Prime Minister and what he told or did not tell the Australian people. On relevance, the Prime Minister must be brought to the question.

The SPEAKER—the member for Werriwa is well aware that the standing order for answers requires that the answer be relevant, and there is no way that the Prime Minister was discussing anything other than the issues raised by the Leader of the Opposition.

Zimbabwe

Ms JULIE BISHOP (2.40 p.m.)—My question is addressed to the Prime Minister. What is the Prime Minister’s response to comments from the spokesman of the President of South Africa on the attendance by President Mugabe at the next meeting of Commonwealth heads of government?

Mr HOWARD—The member for Curtin, as many members will know, was a member of the Commonwealth observer group in Zimbabwe and therefore has a greater first-hand knowledge than most of the totally fraudulent way in which President Mugabe purported to secure re-election as President of Zimbabwe. I say in reply to the member for Curtin that I am aware of the comments that were aired on the AM program this morning by a spokesman for the South African President, claiming that Australia was engaged in ‘megaphone diplomacy’ on Zimbabwe. Everything that Australia has said about Zimbabwe in the time that I have been Prime Minister, and most particularly since the rorted election in Zimbabwe two years ago, far from being megaphone diplomacy, has been a plain statement of the truth.

It is the case that Australia, along with many other countries, takes the view that President Mugabe should not be invited to attend the Commonwealth meeting in Abuja, in Nigeria, in December this year. It is my understanding that that is also the view of the host of that conference, President Obasanjo of Nigeria. I welcome the decision that has been taken by Nigeria not to extend an invitation to President Mugabe. Zimbabwe was, rightly, suspended from the councils of the Commonwealth in March last year, for the plain reason that Mugabe had rorted and riggged his way back to power in the elections that were the subject of the Commonwealth observer group. That was the judgment not of Australia acting alone or Britain acting alone; it was the judgment of a Commonwealth observer group made up of representatives of Commonwealth nations from all around the world.
Following Zimbabwe’s suspension, the government of Zimbabwe has, regrettably, done absolutely nothing to redress the concerns which led to its suspension. It has even refused to engage with the Secretary-General of the Commonwealth in a proper dialogue on the steps that Zimbabwe ought to take to have its suspension lifted. In these circumstances, it would be a travesty if Zimbabwe were to be represented at the Abuja meeting. I contrast the behaviour of Zimbabwe with the behaviour of Fiji, where after the two coups that occurred in that country there was a return to a democratic process. Fiji literally had the constitutional book thrown at it. Fiji did everything it was asked to do, and it has properly and honourably returned to the councils of the Commonwealth—the contrast with Mugabe, the contrast with Zimbabwe, could not be greater.

I say to the member for Curtin and to all members of the House that what is happening in Zimbabwe today is a veritable tragedy. Its people are starving; their choice of government has been denied to them; their economy is in ruins with inflation running at 425 per cent, 5.5 million people dependent on food aid and unemployment estimated at 60 per cent to 70 per cent. Most members of the Commonwealth, and certainly Australia, believe that the people of Zimbabwe deserve better. At the recent Pacific Islands Forum meeting, the 11 member countries of that body that are also members of the Commonwealth unanimously expressed the view that, until there was evident action on the part of Zimbabwe to address these issues, Zimbabwe should remain suspended from the councils of the Commonwealth and should certainly not attend the Abuja meeting in December.

Iraq

Mr Rudd (2.45 p.m.)—My question is to the Minister for Foreign Affairs. I refer to Mr Andrew Bolt’s comments on Sunday confirming that he had access to the ONA report entitled Iraq: humanitarian dimension. Will the minister formally confirm to the parliament that neither he nor any member of his staff provided Mr Bolt with a copy of, a summary of or a briefing on the contents of that report?

Mr Downer—I have said already that my office, and obviously I, will fully cooperate with the police, and we will not be commenting any further until police investigations are completed.

Telecommunications: Broadband

Mr John Cobb (2.46 p.m.)—My question is to the Deputy Prime Minister and Minister for Transport and Regional Services. Would the minister inform the House of the health and education benefits to regional and rural Australia that will arise from the introduction of broadband telecommunications services? What impediments needed to be overcome to enable this project to proceed in areas like my electorate of Parkes?

Mr Anderson—I thank the honourable member for his question and note, I have to say with some approval, his attention to some areas that are of real concern to Australians at the moment, that I think they want to see us talking about in this place. I have a snapshot of a very interesting way in which the delivery of health, education and telecommunications can be brought together to produce better service delivery outcomes at a much reduced cost for Australians, particularly in regional areas. The snapshot relates to the provision by the Australian government of $5½ million from the National Communications Fund towards a quite revolutionary project in the north-west New England area of New South Wales. If it could be taken up and spread—though that would require the cooperation of the New South Wales state Labor government—it could
bring similar benefits to the member for Parkes’ electorate, to vast areas of other people’s electorates and to the people who live in them.

Telstra has won this particular contract, which involves a project incorporating the New England Area Health Service, the New England Institute of TAFE and the University of New England. It will deliver a high-speed broadband telecommunications network to eight TAFE sites, 10 University of New England sites and 31 health sites in the region, including towns from Tenterfield to Pilliga and from Mungindi to Walcha. This was the brainchild of the previous member for New England, who worked very hard to get it up and running. I am delighted to say that it is now coming together. So no less than 33 towns across an area probably the size of many European countries will benefit from this broadband network.

It is expected to save the New England Area Health Service alone more than $800,000 in communication costs and $200,000 in travel costs a year. That is a cut of 45 per cent in their telecommunications budget alone. At the same time, it brings quite astonishing new service delivery outcomes to the region. For example, it brings direct access to specialists via videoconferencing with a definition level so high that I am advised that it would be possible, at least in theory—and we trust that this will be delivered in practical outcomes shortly—for somebody in a place as remote as Mungindi, a one-doctor town, coming to the local GP with, say, a skin problem which might be related to a skin cancer and looks a bit worrying, to have that checked by a specialist as far away as Tamworth, Wagga or, potentially, Sydney or even New York and possibly cleaned up then and there. They are astonishing service outcomes that are life saving and dramatically more economical than what are currently available.

It will also allow young people to gain access to educational opportunities, tutorials, lectures or whatever via high-quality videoconferencing. It will give the areas the ability to attract and retain GPs, allied health workers and specialists, because they will have the backup and support they need and the practical ability to spend a lot more time out of motor cars and communicating via video hook-ups and so forth. It means that this is quite revolutionary and groundbreaking.

Despite all the obvious benefits, including to the New South Wales Treasury, guess who would not give it their full support? The New South Wales government. The New England Area Health Service had to borrow $3 million so that they could save the New South Wales government a whole lot of money. But it does exemplify this government’s partnership approach to using new technologies to giving better service, better education and better health outcomes at lower cost to country people. It is an outstanding example of what can be achieved by cooperation. If we could only get for the member for Parkes the help of the New South Wales government and get it serious about a partnership approach, we could roll this out right across the nation.

Employment: Wollongong

Mr ORGAN (2.51 p.m.)—My question is to the Minister for Employment and Workplace Relations. Minister, with recent figures showing an unemployment rate in Wollongong of around 10 per cent and a youth unemployment rate of around 24 per cent—one of the nation’s highest—what initiatives are being undertaken by the government in Wollongong to bring these persistent and unacceptably high figures down to the national average of 5.8 per cent?

Mr ABBOTT—I am surprised that the member for Cunningham did not address that
question to the Minister for Education, Science and Training, who has just done a lot to help the University of Wollongong, which is doing a great deal to boost employment in that region. Obviously I regret the fact that unemployment in the Illawarra is still high, but I point out to the member for Cunningham that unemployment in the Illawarra, while consistently in double digits from the late eighties through to the mid-nineties, has at different times in recent years been as low as about seven per cent. This government is doing the right thing by the people of the Illawarra by putting in place economic policies which are going to deliver benefits to all Australians.

While, as I said, I certainly take no pleasure at all in the fact that there are still too many people unemployed in the Illawarra, I am pleased that overall we have created more than one million new jobs, we have delivered very substantial sustained increases in real full-time average weekly earnings and we have gotten strikes down to the lowest level since records were first kept in 1913. Thanks to the Job Network, we have more employment service offices in more locations than ever before. I am confident that with a combination of continued good economic management and continued good delivery of employment services through the Job Network we will, in the future, do better for the people of the Illawarra than we have so far.

Foreign Affairs: Papua New Guinea

Mr JOHNSON (2.53 p.m.)—My question is addressed to the Minister for Foreign Affairs. Would the minister update the House on the strength of Australia’s relationship with Papua New Guinea, given that today is Papua New Guinean Independence Day?

Mr Bevis—You’ve got a branch up there, haven’t you?

The SPEAKER—The member for Brisbane is warned!

Mr DOWNER—I thank the honourable member for Ryan for his question. I join with the Prime Minister and all members of the government and, no doubt, all members of the House in congratulating Papua New Guinea on the 28th anniversary of its independence. There is a great and abiding affection in Australia for the country and the people of Papua New Guinea, obviously reflecting our geographic ties but also our very close historical and personal links.

It is worth saying—because I do not think a lot of people understand this—that, despite its daunting challenges, much has been achieved in Papua New Guinea since independence. We are proud that Australia’s assistance has contributed to improvements for the people of Papua New Guinea, though of course full credit must be given to the people of Papua New Guinea themselves. Life expectancy has increased since independence. Infant mortality has fallen. Interestingly enough, primary school enrolments in Papua New Guinea have doubled over the past decade. Also, Papua New Guinea has remained throughout its independent life a robust democracy. We ourselves are a robust democracy, and so obviously we very much appreciate that.

for Batman. The member for Ryan has the call and will start his question again so I know which minister to direct it to.

Mr JOHNSON—Thank you, Mr Speaker. I have a serious question to the Minister for Foreign Affairs. Would the minister update the House on the strength of Australia’s relationship with Papua New Guinea, given that today is Papua New Guinean Independence Day?

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As the Prime Minister and I and other ministers have said, we are fully aware that Papua New Guinea nevertheless faces some very significant challenges. With a population of almost 5 million people, Papua New Guinea’s prosperity is obviously of great importance to stability in our region. We have put, as I think honourable members know, a number of different proposals to Papua New Guinea in recent times about ways of improving our partnership, including our development cooperation partnership. This includes in areas that Papua New Guinea has itself identified as priorities, such as law and order, good government, enhanced budgetary and expenditure controls, and so on.

Tomorrow morning I will be going to Papua New Guinea and I look forward to discussing these issues with the foreign minister, Sir Rabbie Namaliu, with other ministers and with the Prime Minister. Our fundamental objective over the coming period is to assist Papua New Guinea in meeting its challenges in a way that promotes sound management of its own resources. While we are happy to conduct a joint review of the development cooperation treaty, our concerns are not about the way the current aid program is managed. Our dialogue and partnership should go beyond the narrower focus of the aid relationship, and it should also deal with the major issues of governance and management that confront this diverse and growing nation. I look forward to my visit to Papua New Guinea, and I am sure all members of the House hope that we can continue to build a productive relationship with Papua New Guinea which achieves ever better outcomes for the ordinary people of that country.

Education: Higher Education Review

Ms MACKLIN (2.57 p.m.)—My question is to the Minister for Education, Science and Training. Is the minister aware of results of research that show nine out of 10 people in Western Sydney oppose the government’s university changes and that over half say the issue of university funding would influence their vote? Is the minister also aware of a letter written by the member for Lindsay to board members of the University of Western Sydney, which savagely attacks senior management for criticising proposed funding cuts by the Howard government? Does the minister endorse the member for Lindsay’s letter, described by the *Daily Telegraph* as ‘an astonishing attack’ on the University of Western Sydney’?

Dr NELSON—I thank the member for Jagajaga for her question. I should not be surprised that the question is not about expressing concern for the 300 per cent increase in TAFE fees by the New South Wales government at the Blacktown TAFE. Instead we have yet another question about universities. What this government is doing is recognising that, especially for this century and for Australia as a country with a relatively small population, it is important now that we reform Australian universities to prepare this country for the international benchmarks against which it is going to be judged.

Apart from putting an extra $1½ billion of public money into Australian universities in the first four years and $10.6 billion in the first 10 years, the government is moving to fund those universities—with the support of almost all of Australia’s universities—on the basis of what they actually do, the services and the courses that are provided by those universities. The University of Western Sydney, over a period of 13 years during which it was funded under the same formula, has reduced the provision of high-cost courses like agricultural science by some 23 per cent. At the same time, the University of Western Sydney has put almost all of its 1,550 new places into low-cost courses. As an example,
agricultural science costs seven times more to provide than business administration, and those are the kinds of courses into which the University of Western Sydney has moved. Is it fair that the University of Western Sydney receives six per cent more than the University of Ballarat for providing the same course? The University of Western Sydney receives $8,005 for providing business administration, yet the University of Ballarat receives $7,591. I ask the member for Kingston: is it fair that Flinders University receives $7,569?

What is happening is that this government is increasing the funding for all universities. Over the three years of the transition, the University of Western Sydney will receive $5.4 million from this government to ensure that it receives not one single dollar less; and from 2007 it will receive considerably more money. It is critically important that the Australian Labor Party recognises that, unless Australian universities are reformed now, universities are on a collision course with mediocrity and the next generation will pay a significant price for the obstruction of the Australian Labor Party.

Ms Macklin—Mr Speaker, I seek leave to table a copy of a letter from the member for Lindsay to the University of Western Sydney board.

Leave granted.

Workplace Relations: Small Business

Mr GEORGIOU (3.02 p.m.)—My question is addressed to the Minister for Employment and Workplace Relations. Would the minister inform the House how the ACTU’s latest redundancy test case could cost jobs, particularly in small business? Are there any alternative policies?

Mr ABBOTT—I thank the member for Kooyong for his question and I appreciate his interest in boosting employment, particularly in small business. This government believes in paying people more to keep their jobs; it does not believe in paying people more to lose their jobs. This government believes in encouraging people to employ rather than in encouraging people to retrench.

The ACTU does have a test case currently before the Australian Industrial Relations Commission. The test case seeks to increase the standard redundancy entitlement to 16 weeks, and it seeks to extend redundancy payments to casual workers for the first time. For the first time, it seeks to require small business to pay redundancy costs. If granted, this test case will cost small business an additional $6,100 every time it needs to let someone go. If this test case application is successful, my department estimates that a small business with seven longstanding employees will face an immediate contingent liability of nearly $50,000. If there is anything that is likely to crush the spirit of small business—and to cause the member for Hunter’s legendary small business constituency even more problems—it is this kind of test case application from the ACTU.

When the Queensland Council of Unions launched a similar test case, the Queensland Labor government, to its credit, strongly opposed the extension of redundancy entitlements to small business. But we know where the Queensland Labor government stands; where does the federal Labor opposition stand? When the member for Werriwa was on the back bench, he was a fierce critic of the economic irresponsibility of the ACTU. He said, ‘Trade unionism in this country is in crisis. How can unions survive if they fail to appeal to people in newly created enterprises and workplaces?’ He said, ‘Given a choice between two Scotsmen, we need to follow Adam Smith, not Doug Cameron.’ The member for Werriwa has a serious credibility problem. How can he preach responsibility on the back bench, when he is not actually
Mr Latham—Mr Speaker, I seek leave to answer the question that has been posed by the Leader of the House.

The SPEAKER—The member for Werriwa is making mischief of the standing orders. He will resume his seat.

Mr ABBOTT—I have a simple test for the member for Werriwa. If he wants to demonstrate his credentials for economic responsibility, he should persuade the Labor Party to oppose the ACTU’s job-destroying redundancy test case claim and say no to this $1.6 billion a year tax on jobs.

Education: Higher Education Review

Ms PLIBERSEK (3.06 p.m.)—My question is to the Minister for Education, Science and Training. Has the minister seen a report in today’s Sydney Morning Herald that at least 1,350 places will be cut from New South Wales universities next year because of the Howard government’s university changes? Isn’t it true that the New South Wales Universities Admissions Centre has already warned year 12 students that competition for places will be fierce and advised them to apply for lower ranked courses as a safety net? Minister, don’t the Howard government’s university changes mean fewer HECS places over the next three years and thousands of school leavers missing out on courses that they are qualified to get into?

Dr NELSON—I thank the member for Sydney for her question. Before I answer it, it should be fairly obvious to the House that the preoccupation of the Australian Labor Party is universities, universities and universities. They cannot even go to the ACTU National Congress and mention the word ‘apprentice’.

Mr Latham—Mr Speaker, I rise on a point of order. The minister said that before he answered the question he was going to go off and make other commentary. Surely that other commentary by definition is out of order because it is not relevant to the question that has been asked.

The SPEAKER—Let me point out to the House that, when the minister made that comment, obviously I was alert to the very point the member for Werriwa is seeking to make. However, the minister then addressed the issue of universities, which the question was targeted on. It seemed to me that is where his remarks ought to focus, so I did not interrupt him. Following the point of order raised by the member for Werriwa, the minister made a reference to apprentices, which I could not see as being relevant. But the member for Werriwa had already at that stage drawn my attention to a point of order. The minister is in order.

Dr NELSON—As the government has been reviewing Australian universities for the past year, I have been pointing out on behalf of the government a whole variety of real problems that face Australian higher education. Two of those many problems are, firstly, that the sector needs access to more money and a lot more of it in the long term; and, secondly, that the way in which we regulate and administer universities is as much a part of the problem as is the level of resourcing.

One of the reasons why Australian students are packed into universities like sardines is that there are more than 25,000 students in Australian universities who are currently overenrolled. Universities receive what is called ‘marginal funding’, which is one-quarter of the public funding they would
get if they were enrolled up to the quota. What universities have been doing over the last two years is systematically reducing those levels of overenrolment which range, I might add, from 40 per cent at Charles Sturt University down to two per cent at the University—

Mr Crean interjecting—

Dr NELSON—The Labor Party is not interested in facts.

The SPEAKER—The most persistent interjector in this parliament is the Leader of the Opposition. He interjects more frequently than any other member of the opposition front bench. I have today for the third occasion risen to draw his attention to the obligations he has. I have extended to the Leader of the Opposition all the licence that can be extended to him. He will exercise a good deal more restraint in the interests of his office and the order of the parliament.

Dr NELSON—This government is concerned to see that Australian students not only get access to universities but also receive a good, high-quality education when they get there. The government has announced in its reforms that 25,000 of those overenrolled places will be fully funded by the government at a cost of $347 million.

Ms King interjecting—

The SPEAKER—The member for Ballarat is warned!

Dr NELSON—This means in practical terms that over the next five years there will be 31,500 additional fully funded places—including the fully funded overenrolled places—in Australian universities. The other thing that ought to be pointed out to the House is that the Labor Party is so impressed by what the government is doing in relation to overenrolled students that it has adopted the government’s policy: $347 million to fully fund 25,000 overenrolled places.

One of the finest intellects in the country, the former and probably the future president of the Australian Labor Party, Barry Jones, told Channel 7 on Sunday:

No, I think what Jenny’s doing is very valuable, but you’d have to say that as yet it hasn’t caught the public imagination.

He then said:

I think we perhaps have not sufficiently recognised the degree of the policy vacuum that we’ve got ... I could not have said it better. The Australian Labor Party is entirely obsessed with universities. It is failing to address the key policy initiatives in industrial relations, in governance and in changes to the way universities are regulated in order to face Australia’s future—and it cannot even mention the word ‘apprenticeship’ in the parliament, let alone to the ACTU. No wonder it is in trouble.

Environment: Natural Heritage Trust

Mr PEARCE (3.12 p.m.)—My question is addressed to the Minister for the Environment and Heritage. Would the minister update the House on the benefits to Australia’s environment provided by the Natural Heritage Trust? Are there any alternative policies?

Dr KEMP—I thank the member for Aston for his question. Members of the House will be aware that no government in Australia’s history has shown a greater commitment to the economic and environmental sustainability of the Australian landscape and its biodiversity than the Howard government. At the centre of this remarkable effort is the $2.7 billion Natural Heritage Trust, which is without question the largest environmental protection and rescue effort in Australian history.

One reason why the trust is having such a huge impact is that it has empowered hundreds of thousands of Australians to restore the environment in their communities. Al-
most 420,000 Australians have worked on some 14,000 on-ground projects to clear up beaches, reduce erosion, build up the productivity of our agricultural land and restore the environment in their communities. After the January bushfires in the Australian Capital Territory, for example, the trust provided money for a project to re-establish fences along the stream banks and to protect stream banks from erosion.

Overall the trust has funded some 13,000 kilometres of fencing to protect waterways. A typical project is the money provided to revegetate and protect degraded lands on Leigh Creek in South Australia. The trust has funded the planting of over 31 million trees and the replanting and protection of 789,000 hectares of native vegetation and has established agreements or covenants protecting another 727,500 hectares.

The trust has come to the rescue of the Australian landscape and Australian biodiversity and has provided some $32 million to implement 146 recovery plans for 180 nationally listed species and 10 ecological communities. Members may be aware that last Saturday the trust helped to bring back 20 Tamar wallabies, which are extinct in Australia, from Kawau Island in New Zealand to South Australia. Through the trust, the national reserve system has increased by almost one-third under this government, or 18 million hectares, through the expenditure of some $76 million from the trust.

The trust has empowered Landcare, has established Coastcare and is providing over $350 million to improve water quality around the nation. This country has an enormous environmental opportunity as the only nation occupying an entire continent. We have a wonderful opportunity to restore the environment of a whole continent and put it on a sustainable basis, and the Howard government’s Natural Heritage Trust is a very powerful commitment to do just that.

I am asked about alternative policies. It is to the lasting shame of the Labor Party that it has opposed the Natural Heritage Trust and refused to acknowledge the achievements of this remarkable program. We hear nothing about the environment from the Australian Labor Party these days. I have not had a question from the member for Wills as spokesman on the environment for nine months. That shows the policy vacuum that exists on the other side of the House. We see the member for Wills less frequently than we see Brigadoon these days—there has not been a single question in nine months.

Mr Zahra interjecting—

The SPEAKER—I warn the member for McMillan!

Dr KEMP—We have a policy lazy opposition which has done nothing to restore or protect the environment. It has fought the Howard government every step of the way on the environment—as it does in all other programs. The Australian people well understand that the Labor Party has no credibility, under its current weak leadership, on the environment or anything else.

Education: Higher Education Review

Ms MACKLIN (3.17 p.m.)—My question is to the Minister for Education, Science and Training. Is the minister aware that the submission from La Trobe University to the Senate inquiry into the government’s unfair university changes states that the plan to phase out overenrolments without creating enough fully funded growth places to replace them will ‘force universities into a massive reduction in initial intakes for the coming years’? Minister, isn’t it true that the Howard government’s changes will mean fewer HECS places for university applicants over the next three years? What should I tell my constituents whose children will miss out on
a university place next year because the government’s policies will result in fewer publicly funded places at university at the time their children finish school?

Dr NELSON—I thank the member for Jagajaga for the question. I should re-state that this government is reforming Australian higher education. This is a responsibility that the government is determined to discharge for the next generation. It includes $1½ billion of additional public investment in the first four years. La Trobe University will receive directly more than $15 million just in core grant funding in the first three years alone. The government is moving to fully fund more than 25,000 overenrolled places in the sector. The specific places that are over-enrolled in universities that will be funded will be the product of negotiation between the Australian government, and in this case, the Victorian government, and the universities that are involved. The one thing that La Trobe University needs to understand, as should this House, is that, should the Leader of the Opposition succeed in his quest to become the Prime Minister of Australia, he and his Treasurer, the member for Werriwa—there’s a thought!—will be met by the head of the Department of Finance and Administration who, having given the taxpayers’ chequebook to the member for Werriwa, will then say, ‘The first thing you need to do is write a cheque for $300 million because that is the extent to which the Labor Party has underfunded—according to the department of finance—its own higher education policy.’

La Trobe University alone will lose almost $7 million if the Labor Party gets into government unless it finds another $300 million to fill the black hole. It should be enough that Labor is taxing the mining industry and working Australians to put more money into higher education—not to mention running loan schemes for some of the poorest people in the country to send them broke. The Labor Party needs to do what the Vice-Chancellor of the University of Wollongong said—that is, support the package. If the Labor Party does not support this package—as Professor Gerard Sutton said—there will be a genuine crisis in Australian higher education.

Small Business

Mr RANDALL (3.20 p.m.)—My question is addressed to the Minister for Small Business and Tourism. Would the minister advise the House how the Australian government is seeking to protect small businesses when they become the innocent victims of unlawful secondary boycotts? Is the minister aware of any obstacles to the protection of small businesses?

Mr Martin Ferguson—Are you colourblind, Joe?

Mr HOCKEY—What have you got against my green tie? Why does the Labor Party hate the Irish? I thank the member for Canning for his question.

The SPEAKER—Order! The member for Batman is not charged with determining the sartorial elegance of all members of the chamber—fortunately. The minister has the call.

Mr HOCKEY—Standing here, I wish I was colourblind! I note that the member for Canning has asked me more questions about small business in one month than the Labor Party has asked me in two years. What a surprise, given the fact that every time small business comes up in this parliament the Labor Party opposes any initiative to help small business. That could not be more plainly the truth than when it comes to unlawful secondary boycotts. On four separate occasions the Labor Party has been presented with the opportunity to help small businesses have the full protection of the ACCC when they are the innocent victims of an unlawful secondary boycott. On every occasion the Labor
Member has voted with its trade union mates instead of with small business.

That is on top of the fact that we are trying to help small businesses get away from the unfair dismissal laws, as they stand ready to create up to 50,000 jobs immediately. The Labor Party on 18 separate occasions has voted against helping small business. People will say: ‘Why is this the case? Why is the Labor Party so determined to help trade unions instead of small business?’ We need go no further than our old friend the member for Brand—we remember him on this side of the House—who said that Labor has never pretended to be a party for small business.

Government member—Shame! Damn right; it is a shame. But we know who pulls the strings when it comes to small business and the Labor Party, and that is their mates in the trade union movement. There were no more profound words than those from Nick Lewocki, the NSW state secretary of the public transport union. He said it all when he said:

How many small business people stood on polling booths or letter-boxed for the ALP ... How many small businesses pay a percentage of their profits to the ALP? Not many. It’s our party and if they don’t want to be part of it, they should leave.

Over the course of the last two years, there have been some lonely voices in the Labor Party that have tried to stand up for small business and have been smothered. The member for Barton said that we needed more small business people involved in the Labor Party, the member for Werriwa at one stage said we needed more small businesses involved in the Labor Party, and, of course, the member for Hunter was once an advocate for small businesses, particularly those in his electorate. But as soon as someone in the Labor Party decides to try to give small business a fair go they get a response from the trade union movement. Only recently the member for Hunter, who was challenged in his preselection, had to contend with the fact that the trade union movement was saying that the member for Hunter in some way was a defender of small business. After he won his preselection—with my personal endorsement—the CFMEU northern district vice-president Mick Watson said, ‘I don’t think Mr Fitzgibbon should be too smug.’

We believe that only the coalition parties are truly prepared to stand up for small business. Every time the Labor Party is given a chance it votes down small business in favour of its trade union mates.

Education: Higher Education Review

Ms BURKE (3.25 p.m.)—My question is to the Prime Minister. Does the Prime Minister recall telling the parliament before the last election:

There will be no $100,000 university fees under this government.

Prime Minister, isn’t it a fact that the Howard government is planning to introduce legislation that will double the number of full fee degrees costing as much as $150,000? Prime Minister, isn’t this yet another instance of misleading the Australian public?

Mr HOWARD—I will check the basis of the allegation; I do not remember to the precise paragraph everything that I have said. I take the opportunity posed by the question asked by the member for Chisholm to say something about the nature of our higher education policy. In doing that, I want to congratulate the Minister for Education, Science and Training on the outstanding job that he has done.

This is a very difficult policy area and, as with all difficult policy areas, the Labor Party faced a choice. They could either do what they habitually do—that is, behave like an opportunistic rabble whenever any decent policy alternative is put forward—or actually join in trying to pass into law some im-
provements. If they were to win the support of the Australian people at the next election, then they would have the opportunity of reversing those changes as the government of this country. But instead of that the Labor Party are intent on the tactics of obstruction, delay and opportunism in this as they have been in so many other areas.

The people who will lose as a result of this are the students of Australia. We do need more money in our universities; that is evident. The budget cannot afford to provide all of the money. It is therefore only natural and logical that some of it should be provided by the budget and some of it should come from outside the budget through a managed and sensible deregulation of the system. We make no apology for that. We are in the business of injecting more funds into our universities, but we are honest enough to say to the Australian people: ‘The budget cannot afford all of the resources that our universities need. They can only be afforded, they can only be provided, through higher taxation.’

What we have done is say: ‘We will provide more fully funded places.’ On top of that, we will allow the universities to have more student funded places, or full fee paying places. One of the great pieces of misrepresentation of our policy—and it is implicit in the question asked by the member for Chisholm—is that, under our policy, in future all degrees will be at a figure of some $100,000. That is the lie. That is the misrepresentation that the members of the Labor Party have endeavoured to put around. I want to take this opportunity of confirming in the parliament—

Ms Macklin interjecting—

The SPEAKER—Order! The member for Jagajaga is defying the chair.

Mr HOWARD—We are not going to indulge the fantasy. We are not going to delude the Australian people into believing that the budget is a bottomless pit when it comes to providing additional funding to universities. We are prepared to provide a lot more money to universities, but we are up front and honest enough with the Australian people to say that the private sector will have to contribute its share and make its contribution. The Labor Party, as I said, have two choices. They can respond responsibly and seek through the electoral process to win the support of the Australian public. If they win the next election, an opposition in the Senate will behave in the same responsible way that the opposition in the Senate behaved before 1996 when, on important issues—when we could have played the opportunistic game—

Mr Beazley interjecting—

Mr HOWARD—I notice the member for Brand is interjecting. The member for Brand well remembers some of the conversations he had about getting our support when he knew you could not get the support of the Democrats. The reality is that, if it had not been for the responsible stance that we took, many of the very difficult issues that came up during the Hawke-Keating years would never have been passed into law. If we had played the fast and loose opportunistic game on financial deregulation, on tariff reform, on
the introduction of higher education charges—

Mr Hatton interjecting—

The SPEAKER—The member for Blaxland!

Mr Latham—Mr Speaker, I rise on a point of order. The Prime Minister is ranting and raving, drifting back into a time a few decades ago. The question was actually about university fees today. He has not been relevant for five minutes—

The SPEAKER—I heard the Prime Minister make a comment about university fees, the funding of them and the consequent impact on the budget, and he is relevant.

Mr HOWARD—I was asked a question about the government’s plans for Australian universities—

Ms Macklin interjecting—

The SPEAKER—I warn the member for Jagajaga!

Mr HOWARD—I was not only explaining the basis of our policy but inviting the Australian Labor Party, for once in 7½ years, to behave like a responsible opposition and look to the national interest.

Mr Hatton interjecting—

The SPEAKER—I warn the member for Blaxland!

Mr HOWARD—I was contrasting the behaviour of Labor in opposition to the responsible behaviour of the coalition in opposition, when on important issues we put Australia first—something you have failed to do over 7½ years.

Mr Latham—Mr Speaker, I rise on a point of order. He has lost the plot.

The SPEAKER—The member for Werriwa will resume his seat or I will deal with him!

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

Ms Burke—Mr Speaker, I seek leave to table a document.

The SPEAKER—I will recognise the member for Chisholm even though questions are on the Notice Paper. Could I have more detail about the document?

Ms Burke—I want to help the Prime Minister’s memory—

The SPEAKER—Member for Chisholm, I want to know what document you seek to table.

Ms Burke—I am seeking leave to table an extract from Hansard from the last parliament where the Prime Minister clearly stated:

There will be no $100,000 university fees under this government.

Leave granted.

QUESTIONS WITHOUT NOTICE: ADDITIONAL ANSWERS

Transport: Security

Mr ANDERSON (Gwydir—Minister for Transport and Regional Services) (3.33 p.m.)—Mr Speaker, I seek the indulgence of the chair to add to an answer.

The SPEAKER—The minister may proceed.

Mr ANDERSON—Last Thursday I answered a question from the member for Batman which contained an assertion that, just six months prior to the recent theft of a laptop from a transport security section of my department, there had been a break-in in precisely the same area. The member for Batman’s question was as follows:

Can the minister confirm that just six months ago there was a break-in at exactly the same location and on the same floor as the latest security breach and theft of a laptop which was reported yesterday? Minister, what steps were taken following the first break-in to upgrade security at this location ...

Ms Burke—Mr Speaker, I seek leave to table a document.

The SPEAKER—I will recognise the member for Chisholm even though questions are on the Notice Paper. Could I have more detail about the document?

Ms Burke—I want to help the Prime Minister’s memory—

The SPEAKER—Member for Chisholm, I want to know what document you seek to table.

Ms Burke—I am seeking leave to table an extract from Hansard from the last parliament where the Prime Minister clearly stated:

There will be no $100,000 university fees under this government.

Leave granted.
Following that question, I undertook to check the records and establish whether the break-in actually happened. I have now been able to do that and can advise that there is no record of a break-in in the same area of the department six months ago as claimed. Accordingly, I call on the honourable member either to correct the record, as his spokesman clearly intimated over the weekend he would probably do in this place this week, or, if he has information that neither my department nor the Australian Federal Police are aware of, to supply that to the appropriate authorities forthwith. Until and unless he does so, I say that he stands condemned of hypocrisy by his own words in this place that security issues ‘should be raised in a responsible, constructive manner that does not blow risk out of proportion’.

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

The SPEAKER—The member for Werriwa will resume his seat. I will recognise him, of course, if I have not dealt with the issue.

Mr Latham—Follow the rules.

The SPEAKER—Order! The Deputy Prime Minister’s reference to the member for Batman as having been hypocritical is inappropriate and I ask him to withdraw it.

Mr ANDERSON—Mr Speaker, I did not accuse him of hypocrisy. I said that if he did not correct the record he would stand accused of hypocrisy.

The SPEAKER—I would nonetheless invite the Deputy Prime Minister to rephrase the latter part of that statement.

Mr Randall—What is the matter with the truth?

The SPEAKER—The member for Canning is warned! I invite the Deputy Prime Minister to rephrase the latter part of that remark. I am dealing with the matter!

Mr Latham—Mr Speaker, on a point of order: if it is good enough for the minister to rephrase what he said, it is good enough for him to comply with your initial ruling that he withdraw. Isn’t that obvious to the House?

The SPEAKER—I have simply invited the Deputy Prime Minister to do so, beyond what are the normal constraints—because he has pointed out the context in which he used the term and indicated that he was not accusing the member for Batman of hypocrisy but suggesting that he would be guilty of it if he did not take particular action. I am asking him to rephrase the latter part of the statement indicating that the member for Batman may be misleading the House if he does not take particular action. I think the term ‘hypocrisy’ is always a difficult one for the chair to deal with.

Mr ANDERSON—Mr Speaker, I have made no charge of hypocrisy. I will repeat quite clearly—

Mr Crean interjecting—

Mr ANDERSON—The Leader of the Opposition apparently does not understand the English language. I will repeat my words precisely. I said that, until and unless he either corrects the record and ensures that he is not misleading this House or provides the information he has, he runs the risk of standing condemned as a hypocrite by virtue of his own words when he said that security issues ‘should be raised in a responsible, constructive manner that does not blow risk out of all proportion’. I simply invite the member for Batman to ensure that he is true to his own standards and does not raise security matters in a way that blows risk out of all proportion.

The SPEAKER—I would remind the Deputy Prime Minister that it is not a matter of whether the Leader of the Opposition is happy with the response or the understanding of the English; it is a matter of whether the
Speaker is. The Deputy Prime Minister’s use of the term ‘until and unless’ rather compounds the issue. I think it would be better to indicate simply that he was unhappy about the member for Batman’s position and that the member for Batman would stand condemned by the parliament. I do not want the term ‘hypocrisy’ included.

Mr Anderson—Mr Speaker, I simply withdraw anything that might be unsatisfactory—though, in all truthfulness, I do not understand it. But I withdraw unreservedly and simply reiterate that I think the member for Batman, who purports to take security seriously, must either provide the information to the Australian Federal Police or correct the record in this place.

Mr Latham—Mr Speaker, I rise on a point of order. My initial point of order concerned the abuse of a minister adding to an answer by going on to reflect at length on another member on the other side of the parliament. That was my original point of order, and now the minister has repeated it when all he was asked to do was withdraw. He should be disciplined by you.

The Speaker—The member for Werriwa must be well aware of the fact that a reading of the Hansard will indicate that the Deputy Prime Minister has done all that I could have asked him to do.

PERSONAL EXPLANATIONS

Ms O’Byrne (Bass) (3.38 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Ms O’Byrne—Most grievously.

The Speaker—Please proceed.

Ms O’Byrne—Yesterday, in the other place, Senator Barnett accused me of misleading the people of Bass in a recent Medicare publication when I said that the PM wants to destroy Medicare and that the Medicare gap payments have increased under this government. He claimed that I advocated a two-tier health system. There is substantial evidence that the PM does want to destroy Medicare. The amount people have to pay—

The Speaker—The member for Bass will resume her seat. Hansard will not have got all of that.

QUESTIONS TO THE SPEAKER

Question Time

Mr Murphy (3.39 p.m.)—Mr Speaker, I wish to ask a question of you under standing order 152. However, before I ask that question I wish to say I read your media release about your retirement at the next federal election. I acknowledge that, as you said in your press release, you have seen your role in this House as ensuring that the right of every member to be heard is recognised. I have had a pretty good run, and I think your timing is exquisite. I wish you well in your retirement.

The Speaker—Does the member for Lowe have something he wishes to draw to my attention under standing order 152?

Mr Murphy—During question time today, the member for Jagajaga asked the Minister for Education, Science and Training a couple of questions. During the education minister’s reply to the first question, the Leader of the Opposition was making an invaluable and lasting contribution to the debate when you observed that he was the most persistent interjector in the parliament. My question to you, Mr Speaker, is: in the interests of balanced umpiring, would you care to inform the House who the most persistent interjector from the government is?

The Speaker—The member for Lowe will resume his seat, and I warn him!
Personal Explanations

Ms O’BYRNE (3.40 p.m.)—Mr Speaker, I have a question for you under standing order 152. I may have misheard you, but at the end of my personal explanation I thought I heard you say the words: ‘Hansard would not record all of that.’ Can you confirm that is what you said and, if so, why that was the case?

The SPEAKER—I was responding to an interjection from the front bench. I was indicating, simply for the benefit of all, that after I have said ‘Resume your seat’ Hansard ceases to write down anything that has been said.

Question Time: Use of Mobile Phones

The SPEAKER (3.41 p.m.)—On Monday of last week, the member for Chisholm asked me a question about the use of mobile phones for text messaging during question time. The member sought clarification of what use of text messaging was permissible under the standing orders. As with many issues, the use of mobile phones is not expressly addressed in the standing orders. Successive Speakers have enforced the view that members, and indeed other persons, are prohibited from speaking on mobile phones in the chamber. In taking this view, the clear intention has been to prevent disruption to proceedings of the House. In particular, this prohibition reinforces the rules for the orderly conduct of proceedings to ensure that the member with the call is shown the courtesy she or he is entitled to expect and is not disturbed or interrupted by a mobile phone ringing or a person talking on a mobile phone.

Text messaging on mobile phones falls within the same category of activity as sending and receiving email messages on laptops. Members and advisers are permitted to use laptop computers in the chamber and, similarly, they may use mobile phones for text messaging. There is one caution that must be observed by users of text messaging in the chamber: users must avoid having mobile phones close to a live microphone, as to do so may cause disruption to the sound reinforcement and broadcasting in the chamber. As I mentioned to the member for Chisholm on Monday, I have not been aware of proceedings being interrupted by text messaging. Should this situation change I will, of course, be obliged to reconsider the issue.

Question Time

The SPEAKER (3.43 p.m.)—On 11 September 2003, the honourable member for Brisbane asked me a question relating to two matters occurring during the preceding question time. The first matter concerned a remark by the Leader of the Opposition which was drawn to my attention by the Leader of the House and which the Leader of the Opposition then withdrew. The member for Brisbane noted a passage at page 489 of House of Representatives Practice reporting a ruling of a previous Speaker that a request for the withdrawal of a remark considered offensive must come from the member reflected upon, if present. Standing order 78 states:

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

House of Representatives Practice, on page 489, states:

The determination as to whether words used in the House are offensive or disorderly rests with the Chair, and the Chair’s judgment depends on the nature of the word and the context in which it is used.

In the context, I consider my action was appropriate to the situation. It is not uncommon for a point of order to be raised by members who have not themselves been directly reflected on objecting to another member’s use of possibly offensive words.
The second matter concerned a point of order by the honourable member for Fraser relating to the application of standing order 321 to the tabling of ministers’ notes. As noted on page 573 of *House of Representatives Practice*, it has been the practice that a minister’s notes do not come within the category of papers relating to public affairs, which must be tabled under standing order 321. Although the reference in *House of Representatives Practice* is to a 1976 ruling by former Speaker Snedden, subsequent Speakers from both sides of the House have followed the same practice. In this instance I did not ask the minister whether he was referring to notes as he had previously indicated that he was specifically doing so.

AudiToR-GenEtAL’S REPORTs

Report No. 6 of 2003-04

The SPEAKER—I present the Auditor-General’s audit report No. 6 of 2003-04 entitled *Performance audit—APRA’s prudential supervision of superannuation entities—Australian Prudential Regulation Authority*.

Ordered that the report be printed.

MaTTeRS OF PUBLiC iMPORTANCE

Education: Higher Education Review

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

The Government’s unfair priorities in higher education.

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

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

Ms MACKLIN (Jagajaga) (3.47 p.m.)—

The member for Chisholm has an extraordinary record; she has now identified two occasions on which this serial misleader, the Prime Minister of Australia, misled not only the Australian parliament but also the Australians. As the member for Chisholm pointed out in her question today, she was quoting the Prime Minister in the House *Hansard* of 14 October 1999 when he said, in response to a question from the member for Grey:

There will be no $100,000 university fees under this government.

There is a pretty plain statement, made before the last election, that there would be no $100,000 university fees under this government. But what is it that they are in fact seeking to do? They are seeking to massively expand the number of $100,000 university degrees. I thought I would draw attention to another statement by the Prime Minister when he was answering this question, because if I were the current Minister for Education, Science and Training I would be a bit worried. Back in 1999, the Prime Minister said of Dr Kemp, the then minister for education:

… the minister has done an outstanding job in the portfolio that he has had.

So, Minister, I think your life in this portfolio may be short! The previous minister tried to introduce these outrageous policies; you are now following suit. The Prime Minister thought the former minister was outstanding; he thinks you are outstanding. We will be able to wave you all goodbye pretty soon! Maybe that is why this minister is really the master of the disappearing act. We are not talking about your earring, either, Minister. Words mysteriously disappear from his media transcripts, whole paragraphs disappear from departmental reports, statistics never make it onto the web site and whole columns fall off the web site.
Mr Tanner—It’s the member for Houdini!

Ms MACKLIN—The member for Melbourne has stolen my line: this is the Houdini of the House of Representatives. One of his favourite tricks seems to be making numbers go astray. We know how much he loves numbers. They seem to be from time to time magically replaced by other numbers. This sleight of hand, we know, has been described by this minister as nothing short of misspeak. This misspeak is of course his equivalent of a get out of jail free card. In his land you can talk about anything you like and then just do a breathtaking backflip, so we expect to see quite a few of those over the next few months as the legislation gets debated. We saw one yesterday. It is really quite extraordinary.

This time it is not just any old figure that has disappeared. Where on earth is this legislation? It has been four months since it was originally announced in the last budget. The minister, we understand, does actually have his act together and I gather it is going to be introduced maybe tomorrow, maybe the next day—he still shrugs his shoulders. It will be extraordinary if he continues this incredible delay. You would have to say that it is the legislation that is now missing in action. The legislation is not here, we cannot have the debate about this extremely important issue and the minister himself seems to have gone missing on this very vital issue. You would think that, if you put out a major policy in the federal budget, you would be out there hammering it, selling it day after day, and you would be getting questions without notice here in the parliament. Have we had any questions without notice on universities? Not asked by that side. We have not heard anything about them from this minister.

Over the last few hours we have sought high and low to find out where the minister was in fact selling his university package. Maybe he knows the Prime Minister really means it when he calls him an outstanding minister and that this policy is not one to be spruiked, because it has so little support. We did hear him on the radio this morning, though, responding to the point that the member for Sydney raised in question time—that at least 1,350 HECS places will be cut from New South Wales universities because of this government’s university changes. The minister’s response to the member for Sydney was the same as on the radio—that the government was not making the universities cut places. In fact, the implication was that too many young people want to go to university. They cannot all fit in, so really we should just stop talking about it.

The minister does not seem to care about the heartbreak—and I have to tell him it is heartbreak and disappointment—that these university changes are going to mean for current year 10, 11 and 12 students. These students, especially the year 12 students who are applying for university courses right now, are going to find that the bar to get into university is just being set higher and higher. The government is forcing universities to cut back on HECS places over the next three years—the universities will tell you that. The university in my own electorate, La Trobe University, know that if they do not cut their overenrolled places they will be penalised. They are not being compensated in the next three years with the same number of places to make up for those cuts.

It is going to get harder and harder for young people to get a university place. The people from New South Wales who actually deal with university entrance have come clean about what this really means for current year 12 students. The New South Wales Universities Admissions Centre have described what is going to occur as ‘fierce competition’. More students will be applying
for fewer places. We also know that, in addition to the government cutting the number of places that are available, any student that might have deferred is going to try and make sure they take up their place next year to get in before this government’s changes take place and they have to pay 30 per cent more for a university education. This, of course, means that the cut-off scores for university entrance are going to skyrocket, and thousands upon thousands of students right around Australia are going to be turned away from courses that they are qualified to do.

Everyone on this side of the parliament hopes that this will not put people off applying to go to university. We know that so many people who want to go currently miss out, and I say to the minister that he should stop misleading the Australian public about what is going to happen over the next three years and how bad it is going to be next year, because it is going to leave a lot of people very disappointed. The minister’s only response, as we heard in here today and of course on the radio, seems to be that the only way to deal with overcrowding is to have fewer students. It is not the fact that young Australians want to get a university degree that actually threatens standards; it is the fact that, thanks to the Howard government—thanks to Dr Kemp and now to Dr Nelson—universities all around Australia have had $5 billion worth of funding cuts. That is why we have overcrowding in our universities. That is why quality is being threatened in our universities.

You could say, ‘The minister has not been answering questions in here, he has not been doing any radio; maybe he was on television.’ But the last time I found him on television was when Laurie Oakes politely called him ‘dishonest’ on national television.

Ms MACKLIN—I have not seen him on national television since then. On the radio, I am sorry to say that, except for this morning, he seems to have been missing in action, except for an extraordinary interview when he was caught out on Triple J on the classroom talkback program. The minister admitted to a young student that he would not have been able to pay $135,000 for his medical degree.

Dr Nelson—That is true.

Ms MACKLIN—He says that is true. He would not have been able to do that but he, this minister who could not have paid $135,000 for his medical degree, is going to make sure that 10 per cent of medical students in this country pay up to $150,000 for a medical degree. That is what this minister is doing. We know it is a fact. We know that that is what the University of Melbourne has said it will cost. We just seem to have a minister who is not prepared to go out there and spruik his policy, defend his policy and make sure that he gets some support for it. You might wonder why.

Ms Jackson—Indefensible.

Ms MACKLIN—that is exactly right. Why would you want to go out and talk about a 30 per cent increase in university fees? Why would you want to say to aspiring young medical students—

The DEPUTY SPEAKER (Hon. I.R. Causley)—The member for Jagajaga will address her comments through the chair.

Ms MACKLIN—’You will have to pay $150,000 for your degree’? Why would he get out there and say to school leavers who are desperate to get into university that the opportunities that they have to get a HECS place will be dramatically reduced because of his changes?

The one place that the minister does seem to still be found working is in the North
Shore Times, his own local paper. He has a regular column in it, and he writes about a whole range of different issues—the struggle for love, enlightenment and understanding and the romance habits of his pets. That is where inquiring eyes can find the only visible signs of the education minister taking positive steps to defend his university package. He penned a column just a month ago having a go at university students for daring to protest against the government’s changes. He certainly seems to have changed from when he was outside the parliament or on the back bench. Back then, he was much more youth friendly. In fact, he said in 1998 that there should be a decision-making process for young people so that they could make their views about their lives felt. Of course, that has all gone by the by.

We certainly know from this month’s column in the North Shore Times—this is a real beauty—that it is doctors’ remuneration that the minister has changed tack on. In the column this month he dismisses as inconsequential $43,000 for a medical degree in light of medical earnings. But let us just go back to when he was President of the AMA, back in 1993. Back then, he said:

... all this rhetoric I believed about rich doctors and all that sort of stuff was not true ... the only doctors who were making any money were those working a 90 hour week.

So what has changed? What has changed from 1993?

Mr Swan—He’s joined the Liberal Party; that’s what has changed.

The DEPUTY SPEAKER—The member for Jagajaga does not need any support from the member for Lilley.

Ms MACKLIN—Not only have we got a serial misleader in the Prime Minister but we also can see that the minister has completely changed his tune since he left the Labor Party, as the member for Lilley says. The minister is extraordinary in his number of backflips. The minister knows that it is not just students who are very concerned about having to pay massive increases in fees, having to pay full fees of $100,000 or even more. There has been a string of false starts and delays in introducing this legislation. The last false start was when David Kemp tried to introduce it.

The minister knows the reason he is having trouble getting all this together—and this is really being pinged by the research that was done for the University of Western Sydney on people living in Western Sydney. How would you like research like this? Nine out 10 people interviewed in Western Sydney oppose this government’s university plans. That is a pretty good effort. The survey also shows that over half the people surveyed say that the issue of university funding will influence their vote. So we can only hope that this minister continues along his merry way. I wonder if the minister has seen the details of this research and that is why we have not heard him anywhere, why we have not seen the legislation.

We know that this minister has massively misjudged this issue and got community sentiment totally wrong. People want their children to go to university; I do, the member for Lilley does. The minister wants his children to have the chance to go to university. But each and every parent knows that higher fees, $100,000 degrees and fewer places mean that it is going to be harder and harder to get a university degree in this country. If this legislation goes through, that will be the legacy of this minister, that will be the legacy of this government. That is why we will not be agreeing to $100,000 university degrees or any increases to HECS. (Time expired)

Dr NELSON (Bradfield—Minister for Education, Science and Training) (4.02 p.m.)—Firstly, for the benefit of the member
for Jagajaga and the member for Chisholm, $100,000 degrees are and were already available in Australian universities prior to the last federal election. This country’s future will not be helped in any way by 15-minute or, indeed, repeated personal attacks on me as the minister or on other members of the government.

Australian higher education will drive Australia’s economic and social development. What we do with Australian higher education policy over the next few months will play a very important role in determining what sort of standard of living will be delivered to the next generation. Over the last year the government has undertaken an extensive review of Australian universities. Whilst not accepting that there is any immediate crisis, if there is not acceptance in the Australian parliament for the reforms that are being put forward, it will, in the words of Professor Gerard Sutton, the Vice-Chancellor of the University of Wollongong, precipitate a genuine crisis in Australian higher education.

I will not focus on everything that the government is seeking to do in Australian universities, other than to say in a broad sense that the case for reform rests on two inescapable but unpalatable truths: the first is that Australian universities need access to more money—and a lot more of it in the long term; the second is that money is only half the problem. If the government were simply to put more public money into Australian higher education, we would arguably compound the problems that beset the sector; equally, if the government were simply to undertake reforms in governance, administration, regulation, accountability, reporting, industrial relations and the way we administer the sector, it would set the sector up for failure.

As Australians, we need to realise, as difficult as it is, that the only benchmarks that are going to count increasingly—whether in education, in universities or in anything else—are going to be international ones; whereas for many of us when we were growing up it was a question of where do you rate in the state of New South Wales or, perhaps, where do you rate in Australia? We need to understand increasingly that Monash University, University of Melbourne, UNSW, Sydney University, University of Queensland and University of Western Australia are not so much competing with one another as competing with the rest of the world. We can no longer continue the fantasy that says, for example, that Sydney University is exactly the same as Charles Sturt University, is exactly the same as the University of Ballarat or the University of the Sunshine Coast or Northern Territory University. They are all outstanding universities, but they are all different and they face quite different challenges. We cannot expect a culture of excellence if we fund and run every university in Australia in exactly the same way.

There are a number of things that the government is seeking to do. The number of HECS places will increase over the next five years; 25,000 overenrolled places will be fully funded, at a cost of $347 million. In addition, there will be 1,127 additional places in medicine, 574 extra places in regional nursing, 1,400 growth places in 2007, 745 priority places in nursing and in teaching. Also, the government is responding to the requests of every one of the vice-chancellors of Australia’s 38 publicly funded universities. They said that, if you want a vision of higher education for 2020 that sees Australian participation in higher education as being amongst the top five in the world, one of the things that is critically important is to allow universities themselves to set the HECS charge.
The government is increasing the number of HECS places; increasing funding to support the training of nurses and of teachers; providing additional specific funding for learning and teaching performance, for workplace reform, for collaboration and for structural innovation; and increasing the funding which goes to regional and rural universities. At the same time, the government is saying to universities that they themselves, for the first time, can set the HECS charge from a level of zero right through to a level which would be 30 per cent above the current level.

What that means in real terms is that the HECS charge for most courses in most universities will not change at all. In some universities charges will go up and in some courses, as I have already been advised by vice-chancellors, they may well go down—with every last dollar going to the university, not to the government. Every last dollar paid in HECS—up to a possible maximum of 30 per cent—will go to the university to improve the quality of education being provided to students.

I contrast that with not a word being said by the Australian Labor Party about 300 per cent increases in up-front fees in TAFE in New South Wales; the removal of the workers compensation exemption for trainees and apprentices in New South Wales—at a cost of $47 million, not to mention the hopes and dreams of young people wanting to do apprenticeships; the introduction of up-front full fee paying for degrees in Victorian TAFE, with no loans for those being provided by the Australian government, and certainly not by the Victorian government; $210 million in payroll tax relief for apprentices being removed by the Victorian government; and a 50 per cent increase in up-front charges for apprentices trying to get into TAFE in South Australia. Not a word has been said about those issues.

I will focus in particular on one aspect of this package. The Labor Party frequently says that no-one should get into university on any basis other than merit. For example, the Deputy Leader of the Opposition, the member for Jagajaga, said on 1 February 2002:

Dr Nelson must stop uni queue jumpers ... People who don’t make the grade shouldn’t get special treatment ...

On 4 June last year, the following statement appeared in a media release:

Access to universities must be on merit.

I noticed that, in the Sydney Morning Herald of 3 September this year, the member for Jagajaga said:

... thousands of school leavers will be turned away from courses that they are qualified to get into.

That in fact is not the case, but it is interesting that the member for Jagajaga says ‘from courses that they are qualified to get into’. The Labor Party’s proposal is to ban full fee paying places for Australian students in Australian universities. At the moment universities are able to enrol up to a quarter of the total enrolment as full fee paying Australian students—that is, a quarter of those places can be offered to Australians as full fee paying places. That means that, unlike a HECS place, the taxpayer is not paying for three-quarters of your education; you, the student, pay for every cent of it.

After five years of that policy, with 531,000 undergraduates in Australian universities, we have 9,700 full fee paying Australian students—that is, a quarter of those places can be offered to Australians as full fee paying places. That means that, unlike a HECS place, the taxpayer is not paying for three-quarters of your education; you, the student, pay for every cent of it.

After five years of that policy, with 531,000 undergraduates in Australian universities, we have 9,700 full fee paying Australian students. These are students who missed out on a HECS place in the course which they wanted to get into and for which, to use the member for Jagajaga’s own words, they were academically qualified. For example, students who achieved a university entrance score of 99.2 did not get into arts-law at the University of New South Wales but were offered a full fee paying place.
The Labor Party says that it welcomes foreign students coming to Australia. Apparently we can—and we should—welcome more than 140,000 foreign students from North America, Europe and Asia as full fee paying students to Australian universities. If a student got, for example, 98.7 last year in Victoria, they would not get into veterinary science at the University of Melbourne but would be offered a full fee paying place. Under Labor’s plans, the intention is to ban Australian citizens getting a full fee paying place in an Australian university.

We will be faced with a farcical situation should Labor come to power. Take, for argument’s sake, two brothers who live in Kuala Lumpur. One chooses to immigrate to Australia, becomes an Australian citizen, goes to Homebush Bay Boys High School in Sydney, achieves a tertiary entrance score of 99.2 and does not get into arts-law at the University of New South Wales. His brother, who stayed in Kuala Lumpur as a Malaysian citizen, could be offered a full fee paying place in an Australian university when that opportunity would be denied to the Australian citizen. Where is the logic in that? So, under Labor, 10,000 Australian citizens will immediately be shown the door—Get out of here; you’re not welcome. Under Labor, the only place you should get in an Australian university is one that is funded by the Australian taxpayer.

To take the argument of merit further, one in 15 students who got a HECS place in an Australian university this year did not get there on the basis of merit; they got there on the basis of money—a lack of money, because they were educated in difficult circumstances. These students include Aboriginal students, students from low-income families, students in schools in disadvantaged areas and students in, for example, the Fairway Scheme in the state of South Australia—students who did not get an entry score and got a place at university, at the expense of kids who did. Macquarie University will add five points to your university admissions index in the state of New South Wales before you even start your HSC if you happen to attend one of 58 schools in the area surrounding Macquarie University. So, if the Labor Party wants to push this idea of merit—and, for the record, I support the idea of students who have had a bloody tough education getting a bit of a leg up to get into university but, at the same time, I am strongly opposed—

Opposition members interjecting—

The DEPUTY SPEAKER (Hon. I.R. Causley)—Minister, I would ask you to withdraw the word.

Dr NELSON—I withdraw that word. What hypocrisy, from the people who profess to support that, to say to students who are offered a full fee paying place in an Australian university that there is no place for them while at the same time saying, ‘We welcome students from overseas.’ What about the students who go to TAFE? What about the 5,300 students who got into university this year without having done their year 12 exams because they went through TAFE and got recognition? Are they queuejumpers? Are they people who got there other than on merit? What about the students who went to any one of a number of private colleges or institutions who got into a HECS university funded place?

Mr Deputy Speaker, we are living in a world that is quite different from the one in which you and I grew up. One of the most rapidly growing areas of diplomatic, cultural and economic exchange is university education, yet Labor is proposing that Australian citizens be denied access to it in their own country. This government is proposing to expand the number of HECS places to provide more opportunities and to fully fund
those overenrolled places, but at the same
time to allow the universities to offer full fee
paying opportunities to Australian citizens—
no less than we offer to those from North
America, Beijing or Jakarta. At the same
time, and for the first time, this government
will offer those students a loan that they will
pay back only once they graduate and are
earning more than $30,000 a year. Unlike
HECS, 3.5 per cent will be charged in addi-
tion to the CPI indexation.

Given that I had to sit through 15 minutes
of personal attack, in the absence of policy, I
might point out to the opposition that, when I
was accepted and had the privilege of going
to university, there was no choice. If you
missed out on a fully funded place, the atti-
tude was ‘bad luck; go and do pharmacy or
something else’. This government is expand-
ing the number of medical school places and
it is saying to students who miss out on
medicine, ‘If you want to, you can take a full
fee paying place, just like 1,000 foreigners in
Australian universities, and, for the first
time, the government will lend you the
money so you don’t have to deny taking up
the opportunity simply because you don’t
have the resources.’ This is rank hypocrisy
from the opposition and it is misleading the
Australian public.

Mr Swan interjecting—

The DEPUTY SPEAKER—Member for
Lilley, just because you have your back to
me it does not mean that I cannot hear the
interjection.

Ms GRIERSON (Newcastle) (4.17
p.m.)—I am surprised to be able to say that
the minister and I do agree on something:
education is in crisis and it is vital that we fix
the mess that his government has created, but
it certainly will not be fixed his way. Aus-
tralia’s future prosperity does depend on the
skills, knowledge and talents of our young
people, but every year under this government
tens of thousands of students are dropping
out of school and are denied the opportunity
for high-level training or are being locked
out of TAFE and university because of in-
adequate federal funding. This is all because
this user-pays government is determined to
push the wealthy to the front of the education
queue, taking the places of more talented and
deserving students who just cannot afford the
cost of tertiary education, let alone the new
luxury model $100,000 degrees that are pro-
posed by this government for the future. Un-
der the two-tier approach this government is
enslaved to, average Australians are missing
out and will continue to miss out.

What does that crisis mean in regions,
where education is often the lifeblood that
sustains local economies and fuels its skill
and technology growth? I refer to the Forsyth
report into the economic impact of the Uni-
versity of Newcastle on the Lower Hunter
and Central Coast regions. According to the
report, the University of Newcastle contrib-
utes some $639 million in gross output to the
regions. The report concludes that the uni-
versity has a substantial impact on the re-
gional economy, including evidence of in-
creased educational attainment in both the
Central Coast and the Lower Hunter. Let us
put that in context. In my region, youth un-
employment is currently 28.1 per cent; the
unemployment rate remains at least three per
cent above the national average; and, for the
long-term unemployed over 45, there is zero
growth in jobs—a flat line on the graph of
hope. Regions can be sustained only through
careful consideration of training and educa-
tion.

The minister claims that the opposition
has no interest in the word ‘apprenticeships’
or the word ‘TAFE’—rubbish. Apparently,
when he put up the latest legislation on voca-
tional education, only seven from his side
were even interested in speaking on it, al-
though I saw 16 of my colleagues from the
opposition adding their voices. Under that legislation and under this government, we have seen no growth in funding for TAFEs or for apprenticeships. We also know that is the case even though skill shortages are seriously impacting on industry and business. Our TAFEs and locally based group training companies in regions like Newcastle continue to juggle skill and training needs against the ever decreasing TAFE budgets.

The minister also bleats about New South Wales raising fees in TAFE. I think the people of New South Wales are not very happy about that, but they know that this government has been bleeding dry our education system and our health system and that the states can no longer keep bailing this government out from the responsibilities that it repeatedly shirks. Unfortunately, the lack of funding growth is affecting apprenticeships and job creation in all regions around the country, but this government does not really believe in fairness or equal opportunity.

So what is happening in our universities? How have regional universities fared under this government? In spite of ever increasing student demand, funding levels have not significantly increased since 1995, generating a $1.7 billion deficit in my university in actual expenditure in that time. Whilst a few of the large sandstone universities may have operating surpluses, regional universities deal constantly with continuing deficits. Since the Howard government came to power, student fees and charges now make up 37 per cent of university incomes—up from 25 per cent in 1996. So Australian families are already paying 12 per cent more of university budgets straight from their pockets—another hidden tax burden—and now they will be asked to pay even more again. In fact, the contribution that Australian students and their families make to the cost of higher education is among the highest in the developed world.

After the Howard-Nelson package is introduced, that burden will continue to rise.

Australia is actually defying international trends by pushing more of the cost of going to university onto students and their families, but this is a user-pays government and the user just pays and continues to pay. Under the Howard government the number of students per staff member has increased by over 27 per cent. In fact, all New South Wales universities have experienced at least a 20 per cent increase, with two-thirds of Australian universities experiencing at least a 25 per cent increase, while some face an increase as high as 80 per cent. That means overcrowded lecture theatres, lack of direct teacher contact, compromised pedagogy and overstretched staff.

In the past, regional universities did get assistance to level the playing field, in the form of special funding. These universities will note that Minister Nelson yesterday restored some regional funding to the University of Wollongong because he was wrong. It seems he has now dropped the regional funding criteria he used before—distance from a capital city and population size—because Wollongong, which is much closer to Sydney than Newcastle is, will be eligible for regional funding but Newcastle will not. The goalposts keep changing—we never quite know where they are or why they are there, but it means that the University of Newcastle is going to miss out again.

He has said that new factors will be considered, such as the higher expenses attaching to isolation and the subsequent lower ability to attract fee-paying students. I am not sure what isolation factors the University of Wollongong experiences but I ask the minister to have a look at the ability of Newcastle students to pay fees. The median individual income in Newcastle is $306 a week, which makes Newcastle the 24th lowest
ranked electorate in the country, according to the 2001 census data. As for isolation, our university draws its students from a vast geographical area stretching from Newcastle to the North Coast, south to the Central Coast and west beyond the Great Dividing Range. Apparently that is an advantage because it is a large population base, yet those students have to live away from home and they require additional support and resources. But, no, there is no regional funding.

The University of Newcastle has almost 300 Indigenous students enrolled through its centre for Indigenous education. These students come from all over the state and are provided with specific mentoring and cultural support programs just to overcome their isolation. Apparently the minister is ignorant of that as well. He admits he got it wrong for Wollongong; I would now like him to justify to my electorate how he got it wrong for us, or why he thinks he has got it right for us. Unfortunately for all regional universities in Australia, we know that this government’s decisions are not based on fairness, on need or on gaining the best outcomes for young people but instead are based on some ministerial whim.

Minister Nelson, the famous education freeloader who gained his degree through the public purse, can now decide who gets a university education and who does not. The thick but rich are looking fine, but the clever kids from average Australia will miss out. That is not good enough. The minister also claims that our universities are on a collision course with mediocrity. Fortunately my university is not. I point out to the minister that Newcastle researchers are currently working on a project that uses pearl oysters to clean polluted waterways. I point out that Graham Goodwin from the university’s School of Electrical Engineering and Computer Science has been elected to the Swedish Royal Academy of Science, the institution that selects Nobel Prize winners. I also note that University of Newcastle academic Professor John O’Connor, from the Faculty of Science and Information Technology, has now joined the Prime Minister’s elite Science, Engineering and Innovation Council. We do not do mediocrity, but we have continued to experience hardship under this government.

What does the future now look like for our final year secondary school students facing their exams across the country? Unfortunately it does not look good. These students will take the full brunt of the Nelson higher education budget bungle. There will not be sufficient places for them if this current package passes the Senate. Gaining enrolment in a university next year is vital if these students are to escape the 30 per cent fee increase and the time limits—on HECS places—for degree completion that will commence in 2005. The University of Newcastle is facing a possible cut of 200 places; Macquarie University may, I think, lose 900 places; the University of Sydney, 500 places; the University of Wollongong, 200 places; and the Australian Catholic University, up to 200 places. That is thousands of places in New South Wales and that does not give any comfort to the students who are facing their HSC exams.

Instead, let us have a government that is committed to creating a world leading system of lifelong learning for all Australians. Labor’s Aim Higher policy will give more Australians the education and skills they need for a good job and a bright future. Our policy will provide full fee funding and it will reform universities. It will reform them by a commitment to excellence and by rewarding excellence in teaching and learning, it will give certainty in funding, it will foster equity for Indigenous and disadvantaged students and it will restore the national quality and accountability standards that we
would expect. In this country, wealth comes from individual effort and work. Work and wealth today depend on skills, training and education. Only a Labor government will restore the quality that we anticipate and provide the opportunity for more Australians to get the training and education they need so that they can gain a decent job. This government has to be replaced, so I call on Australian students and their parents to give this government the flick. (Time expired)

Mrs HULL (Riverina) (4.27 p.m.)—Minister Nelson, this is a bit of deja vu. It never ceases to amaze me: we are back in the same place having the same debate that we had just a few weeks ago. It is a bit like a tag team.

Mr Zahra interjecting—

The DEPUTY SPEAKER (Hon. I.R. Causley)—The member for McMillan is in a delicate position. As he knows, he has already been named in question time.

Mrs HULL—I understand that the member for Newcastle asked what the package means for regions. I will tell you what it means. Under the Carr Labor government in New South Wales it means that you close down the Murrumbidgee Agricultural College; it means that you put 34 people out of work in a rural community that is going through its worst drought and has had its water allocations cut by the New South Wales government; and it means that you move all the students up north, midway through their course, and they have to be uprooted and leave their homes and families. That is what it means when a Labor government confronts a rural and regional area.

Until the Vocational Education and Training Funding Amendment Bill 2003 came to this House, the opposition spokespeople, Macklin and Albanese, had each bothered to ask the Minister for Education, Science and Training only one question on any training issue.

The DEPUTY SPEAKER—The member for Riverina will refer to members by the name of their seat.

Mrs HULL—The Leader of the Opposition has, in essence, never raised the matter of training at all. We all know that apprenticeships and training have never figured prominently in the opposition’s policy. In fact, they do not figure at all. Under Labor policies for TAFE, unmet demand blew out to more than 60,000 people in 1995. In addition, youth unemployment was running at around 34 per cent. The mere fact that the New South Wales government has increased fees by 300 per cent in this year’s budget, as Minister Nelson has indicated, clearly shows Labor’s philosophy that anyone who wants to follow a career path into a skilled trade does not deserve support and that they and the many small businesses that apprentices are training for should pay the very highest price under a Labor government.

In Labor’s continued pursuance of its ‘spaghetti and meatballs’ Knowledge Nation policy, it has completely disregarded the rights and aspirations of hundreds of thousands of young Australians who want to enter a world other than a university world—a world that they can be proud of, a world where they can become a qualified and certified tradesman or tradeswoman and feel proud that they have done so. Under Labor, you do not feel proud if you are merely an apprentice, an unskilled tradesman or a person doing a traineeship. Labor makes such people feel that their chosen career is of such insignificance that they do not warrant representation, they do not warrant people speaking in the House on their behalf and they do not warrant any thought or regard or respect—and the member for Jagajaga speaks of unfair priorities!
But that is typical of Labor’s attitude to small business—give it nothing, take it nowhere; in fact, just slug it a little more. That is what Labor does in the states, pushing up workers compensation premiums in New South Wales by around $47 million a year. In Victoria it is the $210 million a year in payroll tax. This is what small business has in front of it if Labor ever comes to power in this House. Don’t I know what it is like to run a small business under a Labor government! No, sirree; I never want to go back there again.

The only interest the opposition has in equity in education is that the Australian taxpayer should pick up all of the costs for doctors, lawyers and vets to study for their degrees at university and then go out and earn perhaps many hundreds of thousands of dollars each year after their graduation. Meanwhile, the current 391,000 new apprentices have their TAFE fees increased by up to 300 per cent. It does not rate a mention by the federal opposition that these people will earn only low wages for many years, and perhaps for the rest of their lives, after completing their hard-earned apprenticeships, certificates or traineeships, and will never have the opportunity of earning the same amount of money that skilled university professionals might be able to earn—and good luck to them.

The difference is: under the Labor Party they will have to pay. These people get no reprieve, no consideration. They get no thought. That is obscene. These actions do not reflect even unfair policies; these actions reflect a disgrace and a lack of equity for all Australians to be able to achieve and hold a position that they can feel proud of, whether it is with a university education, a TAFE education, an apprenticeship or a traineeship. This is a disgraceful discrimination that the Labor opposition should not be allowed to get away with.

I ask the member for Jagajaga: what action has she taken to get Premier Carr to reverse the shameful increase in TAFE fees that the member for Newcastle indicated New South Wales people were not happy about? Exactly what action has the member for Jagajaga taken in order to have that reversed? What approach has she made to Premier Bob Carr in order that he reverse the decision to increase those TAFE fees? What action has the member for Jagajaga taken to ensure that the New South Wales minister for education, Dr Refshauge, does not impose his eight super zones on country people, taking away their opportunity for effective hands-on programs? What action has the member for Jagajaga taken against Lindsay Tanner and her other Labor colleagues who support and who would like to impose a HECS system on TAFE students on top of state Labor’s 300 per cent fee increases? What action has she taken to ensure that Minister Ian Macdonald of the New South Wales state government, Dr Refshauge and Premier Bob Carr do not close down the Murrumbidgee College of Agriculture, putting 34 people out of work and putting those students up north out of a course part-way through their training? I think it is appalling. What action has the member for Jagajaga taken to give equity in education, to give country people the opportunity to balance the ‘unfair priorities in higher education’, as she has put it in her MPI here today?

Higher education is not just one way. Higher education is a whole host of education offers that the opposition do not seem to understand. Recently I spoke on the Higher Education Legislation Amendment Bill 2003 and the Vocational Education and Training Funding Amendment Bill 2003, and I have been able to draw on the inadequacies of the Labor opposition policies and actions in each speech. It is certainly not hard to be able to do this, as there is a generally inadequate,
complacent and lazy policy attitude in all that the opposition put forward on education. They have taken their seven years in opposition as an opportunity to just laze around—pulling leadership challenges and generally undermining each other—and not as a time to initiate new policy directions for and on behalf of the Australian people.

This MPI is not about unfair priorities. They never are. This debate is not about equity. Its only concern is to ensure that it makes hay while the sun shines on university issues, and it never considers the rest of the Australian people and the right that they have to gain an apprenticeship or a traineeship if they choose not to go to a university—the right they have to the opportunity to be employed.

We hear a lot about HECS recipients and about $100,000 degrees but not one word about the cost to the employers and to the people who want to undertake anything but a university degree and who want to get themselves involved in a trade or a traineeship. We hear not one word about the inequities and the injustices that come out of the state Labor governments. HECS recipients do not have to begin to repay their debt until their wages are above $30,000. Some of these young men and women who are in TAFE New Apprenticeships will take many years before they reach an income of $30,000, yet they are continually slugged with higher and higher costs in order to attend TAFE through the small business that they do an apprenticeship under.

What will happen? They will pay up front for their opportunity to get a job. But nobody cares. Nobody wants to raise that issue. Nobody in the opposition wants to even discuss the paltry means of somebody who might dare to have the pride to go out and get an apprenticeship and start their own business and become a small business person—a self-employed operator with absolute pride, able to employ other people. You would not understand. You never understand. That is the difference. This government and this minister are about providing equity of education and equity of opportunity. (Time expired)

Mr WINDSOR (New England) (4.37 p.m.)—I wish to speak briefly on the matter of public importance before the House. I endorse some of the comments made by the member for Riverina, particularly in relation to the situation at the moment concerning TAFE students and the New South Wales government. I think there is a real need for the New South Wales state government to examine some of the things they are doing in relation to TAFE students. Obviously they are a very important part of our education system and should be considered as such, as should our regional universities. I am very pleased that the Minister for Education, Science and Training is here, and I will not delay him terribly long. I am pleased that a Senate committee is going to be in Armidale next week not only to consider some of the issues confronting regional universities in particular but also to look at the overall plan that the government has in mind for the higher education system. I am hoping to address the Senate committee next Wednesday.

But I say to the minister that there are still some concerns, particularly those expressed by the regional universities—and I think some of those concerns are shared by the University of Western Sydney—over the calculation of the regional loading. The fundamental flaw in the regional loading seems to be that it is based on the number of internal students at an institution. It excludes external students studying through a regional campus. One of the peculiarities of the University of New England is that 74 per cent of the students studying there are external stu-
dents, thus the university is penalised to a certain degree by the regional loading that was put in place to compensate for some of the changes that were going to occur but which has inadvertently harmed some of the country based universities.

The other thing about the University of New England that I do not think the government is fully considering—and, to my knowledge, the University of Ballarat suffers from a similar problem—is that a lot of the language within the minister’s briefing notes, which I believe will flow through into the legislation, talks about regional campuses. The University of New England and the University of Ballarat are not regional campuses. They are not part of other greater structures, they are integral universities in their own right and as such they will not benefit from some of the economies of size that some of the other universities campuses will have. The government really needs to revisit the language it is using because the country based universities do not necessarily have the advantages that, say, the university based at Orange has, being based off the University of Sydney. There are certain cost and administrative savings that do not seem to be reflected in the way in which the formulas have been put together.

The University of New England, for example, was told by the government that there was a need for reform and that it would be better off—and I do not think anybody disagrees with that, as there is a need for reform. One of the things we were told for over 12 months was that through the reform process all universities would be better off in a financial sense and they would be able to plan better into the future. But, unless some arrangement has been agreed to in recent days, the University of New England, as I understand it, is going to be $1.8 million worse off than it was before. That will be one of the issues that I will be raising in the Senate committee hearings next week.

I know that the package that the minister has put out includes a transitional fund—I think it is $12 million or $15 million—and that more and more people are trying to take a piece of that transitional fund, but it indicates to me that there is a basic flaw in the system when you need a transitional fund to step through the first couple of years. Unless that fund or the recurrent funding arrangements are dramatically increased, you are going to see universities that were supposed to be better off under the reform process starting from a weaker position than they were previously in and, in some cases, being compensated by this transitional fund to get them through those first few years before they then start to slip back once again.

There are other issues that I will raise next week but I will not hold the minister in the House any longer. The student union issue is of some concern, not only in terms of membership—and maybe there are some compromise arrangements that could be reached on this particular issue—but also in terms of the services and the jobs that are delivered to students through the union. I know that in Armidale, for instance, there has been an enormously successful student union business activity that has branched out into many activities in the community and employs in those jobs well in excess of 100 people, most of them being university students. I thank the House for the opportunity to raise these issues and I ask the minister to particularly look at the way in which the regional loading is calculated and at the external student component of that calculation and how that impacts particularly on country universities that have a high external enrolment, such as the University of New England. That university, for one, can be very proud of the way it has delivered external studies to many thousands of students over many years.
CHAMBER

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

BILLS REFERRED TO MAIN COMMITTEE

Mr Lloyd (Robertson) (4.44 p.m.)—by leave—I move:

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

- Taxation Laws Amendment Bill (No. 8) 2003
- Crimes (Overseas) Amendment Bill 2003
- Statistics Legislation Amendment Bill 2003

Question agreed to.

MAIN COMMITTEE

Foreign Affairs, Defence and Trade Committee

Reference

Mr Lloyd (Robertson) (4.44 p.m.)—I move:

That the following order of the day, committee and delegation reports, be referred to the Main Committee for debate:

- Foreign Affairs, Defence and Trade—Joint Standing Committee—Report on inquiry into expanding Australia's trade and investment relationship with the countries of Central Europe—Motion to take note of paper: Resumption of debate.

Question agreed to.

TAXATION LAWS AMENDMENT BILL (No. 3) 2003

Consideration of Senate Message

Bill returned from the Senate with amendments.

Ordered that the amendments be considered at the next sitting.

WORKPLACE RELATIONS AMENDMENT (FAIR TERMINATION) BILL 2002

Consideration of Senate Message

Message received from the Senate acquainting the House that the Senate has considered message No. 362 relating to the Bill and does not insist on its amendments Nos 1 and 5 disagreed to by the House; insists on its amendments Nos 2, 3 and 4 disagreed to by the House; and has made further amendments to the Bill. The Senate desires the reconsideration of the Bill by the House in respect of amendments Nos 2, 3 and 4 and requests the concurrence of the House in the further amendments made by the Senate.

Ordered that the amendments be considered forthwith.

Senate’s amendments—

(2) Schedule 1, item 1, page 3 (line 9), omit “Subdivisions B, C, D, E and F”, substitute “Subdivisions B, D, E and F and sections 170CL and 170CM”.

(3) Schedule 1, item 1, page 3 (line 11), omit “Subdivisions B, C, D, E and F”, substitute “Subdivisions B, D, E and F and sections 170CL and 170CM”.

(4) Schedule 1, item 1, page 4 (lines 21 and 22), omit “Subdivision B, C, D or E”, substitute “Subdivision B, D or E or section 170CL or 170CM”.

Senate’s further amendments—

(1) Schedule 1, item 1, page 4 (line 25), omit “the employee”, substitute “subject to subsection (3A)—the employee”.

(2) Schedule 1, item 1, page 4 (after line 31), after subsection (3), insert:

(3A) If:

(a) a casual employee was engaged by a particular employer on a regular and systematic basis for a sequence of periods during a period (the first period of employment) of less than 12 months; and

(b) at the end of the first period of employment, the casual employee ceased, on the employer’s initiative, to be so engaged by the employer; and

(c) the employer subsequently again engages the employee on a regular
and systematic basis for a further sequence of periods during a period (the second period of employment) that starts not more than 3 months after the end of the first period of employment; and

(d) the total length of the first period of employment and the second period of employment is at least 12 months;

paragraph (3)(a) is taken to be satisfied in relation to the employment of the employee.

Mr ABBOTT (Warringah—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (4.46 p.m.)—I move:

That amendments Nos 2, 3 and 4 insisted on by the Senate and the further amendments made by the Senate to the Bill be agreed to.

The Workplace Relations Amendment (Fair Termination) Bill 2002 as amended by the Senate constitutes a modest but significant change in the direction of a more rational and reasonable unfair dismissal regime for Australian casual workers. This bill restores the law as it operated for several years before the Hamzy case in the Federal Court disturbed our understanding of what the law was. As a result of the bill as amended by the Senate, casual employees will not be able to access unfair dismissal remedies unless they have been in regular and systematic employment for 12 months, with a reasonable expectation of continuing employment. However, the bill as amended by the Senate does significantly improve the situation of casual workers. Casual workers under this bill will have access from day one to unlawful termination, as opposed to unfair dismissal remedies. The bill as amended by the Senate will prevent businesspeople from avoiding the operation of the unfair dismissal provisions in respect of casual workers by ceasing to employ them and then re-engaging them prior to the 12-month qualifying period.

I would like to thank the Australian Democrats for giving the government a fair hearing on this bill. The Australian Democrats, as is well known, do not share all the government’s objectives in relation to workplace relations but they are usually prepared to give us a fair hearing. I think this bill as amended by the Senate is a constructive compromise and deserves to be supported by the House.

Having sorted out this long-running problem created by the Hamzy case, we can now move forward and further improve the operation of Australia’s unfair dismissal laws by extending the federal unfair dismissal regime from about 50 per cent of the workforce, as at present, to about 85 per cent of the workforce through the cover the field provisions in the termination of employment bill, which will shortly come before the parliament again. I believe the Democrats ought to be happy to accept for more Australians an unfair dismissal regime that they have been instrumental in putting in place for those currently covered by the federal unfair dismissal regime. This is good legislation and should be supported by the House.

Dr EMERSON (Rankin) (4.50 p.m.)—The Workplace Relations Amendment (Fair Termination) Bill 2002 is yet another of the minister’s ‘dirty dozen’ bills. It is another bill that weakens the protections available to working Australians. So what is this legislation all about? It moves an exemption for casual employees from unfair dismissal laws from the workplace relations regulations and into the Workplace Relations Act. The minister already has a regulation that says that casual employees have no protection from unfair dismissal laws for their first 12 months. This bill changes the act to put it into the act itself, rather than into the regula-
tions. I know the minister has just confirmed this and is anxious about the regulations, given that an earlier version of them was found to be invalid by the Federal Court in the Hamzy case in November 2001. Importantly, the Hamzy case also found that the Howard government’s constant tirades about unfair dismissal laws holding back employment growth were completely unfounded.

Just today and yesterday in the parliament, the Minister for Small Business and Tourism repeated the complete fallacy that the passage of another bill, a related bill—that is, that all small businesses with fewer than 20 employees be exempt from unfair dismissals—would create 50,000 jobs. It is interesting to relay the origin of this great estimate. Rob Bastian, head of the small business association COSBOA, received a phone call one day from a journalist who said, ‘What do you think might happen if this particular legislation goes through; what will be the impact on jobs?’ Rob Bastian said, ‘Well, I don’t know; maybe 50,000.’ At that point Rob was running a one-person show. That is the government’s total scientific endeavour in this area. Rob Bastian made up the number of 50,000 and the government has repeated it time and again, hoping that, the more often it says it, the truer it will be. There is absolutely no basis for it, as was found by the Federal Court. After listening to the government’s case—the court found:

... it seems to us the suggestion of a relationship between unfair dismissal laws and employment inhibition is unproven ... Whether the possibility of encountering an unlawful dismissal claim makes any practical difference to employers’ decisions about expanding their labour force is entirely a matter of speculation.

Indeed, it is. It was speculation from Rob Bastian which was then repeated here today by the minister for small business, as if some science or some sort of econometric analysis were behind it. There is not, and the court found accordingly. We all know that the government has spared no expense in getting together its so-called evidence to try to convince the court that unemployment would rise substantially if these regulations were found to be invalid—and all this effort was, after all, unpersuasive. But the Howard government does not care about the finding. It continues to bang on about unfair dismissal laws costing jobs. It does that despite having been told, on the basis of the best evidence, that its claim is spurious and wrong.

This bill is rather unusual for this minister in that it has made it through the Senate, even though it is coming back in an amended form resulting from amendments proposed by the Democrats and supported with considerable reluctance by the government. What is in the final package? We are dealing with a bill that entrenches in legislation a situation where casual employees can be dismissed unfairly at any time in their first 12 months of employment. Labor opposes it on principle. Why should a casual employee who has been employed for up to 12 months, whereby the employer has had a good look at them, not be able to access remedies if they are dismissed unfairly? It is a very unfair bill. But bills with Orwellian titles such as the ‘fair termination bill’ have become commonplace.

The Democrats’ amendments make two changes. The first is to protect casuals from unlawful termination from the very first day they are employed, and of course Labor supports this amendment. It ensures that unlawful behaviour such as dismissal for reasons of gender, race or union activity is not tolerated at any stage. But I have to say that it is a bit of a hollow victory. Very few casual employees have the resources at their disposal to bring such actions. These provisions are rarely used on their own, as they have to be enforced in the courts and, as such, are very
expensive and time consuming. Nevertheless, the principle is sound and Labor will support this amendment. *(Extension of time granted)*

The other change passed in the Senate allows successive periods of casual employment not more than three months apart to be added together to amount to the 12-month qualifying period. Labor opposes this amendment for the same reason that it opposes the 12-month exclusion. We do not care how you slice it, dice it or add it up to get to 12 months; 12 months is just too long for an employee to be without any protection whatsoever from being dismissed unfairly. Labor has consistently held the view that legal protection should be provided from unfair dismissal to casual employees engaged on a regular and systemic basis for a period of at least six months. Being engaged on a regular and systemic basis, even if it is called ‘casual employment’, effectively means that the nature of engagement of these employees is very similar to that of part-time or full-time employees, so they should not have substantially different rights. They are, in effect, part-time employees or similar to full-time employees because of the nature of that employment—regular and systemic.

Labor argues that a six-month period for such casuals who, for all intents and purposes, are part-time workers is more than adequate time for an employer to have a look at that employee and make a judgment about them. If after that period of six months such employees are dismissed unfairly, we believe that they should be able to access remedies for unfair dismissal. The situation now is that all they will be able to access is a remedy for unlawful dismissal—hardly a streamlined process, which is what the unfair dismissal regime is meant to be. It will mean that, if employees do seek remedies under the unlawful provisions, it will be more expensive, more protracted and, therefore, more costly to small business. We hear time and again that the government is the friend of small business, but it is actually herding employees into a situation where, having been denied the remedy of the unfair dismissal regime, they will have to seek alternative remedies—those alternative remedies being more costly and more protracted.

If the government truly were the friend of small business, it would have cooperated with Labor in working out whether there was any scope for further streamlining the unfair dismissal regime rather than exempting businesses and employees from the unfair dismissal regime. The minister would not be very encouraged by this particular legislation passing through the Senate. After all, we know as a result of the pursuit of this issue—as the minister for small business says—18 times in the parliament that the government’s true desire is to ensure that all small businesses with up to 20 employees are able to summarily sack their workers without giving any warnings and without giving any warnings, with those employees therefore having no remedies whatsoever and no recourse. What is fair about that?

George Orwell would be proud of this government because it consistently calls these bills ‘fair termination’ bills and ‘fair dismissal’ bills when they are unfair. This is some cute trick in that the government thinks that, if it says it long enough and often enough, it will become true. The member for Griffith is here. He is fully aware of the capacity of this government to say something long enough and often enough, hoping that eventually the Australian people will believe it. That is the government’s tactic. It has been its tactic in relation to the so-called fair termination bill and the fair dismissal bills. It is unfortunate that the bill before us today ignores the realities of the workplace. It ignores the sense of a fair go and leaves casual employees out in the cold for a full 12
months. For that reason, Labor opposes the provisions in the bill that have this effect. In fact, we oppose this bill, as amended by the Senate, in its entirety.

Mr BRENDAN O’CONNOR (Burke) (5.00 p.m.)—I would like to make a few comments on the Workplace Relations Amendment (Fair Termination) Bill 2002. The government has it wrong in relation to this matter. It has it wrong because it does not seem to understand how important job security is to Australian workers. Any survey of Australian workers that has been conducted in the last 10 years has found one thing—that the most important matter for them in their workplace is having some certainty as to whether they will remain in that workplace. That need for job security is of course related to the need to pay the permanent bills and the long-term mortgage—those matters that ensure the quality of life that Australian families deserve. That can only happen if they have some certainty in the workplace. The government’s position on this whittles away at the job security that Australian workers aspire to. We already know there has been an increase in casualisation in the workforce. There was some good news—and I am happy to admit it—about an increase in full-time jobs, and that should be acknowledged. But, in regulating workplace laws, the government should be helping and assisting families to provide certainty.

There is no reason why a worker who has worked in a workplace for 11 months and 29 days should not be able to seek recourse if he or she is unfairly terminated. The other practicality of this is that some employers—not all—will find themselves in a position to be able to terminate an employee short of 12 months so that they do not have to make them permanent, and there is no recourse for that employee. So in the work force today we see employers trying to broaden the interpretation of casual, which has to be constantly reviewed because there are people who are being called casual who are not casual, and we now see the government looking to lengthen the time a person would have to wait to get recourse to their rights if they are unfairly terminated. It reveals the lack of regard that this government has for Australian workers. The most productive element of our society is our work force, and the workers are being treated with contempt by this minister and this government when they do not recognise that workers have a right to certainty in the workplace. So I, along with the shadow minister and, I know, all members on this side, oppose the amendment to lengthen the lack of security in the workplace for Australian workers from six to 12 months. I therefore oppose the bill.

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

The House divided. [5.07 p.m.]
(The Deputy Speaker—Mr Jenkins)

| Ayes | 78 |
| Noes | 58 |
| Majority | 20 |

AYES
Abbott, A.J.  Anderson, J.D.
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.
Downer, A.J.G.  Draper, P.
Dutton, P.C.  Elson, K.S.
Entsch, W.G.  Farmer, P.F.
Forrest, J.A.  *  Gallus, C.A.
Gambaro, T.  Gash, J. *
Georgiou, P.  Haase, B.W.
Hardgrave, G.D.  Hartsuyker, L.
Hawker, D.P.M.  Hockey, J.B.
Hull, K.E.  Hunt, G.A.
Johnson, M.A.  Jull, D.F.
The following bills were returned from the Senate without amendment or request:

ACIS Administration Amendment Bill 2003

Customs Tariff Amendment (ACIS) Bill 2003

INTERNATIONAL TAX AGREEMENTS AMENDMENT BILL 2003

Second Reading

Debate resumed from 11 September, on motion by Mr Costello:

That this bill be now read a second time.

Mr COX (Kingston) (5.12 p.m.)—The International Tax Agreements Amendment Bill 2003 is intended to give the force of law to two new double tax agreements: one between Australia and Mexico and the other between Australia and the United Kingdom. The UK treaty was tabled on 9 September and should, under the arrangements introduced with much fanfare by the Howard government in 1996, remain on the table for at least 15 sitting days of both houses—until 3 November—while the treaties committee examines whether it is in the national interest. It is worth recalling precisely what the foreign minister had to say on 2 May 1996, when he announced reform of the treaty-making process:

It gives me particular pleasure that my first statement to this House as Minister for Foreign Affairs should be to inform the parliament of the government’s action to reform the treaty-making process. This reform is long overdue, and the actions taken and proposals to be submitted to the parliament are intended to implement the policy commitments announced by the coalition during the election campaign.

The changes will provide proper and effective procedures enabling parliament to scrutinise intended treaty action. Importantly, they will also overcome what this government considers to have been a democratic deficit in the way treaty-
making has been carried out in the past. The measures will ensure that state and territory governments are effectively involved in the treaty-making process through the establishment of a Treaties Council. They will also ensure that every Australian individual and interest group with a concern about treaty issues has the opportunity to make that concern known. Consultation will be the key word, and the government will not act to ratify a treaty unless it is able to assure itself that the treaty action proposed is supported by national interest considerations.

In considering policy options, the government has taken careful account of national and international considerations. Among the latter, it is vital to note that trade flows, environmental concerns, human rights, to name only a few of an increasing array of such issues, can only be effectively managed and handled through international agreement. This means that treaties, the fundamental instruments of international law, are an increasingly important component of contemporary international relations and of Australia’s own legal development. Accordingly, the treaty-making system must be reformed and updated so as to reflect this growing importance and influence on our domestic system in a way which will provide greater accountability to the treaty-making process.

This, for Australia, means that we must have an efficient domestic methodology for assessing the way proposed treaties meet our own national concerns. Parliament should be in a position to examine the considerations which are weighed by the government when it determines the need for Australia to take binding treaty action.

On the processes, he said,

Treaties will be tabled in parliament at least 15 sitting days before the government takes binding action. This means that treaties will be tabled after the treaty has been signed for Australia, but before action is taken which would bind Australia under international law—

and—

Treaties will be tabled in the parliament with a national interest analysis. This will facilitate parliamentary and community scrutiny of treaties, and demonstrate the reasons for the government’s decision that Australia should enter into legally binding obligations under the treaty. The analysis will be designed to meet the need identified both by the Senate committee and the states and territories in 1995, namely that no treaty should be ratified without an analysis of the impact the treaty would have on Australia.

In concluding he said:

I am proud to say that the reforms give Australians unparalleled access to the work of governments in the making of new international laws. I firmly believe that the impact of international laws in the domestic context make it imperative that we continue to improve that transparency and recognise the fundamental right of people to scrutinise the way international law is made. The government foreshadowed these reforms in both its foreign policy and law and justice policy statements.

It is a measure of this government’s growing arrogance that it feels free in relation to this bill to break its election promise and flout the procedures that are the essence of the government’s 1996 reforms. Only when the treaties committee has reported should the government be attempting to ratify these agreements. However, we find that, only two sitting days after tabling, we had a bill in the House for ratification and a government proceeding with haste to bring on the debate. I cannot say that this is without precedent because it has too frequently been the case that, when the government has found it expedient or has believed a treaty would be either controversial or useful for some political purpose, it has attempted to shortcut what is already a very short treaties committee process.

In the last parliament, my friend the former member for Wentworth, Andrew Thomson, was chair of the treaties committee. I can well remember his incredulity and exasperation when the Minister for Foreign Affairs and, if I recall correctly, the Attorney-General attempted to pre-empt his committee on extremely sensitive treaty matters—
which, from memory, concerned the International Criminal Court. I suspect that the former Member for Wentworth’s lack of easy cooperation with the government’s desire for expedition on some politically sensitive matters might have been influential in terms of the amount of support he got in his preselection from very senior members of his party. Ah, well—Mr Thomson, his diligence and his conscience are no longer here to bother them. The member for Curtin now chairs the treaties committee; perhaps she will stand up for full and proper process too. To assist her, I will now move the second reading amendment standing in my name. I move:

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

“whilst not declining to give the Bill a second reading, the House:

(1) condemns the Howard Government for breaching the requirements it set for parliamentary scrutiny of treaties, in particular by proceeding with this bill without allowing 15 sitting days of both houses after tabling these agreements on 9 September 2003, so that the Treaties Committee can taken evidence and report; and

(2) calls on the Government to defer a vote on this Bill in the House until 3 November when the Treaties Committee is due to report”.

I now want to discuss the content of these two treaties—at least as far as is possible, given the speed with which they have been brought on for debate. Australia has had a double tax agreement with the UK since 1967. It was partly revised by an amending protocol in 1980. The agreement intended to be ratified by this bill was concluded on 21 August 2003 and replaces the existing agreements.

This is an important treaty because of the strength of investment and trade flows between the two countries and the substantial changes to the taxation system over the last 23 years. At 30 June 2002, the stock of UK investment in Australia was $224 billion, compared with $242 billion sourced from the USA. Of that $224 billion, $49 billion is foreign direct investment, $137 billion is portfolio investment and $38 billion is other investment liabilities. The stock of Australian investment in the UK is $71 billion compared with $194 billion in the USA. The $71 billion is comprised of $28 billion of foreign direct investment, $17 billion of portfolio investment and $25 billion of other assets. Total Australia-UK trade flows exceeded $18.7 billion in 2002, comprising merchandise exports to the UK of $5.6 billion, merchandise imports by Australia of $5.8 billion, services exports to the UK of $3.6 billion, and services imports from the UK of $3.7 billion.

Having not been updated since 1980, the existing agreement is not well aligned with modern business practices, the respective tax systems or modern tax treaty arrangements. The new treaty explicitly covers, for the first time, a number of taxes that have been introduced since the 1980 protocol was negotiated, and deals with a number of issues that have arisen in each country since then.

It is worth noting that, despite the UK having the VAT and Australia having recently introduced a GST, they are not covered by the treaty. The reason for this is that double tax agreements do not cover indirect taxes. Capital gains tax was introduced in September 1985. The tax commissioner’s view has been that because the treaty did not cover capital gains tax Australian law would apply, and he issued rulings to reinforce that. The ATO believes that some businesses intended to challenge the assertion of that taxing right. The treaty explicitly confirms Australia’s right to tax capital gains. This is an integrity measure. Fringe benefits tax was another of Labor’s 1985 tax reforms. The UK also taxes fringe benefits. The new treaty
explicitly removes the potential for double taxation of fringe benefits.

There are now three dual listed companies for which the UK treaty is particularly relevant: BHP Billiton, Rio Tinto and Brambles GKN. One of the conditions placed on the BHP Billiton dual listing under the Foreign Acquisitions and Takeovers Act required board meetings to be held in Australia. The company was concerned that this requirement could trigger a change of residency event under the relevant test, with the possibility of liability for exit taxes from the UK. While rulings have been issued to allay those concerns, explicit treaty treatment of residency rules for DLCs will put the matter beyond doubt. The treaty also explicitly defines taxing rights in relation to petroleum resource rent tax and tolling arrangements for mineral processing.

The treaty uses arrangements for permanent establishments to tax both business trusts and spectrum licence fees as business profits. In the case of spectrum licence fees, one of the conditions of the government granting a licence to a foreign entity is that the entity have a permanent establishment. With respect to business trusts, non-resident beneficiaries will be deemed to have a permanent establishment so that they can be taxed in Australia. Treatment as business profits will also be applied to leasing. Previously, tax was applied to gross cost, adding substantially to the expense of leasing arrangements. Treating the payments for leases as business profits will apply tax to the net cost of leasing arrangements.

Employee share option schemes are treated as ‘other similar remuneration’ under the article for income from employment. The agreement includes a formula for sharing the rights to tax employee share option schemes depending on the number of days of employment in each country where there is a change of residency between grant and vesting of the shares. Each country will then apply their own tax treatment of employee share option schemes on a pro rata basis.

The treaty introduces a number of new articles. Article 20 deals with income types taxed by both countries which are not explicitly dealt with in other articles—for example, eligible termination payments. Article 21 provides source rules for UK residents, treating any income as Australian income if under the treaty it will be taxed by Australia. Article 23 limits relief where the other country for any reason does not tax that income. For the first time a non-discrimination clause has been included to ensure nationals of each country are not treated worse in the other country than the nationals of that country. This clause is strictly defined in terms of nationality, not residence.

The new treaty also improves the provision for exchange of information. Under the new arrangement the UK does not have to have an interest in the information before providing it to Australia, as it did under the old treaty. This is an important anti-avoidance and anti-evasion measure. The treaty also provides general updating in line with changes to the OECD tax treaties model. However, this treaty is more than an update; it is the second major treaty—the first one being the US protocol—where there has been a distinct shift in emphasis away from source to residence as the basis for taxation. Because of its relatively heavy reliance on foreign capital, Australia’s Treasury has over the years benefited more than its major taxing partner countries from interest, dividend and royalty withholding taxes. This is taxing at source. The maturing of the Australian economy and increased investment abroad has led to a shift in emphasis toward residence based taxation. This is a significant change, recommended by the Ralph Review of Business Taxation. The concept of resi-
idence based taxation is that Australians will be taxed at the same rate on their worldwide income—both domestic and foreign—subject to deductions for foreign taxes paid.

The new UK treaty extends the residence based approach set in the recent US protocol and the government intends to follow it with agreements based on the same principles with the Netherlands, France, Switzerland, Italy, Korea, Norway, Finland and Austria. The UK treaty makes significant reductions in source withholding taxes on a bilateral basis. It cuts interest withholding tax to a maximum of five per cent, royalty withholding tax to five per cent of the gross payment and tax on cross-border intercorporate dividends to five per cent or nil. This is the same treatment as provided by the US protocol. If these rates were higher, it would be likely to result in redirection of UK investment in Australia through the US.

The main argument for reducing dividend withholding tax is that higher rates make repatriation of profits difficult, making it harder to attract foreign investment. High royalty withholding taxes make it difficult to attract investment in R&D and make equipment and brands more expensive for Australian business because they have to pay a worldwide price from the owners plus a gross up for the royalty withholding tax. High-interest withholding taxes would exceed the lender’s margin on a loan if it were not for the fact that the lender grosses up the interest payment to cover the withholding tax. Lower withholding taxes therefore mean a lower cost of capital for Australian business and more competition for Australian lenders.

That reduction in the cost of capital is expected to increase both investment and GDP, resulting in second-round revenue effects for Australia’s Treasury. Treasury estimates the value of those second-round effects at $70 million per year. The first-round cost of reducing withholding taxes is significant: $90 million rising to $100 million a year, according to the explanatory memorandum. Labor will refer the bill to the Senate Economics Legislation Committee in an attempt to get a better understanding of the costs and benefits of the UK double tax agreement.

The Australia-Mexico double tax agreement completes Australia’s tax treaty network with the North American free trade area. Negotiation of the Mexico tax treaty was an initiative of my old politics professor, Dr Blewett, who was trade minister in the previous Labor government during the early 1990s. Trade would have been an interesting change for him, after so many years as health minister.

The key objectives of the tax treaty with Mexico are facilitating trade and investment and protecting Australia’s revenues. The stock of Australian investment in Mexico amount is about $A200 million. There is little investment from Mexico in Australia. In 2002 Australian exports to Mexico amounted to $A439 million in goods and $A15 million in services. Mexico exported to Australia $A514 million of merchandise and $A28 million of services. The treaty is significant because it is the last treaty negotiated before the US protocol. The Mexican treaty puts more emphasis on source taxation, consistent with the UN tax treaty model. It therefore contains higher limits on withholding taxes than either the US or UK agreements, but they are substantially lower than Mexico’s royalty withholding tax of 35 per cent or its interest withholding taxes that range from 4.9 to 25 per cent. Mexico does not have a dividend withholding tax. The cost to Australian revenue of the Mexico tax agreement is minimal, estimated at $2 million a year in both the explanatory memorandum and in this year’s budget. We look forward to considering the agreements when we get the...
report of the Joint Standing Committee on Treaties and examine the costs and benefits of the UK tax agreement, which is being examined by the Senate Economics Legislation Committee.

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

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

The DEPUTY SPEAKER—Before I call the honourable member for Moncrieff, it behoves me to seek the assistance of the honourable member for Mitchell in counselling his colleague the honourable member for Dobell about his standard of dress. I refer the honourable member to page 158 of House of Representatives Practice and I thank him for his cooperation at this stage.

Mr CIOBO (Moncrieff) (5.32 p.m.)—I am delighted to speak to the International Tax Agreements Amendment Bill 2003 and to see enacted in legislation these two treaties—the first between Australia and the United Kingdom of Great Britain and Northern Ireland and the second between Australia and the United Mexican States. The bill before the House will provide legislative authority for the domestic entry into force of two new comprehensive taxation treaties. It also provides for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital gains. The bill will also repeal schedules 1 and 1A of the International Tax Agreements Act 1953 and insert the text of the 2003 United Kingdom tax treaty; this will include the text associated with the exchange of notes as schedule 1 and the Mexican tax treaty as schedule 47. The bill will also make a number of consequential amendments to the Income Tax Assessment Act 1936, the International Tax Agreements Act 1953 and the Taxation (Interest on Overpayments and Early Payments) Act 1983.

At its core, this bill goes towards safeguarding, enhancing and protecting Australia’s revenue base while at the same time allowing for future economic growth in Australia. It recognises that Australian companies internationally have a great contribution to make. This bill achieves those goals by reaching for three key objectives: firstly, to promote closer economic relations between Australia and the United Kingdom as well as Australia and Mexico; secondly, to facilitate investment and trade; and, thirdly, to combat fiscal evasion and protect Australian tax revenues.

Before I discuss these three objectives in detail, I want to take particular note of some of the comments that the opposition spokesperson on this area, the member for Kingston, made in speaking prior to me on this bill. He mentioned his concern—and I purport that it was feigned concern—about the way in which this particular bill has been listed for discussion here in the House prior to the recommended 15 sitting days that the treaty needs to be examined. I ask: if there is as much concern as the opposition spokesperson makes out, then why did so few ALP members bother to turn up when the Joint Standing Committee on Treaties had an inquiry and took evidence regarding the treaties at the heart of this bill? It would have been very simple for the ALP to attend in numbers so they could comprehensively grill the various bureaucrats who appeared as witnesses before us when we were analysing these treaties, and yet they did not do that.

It would seem to me that this is a classic case, once again, of the ALP insisting on form over substance. In fact, I do not think too much concern at all resides in the minds of the ALP; rather they see this as an opportunity to pretend they are concerned about the way in which this particular bill has come about. I draw that conclusion only by virtue of the fact that, if there were real con-
cern, no doubt many more ALP members and senators on the treaties committee would have turned up for this particular inquiry. Of course, the opposition spokesperson highlighted their apparent great concern over this bill—which concern I contend is not really there.

I return now to the objectives of this bill. In passing this legislation through the chamber, we will be making sure that we strengthen trade, improve investment and widen the business relationships between Australia and the United Kingdom and between Australia and Mexico. The UK treaty reflects the close economic relationship between the United Kingdom and Australia. The 2003 United Kingdom tax treaty is a major step by which we can facilitate a more competitive and modern tax treaty network for companies located in Australia in their dealings with the United Kingdom. Effectively, the treaty substantially reduces the withholding tax on certain dividend, interest and royalty payments in line with outcomes recently achieved in similar discussions with the United States. The result of this is long-term benefits for business. It makes it cheaper for Australian based businesses to obtain intellectual property, equity and finance for expansion. It also significantly assists trade and investment flows between the two countries.

The way in which this particular updated treaty came about reflects the longstanding relationship Australia has with the United Kingdom and the fact our two countries have historical and cultural links as well as a shared values system. Australia and the United Kingdom derive mutual benefit from cooperation on a broad range of international issues. We share many common interests, including those that arise from our membership of the Commonwealth. The existence of a modern tax treaty between Australia and an investment and trade partner, in this case the United Kingdom, recognises the current and future importance of this economic relationship. In large measure, this bill ensures that through the United Kingdom treaty Australia will be able to build on the existing solid economic relationship. It is an economic relationship that gives rise to discussions of this type and, importantly, it is an economic relationship in which there is, across both the United Kingdom and Australia, an enforced desire to continue growing our countries’ economies and to recognise the opportunities that flow from cooperation in this matter.

It is the international economic significance of the United Kingdom, the magnitude of the Australia-United Kingdom investment and trade relationship and, for so many firms, the gateway relationships the United Kingdom has with Europe—and, indeed, Australia has with Asia—that make this new treaty so important. The size of the United Kingdom economy—it is the fourth largest in the world—and its growth performance underline the importance of Australia having the United Kingdom as a treaty partner. The UK has had real economic growth averaging more than two per cent since the mid-1990s. The UK, of course, recognises the fact Australia has a miracle economy, as it is so often referred to. Recent editions of the Economist have highlighted the way in which this coalition government has secured what has been a golden era for Australia’s economy.

I am absolutely certain that this treaty could not come at a better time, because it not only ensures Australian companies can make good and effective use of the gateway that the United Kingdom is—as well as being a very good market in its own right—but also provides for UK companies the opportunity to embrace Australia as a market, as well as those gateway markets that Australia provides for. Australia’s investment and trade relationship with the United Kingdom is the largest Australia has with any European
country. The United Kingdom is our second largest source of foreign investment, our second largest destination for Australian investment abroad, our third largest trading partner and our sixth largest merchandise trading partner. All in all, the importance of the United Kingdom to Australia goes beyond cultural links; it is an important country with regard to economic links.

British businesses have traditionally viewed Australia as an attractive base for their regional operations. Around one-third of all regional headquarters operating in Australia are European and of this third almost half are British. There are many examples of United Kingdom investors in Australia, including Shell, BAE, BP, BT—Bankers Trust—RTZ and Vodafone. In the United Kingdom there are over 1,000 Australian companies, many using the United Kingdom as their base—their branch office—to reach into continental Europe. It is clear not only that investment in Australia is important from a UK perspective but also that Europe as a global market provides fantastic opportunities to Australian companies.

We as a government have continually emphasised the importance of Australian companies to generate wealth by looking at export opportunities. An important treaty like this builds upon Australia’s opportunity to develop those exports and to ensure that Australians abroad—and, importantly, Australian companies going abroad—are in a position to take advantage of its opportunities. Key Australian investors in the United Kingdom include News Corporation, National Australia Bank, BHP Billiton, Amcor, Westpac, Commonwealth Bank, Brambles, Lend Lease, Mayne Nickless, AMP, ANZ and Boral. Each of these companies is a success story in its own right. Each of these companies has recognised opportunities and benefits that flow from expansion into foreign marketplaces. This treaty helps to reinforce those opportunities.

Increasing international financial integration has seen substantial increases in Australian investment overseas. As the stock of this investment grows, the flows of dividends and interest also grow, and Australia’s taxation interests change towards residence rather than source taxation. This becomes a very important aspect in terms of protecting our revenue base. A key part of the protection of our revenue base for the purposes of Australian taxation is the need to ensure that that protection does not come at the expense of our competitive taxation policy abroad. It is in the need to ensure we maintain a competitive taxation policy that we see the true benefits flowing from these types of treaties. In this way, because of the change towards a residence rather than a source taxation approach, Australian tax interests become more aligned with those of most of the other countries in the OECD, who generally favour lower withholding tax rates limits. However, Australia remains a net capital importer and needs to balance this shift with revenue protection considerations.

I turn to the treaty with Mexico. As I said, the existence of a tax treaty between Australia and a trade and investment partner recognises the importance of this economic relationship. The treaty with Mexico does just that. Australia’s trade and investment relationship with Mexico is the largest Australia has with any Latin-American country, but it does not measure among Australia’s top 10 relationships in terms of actual value. That does not reflect any reduction in the significance of Mexico as offering potential for Australian companies in the future.

The Mexican economy is the ninth largest in the world. Its growth performance since the mid-1990s has been very strong, underlying the potential importance of building on
this economic relationship. In fact, its real economic growth has averaged four per cent since the mid-1990s. Total Australia-Mexico trade exceeded $A1 billion last year. Over the last five years, Australian exports to Mexico have grown at an annual rate of more than 27 per cent. In large part that kind of growth is going to be facilitated and hopefully exceeded as a consequence of the passing of this bill and the enactment of the treaties that lay at the core of the bill.

In 2002 Australian merchandise exports were approximately $A439 million and merchandise imports were about $A514 million, with services exports and imports of $A15 million and $A28 million respectively. Major Australian exports to Mexico include coal, agricultural products and the like, while our major imports from Mexico are telecommunications equipment, computers and computer parts, and motor vehicle parts. The stock of Australian investment in Mexico is modest at just over $A200 million. Australian interests have invested in over 60 Mexican enterprises in the manufacturing, mining, fisheries and services sectors. There is little or no direct investment by Mexico in Australia and portfolio investment in this regard is low. That said, it is very clear that there is much blue sky ahead for the development of the relationship between Australia and Mexico.

What do these treaties address? The fact is that major disincentives can be created through the overlapping of tax jurisdictions. Major disincentives include the potential for double taxation, high rates of withholding taxes on payments to foreigners of dividends, interest and royalties as well as the uncertainty and risk that arise in a general business environment. All of these things often arise from overlapping tax jurisdictions and can be viewed with the expansion of international trade investment as being a very large disincentive.

The introduction of the treaties at the core of this bill aims to minimise these disincentives in a number of ways. The first is by clearly allocating tax jurisdictions between the parties to the proposed treaty. The second is that, by identifying where taxing rights are allocated to both countries, the proposed treaty ensures that source country taxation rights are given priority and double tax is avoided through the provision of tax relief by the resident’s country. The third way is achieved through providing mechanisms to resolve disputes in contentious areas, and the fourth way by mutually reducing withholding tax rates limits. Taken together these proposed treaty measures favourably impact on business costs and provide a more positive impetus to the expansion of international investment and trade.

Many people in the community, though, harbour concerns about what takes place through foreign direct investment. I know many Australians harbour concerns and, indeed, constituents in my electorate of Moncrieff on the Gold Coast may have concerns about what the consequences of foreign direct investment are. But there are many benefits that flow to our nation as a result of foreign direct investment, including technology transfers, human capital formation and international trade integration. It provides for a more competitive business environment and enhancement to enterprise development.

The benefits in technology transfers that flow from FDI—that is, foreign direct investment—include an investment of capital into growing Australian companies. This provides and, indeed, encourages pathways along which technology transfer travels. FDI brings in production and product technology, and it brings in new management concepts and improved institutional and governance standards—all of which have direct benefits and assist Australian companies. It also often ensures that foreign enterprises provide train-
ing and skill upgrading, which supplements the existing levels of these types of things in the host country—in this case, in Australia.

This is just a brief summary but there are some very real and specific advantages that flow from investment in a country such as Australia through FDI. A good example is the Accor group. The Accor group is a French based company but one which has expanded into Australia and continues to grow rapidly. Accor is of particular interest to me because of its importance in the tourism industry. As a country, we need to continue to grow our tourism infrastructure. I can speak first-hand of the benefits that flow to a city like the Gold Coast as a result of FDI. In this case, Accor continues not only to purchase new hotels but to construct them and refurbish existing tourism infrastructure. This is a key component of ensuring that Australia remains a competitive tourism destination. I am delighted, quite frankly, that there are companies like Accor making the most of opportunities in Australia. In addition, Australians benefit through not only employment but also the knowledge that is shared as a result of that FDI.

In summary, the treaties at the core of this bill are in Australia’s national interest. They are in the interests of making sure that Australian companies take the maximum advantage of opportunities that flow to them as a consequence of limiting the scope for overlapping tax jurisdictions, as well as providing a solid framework in which they can expand internationally and continue to grow.

Mr MURPHY (Lowe) (5.50 p.m.)—I want to put on record my support for not only the member for Kingston’s amendment but also the integrity measures in relation to foreign investors in Australia. I would like to convey to the Parliamentary Secretary to the Minister for Finance and Administration, who has heard me speak here many times on this matter, that I wish the government were as diligent in pursuing people who engage in serial rorting of our taxation system. Members of the legal profession, in particular, have pioneered the rorting of the taxation system through the employment of family law and bankruptcy to put assets out of reach of the taxation commissioner. I take this opportunity to draw to the attention of the House my question No. 2406 on today’s Notice Paper, which deals with former QC Mr John Cummins, who never lodged a taxation return in 45 years. Parliamentary Secretary, you were here one night when I was speaking about that and his wife—

The DEPUTY SPEAKER (Ms Gambbaro)—I draw the member for Lowe’s attention to the fact that we are engaged in debate on the International Tax Agreements Amendment Bill 2003 at the moment. There are appropriate avenues in the House for questions.

Mr MURPHY—That is true, but you would have heard that my remarks are predicated on the fact that I wish the government was just as diligent in pursuing—

The DEPUTY SPEAKER—My understanding is that you are supporting the amendment.

Mr MURPHY—I am supporting the amendment, because I seconded it. I am also supporting the integrity measures in relation to foreigners investing in Australia. I am just making the point—

Mr Slipper—It is not connected to this bill.

Mr MURPHY—I take that point, Parliamentary Secretary, but I just want to put this on record. I will stop—

The DEPUTY SPEAKER—Can you please refer to the matter of the bill, which is the International Tax Agreements Amendment Bill 2003.
Mr MURPHY—I am making the point, Madam Deputy Speaker, that I hope the government continues to pursue the rotters of our taxation system.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (5.52 p.m.)—The government wishes to express its thanks to those honourable members who have spoken on the International Tax Agreements Amendment Bill 2003—even the member for Lowe, who perhaps was not entirely aware of the contents of this particular bill. In respect of the point made by the member for Lowe, this government has clamped down on tax evasion and tax avoidance. We are very proud of our record in that area. Also, you will notice that the gentlemen referred to by the member for Lowe are suffering as far as their professional standing is concerned. Some are being struck off; certainly they are ceasing to be Queen’s Counsels, so they are paying a price for breaching the laws of this nation.

The International Tax Agreements Amendment Bill 2003 represents a significant step in the facilitation of a competitive and modern tax treaty network for Australia. The bill provides domestic legislative authority for two comprehensive double tax treaties: a replacement for the existing Australia-United Kingdom double taxation agreement and a new Australia-Mexico double taxation agreement. These two new double tax treaties will improve Australia’s international relations with the United Kingdom and the United Mexican States. They will facilitate cross-border activities in trade, investment, transport and employment. In addition, the integrity of the tax system and our revenue base is protected by combating fiscal evasion through improvements to the exchange of information framework between revenue authorities. Madam Deputy Speaker, you will be interested to know that both treaties will produce significant positive economic outcomes for Australia by contributing to a larger, faster growing and more dynamic Australian economy with flow-on effects for employment, trade and investment.

I will deal with the two agreements separately. Initially I would like to refer to the 2003 United Kingdom convention. The new tax treaty with the United Kingdom, signed on 21 August 2003, demonstrates the commitment of the government to modernising Australia’s tax treaty network. It will replace the existing double tax agreement with the United Kingdom, signed in 1967—quite a long time ago, Madam Deputy Speaker—and last modified in 1980. The importance of modernising the treaty is underscored by the international economic significance of the United Kingdom. It is actually the fourth largest economy in the world. The size of Australia-United Kingdom investment and trade relationships—(Quorum formed)

That really is a misuse of the parliament. As I was saying before I was rudely interrupted by the call for a quorum, the importance of modernising the treaty is underscored by the international economic significance of the United Kingdom, which has the fourth largest economy in the world; the size of Australia-United Kingdom investment and trade relationships; and the gateway relationship that the United Kingdom has with Europe and that Australia has with Asia. The treaty continues Australia’s moves towards a more residence based treaty policy. It is part of the government’s commitment to the Ralph report recommendations to update our ageing treaties with major trading partners and is consistent with the direction agreed in the recent protocol to our tax treaty with the United States.

The new treaty achieves a balance of outcomes that will provide Australia with a competitive tax framework for international trade and investment while ensuring the Aus-
Australian revenue base is sustainable and suitably protected. The new treaty ensures Australia can effectively apply its taxing rights to Australian sourced business profits, the exploitation of our natural resources and the sale of significant Australian assets. The new treaty will substantially reduce withholding taxes on certain dividend, interest and royalty payments, in line with outcomes achieved with the United States. This will provide long-term benefits for business, making it cheaper for Australian based business to obtain intellectual property, equity and finance for expansion.

The interest withholding tax changes will reduce the cost of obtaining funds from UK financial institutions and will also remove obstacles for Australian banks lending offshore, thereby improving Australia’s standing as a global financial centre. The reduction in the royalty withholding tax limit will make Australia a more attractive destination for overseas investment in research and development and will reduce the cost to Australian businesses using intellectual property that is owned offshore. It also provides certainty for business on capital gains taxation and emerging treaty issues, such as dual listed companies and employee share options. The new treaty also delivers on the Australian government’s decision to agree to non-discrimination articles in tax treaties.

With respect to the Mexican agreement signed on 9 September last year, honourable members will be interested to know that the agreement will, broadly speaking, allocate taxing rights along the same lines as Australia’s double tax treaties with other countries, including Russia and Argentina. The Australia-Mexico double taxation agreement will complete Australia’s tax treaty network with the North American Free Trade Area—that is, NAFTA—countries and represents an important addition to Australia’s existing double tax treaty network. For Australia, the major impact of the agreement will be on Australian enterprises trading with and investing in Mexico. Australia’s trade and investment relationship with Mexico is the largest Australia has with any Latin-American country. In addition, the size of the Mexican economy, which is the ninth largest in the world, and its growth prospects emphasise the strategic importance of this agreement. The government looks forward to the strengthening of trade and investment and wider relationships between Australia and Mexico that the successful conclusion of this agreement will bring.

The honourable member for Moncrieff in his speech referred to ALP concern over the timing of the legislation—before the Joint Standing Committee on Treaties reports. He pointed out that this is a feigned concern and represents the Australian Labor Party’s obsession with form over substance. The member for Moncrieff is completely right. Back in the days of the Keating government there was no treaties committee. Treaties were entered into in the dead of night by the Executive Council, without reference to any kind of parliamentary scrutiny. A more appropriate treaty-making procedure was one of the pledges of the Howard government and was implemented upon our election to office in 1996.

The member for Kingston has moved, as he often does, a second reading amendment which seeks to condemn the government for breaching the requirements we set for scrutiny of treaties and calls on the government to defer a vote on this bill until November, when the treaties committee is due to report. The member for Kingston would understand that the government simply cannot accept the amendment he has moved. We do not accept that it has any validity or veracity. The treaties process that we now have is infinitely better than the treaties process that was in place prior to our election to office. But, for
the benefit of the member for Kingston, I would like to outline the circumstances of this particular matter.

Double taxation treaties can only enter into force once both nations have completed their required domestic processes to enable a treaty to have effect at law. A delay by either country will prevent a treaty from taking effect in both countries. The governments of Australia, the United Kingdom and Mexico have all undertaken to bring the relevant treaties into effect at the earliest possible date, recognising the benefits that will flow to each nation from these treaties taking effect. Both the United Kingdom and Mexico intend to implement the respective treaties in domestic law by the end of 2003. The dates from which these treaties take effect are governed by the respective entry into force articles in each treaty.

For the new treaty with Mexico to take effect in 2004 for all Australian and Mexican taxes covered by its terms, both countries need to complete their domestic processes by 31 December this year. For the new treaty with the United Kingdom to take effect in 2004 for all Australian and United Kingdom taxes covered by its terms—(Quorum formed) If I do not get sufficient time to finish responding to remarks made by honourable members then obviously it will be the fault of the opposition. When summing up bills I always endeavour to respond to the points raised by the member for Kingston and his colleagues—I think they deserve that respect—but if we run out of time then certainly it will not be possible.

I was referring to two dates with respect to the treaties. If these dates are not met, the dates from which these treaties will take effect will be delayed by up to one year. Although it was originally hoped that the text of the new UK treaty would be settled earlier this year, its final text was only agreed at the level of officials shortly before its formal signing on 21 August this year. Once the UK treaty text was settled, the Department of the Treasury wrote to the committee explaining the time constraints and offering to assist in providing the committee with the most time possible to conclude their deliberations prior to debate on the enabling legislation. This resulted in the hearing being conducted on 8 September and the national interest analysis and associated documentation being tabled on 9 September.

While it is regrettable that the committee was not able to be given more time for its deliberations, in the interests of the time constraints confronting the government we believe the right balance was struck between having these treaties take effect at the earliest possible date and ensuring that they are appropriately reviewed. So we certainly oppose the second reading amendment moved by the member for Kingston. He said that the opposition would be seeking to refer the bill to the Senate Economics Legislation Committee for an analysis of the costs of the bill and its second-round effects.

In the time I have available to me I want to point out that the new treaty package will produce a positive economic outcome for Australia. The governments of the countries involved have undertaken to reduce taxes that inhibit investment, growth and employment. This will involve a cost to revenue in the form of reduced withholding taxes building to $100 million per year in 2006-07. However, this is expected to be more than offset by the future tax revenues flowing from a larger, faster-growing and more dynamic Australian economy. This, of course, is referring to the UK agreement. The treaty will provide long-term benefits for business, making it cheaper for Australian based business to obtain intellectual property, equity and finance for expansion. It will also remove obstacles currently inhibiting Austra-
lian corporate expansion offshore. Providing these benefits will have flow-on effects throughout the economy, and not just to big business.

As stated, the cost of this treaty will be more than offset by the future tax revenues, and this should reassure my friend the member for Kingston. These revenues will flow from the new treaty’s contribution towards promoting increased investment, contributing to a larger and faster-growing Australian economy—with flow-on benefits for trade and employment throughout the economy—lowering the costs of business inputs through lower withholding taxes, making business more profitable and increasing future tax revenues as a result, and reducing claims for foreign tax credits as a result of reductions in UK withholding tax rates imposed on flows to Australia.

With the UK treaty, the government has achieved a policy position that reduces costs on inputs and encourages direct investment while at the same time exercising an appropriate level of source country taxation. The new treaty achieves a balance of outcomes that will provide Australia with a competitive tax framework for international trade and investment while ensuring the Australian revenue base is sustainable and suitably protected. The new treaty ensures Australia can effectively apply its taxing rights in respect of Australian source business profits, the exploitation of its natural resources and the sale of significant Australian assets. I commend this bill to the House, and I urge the chamber to reject the second reading amendment.

Question put:
That the words proposed to be omitted (Mr Cox’s amendment) stand part of the question.

The House divided. [6.16 p.m.]
(The Deputy Speaker—Ms Gambaro)
Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (6.22 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

FAMILY ASSISTANCE LEGISLATION AMENDMENT (EXTENSION OF TIME LIMITS) BILL 2003

Second Reading

Debate resumed from 10 September, on motion by Mr Anthony:

That this bill be now read a second time.

Mr SWAN (Lilley) (6.23 p.m.)—This government’s family payments system puts many Australian families under unprecedented financial pressure. One in three families are hit with debts that they cannot avoid and are placed in an unrelenting financial squeeze which, for many, results in their tax returns being stripped without their knowledge. While the government is content to pay family payments to some millionaires who do not deserve them, it is financially squeezing at least 700,000 Australian families with debts that they did not ask for. If they do not have a tax return to strip, the government tells them to put this debt on their credit card. This is financially irresponsible and socially irresponsible and just proves that families under financial pressure cannot afford this government.

The government’s only solution to this debt trap which is built into the family payments system is to tell families that the only way to avoid the debt is not to take their family payments in the first place. The only people who can afford not to take those family payments are those who are very comfortable. When this government is challenged on this question, it puts its hand over its heart and it says, ‘We’ll fix the system’—yet it has not fixed the system. The system has completed its third year of operation and it is still delivering debts to over 600,000 families who are also being slugged with very high effective marginal tax rates.

This is a government and a Prime Minister who pretend that they are family friendly. They express great pride in their family credentials, but they preside over a system that punishes families financially. If anything, it just demonstrates how the coalition favour the better off in their family payments system and tax regimes generally to the expense of low and middle income earning Australians. The government punish those who work hard to make the economy strong and do not deliver to them their fair share. At the same time, the government are quite comfortable making payments to millionaires. It is for this reason that I move:
That all words after “That” be omitted with a view to substituting the following words:

“whilst not declining to give the Bill a second reading, the House:

(1) condemns the Government’s failure to comprehensively reform its flawed system of family assistance, which has so far resulted in one in three families receiving FTB and CCB accumulating debts in excess of $1.2 billion;

(2) urges the Government to immediately close loopholes such as share market margin lending losses and foreign income reporting which have allowed wealthy families to pocket benefits;

(3) recognises the importance of annual tax returns for family budgeting and opposes the automatic stripping of family tax returns without warning to recoup family assistance debts;

(4) notes the proposed two year time limit for past period claims of family assistance is still at odds with tax law which allows adjustments and subsequent claims to be made for up to four years; and

(5) calls on the Government to reform family assistance to improve incentives to work and ensure benefits may properly account for changes in family income without the risk of families accruing an unavoidable debt”.

I welcome the opportunity to speak on the Family Assistance Legislation Amendment (Extension of Time Limits) Bill 2003, because it allows us a broader scope to once again place on the record the complete failure of the government and the incompetence of Minister Vanstone, the Minister for Family and Community Services, in not fixing this ramshackle family payments system.

What we have in this bill today is yet another attempt by the government to stick a bandaid on a system that, really, should be on life support. Only a government hopelessly in denial and completely out of touch with families would persist with and defend this flawed family payments system. Minister Vanstone’s continued defence of the system serves only to remind us of her inability to assimilate even a basic understanding of the problems and the way to fix them.

From when the very first bills were introduced to implement this new payments system as part of the GST, Labor warned it would be a nightmare for families. The minister of the day derided Labor and asserted that our concerns were nothing but scaremongering. With two years of figures in, we know that around 700,000 families a year are hit with FTB and CCB debts. The total accumulated debt now stands at over $1.2 billion and will certainly, by the time the third year is in, go well over $1.5 billion—an enormous financial clawback in the family payments system, which is putting an unprecedented financial squeeze on Australian families.

Each year, families who wish to obtain their benefits fortnightly must guess their annual income one year in advance. This is the core of the problem, because benefits are paid not on the basis of current income but on the basis of future income. Families find it tough enough planning and budgeting even a month ahead, let alone a year ahead. They do not know if they are going to get extra overtime or a pay rise or even whether one parent might have to go back to work. The problem with the system is that these future events will affect the benefits they are eligible for now. It sounds pretty crazy, but that is the way the system works. Even if families tell Centrelink as soon as they know that their income is going to change, it in many cases is simply too late. At the end of the year, income is averaged and the government retrospectively claws back benefits that families were told they were entitled to. This is a massive problem that is only growing.

In the Senate estimates the government finally came clean and admitted that an extra
60,000 families accrued family tax benefit debts in 2000-01, thanks to its flawed family payments system. Information provided to Labor in Senate estimates has revealed that 728,458 families accrued debts totalling $644.8 million in 2000-01. That is 58,176 additional families and $60.86 million extra debt than in previous final figures provided in the 2001-02 Centrelink annual report.

Everyone will recall that the government avoided the little problem of these debts during the 2001 election by announcing a one-off $1,000 waiver per family. But since then the government has ruthlessly recouped benefits, and one of the ways that it has done this is by thieving the money from the tax returns of honest Australian families. All of this occurs without warning these hapless families, who were counting on the money to pay their bills, school fees, for the repair of the car or whatever. Most do not even know they have a debt, let alone the knowledge that it may run to the thousands and that it may be taken from their tax return without the courtesy of a phone call.

The Prime Minister has previously in this place committed to finding other ways for families to repay, apart from thieving from their tax returns, but he has reneged on that undertaking. The government relies on the fine print in the TaxPack that says refunds may be used to offset family assistance debts. But the truth is that there is not so much as a phone call or a letter when the money is stripped. Consider the distress of people when this happens. I was with a gentleman on Saturday night who told me his horror story about how the money had already been spent—he had gone out and purchased household items on the anticipation of his tax return, only to find that it was not there. The Ombudsman has called for a change to this practice. He has called for an end to the stripping—or thieving—of money from tax returns, but this has of course fallen on the deaf ears of this government. Labor will today again call on the government to halt this practice.

I wonder how many coalition backbenchers who have sympathised with their constituents who have had their tax returns stripped will support our second reading amendment today. Perhaps the member for Riverina over there will. I think she has honourably raised this matter with the government in the past. When she raised it they pretended they were going to do something, and then they did not do anything. I wonder whether she was one of the members in the government party room today who jacked up on what the government was doing on the pensioner education supplement, where it is going out there to steal $350 a year from pensioners who are getting an education.

I congratulated those backbenchers who stood up on that issue in the government party room today. I said, ‘Good on you.’ But what we need you to do now is to stand up on the bigger issues—to stand up in the party room on this debacle of family debt which is affecting and squeezing so many family budgets; to do something about that; to do something for the 30,000 families who are having their carer allowance taken away because these parents care for profoundly disabled or chronically ill children. We need you to do something. Do something for the pensioners who are currently being slugged with huge debts without any knowledge of how they have occurred, and do something about this vile minister, Minister Vanstone, who goes on national television and says that she will sell their homes. Do something about that. Those eight or nine who stood up in the party room today on the pensioner education supplement ought to do the same on these issues, because they are issues which are squeezing low- and middle-income Australian families and causing them distress. Do something about the fact that the
government are paying family payments to millionaires. Do something about the fact that they are paying family payments to people who are earning hundreds of thousands of dollars. Do something about the 18,000 families who earn over $100,000 a year, yet who are getting family payments. Do something in the name of fairness.

What all these things show is that this is a government which favours the better off at the expense of everybody else. No matter where you go in the social security regime at the moment, that is the truth of the outcome. Evidence has emerged which does indicate that hundreds, if not thousands, of high-wealth families are still, as we speak here tonight, accessing family tax benefits. Right under the minister’s nose, families earning hundreds of thousands, if not millions, a year are getting family payments of up to $4,300 per child. This extraordinary discovery demonstrates that the minister has lost control of the day-to-day running of her portfolio or that she simply approves of the fact that this is happening. The minister, or the public, would be none the wiser about this if these matters had not been raised by Labor and put on the public agenda. The matters would have been hidden—swept under the carpet—as is the usual practice of this minister. The minister has not addressed these problems since we raised them.

There are three big loopholes in there where wealthy individuals are accessing family payments: when a claim for the family tax benefit is lodged, no verification is made of current family income; margin lending losses from playing the share market may be used by families to artificially reduce assessable income; and the government relies on the self-reporting of foreign income with no verification mechanisms in place. I will speak on each of these points. Regarding the verification of income, the fact is that high-wealth individuals may access family tax benefit A payments, because at the time of claim no verification of family income occurs and payments commence on the basis of a customer estimate only. Indeed, the current family tax benefit rules mean that families may obtain these payments for up to two years before they must provide details of their actual income. While they may have to eventually repay the benefits, it allows high-wealth individuals to pocket payments for up to two years, interest free.

Regarding margin lending losses, unlike the negative gearing of property, families who negatively gear shares may reduce their assessable income for the family tax benefit. This is illogical and a clear loophole. It is also a practice that has exploded in recent years. Information from the Reserve Bank indicates the net value of margin lending loans has exploded from $2 billion in 1996 to $10.5 billion today. One hundred and thirty thousand individuals have margin loans in Australia. Even if just one uses the mechanism to claim more family tax benefit than they would otherwise receive, it is one too many. This loophole ought to be closed immediately.

That brings me to foreign income. The other loophole pointed out by Labor is that, while foreign income impacts on family tax benefit payments, no verification is made by Centrelink. Essentially, it is an honour system. Foreign income is of course a major problem for taxation as well. Currently, only foreign cash transactions of more than $5,000 are tracked by financial institutions. Only a small proportion of these may be investigated by the ATO. As a bare minimum, Centrelink ought to seek bank statements and obtain data from financial institutions to obtain concrete information on those who derive a foreign income, not just rely on a person’s word. The government response to these loopholes has been inadequate to say
the least. These inadequacies are also highlighted in the bill before us today.

As I noted earlier, families wishing to receive fortnightly benefits must provide a forward estimate of income. Given the financial squeeze on many families when they are bringing up children, this is a popular option. People want their income currently; they need their income on a fortnightly basis; they need it to feed, clothe and educate their children on a daily basis. Kids do not stop growing just because the federal government does not have a system which pays them on a fortnightly basis. School shoes have to be bought and re-bought. New school uniforms have to be bought. As kids get older, they eat more. That is why families need their family payments on a fortnightly basis.

Of the 2.1 million families who receive payments each financial year, approximately 95 per cent receive their payments fortnightly. The remainder obtain a lump sum through Centrelink or the ATO once their income is known. The system allows families who overestimate their annual income to receive a so-called 'top-up' payment when they lodge their tax return. But I prefer to call it a 'catch-up' payment—not, Minister, a top-up payment—since these families have received less than their full fortnightly entitlement throughout the year and the government is only paying them an amount that should have been paid to them earlier. So, it is a catch-up payment; it is not a top-up payment.

In both of these cases, where there is a lump sum—or a catch-up payment—owed there is a 12-month time limit from the end of the financial year when these claims must be lodged. Should a family miss the deadline, they can kiss goodbye to the money that the government owes them. This is yet another example of the fine print in the Howard government GST legislation—all the fine print that was in there dudding the pensioners. It is another example of the fine print in the family payment system that was dudding the families of Australia. Unsurprisingly, many families have missed this deadline. This fix is in response to Labor’s discovery in February this year that 25,072 family tax benefit customers who lodged 2001 tax returns after 30 June 2002, and/or whose partners lodged 2001 tax returns after 30 June 2002, were denied $37 million, which is an average of $1,477 in top-ups—or catch-ups—of their 2000-01 FTB entitlements.

These figures do not include information on those who were owed lump sum amounts. In these cases the ATO conveniently failed to process them, saying they were not effective claims. Now, through this bill, the government has decided to extend by a further 12 months the deadline for catch-up payments—that is, top-up payments—and lump sum claims to 24 months. It is a good measure and well overdue but, in the sea of problems that comprise the family payment system we currently have, it is a minor though important beneficial measure. This little patch-up hits the budget bottom line to the tune of $180 million over the forward estimates. I just wish the government would come to grips with the fundamental problem. So, while it is welcome and while it will ensure families do not miss out on their entitlement, it does nothing to address the core problems with family tax benefit.

The simple fact is this: few families can afford to defer payments until the end of the year to claim a lump sum or a catch-up payment. So the announcement is of no benefit to most of the people being slugged by Senator Vanstone’s system. In light of the other bandaid changes the government have made to this system, it is obvious they have a great deal of difficulty in grasping the need for reform. Or perhaps the answer is that they simply do not want to fix it because they are
reliant upon the $1.5 billion claw-back they are going to get over a three-year period. The truth is that families cannot afford to forgo their fortnightly benefits, although Minister Vanstone continues to advise them to do precisely that—that is: let the government off the hook because it is too lazy or incompetent or mean to fix the system. Let the families of Australia bear the burden of that because the government itself will not take on the burden of reforming a system for the benefit of the families of Australia.

So families are in this position: either they forgo fortnightly payments and really struggle financially or they seek to obtain their entitlements and run the risk that they will get a nasty debt at the end of the year. That continues to be the case despite all the assurances that have been given in this parliament. Despite all of the good work by the member for Riverina and one or two others, this government has not fixed the system and this bill does not fix the problem. Essentially it is only of benefit to a few, and generally to those who are better off. I do not begrudge them that, but what about the great mass of low- and middle-income earning Australian families who continue to be squeezed further by this government because it is the only way they can avoid the debt trap that Senator Vanstone and her colleagues have constructed.

On top of that—this is just a stunning figure and, if they have any guts on the back bench of the governing parties, they will listen very closely—250,000 families have been hit with a debt from the second year before they have been able to pay off their first-year debt. Think about that. A quarter of a million Australian families struggling to bring up their kids and get by and improve their circumstances will have debts from the first two years which still have not been paid off. If that does not send a message to the government, I do not know what will. These double debtors may soon be hit with triple debts, and how many of those will there be? We have a quarter of a million with double debts; it is quite likely we will have a couple of hundred thousand with triple debts. This is just so financially irresponsible, let alone socially irresponsible, because it causes enormous distress. It causes havoc with family budgets. It disrupts family plans.

What families desperately need is a family payment system that can properly adjust for changes in family income throughout the year and pay the correct entitlement without the risk of a nasty end-of-year debt. The extension of time limits that this bill provides for simply does not scratch the surface of the problems within this system. Labor has been critical of the one-year limitation on the payment of top-ups, however it is one of the smaller anomalies within a system that has resulted in 728,458 families getting debts totalling $644.8 million in 2000-01. A further 643,000 families are expected to receive debts from underestimates of income for the 2001-02 financial year.

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This is a very harsh and mean system. It is a heartless system from a heartless minister—a habitually heartless minister, if you have seen what has been going on with the carer allowance, with pensioners and so on. It is incredibly disturbing. The disturbing thing about the debt figures is that, whilst there has been no decline in families getting debts, there has been an increase in the number that are getting catch-up payments. What does that mean? It means that, to escape the system, families are taking less than they are entitled to; but they are being put under more financial stress. They are being squeezed even further by this government because it is the only way they can avoid the debt trap that Senator Vanstone and her colleagues have constructed.
This is simply an indictment of this government. It shows how completely out of touch it is with the lifestyles and the financial pressures that the average family in this country experiences. If you want an example of how completely out of touch this minister is, read the feature article in the *Age* from 30 August, which is entitled ‘The moderate who wasn’t’. Senator Vanstone went out to lunch on many occasions with the author of the article, Frank Robson. Robson examined her approach to politics, her approach to her portfolio and her approach to eating. He looked at her very closely, and he was stunned. He talked, for example, about the day that the minister had lunch with the chief executive of McDonald’s. You might recall that Minister Vanstone blew the whistle on the government’s tax cuts of $4 a week. She said, ‘Hell, that wouldn’t buy a milkshake and a sandwich.’ McDonald’s were ecstatic. They said, ‘You can get one down here.’ So she actually went to lunch with the chief executive of McDonald’s, and this is how Mr Robson describes it. The article says:

At first, to her guest’s discomfort, Vanstone ignores him while ordering wine and absorbedly studying the menu. Only after ordering (guinea-fowl with a side serve of buttery mash) does she turn her attention to other things—namely, her guest. Of course, this comes on top of the five-hour lunch that she had with the author and one member of her staff—where, conservatively calculated, she would have spent $400 on the wine alone. No wonder she described the tax cut as getting a sandwich and a milkshake.

**Mr Cadman**—Mr Deputy Speaker, I raise a point of order. This bill deals with family payments, not the minister’s dining habits. I think we are a long way from the subject of the legislation. Could I suggest you listen carefully and bring the member back to the bill.

**The DEPUTY SPEAKER** (Mr Wilkie)—I believe the member for Lilley has been relevant to the substance of the bill to this stage. I will listen carefully.

**Mr SWAN**—It deals with the double standards of the government. There is one standard for low- and middle-income earners in this community, for families who are struggling to bring up their kids. They get a family payment system where, when they get an extra dollar of debt, she strips it from their tax return. But she is quite happy to go to lunch and spend more on the wine than she will pay a pensioner in two weeks. That is the point. She will spend on wine what the family will spend on groceries for a fortnight. That is the point. The point is that this bill demonstrates how out of touch this minister is with the lifestyles of average Australian families who are bringing up children. She has not got a clue what life is like at the kitchen tables or in the lounge rooms of most Australian homes.

There is an alternative. Labor has consistently said that a new approach needs to be adopted in order to pay family assistance. A new method of assessment needs to be introduced so that benefits are responsive to changes in earnings. That is obvious to anyone who has examined this system; and it should be obvious to backbenchers in the coalition party room. Next time there is a party meeting, they ought to be getting up and talking about this. They ought to be flexing their muscles and standing up for Australian families. It does mean doing away with prospective annual income estimates and moving closer to actual current income. Such a system would not punish families for something that could happen in the future, and it should also help to restore incentives to earn extra income. Piled on top of the current system is a taxation system and a social security payments system under which many families, when they work overtime, are pay-
There are a lot of people out there on high incomes who are whingeing about the top marginal tax rate. It is already paid by 860,000 households in this country—three-quarters of whom are families earning between $30,000 and $60,000 a year. That is why they are a priority for us. Fixing the family payments system so that it gives people what they are entitled to must be a priority—and so too must these high effective marginal tax rates that come from the interaction between the social security system and the tax system. That is why we need action. Every time a hardworking family on a modest income in this community does a bit of overtime, John Howard and Peter Costello have got their hand in their pocket taking out 60c. And they claim to be the party of incentive. It is just obscene. There is an alternative.

To sum up, I will return to where I started. We have in this bill yet another attempt by the government to stick a bandaid on a system that is on life support. Only a government and a minister hopelessly in denial and completely out of touch with families would persist with and defend this flawed family payments system. Hundreds of thousands of families across the nation have been hit with debts two years running. As they lodge their 2002-03 tax return, many will get a third debt. Some will have debts for three years, not just one—the triple whammy. The system is drowning families in this country in debt. It is both socially and fiscally irresponsible, and it needs to be fixed. That is why we on this side of the House have moved a second reading amendment to this bill. We do that in a vain hope that someone in this government—the minister, the Prime Minister or someone on the back bench—will show some guts and fix this system for the benefit of hardworking Australian families who just want to get ahead.

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

Mrs Crosio—I second the amendment and reserve my right to speak.

Mr CADMAN (Mitchell) (6.51 p.m.)—The measures we are debating tonight with the Family Assistance Legislation Amendment (Extension of Time Limits) Bill 2003 are far-sighted. They are a huge change in support to families. They were introduced at the same time as the goods and services tax and increased the benefits paid to families by an extra $2 billion per year—an extra $2 billion per year for two million Australian families.

The Centrelink records alone show that fortnightly 1,937,047 customers successfully claimed family tax benefit part A and 1,358,413 customers successfully claimed family tax benefit part B. It is estimated by the Australian Taxation Office that in 2000-01 another 80,688 customers successfully claimed family tax benefit through the tax system. Two million Australian families benefited from the changes brought in by the government in the year 2000. They are a consolidation of 12 complicated programs which were impossible to follow and have been condensed to three basic payments: part A, part B and the child support program. I know that most Australian families understand that they are vastly better off under this system than they were under the previous system.

What are the problems adverted to by the Australian Labor Party? These benefits are there to assist families and are related to their income; the system works on yearly income. Let us look at them. The family tax benefit part A helps families with the cost of raising children. It is paid for dependent children up to and including the age of 20 years and for...
dependent full-time students up to the age of 24 years who are not yet getting the youth allowance or similar payments, like Abstudy, or assistance under the Veterans’ Children Education Scheme.

For children under the age of 13, the maximum amount varies. It is $130.48 per fortnight or $3,401.80 per year. The highest amount paid is for the high-cost teenage years—between the years of 13 to 15, when children are at high school—when parents pay the greatest amount. The maximum amount paid per fortnight is $165.48, making a total in a year of $4,314.30. It tapers off for full-time students aged 18 to 24 to $56.42 per fortnight or $1,471 per year. The base rate can be paid to families receiving an income of more than $31,755 per year. The amount reduces by 30c for every extra dollar until the base rate of $82,052 is reached. At that base rate each child under 18 years of age receives $42 per fortnight, which amounts to $1,095 per year. Those aged 18 to 24 receive $56.42, which amounts to $1,471 per year.

The income threshold for the maximum rate for families is $31,755 per year. If the income is more than $31,755 a year, the reduction—the part rate—takes place until the income reaches $82,052, plus there is an additional $3,285 for each dependent child. There are part A: a very generous and worthwhile program for families in Australia—families with medium and modest incomes getting the most.

The family tax benefit part B gives assistance to single income families, including sole parents, and particularly to families with children under the age of five. Part B is a more focused program, being geared towards families with younger children and for single income families. For sole parents, there is no income test. For couples where there is only a single income, the ‘primary earner’s income’ is not taken into account. But, if the family has a secondary income earner, that secondary income is taken into account and, if there is income of more than $1,824 per year, payments are reduced by 30c for every extra dollar.

Let me talk about the payment of family tax benefit part B. For children under five years, it is $112 per fortnight or $2,920 per year. For children aged five to 15 years, it is $78.12 per fortnight or $2,036.70 per year. The combined payments of part A and part B are very generous. The total cost for Australians is huge.

On top of that, there is child-care benefit, which is an increase in the maximum level of assistance to $137 per child per week for approved care and $23 per week per child for registered care. The income threshold is $31,755 per year. For those earning above $74,153 per year it tapers off. It ranges from 10 per cent for one child in care to 15 per cent and so on per additional child. This is a very generous program. The total benefits are designed to assist families. There is a targeted part and a general part. Around 68,000 top-ups are needed because people, when they come to fill in their tax forms, find they have earned either more or less than they estimated to gain access to part A, part B or the child-care benefit. Those who received more benefits than they calculated on their taxation are asked to repay that over a period of time. This is not a welfare payment; it is a tax benefit linked to the tax system.

So, despite the complaints of the Australian Labor Party, the benefit is large—it is $2 billion larger than the previous system. It is geared toward families who most need support. It is a generous program ranging for part A from $130 per fortnight to $165 per fortnight and for part B from $112 per fortnight for children under five to $78 per fort-
night for children aged five to 15. On top of that there is the child-care benefit. This is a generous program. It is geared to taxation and the final calculations cannot be made until a person has completed their tax return. This legislation is about those who have been underpaid—those who, when they come to the end of the financial year, find that they received less than they had calculated and therefore their tax benefit is smaller than it should have been. This is a topping up process based on the exact and finite calculations of their taxation.

The original legislation said, ‘You’ve got one year to get it straightened out.’ That was found to be insufficient because a number of people missed out on payment. I understand from questions asked in the Senate that approximately 25,072 family tax benefit customers who lodged 2001 tax returns will receive an additional $37,033,027, which is an average of $1,477, as top-up for their 2000-01 family tax benefit year. This does not mean to say that tax returns can be put in at a later time—tax returns must be put in on time—but the calculations can now take up to 24 months instead of 12 months as they did previously. This is a very sensible change that adjusts to the needs of families. It is endorsed and supported by this side of the House. The indications are that in the 2001-02 year the number of family tax benefit and child-care benefit top-ups will be higher and the number of overpayments will be lower as people understand what hinges on them lodging the exact and right amounts.

The government’s family assistance arrangements are fairer and simpler than the previous system and, as I have said, will provide around $2 billion per year extra for 2 million Australian families. Families receive exact entitlements when payments are reconciled at the end of the year. Underpayments are topped up and overpayments are recovered. This ensures that all families receive their correct entitlement, and that is the way it should be. This is a reasonable program based on exact income. Around 680,000 top-ups for family tax benefits and child-care benefits were paid—no families received top-ups under the old system. This is a new system, a change and an improvement. The method of calculating the reconciliation results was revised in February this year and now more accurately reflects the overall net income of families who have a revised reconciliation. The final number of payments topped up or recovered for 2001-02 payments will not be known until the completion of the reconciliation process, which is approximately a year away.

Families are required to estimate their yearly income but there is no limit on the number of times a family can update their estimated income within the family assistance system. The whole system is family oriented. The previous time limits applying to FTB and the child-care benefit have been extended by 12 months. The one-year time frame for claiming the payment of top-ups as a result of income reconciliation will be extended to two years after the end of the income year to which the payments relate. The time frame relating to the exchange, use and deduction of tax file number data for income reconciliation purposes is extended from two to three years, so the tax office and Centrelink face the prospect of making sure that their data matching processes are extended by the same period.

Samantha Maiden in Canberra wrote an article for the Hobart Mercury with the headline ‘Families win with $50m top-up move’. The article says:

Under changes to the controversial system, families will be given an extra year to claim a lump-sum FTB payment or a “top-up” if they overestimate their income.

... ... ...
In Tasmania, Anglicare welcome the move.

“At last the Federal Government is responding to low-income families,” chief executive officer the Rev Chris Jones said.

“It won’t affect everyone and these sorts of reforms should not be the be-all and end-all, but they are very welcome.”

... ...

Under the previous Labor government, parents who overestimated their income were not eligible to receive extra top-up benefits.

The article concludes:

More than 18,000 Australian families earning over $100,000 a year received FTB payments worth up to $4300 per child per year. It is generous across the board for all families. This is an excellent family friendly policy, devised by the government and put into action on coming to government. It is part of a total package which is supportive of families with children.

In conclusion, I want to draw the House’s attention to work done by Catherine Hakim of the London School of Economics for the British Cabinet Office’s Women’s Unit. Catherine Hakim was in Australia recently, and she said:

Small elites of women born into wealthy families, or prosperous families with liberal ideas sometimes had real choices in the past, just as their brothers did. Today, genuine choices are open to women in the sense that the vast majority of women have choices, not only particular subgroups in the population.

She went on to try to identify some of the choices women are making. She said:

Reviews of recent research evidence ... show that once genuine choices are open to them, women choose three different lifestyles: home-centred, work-centred or adaptive ... These divergent lifestyle preferences are found at all levels of education, and in all social classes.

So women in a range of classes are choosing different types of lifestyles. Hakim went on:

Adaptive women prefer to combine employment and family work without giving a fixed priority to either.

An adaptive woman makes a choice between employment and family work, determined by needs. Hakim said that approximately 60 per cent of women prefer that lifestyle. She said:

For example seasonal jobs, temporary work, or school-term-time jobs all offer a better work-family balance than the typical full-time job, especially if commuting is also involved ... Work-centred women are in a minority ... and ... are focused on competitive activities—such as careers in sports, politics or the arts or maybe the professions. The third group, home-centred women, are also in a minority, according to Hakim. She said that as a group they are:

... a relatively invisible one, given the current political and media focus on working women and high achievers.

This is a very interesting approach and one which the government must pay attention to. The majority of women mix their home duties with work responsibilities. The family tax benefits are certainly geared to assist those families, but I believe that further refinements are needed to really take into account the majority of women who want to adapt their lifestyles to the needs of their families—their families being their prime focus—and also not leave unconsidered those women who want to have a full-time career or want to be full-time home carers and managers. (Time expired)

Ms Jackson (Hasluck) (7.12 p.m.)—Whilst I do not oppose the Family Assistance Legislation Amendment (Extension of Time Limits) Bill 2003 in its substance, I very much want to speak in support of the second reading amendment moved by the member for Lilley. In doing so, let me say I have had opportunities to speak on my concerns about the family tax benefit regime now applying in this country since being elected as the
member for Hasluck. Whilst I think this bill represents a small step being taken to improve that family tax benefit regime, it still seems to me a long way short of what should be done to amend the scheme to make it a far more sensible scheme for Australian families.

As I said, I do not oppose this bill. In some respects it is reasonable, though it is worth noting that this will bring the family tax benefit rules closer to the relevant current tax legislation but still not in line with it. Essentially, the bill will allow top-up payments to be claimed for up to two years after the end of the income year to which the payments relate. As I understand it, the two-year time limit is at odds with tax law which allows adjustments and subsequent claims to be made for up to four years. I think, if for nothing else but the purpose of internal consistency, that the government ought to have given consideration to ensuring that such leeway, or time for claims, was allowed to families with respect to family tax benefit top-ups. I am also assuming, in supporting this legislation, that if this legislation is passed those who missed out on their top-up for the 2001-02 financial year will be able to claim.

At this point I would urge the government to make some effort to advertise the availability of the top-up payment and how it works. I appreciate that many in Centrelink try to keep people informed, but it is a complex scheme. I note the government’s willingness to advertise some of its other initiatives, such as the changes to the Pharmaceutical Benefits Scheme and the earlier advertising campaign requesting people to notify Centrelink of changes to their income or their status as soon as possible. I urge the government to take similar steps to advise families about this measure. The government’s own estimate is that this will benefit approximately 35,000 families, which I think includes 25,000 families who chose to receive a lump sum payment at the end of the financial year. As I said, I urge the government to take some steps to advertise this improvement to the scheme.

My only concern is that it is too little, too late. Whilst it might assist some families in Australia, unfortunately it seems that it is more likely to benefit those who are already in a financially secure position to claim their family tax benefit at the end of the financial year. That is contrary to the situation of many thousands of families—certainly in my electorate of Hasluck—who, due to their financial situation, have to claim their family tax benefit up front and receive that payment on a fortnightly basis. To that extent, I am terribly disappointed that the bill does nothing to address the flaws in the family tax benefit system. Year after year, I have seen families not only in my electorate but throughout Australia hit with debts that, frankly, are through no fault of their own but through the fault of a system that does not recognise the practical situation of many families in Australia. The bill does nothing to bring to an end the stripping of many of these same families’ annual tax returns to recover the family tax benefit debt. In many cases, these are tax returns that families count on to help them get through the financial demands placed on them these days.

The bill also does not correct the raft of problems with the operation of the family tax benefit system. I have spoken in the House about a number of those problems. This gives me another opportunity to raise a new concern about the operation of the system. Overlooked so far in what I call ‘the family tax debt fiasco’ is the potential debt facing families whose children find employment for the first time during the financial year. I am talking here about families that, firstly, are rightly entitled to the family tax benefit for the period that a child is at
school—or that children are at school—and, secondly, cease receiving the family payment as soon as the child or children receive employment. However, these families are still incurring debts for the payments that I say they would otherwise have been entitled to.

There is the example of a family in one of the suburbs in my electorate, Huntingdale. They contacted my office last year after receiving notice of a debt for a period in which they were rightly entitled to the family tax benefit. That period was during July and August 2001. At the time, the son was enrolled as a student and was living in the family home. As a consequence, his family were entitled to the family tax benefit payment. At the end of August that year, the son gained employment and the family dutifully notified Centrelink of the change in their circumstances. Centrelink ceased the family tax payments upon notification in August 2001.

It was therefore with some shock and anger that that family in Huntingdale received notification in 2002 that they had been overpaid for the period July to August 2001 and that they would have to pay back the entire amount of their family tax benefit. Had that child remained studying until the end of the financial year and then gained employment, the family would have been entitled to the family benefit payment. That the child subsequently received employment cannot—and, in my view, should not—take away from the fact that the family were absolutely entitled to the family tax payments received during July and August 2001.

It seems ironic that the system has penalised them. The son’s only crime was to go out and find work at a time that did not neatly coincide with a financial year period. Is it correct to say that this family were not entitled to receive the family tax benefit in July and August 2001, despite the fact that they met all of the criteria for the payment during that period? Is it the case that all families now need to guess at the commencement of each financial year whether or not children or a child in that family will gain employment in the oncoming 12-month period and, if so, whether they should forfeit the year’s family tax benefit payments in order to avoid a debt?

The Huntingdale family I have referred to are not an isolated case. A constituent from Caversham who incurred a similar debt also contacted me. She stated that she had received a debt notification because her son had left school. However, she says—and I will quote directly from her letter:

... unfortunately the school and financial years are not the same. Now I need to pay back what I got while he was at school.

I would like to know how many other families across Australia are affected by this system which is designed to penalise families for claiming their due entitlements whilst their children are studying. Why is there no mechanism in place to ensure that families do not have to pay back payments they were entitled to, especially when they take all steps possible to notify Centrelink of changes in their circumstances?

Another local family had two debts arising from a similar situation. The first of their debts was for approximately $1,600 in the financial year 1999-2000 and the second was for $878 in the financial year 2001-02. The first debt centred around whether or not Centrelink were notified of a change in income, and that matter has been the subject of much discussion. The second debt was due to the actions of their son, who was quite industrious and went out and got himself a job over the summer holidays. He ended up earning more than $8,079 for the entire financial year 2001-02. The letter that my constituent received from Centrelink said:
Your child had income, that, for a student, was over the limit from 01 Oct 2001. Consequently you have been overpaid Family Tax Benefit from 01 Oct 2001. If income exceeds limit then there is no entitlement for the financial year. We are therefore, required to recover this amount.

What I am trying to say is: this rule means that parents who think that their child will finish studying at the end of the school year, and who are thinking and hoping that the child will gain full-time employment, should not claim the family tax benefit for at least the July to December period in which that child is in school. Even though they are eligible for the money during the July to December period and may very well need the money they will have to pay it all back if their child starts work and earns more than $8,079 in the following January to June period. Frankly, there must be a more sensible way to address this particular issue. I cannot believe that these problems are not known to the government, because they are certainly well known to Centrelink staff.

It is even more infuriating when we discover, through new information that has been obtained, that one in three families are still accruing unavoidable debts under this flawed family tax benefit system. Recently our shadow spokesperson for family and community services discovered that a whole new loophole allowing the wealthy in our community to obtain the maternity allowance has been identified. The double standard shows that this government is continuing to squeeze average families while leaving loopholes open for the wealthy to exploit. Labor obtained information that shows that 643,000 families have been hit with debts over the past year due to the family tax benefit system’s inability to determine and pay their correct entitlements during 2001-02. Most families have been unable to avoid the debts because the government system is unable to account for fluctuations in family income and adjust payments accordingly. The debts accrued by families over the first two years of the scheme now total more than $1 billion.

Earlier this year, the Commonwealth Ombudsman recommended wholesale reform of the scheme because minor policy changes would not prevent a large number of families still accruing unavoidable debts. It is of some concern to me that the government has not taken this opportunity in the legislation to address that raft of problems. We also discovered that, just as many wealthy families may obtain access to the family tax benefit by submitting a low estimate of income at the time of the claim, they can also access the maternity allowance. The minister responsible has claimed that the family tax benefit may eventually be recouped from these wealthy families, but she also acknowledges that it is unlikely that the maternity allowance will ever be recovered.

We have been asking Senator Vanstone to release the figures for this financial year on family tax benefit debts. We estimate there are a substantial number of families who have again incurred debts this year. Figures that I have received indicate that around one in three families eligible for the benefit have been hit with end of financial year debts and these are usually stripped straight from tax returns. As I said earlier, families that lodge their tax returns can expect to be slugged to make up the difference and to pick up that debt. I imagine that this year we will again see an average of $1,000 taken out of many families’ budgets as a consequence of the family tax benefit system.

I understand that in my home state of Western Australia there are some 65,297 families who had family tax benefit debts for the financial year 2001-02, with the accumulative value of those debts being $116,515,243. Hundreds of thousands of families across Australia have been hit with
debts two years running and, as they lodge their 2002-03 tax returns, many of them will find out about their third debt. The failure to fix this flawed system is putting a financial squeeze on families who need benefits fortnightly and contrasts with loopholes available to the wealthy to gain money out of the system.

Last year, during the consideration in detail stage of the debate on the 2002-03 appropriations bill, I indicated to the Minister representing the Minister for Family and Community Services the figures that actually affected my electorate of Hasluck. Whilst I do not want to bore members of the House by reiterating those figures and those debts—

Mr Kelvin Thomson—I’d like you to do it.

Ms JACKSON—You would like me to do it; I am happy to do it. I can tell you that, after the first year of operation, some 5,052 families in Hasluck received notification of a family tax benefit debt—

Mr Kelvin Thomson—5,052!

Ms JACKSON—that is right—and 971 families received notification of a child-care benefit debt. What is worse, after the second year of operation another 2,550 families received notification of a family tax benefit debt and 559 families receive notification of a child-care benefit debt. In my electorate alone, the government debt was $6,743,869.

As I indicated to the minister last year, I undertook a survey of a number of families who had received debt notices—and I have taken him through those figures. By far one of the most disturbing figures that emerged from my survey was the fact that 70 per cent of families who received a debt notice for the 2000-01 financial year also received a debt notice for the 2001-02 financial year. As I indicated at the time, I was concerned that many of those same families were likely to receive a further debt notice this year.

I also pointed out to the minister that in the scheme’s first year of operation—and, of course, it had nothing to do with the federal election in 2001—the government very generously waived the first $1,000 owing in family tax debt. At the time I asked the minister if he would offer a similar concession to those people who received debt notices the following year partly because, as many of you will recall, it took the government—or Centrelink, as its official representative—nearly seven months after the end of the financial year to actually advise many people that they had incurred a debt in the scheme’s first year of operation. At the time the minister refused to grant that waiver.

During the consideration in detail stage of the debate on that appropriations bill, I also asked him whether it was not in fact the case that the most significant proportion of debts now being incurred through the welfare system, and through Centrelink in particular, was in the family tax benefit area. At the time he was not able to answer me—he was very vague—but he did go on to say an extraordinary thing about the top-up payments that the government now make. I think he thought that this would somehow assuage my concerns about the operation of the system. On 19 June in the Main Committee, Minister Anthony said:

The system has been far more flexible over the last few years. The onus is on families to ensure that they either try to accurately reconcile their income or, perhaps, overestimate their earnings so that they do not incur an overpayment. But I must say again that it was this government that introduced that top-up payment. Interestingly, as the projections are now, even with the child-care benefit we will actually be paying out more through top-up payments than, let us say, the amount families will be paying the Commonwealth because they have been overpaid.

I think this was somehow a source of pride for the minister. Even though Minister Vanstone has refused to publish the full-year
figures at this stage—that was an undertaking she gave during the Senate estimates process—it is clear when you look at the figures the government have that at the end of June 2002 the top-up was $403 million and the overpayment was $577 million. If you look at the figures to March 2003, the top-up is $349 million and the overpayment is $462 million. Fix the system. (Time expired)

Mr FARMER (Macarthur) (7.32 p.m.)—I rise to speak on the Family Assistance Legislation Amendment (Extension of Time Limits) Bill 2003. The family tax benefit system is the centrepiece of this government’s commitment to families in Australia. The system provides financial assistance to around two million Australian families, and this money is used to help around 3.5 million children. Those families receive around $2 billion a year in family tax benefits, an average of $5,700 a year tax free. Importantly, those most in need—those on low incomes—are well supported. In fact, 260,000 families currently receive the equivalent of more than $10,000 a year tax free in fortnightly family payments. While we do not make rules about what this money is spent on, it is often used to provide the essentials that our children need. It is spent on things like books, school uniforms and even sports fees and shoes.

In my own electorate, the family tax benefit helps thousands of families. The last census showed that over 18,500 families were dependent on the family tax benefit system. Depending on their family income, these families could be eligible for the family tax benefit. I talk to many parents in my electorate about the family tax benefit, and it is something that is being very well received. This government is listening to families and taking on board their suggestions. This government has a strong record of listening and, more importantly, responding to the concerns of the Australian community. That is why it introduced some changes to the family tax benefit system earlier this year. These were changes that gave families the flexibility to take the family tax benefit as a combination of fortnightly payments in a lump sum to reduce the chance of overpayment.

We also addressed the issue of change in family income. Before these changes to the act, families who changed their income estimates only had payment changes to reflect their new income from that day on. This usually meant an overpayment was dealt with at the end of the year and as part of a reconciliation. Under the new measures families have the additional option of asking to be paid for the remainder of the year at a rate that will significantly reduce or wipe out any potential overpayment. This type of flexibility has been well received in my electorate and will give many families the certainty of knowing they will not have an FTB debt at the end of the financial year.

Today we are debating further legislation that will finetune the FTB system. The family assistance legislation amendment bill will give families a further 12 months to claim any top-up to FTB they are owed. This means that families will be given an extra 12 months in which to receive a top-up to their family payments or to claim a lump sum payment of their family tax benefit. The 12-month extension of time will apply to families who are seeking top-ups or payments for the year 2001-02 onwards. It does not change the legal requirement for families to lodge a return within 12 months; it simply means that, even if they do not lodge a return within that 12 months, they will be eligible for a top-up if they lodge it in the next 12 months after that.

You may ask: why should the government do this? The government are doing this because, I am pleased to say, we have been listening. This government listen to the peo-
The people of Australia. We listen to the people who say that it is not always possible to lodge a tax return within 12 months of the end of the financial year. We listen to families who live in regional areas and find their tax accountant is so busy that they cannot see them in time. We listen to families who have lost everything in fires, floods or other natural disasters and cannot lodge a return within 12 months. We listen to owners of small businesses who are having difficulties finalising their annual income in time to lodge a tax return within that 12 months. We listen and we respond.

Here, we have responded by increasing to two years the time allowed for families to claim a top-up. This amendment makes the system more flexible and more practical for families. This change will mean a top-up will be available for an extra 35,000 Australian families. Most importantly, it is something that families could not access at all when the Labor Party was in power. That is because the top-up simply did not exist under the old system. If you overestimated your income and were owed money, quite simply it was just tough luck. You missed out on money if you estimated your income on the high side. This created a system where families were forced to underestimate their incomes and take a higher rate of payment each fortnight. They were forced to take too much each week so that they did not miss out. The overpayment was then ripped back off them when they lodged their tax return. The problem was that often they did not have the money to pay it back; it was already spent during the year on essentials for their children. I do not blame them, to be quite honest with you—that is just human nature. You learn to live on what you have. You use money that is put into your account each fortnight to provide for your children. That is simply human nature.

The only way for families to make sure that they got what they were entitled to was to be overpaid then give back the difference at tax time. That is why this government introduced top-ups. It is like a system of forced savings. It is a system that benefited 680,000 families in the 2001-02 financial year. This was not available under the old system.

I have spoken with many mums and dads in my office who receive family tax benefits, and they think ours is a great system. It has been really well received by families that rely on shiftwork and overtime, which can change a family’s income by hundreds of dollars from week to week.

Mr FARMER—Rather than getting their income estimate wrong because of overtime and getting paid too much family tax benefit, the top-up system lets families take a fortnightly payment but still get access to any money that they are owed at the end of the financial year. It means that they can spend the family tax benefit that gets put into the bank each fortnight by the government without worrying that they will have to pay it back at a later date. It gives them a fortnightly payment then a lump sum at the end of the financial year that can be spent on their children. This amendment today makes it possible for those families to have an extra 12 months to claim a lump sum owed from the financial year 2001-02. It is a sensible and practical amendment, and it is an amendment that I welcome on behalf of the people of Macarthur.

Ms GEORGE (Throsby) (7.41 p.m.)—I want to begin by saying that I have just listened intently to the member for Macarthur, and I do not think there is anyone on this
side of the House that disagrees with the principle of family payments. It is a great idea. Our objection is that the administration of the family payment system is fundamentally flawed. The flaws in that system have not been recognised by the government, and inequities continue to be perpetuated under this system. The member for Mitchell must live in and represent a totally different constituency to mine, because I constantly deal with individual complaints from constituents about getting caught out in a system where they are treated almost as criminals when they have done nothing other than to advise Centrelink of changed circumstances whenever they occur but where, despite the best intentions, they still find themselves saddled with a debt.

But the world that the member for Mitchell inhabits is certainly not the world that is revealed in Senate estimates, where on the latest information we are told that 728,458 families in Australia have accrued debts totalling $644.8 million in 2000-01. It beggars belief that this government would persist with a system that delivers more than half a billion dollars in debt to almost three-quarters of a million families in Australia. For government members to get up in this debate and pretend that there is nothing wrong with the system fails to acknowledge the reality that is out there. I know, because many families in my electorate of Throsby are bearing the burden of this flawed family payments system through no fault of their own. Honest and hardworking people are being made to feel like criminals, but it is the system, not individuals, which is at fault. Families are making honest estimates of their income, but the system continues to be unable to adjust to changes in people’s circumstances.

I will give a couple of examples. In one case, a wife in a single income family in Throsby was lucky to find some part-time employment. Her prompt notification to Centrelink of the changes in her circumstances still left the family with a debt of $1,700. Another constituent was saddled with a debt of $1,800, even after the one-off pre-election waiver of $1,000. Do you know why? I will tell you: all because the husband was retrenched. The list could go on and on. The injustice has been enormous—even more so, and an even greater indignity, when families were stripped of their tax returns without notice.

Suffice it to say, I did what a lot of other members of parliament did and referred individual cases on to the Ombudsman when he was conducting his review. Case studies from local families in my electorate of Throsby comprise some of the 1,855 complaints received by the Ombudsman. It seems to be the case that the members for Mitchell and Macarthur did not have the same complaints coming in to them. It just defies belief. As we all know now, because his report is a matter of public record, the Ombudsman slammed the government’s family payment system and admitted that, without fundamental policy changes, it would continue to trap honest, hardworking families in debt that was not of their making.

The Ombudsman’s report indicated 12 broad areas of concern in the administration of the family tax benefit system. Again, I make the point that we are not complaining about the principle of family tax benefit or family tax payments; what we are constantly raising with this government is the fundamental flaws in the administration of a system that is haemorrhaging and where all we get is constant bandaid solutions that do not address the fundamentals. Even in tonight’s proposition—when I get to the detail of that—you will see that the anomaly has not been rectified for all the people who have been trapped by the system’s operation.
But you do not have to take the word of the members of the opposition about the flawed system; have a listen to what the Ombudsman said. He said that the system inherently resulted in large numbers of debts, and these debts are normally high; that debts arising from the scheme are affecting many low-income families, who can ill-afford to have their tax return stripped without any notice—for not doing anything other than abiding by the law, doing the right thing, telling Centrelink of their changed circumstances but incurring debts that are not of their making. The Ombudsman acknowledged that there are situations in which debts are unavoidable, even when families fully comply with all of the requirements, and there are situations in which debts seem to have an unfair retrospective effect—that is, changes in families’ circumstances cannot be anticipated. How do you anticipate that your husband is going to be retrenched? How do you anticipate that you might be likely to pick up a bit of part-time work? So the Ombudsman acknowledges that changes in family circumstances cannot be anticipated in many situations and may be beyond the control of any individual but that still results in significant debts and/or other losses or detriment.

Regrettably, but very clearly, this government is happy to continue to place Australian families on a yearly debt cycle rather than do its job and rectify the failures of this system. I cannot believe that Senator Vanstone is allowed to continue in blissful ignorance, blaming individuals rather than accepting her responsibility for a system that is fundamentally flawed. Australian families are being forced into debt by an unjust system. We should, rightly, expect a family payment system that can properly adjust for changes in family income throughout the year and pay the correct entitlement without the risk of a nasty end-of-year debt.

This government should be condemned for its failure to reform this flawed system. It has known about it for years. The Ombudsman, in an independent report, made numerous recommendations. He said it required a substantial policy overhaul—not this constant bandaid to a haemorrhaging system. This government should immediately stop stripping families of their tax returns to recover debts. This government should stop treating honest citizens as if they were criminals. This government should recognise that it is the system, not the individuals, that is at fault. This government should take stock of the financial pressures being imposed on families. There are families in my electorate slowly sinking under the weight of an unfair tax system, the impact of the GST, unpaid or overtaxed overtime and a government induced family payment debt which is nothing short of scandalous.

This is hurting families that I represent. Almost 30 per cent of those in my electorate, on recent census data, had a weekly income of less than $500. The median family income in my electorate is about $860 before tax. Families are waiting for their tax returns to be able to purchase things that are needed by their families; they cannot afford to do that, other than with the money that they manage to get by way of their tax returns. Debts of several thousand dollars, as is the case in my electorate, for average working families are a serious impost, particularly when the debt arises through no fault of their own.

The announcement by the government in this bill to extend by a further 12 months the deadline for top-up payments is welcome, but it neither addresses the core problems within the family tax benefit scheme nor applies to everybody who has been caught up in the fine print and in this ridiculous situation since the introduction of this scheme. This bill before us tonight is no more than a concession to basic commonsense. From the
start, it was a crazy system which only allowed top-up payments to be paid within 12 months of the financial year in which the family was eligible to receive payments. This bill seeks to extend the time limit from one year to two years. It is a small start, and it will certainly provide relief for many families who are innocently caught up in the system. But let us be clear that the government has been forced to make this minor concession due to public pressure and the recommendations of the Ombudsman.

The absurdity of the system was highlighted in a case I pursued on behalf of the Gaggin family, who live in my electorate. I was hoping that, when I saw this bill, I would be able to ring the Gaggins and say to Patricia and her husband—honest, hardworking small business people—that the $4,189.69 that was owed to them had finally been acknowledged by this government and that they would be getting it back. But what do we find? We find that, no, this does not go back to the 2000-01 financial year; it leaves out half the families. So it makes a concession and recognises that there was an anomaly but leaves out half of the people—those who were trapped in the first year of the system.

Let me tell you a bit about the Gaggins. The Gaggins sought the top-up in the 2000-01 financial year. As I said, they were entitled to a top-up of $4,189.69—a huge amount for a small business family. Mrs Gaggin’s husband had approval from the ATO to lodge his tax return by 31 October 2002. It was later than normal because, like many small businesses, they were hit with the impact of the GST and it took them a bit of time to work it out, but they had approval from the ATO to lodge the return by 31 October. But what they found was that the system was unable to exercise any discretion, despite this granting of an extension for the lodgment by the ATO.

The Gaggin family were not going to take this lying down and they pursued their case through the Social Security Appeals Tribunal. The Gaggins argued convincingly—and the tribunal accepted this argument—that Centrelink had never told them about the fine print that their return had to be lodged by the end of June. The government now accepts that the two-year rule is a reasonable outcome, but it does so for probably only half of those people who have been caught in this absurd situation. The Social Security Appeals Tribunal, while it had no power to order the payment to the Gaggins, suggested that Centrelink consider making the payment of $4,189.69 to Mrs Gaggin, pursuant to the compensation for detriment caused by a defective administration scheme.

The Gaggins pursued their case through the tribunal, and I have pursued the case with the Minister for Family and Community Services. I argued the case on its merits in a letter to Senator Vanstone on 21 May 2003. I would have thought that by now I would have had the courtesy of a reply, but there has been no reply, no justice and no recognition of the anomaly—nothing. Justice needs to be served for the Gaggins. They did everything by the book in terms of the ATO’s authority. The tribunal considered that they were credible witnesses when they said that they were not advised of the fine print at any time by Centrelink, and yet they have been denied $4,189.69. That might not seem like a lot of money to a lot of politicians, but it is a lot of money for that family.

I take this opportunity tonight to place on the public record my thanks to broadcaster Alan Jones for his willingness to take up the Gaggins’s case when I contacted him. As we know, he is often on the side of the battlers against the bureaucrats. He, no doubt, will be—as I am—very disappointed by and very disapproving of the government’s failure to remove this anomaly for everybody who was
caught up from the inception of this system. While I am thankful that this bill provides relief for families who sought a top-up in 2001-02, it leaves families like the Gaggins, who sought the top up a year earlier, hanging out to dry.

The government has recognised the anomaly; it has conceded the principle. We know that people can change their tax returns and have leeway to do that for several years. We know that the ATO does give approval for late lodgment. What we have seen in the case of the Gaggins is one government department doing one thing and another government department acting quite contrary to the authority provided by the ATO. I think it is absolutely scandalous. I intend to ring Mr Jones to thank him for his efforts to date and to tell him how sorry I am that Senator Vanstone has not acknowledged that the detriment was caused back in the 2000-01 financial year.

Why is it—please explain, Senator Vanstone—that half the families caught in the system will get relief but the ones caught up in the first year will not? I do not think this is good enough. The changes to the system should be backdated to the introduction in July 2000 of the government’s family tax benefit rules. This would resolve the problems for families like the Gaggins, who were caught up in the first year of the system. It is not too late for the government and Senator Vanstone to solve this mess of their own making and recognise that the fault is in the administration of the scheme and not with the innocent families who have been caught up in a scheme that is so maladministered.

Mrs HULL (Riverina) (7.58 p.m.)—I rise tonight to speak on the Family Assistance Legislation Amendment (Extension of Time Limits) Bill 2003. There is no doubt that the way in which families now involve themselves in the workplace makes it very difficult to have a one-size-fits-all model that does not have some people and some families who fall through the cracks. This will always be the case. But the one thing that can be said is that the Minister for Family and Community Services has opted to try to change those issues that have seen some people being disadvantaged by some of the legislation that has been passed by the House, and for that we need to congratulate the minister. The minister has not put herself in a position whereby she is not of a mind to change. She has proven that time and time again by making the system fairer as everything gets brought to her attention.

When a government or an area puts together a policy, there is no way that they can envisage every single problem that might appear through an anomaly caused by someone’s personal circumstances. The difference is that some people would continue to move that way and not ever move toward rectifying the situation, regardless of how unfair it might be. That is something that cannot be said of the Minister for Family and Community Services. She is constantly looking at updating, rearranging and ensuring that Australian families are not disadvantaged if it is at all possible. This government is about assisting families; it is not about hindering families or deliberately putting obstacles in the way of families. It is about moving towards supporting families, and providing them with the benefit of assistance that they largely need to assist them to bring up children in this new age of living.

The family tax benefit undoubtedly offers much assistance to many families, helping them purchase the necessary items and services that all families need and face with their growing children. This government provides assistance for families to meet the needs of their children, and the family tax benefit is but one of those areas that lends that assistance. There are 2.2 million Austra-
lian families with over four million children who have benefited from the new family tax benefit. This figure equals more than 90 per cent of all Australian families with dependent children. Many families choose to receive their family tax benefit at the end of the financial year, so at tax lodgement time they are anticipating a lump sum payment that will no doubt be useful in paying household bills or buying school supplies.

Those families who are in a state of flux in the way in which they work can opt to have their payments made throughout the year, and invariably some of those families will underestimate some of their income. They will receive a double payment, because they will receive a payment for having estimated a low income and then, at some stage, their income will increase beyond that estimate. When it comes to any reconciliation time, if you have received more than you are entitled to, there is a payment period. The minister moved toward moving that payment period back in order that people were not disadvantaged and got an additional 12 months to be able to repay any debt that was unwittingly created by the way in which their employment and their children’s employment happened throughout the year. I reiterate that, when any of these issues are uncovered, this minister moves towards assistance and moves to rectify them. As I said, you can only admire that will and tenacity to do that.

Previously, payment of the family tax benefit was limited to a 12-month period following the end of a financial year. This bill will extend the time limits for making past period, lump sum claims for the family tax benefit and child-care benefit by 12 months. It is an additional 12 months that I am very pleased about, and I am very supportive of it coming into this House. The amendments will mean that families have two years—I think that is a very fair time—after the end of a relevant income year in which to make a past period claim. For example, for the 2001-02 income year, families will have until 30 June 2004 instead of the current 30 June 2003 to make a lump sum claim. That is fair by any means, and nobody at all could say that this has not improved the circumstances of the many families who, through no fault of their own, do not get a tax return done in the financial year.

The time frame for the payment of top-ups of the family tax benefit as a result of income reconciliation is also extended from one to two years after the end of the income year to which these payments relate. This is another movement which I am sure is welcomed by Australian families. This measure will allow top-ups to be paid for the 2001-02 income year if tax returns are lodged by 30 June 2004. These new time frames will also apply to future income years. This bill does not in any way change the legal requirement for families to lodge tax returns within 12 months. It is not intended to. You still lodge your tax return within 12 months. What it does mean is that, if you do not lodge your tax return within a 12-month period, for whatever reason, then you will still be eligible for a top-up if you lodge in the following 12 months.

I have met with and received correspondence from a number of my constituents over a period of time, and some of them have missed the cut-off date to receive their family tax benefit in a lump sum payment. I am sure the minister is aware that the majority of these families have missed out on completing their tax return for reasons out of their control. This is the reason why she is moving graciously toward enabling these families to still be able to take advantage of and benefit from this family tax benefit payment. Basically, as the minister has recognised, those families who have genuine reasons for not lodging their tax return within 12 months and who have been unfortunate enough to miss
out on their annual family tax benefit pay-
ment have now been given that reconsidera-
tion.

One of my constituents and his wife opted, like many of my constituents, to re-
ceive their family tax benefit in a lump sum at the end of the financial year due to an in-
consistency in their wages. This was an ideal decision to make, ensuring the payment they received was in line with their incomes. This couple lodged their tax returns with their accountant in January 2002, well before the cut-off date for the family tax benefit of 30 June 2002. But their tax return was not com-
peted until August 2002, and therefore they missed out on their family tax benefit of ap-
proximately $900. That is certainly a useful sum of money for any family. It is one that I
would make representations for any day, because many families have difficulty in mak-
ing ends meet at many times, so $900 is a significant amount for them. We have moved
to rectify the anomaly.

My constituent, having missed that cut-
off, contacted both Centrelink teleservices
and a local office to be told that, unfortu-
nately, nothing could be done as he had missed the family tax benefit cut-off date. As
most people could understand, the couple were quite upset. Every member has proba-
bly had a couple similarly upset. That is why every member should come into this House
and support these changes. That is the best part of being a member of parliament—you have people coming to your office who are terribly upset about a certain set of circum-
stances, and you are able to get back to them and say, ‘Things have changed. You may not
have got it this year, but certainly you will be able to take advantage of it next year.’ That is
what being a member is all about—not only taking the good with the bad, but also being
part of the necessary mechanisms to ensure change so that people in the future are not
cought under some anomaly that was not
considered or foreseen at the time.

For this couple the cut-off date was ad-
hered to—they provided their tax return to
their accountant six months prior to the re-
quired date. The couple continually con-
tacted their accountant on a monthly basis, and yet circumstances out of their control
meant that their tax return was not lodged. This couple had followed all of the rules and,
due to a delay on the part of their accountant, they missed out on their family tax payment.
This amendment will encourage many fami-
lies to lodge their family tax benefit claim at
the time they complete their tax return and
opt for a lump sum payment, which will pre-
vent miscalculations of income that ulti-
mately result in incorrect payments from
Centrelink.

It is not always easy estimating your in-
come over the period of a financial year and
that is why we have always encouraged families who have varying and unpredictable
levels of income to overestimate or wait until
the end of the financial year. I recognise that
some families cannot wait until the end of
the financial year to receive payment. Some
families desperately need the fortnightly
family tax benefit, so they tend to be scrupu-
lous in the way in which they estimate their
income and yes, unfortunately, sometimes circumstances change in such a way that they
may have already earned the amount of in-
come they are able to in that year. But, over
time, most families recognise that the gov-
ernment is doing its very best to support the
living standards of families in order that
children can have a better quality of life.

The changes outlined in the bill are further
evidence of this government’s willingness to
meet the needs of Australian families while
recognising the many pressures that working
Australians face. Extending the family tax
benefit cut-off date will assist those families
who find that, for a valid reason, they are unable to complete their tax return on time. This government is not unreasonable and wants to ensure that all families who are eligible for the family tax benefit receive exactly what they are entitled to. As I said, this government is about putting into place measures to assist and support families; it is not about intentionally going out to hinder families and cause them duress and distress. Unfortunately that happens in any field. It is not only government that can cause a family duress and stress over a particular issue. It can happen anywhere. It is not intentional, and as soon as an unintentional consequence has been recognised the minister has moved diligently and reliably to ensure that that does not happen again and is not restricting families in the future.

There are many cases that could come to the attention of every member in the House on this issue, as I am sure there are on many issues we deal with. Another case that came to my attention was that of a family who had previously opted to receive their family tax benefit in a lump sum yet, due to a serious illness in the family, the constituents missed the cut-off date for their payment for the financial year 2000-01. Again, I welcome the amendment before the House because it allows the payment of family tax benefit to be more flexible by extending the amount of time available to claim payment. We are also recognising that there are sometimes circumstances that individuals cannot control and which prevent them putting in a tax return within the 12-month period.

I am pleased that the amendment will be retrospective to the 2001-02 financial year, allowing many families who missed out to receive their correct payment. At the same time, I recognise that there are those families—and some of them will be in my electorate—who will miss out and not be able to meet the time line. But again I am very happy to go out and be part of the process of saying, ‘It happened here but it won’t happen again, providing you get in within this two-year window.’ We have moved toward making this issue more palatable and easier to deal with for families. It ensures that, in the future, families will have longer to claim family tax benefit, ensuring more families are able to receive their payments as originally planned by this government.

There has been a significant amount of misunderstanding in the community about the family tax benefit, and this change will assist many families to access their payment that otherwise may have been forfeited had they not put in their tax return on time. I have no doubt that the many families who opt to receive their payment at the end of the financial year will welcome this amendment, which allows for greater flexibility in the payment of their benefit. I have no doubt there will be people who think that this has not gone far enough. However, I reiterate that I believe it is important that we go out proactively and be part of these very good changes that ensure people do not get caught in the future under the same anomaly.

I congratulate the minister for moving toward these changes and for listening to and hearing the Australian people. That is part and parcel of the minister’s role—one she has proven time and time again that she is willing and able to fulfil—of listening to the people, acting and reacting to ensure that she closes the gap that may have been there and that may have created some stress and duress for families through no fault of their own. Again, congratulations to the minister for moving forward and for showing that this government is about supporting families and not about putting hurdles and obstacles in their path.

Mrs IRWIN (Fowler) (8.13 p.m.)—I rise to speak on the Family Assistance Legisla-
tion Amendment (Extension of Time Limits) Bill 2003. At around this time of the year, thousands of families across Australia are anxiously waiting for the postman to arrive. It is tax cheque time, and for many families that means they can now afford to buy that special something or, in many cases, pay an overdue bill or pay off some of the balance on their credit card. These days I think that last group would be in the majority. But again this year many families will find there is precious little in their tax cheque and, for some, instead of a tax cheque they will get a bill. In 2001, 728,458 families owed a total of $644 million in family tax benefit overpayments. In 2002, 643,000 families were affected. That is a lot of disappointed families. I should add that these are families with children.

You would think that, with the declining birth rate and the obvious signs of stress in many Australian families, the government would have appreciated that it had a crisis on its hands. But you would have to have some idea of the impact on an average family budget to appreciate how hard it is for many families to make ends meet—and that is something that this government has got no idea of. So it is no wonder that, when it comes to fixing the system that causes so much misery in the community, all this government does is tinker at the edges. Instead of a thorough review of the program, all we get is a little bit of window-dressing; and, even then, the greatest benefit goes to higher income earners. When it comes to priorities, you can set your watch by this government.

If high-income earners have a problem, it gets fixed straight away; but low-income families have to wait until this government gets around to doing something about it. At the present rate, that will be a long time from now. That is the problem with this government. It lumps all families into the same basket and assumes that everyone can follow the same rules. It does not realise that many families simply do not have the certainty of a regular income. Not everyone is a public servant who knows that their salary will be deposited into their bank account every fortnight. Not everyone knows how their work situation will change in the weeks and months ahead. None of us knows if an accident or sickness will affect our income in the year ahead. And, with increases in casual and part-time work, many people find it impossible to accurately forecast their income ahead of time. But where is the discussion from government members on this issue? There is none. They think all people are the same, and they have a one-size-fits-all process for dealing with family tax benefit and child-care allowance.

More than two million families are eligible for family tax benefits but, of those, only 140,000 take the benefit as a lump sum at the end of the year. The other 95 per cent of families take their family tax benefit fortnightly. If you have ever had to budget for a low- or middle-income family, you can understand why they take the benefit each fortnight. In short, they need that money to make ends meet. But this bill really assists only the five per cent of families who take the benefit as a lump sum. Under the provisions of this bill, families will be able to make a past period lump sum claim up to two years after the end of the income year to which the payments relate. The government expects 35,000 families to benefit from this change; of those, 10,000 will be families who did not lodge a tax return within 12 months.

Here we have a crisis in family tax benefit payments that affects over 600,000 families, and all the government acts on is one aspect that affects 35,000 families. It is just tinkering at the edges. The government says that it is doing something about the problem, but for the great bulk of families it does nothing at all. We can expect to find ourselves in the
same position again next year, with 600,000 or more families missing out on their tax return cheque or facing a debt of hundreds of dollars at a time when they can least afford it. The family tax benefit system is in need of a major overhaul, but all this legislation does is paper over some of the cracks.

Let me give just one example—out of hundreds—of a family in the Fowler electorate which is facing a bill of hundreds of dollars as a result of the existing family tax benefit system which will not be fixed by this legislation. My constituent, Melanie, and her partner have seven children. Because of the size of their family they have found it impossible to get public housing and are restricted by what is available on the rental market. Melanie works in furniture retail. Much of her wage is made up of commissions, so she finds it difficult to work out her income from week to week—let alone forecast her income for the next year. Melanie’s partner does not have a regular job. He does a lot of caring for the seven children. He does have some casual work from time to time to help make ends meet. The family receive some child support money but, with Melanie’s wage as the only regular income, they depend on the family tax benefit to pay their rent. Even then, the family find they can barely put food on the table every night.

In 2001, Melanie incurred a family tax benefit overpayment debt and made a repayment arrangement with Centrelink. Her payments were reduced by $40 a fortnight—and that is a lot of money when you are struggling to pay rent and to raise seven kids. Not surprisingly, Melanie could not afford to overestimate her income for the next year, because she would have lost even more of her desperately needed family tax benefit. This is the catch-22 of the system. If you make an arrangement to repay last year’s overpayment, you have to underestimate this year’s income or you will lose even more.

So, as it happens, Melanie received another overpayment the following year, 2002. On that occasion, the tax office—without any advice to her—took the overpayment from her tax refund. There were no beg your pardons or do you minds; they just took it.

This is where the problem lies. The family tax benefit is a benefit provided to families. It is not a tax concession; it is a welfare payment. Melanie’s overpayment in that first year was handled by Centrelink. They have staff who understand the problems faced by low-income families and they have the scope to treat overpayments as a debt. Centrelink procedures allow for an arrangement to be made to recover overpayments which do not leave a family destitute—although, having heard some of the recent comments from the Minister for Family and Community Services, I am not sure that will last too much longer.

But even allowing for that the approach of the Australian Taxation Office is quite different. There are no ifs or buts: if you owe them money and you are entitled to a tax return they just grab the money. They do not care if you cannot pay the rent this week; they do not care if your kids starve to death. As far as they are concerned, it is their money and they will take it. That might be okay for dealing with business but is that the way to treat low-income families?

Melanie was not going to give up her hard-earned tax refund without a fight, which is one of the reasons she came to my office. She appealed on the grounds that the tax office did not inform her of its intent to steal her tax refund. And that has really thrown the cat among the pigeons. Melanie is not like one of those well-heeled tax rorters with some pie in the sky tax minimisation scheme; she is a hardworking mum with seven kids to look after. And she is in the classic poverty trap: the more she works the
less she takes home. But she has raised the important question that this government refuses to answer: is the family tax benefit a welfare payment delegated to the tax office or is it a tax measure delegated to Centrelink?

Melanie cannot afford a guided tour of the High Court, let alone take a case there. Her case turns on this little test: if Melanie’s partner had submitted a tax return before Melanie and he was assessed as being overpaid family tax benefit, because he did not have a tax refund he would have to make an arrangement with Centrelink to repay the overpayment and Melanie would have received her full tax refund.

Centrelink have a lot more latitude than the tax office. They can accept delayed payment or deduct a small amount per fortnight. Centrelink would take into account the family’s ability to pay; they would not just grab the tax refund. What we have with family tax benefit are two systems with very different procedures for recovering overpayments: Centrelink, which considers the circumstances of the family before coming to an arrangement, and the tax office, which just grab—and they do grab—what they think they are owed. You can see how unfair this is. Families are treated differently depending on whether they deal with Centrelink or with the tax office. This is an area of government administration that is crying out for reform.

Is the family tax benefit a welfare payment delegated to the tax office or is it a tax measure delegated to Centrelink? How you answer that question leads to quite different outcomes in the way you are treated if you have a family tax benefit debt. It is a problem that should be solved by this government bringing in amending legislation to fix the problem once and for all. But this government is not listening to the families that it is supposed to be helping with family tax benefit. The Melanies of this world cannot be heard in the corridors of government. And it is not likely that the Federal Court will be called upon to sort it out, as it is for the tax disputes of the well off. Those hundreds of thousands of families with family tax benefit debts will keep on paying up. Melanie can complain all she likes: this government is not listening to her and the thousands of other families in a similar position. That is just one example—one of the many families that are suffering as a result of this government’s failure to appreciate the crisis that its policies are causing; it is just one of the 643,000 families caught in the trap last year.

Any reasonable government would see the problem. It would understand the hardship it was causing and would do something about it. In 2001, when there was an election coming up—we all remember the 2001 election—the government did do something: it waived the first thousand dollars of family tax benefit debt. When it realised that those families might get even at the ballot box, it took some action. It went for the quick fix; it went for the one time only fix. And it has left the system to rattle along ever since. All we get is this bandaid job to patch up one of the smaller holes in the system—a patch-up that benefits higher income families at that. It is typical of this government’s approach to problems faced by Australian families.

Whenever the minister is asked how to prevent the problem from occurring, his only suggestion for families which have difficulty estimating their forward income is that they do without the benefit each fortnight and take the top-up at the end of the year. This does not suit Melanie. She needs that payment on a fortnightly basis to pay the rent and to assist in putting food on the family table. When parents sit down to work out
how they can manage without the little extra that family tax benefit provides they soon realise that they need to keep the fortnightly payments—just like Melanie. Only higher income families can afford to wait until the end to collect the lump sum. Those higher income families are the only winners with this amendment.

Labor will not oppose the amendment. It does provide some relief for a very small number of people. But until this government wakes up to the damage it is doing to those hundreds of thousands of families which face repayments of family tax benefit—the families that had been counting on the tax cheque to pay a big bill or pay off part of their credit card debt—and until this government gives the family tax benefit a much needed complete overhaul, Labor will continue to raise this issue and work for changes that bring fairness to family tax benefits and understanding of the plight of Australian families.

Mr BRENDAN O’CONNOR (Burke) (8.29 p.m.)—I rise to echo the sentiments of the member for Fowler and the other members on this side of the House on the Family Assistance Legislation Amendment (Extension of Time Limits) Bill 2003. This bill is an improvement on the current system, but it is too little too late for the constituents in my electorate who are suffering from what is clearly an unfair and inefficient system. The government puts many families—not only in my electorate but in all electorates—under enormous duress by expecting them to make payments when they have underestimated their income. It also limits their ability to be topped up when they overestimate their income.

I would like to start by indicating Labor’s position on the good news that this bill will now provide two years from the end of the financial year for those people receiving family tax benefits to receive a top-up. In other words, this provides them an extra year to notify the government and receive any moneys owed. This is an improvement, but it is too little too late. It does not go in the other direction. It is not as if the government has to notify a family who have to pay money back within two years when there has been an overpayment. So this process certainly does not apply in an equal manner; it is skewed towards the government taking money if there is overpayment and providing only a two-year window of opportunity for a top-up. That is an issue that is of concern to me and, I know, to other members.

In summary, the time limits for making past period claims for family tax benefits and child-care benefits have been extended by 12 months. That is good but not good enough. The time frame for the payment of top-ups to the family tax benefit as a result of income reconciliation will be extended from one to two years after the end of the income year. So there is a benefit there. However, in many cases people were not aware that if they tried to claim the money after 12 months they would not receive it; therefore, it is not necessarily the case that they will be any more aware that they now have two years. Why is there a two-year threshold on claiming moneys? For example, when people are underpaid at their workplace they have up to six years in law to make a claim. The statute of limitations for making claims on employers or other debtors in certain circumstances would be six years. So why in this case is there only a two-year period when it is your money in the first place? You have tried to do the right thing but have overestimated. You have not tried to suggest that you were not going to earn a particular amount of money. I would think that most families who make a judgment of income and overestimate that income are the last people we want to punish in terms of the payment system. So I think this is an area of real concern.
As the member for Fowler said, there are so many people now who could suffer under this system. The family tax benefit requires most eligible families to provide a forward estimate of income to receive family payments on a fortnightly basis. As I understand it, just over two million families receive payments each financial year. So we are talking about a very significant system that will affect many families. Of these 2.1 million families, approximately 95 per cent receive their payments fortnightly. The system provides that families who overestimate their annual income receive a top-up. On the last occasion about 140,000 families received a lump sum payment at the end of the financial year. While tax legislation provides individuals with the opportunity to amend their tax returns over a period of four years, the family tax benefit rules currently only allow for top-ups to be paid within 12 months. This comparison again shows the unfairness of this system. As we know, this period will become two years under this bill. Even this improvement is well short of the capacity for an individual or family to amend their tax return.

This limitation has meant that in the last period 25,072 family tax benefit customers who lodged a 2001 tax return after 30 June 2002, and/or whose partners lodged a 2001 tax return after 30 June 2002, were denied the total sum of $37,033,027, which is an average of $1,477 per family, in top-ups of their 2001 FTB entitlements. Labor have been critical of the one-year limitation on the payment of top-ups. We have made that clear and put our views on the record. I think we can take some credit for the pressure that has come to bear on this government. I do not think the Minister for Family and Community Services, Senator Vanstone, would do anything to help Australian families as a result of her own discretion. I think there has been pressure brought to bear by the many families who are seeking help out in the electorate. Indeed the Labor Party have, on behalf of those families, brought this to the attention of the government. It is only through that process, in my view, that this heartless minister has acceded to anywhere near what we would be expecting.

As can be seen, $37 million did not go to families who were entitled to that amount, because they did not make a claim before 12 months after that financial year. That $37 million obviously went elsewhere; who knows where it went. Two-thirds of the $37 million would have paid for the government’s propaganda, the Pharmaceutical Benefits Scheme advertisements—I think they cost $26 million. The government are getting a celebrity doctor on television to tell us why it is in the interests of Australians and people who are in need of pharmaceuticals to pay a 30 per cent increase for their pharmaceuticals. An enormous amount of money—I think it is $26 million; it is certainly in that vicinity—has been spent on government propaganda on television explaining to the constituents and, indeed, the members—

Mr Hardgrave—Mr Deputy Speaker, I rise on a point of order. This is an exciting departure, but it is not about the bill. I ask you to bring the member for Burke back to the subject of the bill.

The DEPUTY SPEAKER (Mr Barresi)—I thank the minister. I am listening intently to the member for Burke, and I am sure that he will make the connection very shortly.

Mr BRENDAN O’CONNOR—The fact is I am speaking on the bill. I am suggesting that $37 million which should have been paid to families who were owed it was not paid, and so I am speculating on where that money has been spent. I think two-thirds of it has been spent on Pharmaceutical Benefits
Scheme propaganda on television, where the television celebrity doctor—

Mr Sidebottom—The snowy haired fellow.

Mr BRENDAN O’CONNOR—the snowy haired fellow, tells the viewers why they should pay more for their pharmaceuticals. The minister know this, and that is why he is touchy on the issue. He got up to raise a matter of relevance because he knows that the community would not like to think that $26 million would be spent—

Mr Hardgrave—Mr Deputy Speaker, I rise on another point of order. The member for Burke may be trying to illustrate a point, but he is clearly departing from the context of this bill—an important piece of legislation—to make a misinformed rabble of a contribution to the debate.

The DEPUTY SPEAKER—I thank the minister.

Mr BRENDAN O’CONNOR—I understand the minister’s sensitivity on this issue. The fact is that tens of millions of dollars have been spent on advertisements on television.

Mr Sidebottom—The snowy haired fellow.

Mr BRENDAN O’CONNOR—Yes, with the snowy haired fellow. He is probably a nice bloke who has been paid well to say those things.

The DEPUTY SPEAKER—The member for Burke will get back to the bill.

Mr BRENDAN O’CONNOR—in effect, I am saying that the money that has been spent on these advertisements should have been spent on all sorts of other things. Certainly those families who failed to receive $37 million would be wondering why more than $20 million has been spent on telling them why they should accept increases in payments for pharmaceuticals. That was my point. I would have been off it by now if the minister had not jumped to his feet on two occasions to complain.

Mr Sidebottom—he wants to show his tie off.

Mr BRENDAN O’CONNOR—he has outdone the Minister for Small Business and Tourism with that tie, I have to say.

The DEPUTY SPEAKER—the member for Burke is straying now.

Mr BRENDAN O’CONNOR—Yes, Mr Deputy Speaker; I could not help it. I am just wondering if that tie glows in the dark.

Mr Hardgrave—you may never find out.

Mr Sidebottom—he does!

Mr BRENDAN O’CONNOR—I do not want to find out.

The DEPUTY SPEAKER—the member for Braddon is denying his colleague the call.

Mr BRENDAN O’CONNOR—we have had a bit of levity, but the Minister for Citizenship and Multicultural Affairs is right: the Family Assistance Legislation Amendment (Extension of Time Limits) Bill 2003 is a very serious bill. This harsh minister Senator Vanstone—who clearly has no regard for family tax benefit recipients—has chosen to deprive families of tens of millions of dollars, despite pressure from the Labor Party. I am sure the backbench of the government has been inundated, if it is anything like what has occurred in my office, by many recipients of family tax benefits trying to establish why they have to pay back overpayments that they were not even aware of and now—worst of all, I think, in some respects—why, because they did not know they had to claim within a 12-month period, they cannot be in receipt of moneys.

My point is this: two years is better, but what happens if someone falls outside that two-year threshold? Why should they be deprived of money? Will more money be spent
by this government on propaganda instead of on the health and welfare of the electorate? I think too much money has been spent—wasted—by this government. This government likes to talk about its economic record—it likes to talk about a lot of things—but it is silent when it comes to its waste of taxpayers’ money. Not only that but it is quite happy to deprive people of entitlements owed to them under a scheme by using technical ways to prevent people being paid what is owed to them.

I am encouraged by the change from one year to two years, but it is certainly not enough. If the government are suggesting that the person who puts in a claim two years and one day after the end of the financial year in which they should have received moneys should not be in receipt of moneys, I think they have a lot of explaining to do in the electorate. In fact, they might have to get another $26 million to explain to the viewers of Australia why they should not be in receipt of their family tax benefit entitlements after two years.

In effect, the government are saying: ‘We weren’t going to be paying you moneys after 12 months. That’s a bit cruel, so now we just won’t pay you money after two years—even though you are owed it and even though you, in good faith, made comments about what your income would be and acted in a manner that would put you in a position to have to actually receive a top-up.’ It seems to me that that is punishing the people who have acted to attempt to assist the government. By that I mean they are overestimating their income so as not to fall into debt. They are saying: ‘I think this is the sum I will receive in this financial year, and I should not therefore suggest otherwise.’ It seems unfair that we punish people who try to ensure they do not fall into debt under the Commonwealth’s scheme.

I make it clear that I support the bill, but I am very angry about many related issues, and the government has not gone far enough with this particular issue. I could spend hours—the minister knows about this because it would happen in his own electorate—going through the case of every constituent who has come into my electorate office and talked about having to pay back moneys they do not have, and speaking about the way this measure has been applied and the effect it has had on families. That issue is relevant to this matter, but it does not substantially touch on the bill. But it is certainly a huge issue, and the government knows it. Thousands and thousands of families are being forced to pay money back because of the way amounts are calculated, and the way that is done is very unfair.

I will raise one example. I have a constituent who at the moment is a single mother and the custodian of her child; the father of the child is no longer with them. He is obliged to pay child support, just as he should be, to help with the care of the child. For over two years he has not paid child support, and the agencies have done nothing about it. But this is the rub: the father has not paid any moneys in relation to child support, but the department has calculated the mother’s child support by including the amount of money she should be in receipt of. The mother has made it very clear that, whilst the father owes her that amount, no agency has enforced an order against him in terms of its payment. But the department is including that amount when calculating her child support benefit and her family tax benefit. So deductions are being made from her family tax benefit on the assumption that she is being paid child support when for over two years she has been informing the department that she is not in receipt of any moneys from the father of her child, her former husband. But the department, knowing
she is not in receipt of that amount, is taking it into consideration when calculating her family tax benefit. That is just one example, and I could raise many more.

Every member in this chamber knows that this issue is a real problem for the government. The government has moved an inch in relation to top-ups, and I welcome that modest change—but it is certainly not enough. It should not be the case that after two years a person is deprived of moneys owed to them when, in fact, in all other comparable situations—whether it be statute of limitations on wage claims, which is four years, or on tax returns, which is six years—there are much higher thresholds. The government should have found a better benchmark than two years. I am incensed by the way the government goes about recouping moneys owed when, in some instances, it calculates a hypothetical or fictional amount for a person to be in receipt of even when it knows they are not.

There are many problems with this very cruel system that is overseen by the minister and, therefore, the government must redress it. It has to turn its eye to looking after families. There is enough pressure on Australian families already without the government turning its back on those in need of assistance—and I therefore make that point. I support the bill, but it is too little and it is too late. A lot more has to be done by this government if it wants to be seen by the Australian community as one that cares for families.

Mr SIDEBOTTOM (Braddon) (8.49 p.m.)—As was mentioned earlier, this side of the House supports the Family Assistance Legislation Amendment (Extension of Time Limits) Bill 2003, but we do so with amendments, as outlined by the shadow minister earlier in this debate. In effect, we say that we believe the family tax benefit system is flawed. As an opposition, we have sought to highlight the anomalies that exist—anomalies that have existed in this system since its introduction.

The bill before us amends the family tax benefits rules, which were introduced in July 2000. The family tax benefit requires most eligible families to provide a forward estimate of income or, more accurately probably, a guesstimate of income to receive family payments on a fortnightly basis. Approximately 2.1 million families receive payments each financial year. Of these, approximately 95 per cent receive payments fortnightly. The system provides that families who overestimate their annual income receive what is termed a ‘top-up’ payment when they lodge their tax return. Their top-up is equal to their total entitlement. About 140,000 families receive their payments as a lump sum payment at the end of the financial year.

While tax legislation normally provides individuals with the opportunity to amend their tax returns over a period of four years, the family tax benefit rules currently only allow for top-ups to be paid within 12 months of the financial year in which the family was eligible to receive payments. That limitation has meant that 25,000-odd family tax benefit customers who, for instance, lodged their 2001 tax returns after 30 June 2002 and/or whose partners lodged their 2001 tax returns after 30 June 2002 were denied something like $37 million, or an average of $1,477, in top-ups of their 2000-01 FTB entitlements. In other words, they did not get them—zilch, zero; they were entitled to them and they did not get them—whereas under normal tax legislation you have up to four years to amend your tax returns. Anybody would regard that as inequitable and pretty much an anomaly in the flawed family tax system. That is the basis of the bill before us—to fix that anomaly.
Labor has been critical of this one-year limitation on the payment of top ups. However, it is our belief that it is only one of the smaller anomalies within a system that has resulted in nearly 800,000 Australian families accruing debts totalling nearly $650 million on top of debts they already have from 2000-01. A further 643,000 families are expected to incur debts from underestimating their incomes for the 2001-02 financial year. Currently, I understand, families remain in debt to the value of $373 million. This bill seeks to take this into account and amend the government’s FTB rules introduced, as I mentioned, in July 2000. The bill also makes consequential amendments to the Income Tax Assessment Act 1997 to enable families to use the services of a recognised tax adviser from 1 July 2003 to 30 June 2004 to make past period claims and to continue to be able to claim the adviser’s fee as a taxation deduction.

The government estimates approximately 35,000 families will benefit from the changes to the top-up rules. Amen and thank you very much; that is 35,000 families who will at least get some equitable treatment at last. These are the families who missed the 2001-02 deadline to receive a top-up. Approximately 10,000 families in this group receive payments fortnightly. The remainder are families who would have been eligible for their full entitlement through a lump sum payment but who had not lodged their tax returns within 12 months. The extension of the top-up deadline, as I mentioned earlier, is a small but positive improvement in the family tax benefit regime. However, it is our belief that it is likely to predominantly benefit better-off families within the system who can afford to claim payments at the end of the year. We do not believe the changes do anything of note to address the problems faced by the majority of families, who require and claim their family tax benefit payments fortnightly.

I have spoken in this House on about four occasions on the family tax benefit scheme. I have sought, as an opposition member should, to raise a number of the anomalies associated with this system and to bring the individual cases of my constituents to this House, and also to the minister through correspondence. That is our job and that is what we will continue to do. We have had a minister who has fundamentally denied most of the flaws in the system, and that is why we note these in our amendments to this bill. These were also outlined earlier by our shadow minister, the member for Lilley.

But I will take you back to August 2002, which is relevant to this. I put out a newsletter in my electorate with an article entitled, ‘Family tax grab’. What really angered a lot of people—and I am absolutely aghast if members on the other side do not have heaps of examples of constituents talking to them about the flaws in the system—is that people in the main tried to do the right thing by the family tax benefit scheme. They guesstimated and they estimated but, in the nature of work in our world today, things are not consistent. People go in and out of work; they become casual or part time, or they are restructured or downsized—all these things go on and people try to do the right thing. But what really upset people was that they made honest estimates, they contacted Centrelink with the changes in their circumstances and they were under the misapprehension that when they alerted Centrelink to these changes there would be an automatic change—Centrelink would adjust the formula and they would be paid accordingly more or less family tax benefit, as the case may be. The trouble is, of course, that did not happen. It did not happen and they got very rude shocks when they came to the end of the financial year two years ago. A lot of
these families were assured by their accountants that their tax returns would not be raided to pay these honest debts, but in actual fact they were raided. So there they were, on tight family budgets, with moneys that they had budgeted for hit with these raids.

Something else that really got a number of people angry was that, if anyone on this side raised any comments about this, we were regarded as supporting a system that encouraged people to be dishonest. The current Special Minister of State, Senator Abetz from Tasmania, accused the Labor Party of supporting people trying to promote a dishonest system. I actually had a family in my electorate write to me, and I quote:

It is totally offensive for Abetz to label myself and my wife Lyn dishonest. I find Senator Abetz’s comments completely offensive and out of touch. Having rung his office and being given the run around—

that is not unusual when you are dealing with the Special Minister of State—

I now wish to raise my concerns with you.

And that has been the history of this family tax benefit scheme. It is not only flawed, but it is offensive to people who try to do the right thing. At least this legislation sets out to give legitimate top-ups to families who deserve them, who have done the right thing. But why has it taken us another financial year to get around to doing that? This system is flawed; it needs to be looked at and we, on this side, will continue to point out the anomalies. Mr Speaker, now that you are with us, I look forward to continuing my part in this debate tomorrow.

Debate interrupted.

ADJOURNMENT

The SPEAKER—Order! It being 9.00 p.m., I propose the question:

That the House do now adjourn.
On 3 August this year, Labor revealed that a government cost-cutting exercise, disguised as an eligibility review, threatened the $87 per fortnight carer allowance paid to Australian families caring for children with conditions such as diabetes, down syndrome, cystic fibrosis and cerebral palsy. In order to meet the government’s new eligibility criteria, many families caring for children with these conditions were told they had to fill in a 30-page form and see a GP or, in some cases, a specialist to have their claims verified. For families in regional electorates like Bass, where less than 50 per cent of GP visits are bulk-billed—

Mr Bartlett—She needs a doctor!

Ms O’BYRNE—I only wish we could afford one!—this meant filling in a 30-page form and then paying a doctor $50 to verify that their children’s disability was genuine. I have a slight belief in the universality of health care! The government has now revised the review, so families with children with down syndrome or cystic fibrosis will no longer be required to fill in a 30-page form. But many others will still have to fill in that form, including families with children with diabetes, chronic severe asthma, ADD, cerebral palsy and autism spectrum disorders.

This is a pattern of conduct that epitomises the Howard government. First, pick on the weak. Second, if that attracts criticism, quickly insinuate that the weak are responsible for their plight. The key to this government’s behaviour is that it never takes on the strong. If you are healthy and wealthy then this government is your friend. Want a 30 per cent rebate for a private health insurance package that delivers running shoes and relaxation tapes? The Howard government is your friend. Want affordable and accessible GP services for your sick children? Sorry, you are out on your own.

Mr Sidebottom—Hit the road!

Ms O’BYRNE—Yes, hit the road. Last month Minister Vanstone said the regular review of entitlements was part of a robust welfare system. What she meant to say was that it is part of a robust social security system, because demonstrated need is not part of the Howard government’s corporate welfare program. Let me use Manildra as a case study.

Following a series of private meetings between the Prime Minister and the chairman of Manildra, the Howard government is to deliver the Manildra Group around $30 million in corporate welfare this financial year. I have had a look at the difference between the Howard government’s approach to corporate welfare and its approach to social security. One of the first and most obvious differences is that most recipients of Centrelink payments just do not seem to figure on BRW’s list of Australia’s richest people. The second is that they do not get many private meetings with the Prime Minister. The third is that for some reason they do not tend to make huge donations to the coalition parties.

It is because of these differences that the government is not concerned that the $30 million to be paid to Manildra in ethanol subsidies this year could fund 342,000 fortnightly carer allowance payments of $87.70. It is also enough to fund the carer allowance for 13,000 families for a year. Senator Vanstone is cutting the benefits of vulnerable Australians to fund benefits for one of Australia’s wealthiest businesspeople. I wonder how many forms Mr Honan had to fill out in order to receive his tailored and, at $30 million per year, very ‘robust’ corporate taxpayer funded welfare. I also wonder how many 30-page forms he will have to complete each year to ensure that he continues to qualify for that payment. I expect it is none, Mr Speaker. Manildra has already filled out the cheque made out to the coalition, already declared the donation to the AEC and already
deposited the government’s ethanol payments in its private company account.

**Australian Broadcasting Corporation: Funding**

*Mr PROSSER (Forrest) (9.05 p.m.)—* I want to raise the issue of the ABC’s axing of the program *Behind the News*. It is disappointing that the board of the ABC chose to axe *Behind the News*, as it is such an important program for schools and students. Doesn’t the ABC listen to what the schools and children of this country want? I share the concerns and anger of the students at the Carey Park Primary School in my home town of Bunbury in Western Australia and of all the other students in my electorate about the ABC’s decision to axe *Behind the News*. Why did they chop this program and not other programs like *Consuming Passions*, *James Can Cook*, *The Occasional Cook* or even *Gardening Australia*? Did they chop these programs? No, Mr Speaker; they chose to chop *Behind the News* instead.

The ABC board’s decision to chop *Behind the News* was made without any consultation with the government and is unacceptable, given that the government has maintained the ABC’s triennial funding in real terms. I am angry about the ABC’s decision to axe such an important and worthy program, which has been running for 34 years, with an audience of some 1.3 million students a week. I am told that the cost of this news program is only 0.1 per cent of the ABC’s total annual funding. The students, teachers and indeed the principal, Mr Kevin Lynn, of the Carey Park Primary School have all written to me expressing their shock, surprise, anger and dismay at the axing of such an important program, which the school has been viewing for some 25 years. The program is a great general knowledge tool and current affairs information program for these children, and I should like to quote some of their comments.

Erin Godley says she has been watching *Behind the News* for two years and it is easier to understand than any other adult national or international news program. Matthew Barnett says *Behind the News* is the only show that explains the news to children and makes it interesting for them to watch. He now thinks that the ABC does not care about kids and has brought his protest to me as his federal member to say that kids do matter. I agree and, more importantly, this government agrees with the children of Australia. But here is the reality: the federal government did not axe the *Behind the News* program; it was the ABC’s decision alone. The ABC should have taken these views into consideration before axing *Behind the News*.

Allivia Bartlett, in her letter—which is a ripper—to the Chairman of the ABC, advises that she thinks it is a big mistake to take away *Behind the News*. She warns that when she is older she will be an ABC worker and will insist on *Behind the News* being reinstated and, she says, normal news programs will be axed. Kerry O’Brien, watch out! She adds that that would not be fair, would it? Allivia also makes the suggestion that the ABC should axe a ‘dumb’ program like *The Saddle Club* instead and put *Behind the News* back on in its place. Now why didn’t the ABC think of that? Josh Caswell writes that it was cruel and wicked and that he was shocked to hear *Behind the News* had been axed, as it gave children a better picture and understanding of what is going on in the rest of the world.

Taliha Walker lists the reasons *Behind the News* should stay, ranging from it’s being interesting for children, educational for all ages and reaching out to children’s levels of understanding through its friendly presentation and its uniqueness to it keeping children
The original mission of the online access centres was to accelerate the uptake of information technology in rural and regional Tasmania, and they have done that with gusto. Indeed, the increased importance of the centres is now not only in the provision of equitable access to information technology but in the provision of adult and community education and lifelong learning. They have been a wonderful investment. Indeed, after five years there have been something like 52,000 registered users—that is, something like 13 per cent of the population aged over 18 years—with 19,000 registered users on the west/north-west coast using the access centres.

Thirteen million dollars from the Commonwealth and state governments has leveraged a direct return to Tassie and its economy exceeding $26.2 million. By any measure, the online access centres have been a wonderful success. They do this by locally sourcing goods and services, through employment related to them and in terms of volunteer hours, skills training and access to employment opportunities for those people that have used them. Where you have got an engaged community there are indirect savings, of course, in justice, health and social service budgets.

The total government and community investment in the Tasmanian community online centres over five years exceeds $23 million in financial and in-kind support. These are community based facilities which have at least two multimedia computers—although most have many more than this now—a printer and a scanner and which offer access to the Internet for registered users in a very flexible, supportive and non-threatening environment. There is a strong focus on equitable access, particularly for members of the community, and certainly for those potentially disadvantaged by what I suppose is termed in the trade of information.
technology as the digital divide. There is one-on-one assistance provided by a part-time paid coordinator in these centres, and of course one of the great assets of these online centres is the tremendous number of trained volunteers who give of their time. I have been proud to go to the presentation of certificates of service and thanks to people who have put literally hundreds and hundreds of hours into supporting their community members. It is just wonderful.

Some offer ICT related services such as desktop publishing, community newspapers, secretarial services and web development and hosting. Indeed, 50 online access centres statewide are colocated with a Department of Education school or library, and one is colocated with a Service Tasmania shop. There are nearly 1,200 volunteers involved, with something like 235,000 hours of volunteering—or, indeed, 71,000 hours in the last 12 months. They are consistently located in communities with higher unemployment levels, lower levels of post-school education and lower median household incomes than the state averages. Home ownership of computers and use of the Internet in these communities are below average. The centres provide an excellent service based on providing equity of access to information technology and trying to break down the digital divide. I thank everybody involved in these centres. I look forward to their future and, of course, thank the Commonwealth and state governments for their wonderful investment in our wonderful communities.

Herbert Electorate: Kelso State School

Mr LINDSAY (Herbert) (9.14 p.m.)—Tonight I want to congratulate the students and staff at Kelso State School in Thuringowa, who have shown how a smaller school can make a big impression on their local community and on their environment. Recently I visited the school, and it was wonderful to see the positive and enthusiastic contribution that all students at the school are making to their local area. I was privileged to represent the Great Barrier Reef Marine Park Authority and to present an impressive plaque publicly recognising Kelso as a reef guardian school.

Kelso State School has been working closely with the Great Barrier Reef Marine Park Authority to make a difference today and, importantly, to make a difference tomorrow. So, what has Kelso State School been doing? Every single child involved in the school has been involved in varying levels of education on the reef and, more importantly, protecting and sustaining our reef to enjoy in future years. This was a mammoth job for teachers to work together across the school, providing the highest standards of education for our young children while providing a community service at the same time.

Students from across the school have been involved in litter surveys and water usage surveys throughout the city, and they have been disgusted at the results. This level of disgust has motivated hundreds of them to do something about it, ranging from giving mum and dad a hard time if they leave the sprinkler on too long to giving a person in the supermarket a reprimand for not thinking and throwing litter on the ground. Collectively the whole school has started—with the help of local water authorities and the Thuringowa City Council—a recycling program, which focuses on ‘reuse and recycle’. Activities range from encouraging litter-free lunches and creating a compost heap to installing recycle bins in the school. The school is organising a petition, as I speak to the parliament tonight, to make our whole local area a plastic bag free zone, after learning from the recent Clean Up Australia Day statistics that plastic was one of the largest pollutants in Australia.
The lower school has made rubbish bin monster glove puppets. This has been a huge success. While playing with their puppets, the children are enjoying picking up litter in a safe, fun and protected way. The cleaners have come on board and have changed habits, only spraying half as much, as is necessary for health standards, and blow-vacuuming more to clean school areas. The school has held an environmentally friendly car wash, educating the community on best practices for washing cars as well as tips for saving water around the home. The mammoth whole school project culminates in a theatre restaurant to be held on 15 November 2003. The theatre restaurant, with its theme ‘Reef Lightning’, will carry with it a strong environmental message encouraging people to think about the environment in their everyday lives.

I close with a piece of philosophy that originates from Kelso State School in Thuringowa, Townsville. It goes like this: the notion of being a greenie is surely one that has passed its use by date. Today the students from Kelso State Primary School are leading the way by sending a very simple but clear message: we have to play our part in protecting the environment; change may not happen overnight, but it has to happen for our future’s sake. The philosophy of this speech tonight is summed up in the final lines of Kelso school’s creed, which simply says: our future’s in our hands.

Indigenous Affairs: Reconciliation

**Mr ORGAN** (Cunningham) (9.18 p.m.)—Many Australians were dismayed to hear comments by the Prime Minister last week that he believed his government’s relationship with Aborigines was so good and that the best evidence for this was that people no longer asked him for an apology. I am sorry, but in this House on 26 May, on National Sorry Day, I specifically asked the Prime Minister:

... to say sorry to the Indigenous people of this nation on behalf of the non-Indigenous community in order to prove that, collectively, we recognise the harm which has been done to those individuals and families and that, now and in the future, all Australians will commit to the meaningful reconciliation of Indigenous and non-Indigenous Australia

This government’s relationship with Aboriginal people is at an all-time low—native title is in tatters, ATSIC is under attack and Aboriginal heritage protection legislation is a sham. There are reasons that people no longer approach the Prime Minister seeking an apology. As Audrey Kinnear, the co-chair of the National Sorry Day Committee said recently:

John Howard had his chance—
to apologise—
and he has shown he hasn’t got the heart to do it.

The SPEAKER—Please refer to the Prime Minister as ‘the Prime Minister’.

**Mr ORGAN**—The Prime Minister consistently exhibits a profound lack of understanding of Aboriginal culture and heritage. He clearly does not appreciate the deep-seated unresolved concerns Aboriginal people have in regard to the manner in which their land was taken from them in 1788 with no compensation; the manner in which their culture— their civilisation—has been denigrated, belittled and denied; and the way in which they have been abused, murdered, dispossessed and disempowered.

From the time that Captain Cook first set foot on the sandy shores of Botany Bay on Sunday, 29 April 1770, the Aboriginal people have suffered. On that day, Cook fired at and wounded two local Aboriginal men— warriors. This was just a taste of things to come. With the arrival of the First Fleet in 1788, the local Aboriginal people were intro-
duced to guns, grog and foreign disease, with smallpox wiping out half of the population of Sydney just six months later. It was a veritable plague, which some say was deliberately introduced by the British. Aboriginal land was confiscated, the women were raped and families were massacred. As Henry Reynolds and others have shown, and despite the denials of whitefella apologists such as Keith Windschuttle, there was genocide in Australia, there was frontier warfare and we, as European invaders, have much to be ashamed of.

We only need to look at the recent destruction of Aboriginal culture in the name of profit at Sandon Point in my electorate of Cunningham to realise that the abuses continue. The forced removal of Aboriginal children from their parents is a matter which has caused many non-Aboriginal Australians great shame and distress in recent years. They feel compelled to apologise for past and present ignorance and racism. Evidently, the Prime Minister is unmoved by the true history of this land and the plight of the stolen generations and their families. He seems to fail to understand why his apology is of such crucial importance. As Prime Minister, he needs to show leadership, compassion, knowledge and understanding of the history and plight of the Aboriginal people—not apathy or ignorance. Any apology must be genuine; otherwise, it is meaningless. As such, many feel an apology from the current Prime Minister would be worthless. Therefore, they do not seek it.

The attitudes which led to the forced removal of Aboriginal people from their families are still prevalent today. Unfortunately, the Prime Minister is not alone in his views. We still live in a racist nation. As long as we refuse to recognise Aboriginal society and culture as equal and with precedent, then the claims of racism must remain. The Prime Minister likes to argue that he will not apologise for actions others took in the past. But the Prime Minister does not realise that the racism of the past exists in the present and that the root causes of past injustice remain.

And now we have the final insult: the Prime Minister thinks he has won the debate and the hearts and minds of Aboriginal people because no-one asks him to say sorry anymore. Well, no, Prime Minister: Aboriginal people and non-Aboriginal Australians have just given up. Thousands of Australians have apologised in recent years. They have signed sorry books and they walked across the Sydney Harbour Bridge as a sign of reconciliation. As a member of the stolen generations stated in the Bringing them home inquiry:

An apology is important because I have never been apologised to. My mother’s never been apologised to, not once …

The Prime Minister refuses to apologise to Aboriginal people because he cannot understand why he should. To exhibit such blindness and such a lack of compassion and understanding does not do this country proud. Perhaps one day the Prime Minister will apologise for an unwillingness to understand. Perhaps one day he will say sorry.

In conclusion, I would just like to point out that the Aboriginal people of this country are not going to hang around waiting for the Prime Minister to say sorry—that is the least of their worries. They are more concerned with taking care of their people and this land. They are prepared to wait for justice for as long as it takes—for they have been here for over 40,000 years and they have survived our attempts to wipe them from the face of the earth, whether it be via disease, guns, poison or assimilation.

**Mental Health: Rethink Initiative**

Mr **BARTLETT** (Macquarie) (9.23 p.m.)—Earlier today, like a number of mem-
bers and senators, I visited the demonstration of the Rethink Initiative of Janssen-Cilag. This initiative consists of a large life-size game of snakes and ladders—the snakes and ladders of schizophrenia. The aim of the game is to increase community awareness of the day-to-day challenges and issues facing sufferers of schizophrenia and their carers. I would like to acknowledge the work of Janssen-Cilag’s initiative in raising awareness of this illness which afflicts so many Australians and I also want to acknowledge the work of the many carers and support groups.

The sad reality is that some 195,000 Australians are living with schizophrenia. Roughly one person in 100 will develop schizophrenia before they reach the age of 45, thus interfering with their ability to carry on the day-to-day activities of life. The symptoms are loss of contact with reality, confusion in leading normal daily lives, difficulties in thinking and communicating clearly, low levels of motivation, withdrawal, difficulty in expressing emotions or relating effectively to others and, at the worst levels, delusions, false beliefs and even manic depression.

Most of these people will be affected in their late teens or early twenties. So, for most of their adult lives, they are sufferers of the effects of this terrible illness. Some people are genetically predisposed towards this illness and find that it is triggered by things such as excessive stress, drug use or abuse or some sort of traumatic event. For some it is a lifelong affliction; for others, the right treatment can bring relief—not a cure but at least some effective level of relief and some effective management—so that they can resume a reasonably acceptable quality of life.

The keys to effective treatment for schizophrenia are early diagnosis and treatment—usually with medication—and appropriate levels of support. The medications are of two types. Traditionally they have been the antipsychotic medications which help to restore the natural chemical balance in the brain. They are often very effective but there are sometimes quite nasty side effects. There are also the newer a-typical medications which are less likely to cause side effects and can still be very effective.

This illness which affects so many Australians must be addressed. As I have said, there is the personal suffering 195,000 Australians, not to mention the impact on the lives of their families, their friends and their colleagues. It really does need serious attention. The estimated medical health cost associated with schizophrenia is $661 million a year. The estimated economic cost, because of lost time at work et cetera, is $1.85 billion a year.

The federal government is strongly committed to health care reform. Over the last years, Australian government expenditure on mental health care has increased by 27 per cent in real terms—a substantial increase in the commitment of this government in addressing mental health initiatives—but there is a lot more to do. The 2003-08 National Mental Health Strategy lists some key priority areas for the Australian government and involves increased funding as well. The priority areas include promoting mental health and preventing mental health problems and mental illness; improving service responsiveness; strengthening quality; and fostering research, innovation and sustainability. That plan was agreed to at the Australian Health Ministers Conference on 31 July this year. I am pleased to see that all governments in Australia are committed to addressing this terrible affliction.

Schizophrenia affects so many people—sufferers themselves, their families and their carers. I am pleased that the Australian government are doing their bit, but we need to
be sympathetic and empathetic to the con-
cerns of these people and we need to do
whatever we can to help address this illness.

Roads: Moreton Electorate

Mr HARDGRAVE (Moreton—Minister
for Citizenship and Multicultural Affairs)
(9.28 p.m.)—I rise as the member for More-
ton to report on a matter I have raised in the
parliament many times over the years. The
complete lack of infrastructure planning by
the Queensland state government is a matter
of grave concern to the people within the
electorate of Moreton. The Brisbane urban
corridor, which was gazetted in 1991 in a
decision by the Queensland government of
the day and the federal government of the
day, consigned Granard Road, Riawena
Road, Kessels and Mount Gravatt-Capalaba
roads through the electorate of Moreton to B-
double trucks tearing past letterboxes. People
reversing out onto roads have to confront
these huge trucks on a daily basis. Mothers
driving their children to school and suburban
shops are all confronting these big trucks.
But where do state government members in
my electorate stand?

I hope everyone in my area understands
fully my ongoing efforts to try to draw atten-
tion to the need for the Queensland govern-
ment to reverse this bad decision of a decade
or more ago. All they want to do is play poli-
tics. The Queensland state government
members in my area do not have an opinion
on this issue—that is the best we can say
about it—or, at worst, they are not interested
in the everyday concerns of people in the
local area. If they were interested, they
would get behind my campaign. Do they
believe this is still the best route? Do they
still believe that the decision of a dozen
years ago still stands—that big trucks should
be able to mix it with local suburban traffic
in the way they do?

If we look at the way the Queensland gov-
ernment took the money two budgets ago,
allocated by John Anderson, the Deputy
Prime Minister, for soundproof barriers at
Salisbury and spent it somewhere else, we
can see that Queensland state Labor mem-
bers in the electorate of Moreton are not in-
terested in the real concerns of local people.

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

House adjourned at 9.30 p.m.

NOTICES

The following notices were given:

Mr Ruddock to present a bill for an act to
amend the Aboriginal Land Grant (Jervis
Bay Territory) Act 1986, and for related pur-
poses. (Aboriginal Land Grant (Jervis Bay
Territory) Amendment Bill 2003)

Mr Ian Macfarlane to present a bill for
an act to amend the Petroleum (Submerged
Lands) Act 1967, and for other purposes.
(Petroleum (Submerged Lands) Amendment
Bill 2003)

Mr Truss to present a bill for an act to
amend the Farm Household Support Act
1992, and for related purposes. (Farm
Household Support Amendment Bill 2003)

Dr Nelson to present a bill for an act relat-
ing to the funding of higher education, and
for other purposes. (Higher Education Sup-
port Bill 2003)

Dr Nelson to present a bill for an act to
deal with transitional and consequential mat-
ters arising from the enactment of the Higher
Education Support Act 2003, and for other
purposes. (Higher Education Support (Tran-
sitional Provisions and Consequential
Amendments) Bill 2003)

Dr Nelson to present a bill for an act to
amend the Higher Education Support Act
2003, and for related purposes. (Higher Edu-
cation Support Amendment (Abolition of
Mr Hardgrave to present a bill for an act to amend the Migration Act 1958, and for related purposes. (Migration Legislation Amendment (Migration Agents Integrity Measures) Bill 2003)

Mr Andren to move:

That this House:

(1) recognises that feral pigs pose a threat to the nation due to their impact on the welfare of livestock, damage to the environment and natural biodiversity, and the potential as a harbour of exotic animal diseases and zoonoses;

(2) notes estimates that the population of feral pigs in Australia could be as high as 23 million; and

(3) calls on the Government to develop a nationally coordinated approach to the feral pig issue.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

**Defence: Coast Guard Establishment**

(Question No. 2200)

Mr McClelland asked the Minister representing the Minister for Defence, upon notice, on 12 August 2003:

Is the Minister aware of consultation between the Governments of Malaysia and Indonesia and the Japanese Government with the view to the establishment of coast guards in Indonesia and Malaysia; if so, (a) what has been the nature of those consultations, (b) what steps are being taken by the Governments of Indonesia and Malaysia to establish coast guards, and (c) what will be the role and function of those coast guards so established.

Mrs Vale—The Minister for Defence has provided the following answer to the honourable member’s question:

(1) No.

(a) Not applicable.

(b) Steps being taken by the Malaysian Government are still at the early planning stage and a legislative framework is yet to be completed. I am not aware of any intention to establish an Indonesian coast guard.

**Crime: Money Laundering**

(Question No. 2202)

Mr McClelland asked the Minister for Foreign Affairs, upon notice, on 12 August 2003:

Did Australia attend a regional conference in Bali on 17 and 18 December 2002 to discuss steps to eliminate money laundering and the financing of terrorist acts; if so, what was the outcome of that conference and what steps have been taken by the Australian Government to adopt measures agreed to at that conference?

Mr Downer—The answer to the honourable member’s question is as follows:

Australia attended and co-hosted with Indonesia a regional Conference on Combating Money Laundering and Terrorist Financing in Bali on 17 and 18 December 2002. The Conference produced a Co-Chairs’ Statement at the close of the Conference as well as a Co-Chairs’ Report of the meeting. As reflected in these Conference documents, the Conference was successful in its aim of further raising awareness and encouraging action on these issues in the Asia-Pacific region.

Australia’s domestic implementation of measures concerning money laundering and terrorist financing is primarily a matter for the Attorney-General’s portfolio. My portfolio has responsibility for the terrorist asset freezing regime implemented through Part 4 of the Charter of United Nations Act 1945 and the Charter of the United Nations (Terrorism and Dealing with Assets) Regulations 2002.