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Thursday, 19 February 2004

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

SPECIAL ADJOURNMENT

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

That the House, at its rising, adjourn until Monday, 1 March, at 12.30 p.m., unless the Speaker or, in the event of the Speaker being unavailable, the Deputy Speaker fixes an alternative day or hour for the meeting.

Question agreed to.

MEDICAL INDEMNITY AMENDMENT BILL 2004

First Reading

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

Second Reading

Mr ABBOTT (Warringah—Minister for Health and Ageing) (9.02 a.m.)—I move:

That this bill be now read a second time.

On 17 December 2003 the government announced its new medical indemnity measures. These new measures will contribute $181 million from now to 2006-07 to the cost of medical indemnity, making medical indemnity personally more affordable for doctors. Affordable medical indemnity costs for doctors mean that they will be able to keep doing what we need them to do—provide vital medical services to the Australian community.

This bill, together with the Medical Indemnity (IBNR Indemnity) Contribution Amendment Bill 2004, provides a legislative basis for several elements of the government’s new medical indemnity measures. It builds on past measures and addresses some of the key problems still facing doctors about their medical indemnity costs.

The government has worked hard to solve medical indemnity problems over the last two years. In late 2002 and early 2003 it legislated to provide a secure prudential and financial framework for the medical indemnity industry and for doctors.

For the first time organisations offering medical indemnity cover were brought under the supervision of the Australian Prudential Regulatory Authority. Organisations were also required to offer cover through general insurers under contracts of insurance—a big plus for doctors as they now had certainty of cover.

The government has also invested substantially in medical indemnity:

- it has taken on the liability to fund some $485 million worth of UMP’s unfunded incurred but not reported liabilities (IBNR) claims—which were threatening to put UMP into permanent liquidation;
- it has agreed to fund half the cost of all claims that exceed a $500,000 threshold through the High Cost Claims Scheme (HCCS)—a scheme which reduces medical indemnity providers’ costs and so limits the financial pressure on doctors’ premiums;
- it has ensured that doctors will not be personally liable for the amount of any claim which exceeds their level of insurance (provided they have $20 million worth of cover)—under the Exceptional Claims Scheme; and
- it has provided direct financial assistance to obstetricians, neurosurgeons, procedural general practitioners and GP registrars undertaking procedural training.

The government has also continued to work closely with the state and territory governments in pursuing tort law reforms to reduce the volume and cost of claims against doctors.

These past initiatives have built a solid foundation for the long-term viability of
medical indemnity, but it is fair to say individual doctors continued to feel the pinch of medical indemnity costs. Without further assistance it was clear that medical indemnity costs would continue to be a financial challenge for a number of doctors.

The government responded to doctors’ concerns in October last year by setting up the Medical Indemnity Policy Review Panel—which I chaired. The panel included senior members of the medical profession and its role was to recommend ways for ensuring an affordable medical indemnity insurance system.

At the same time the government addressed doctors’ more immediate concerns by introducing a moratorium on the IBNR contributions. It capped them at $1,000 per annum for the 18 months from 1 July 2003 to 31 December 2004.

The Medical Indemnity Policy Review Panel reported to the Prime Minister on 10 December last year and the government has largely adopted its recommendations. These include:

- reducing the High Cost Claims Scheme threshold further to $300,000;
- introducing a new, broader based Premium Support Scheme to replace the Medical Indemnity Subsidy Scheme. Under the Premium Support Scheme more doctors will be assisted with their medical indemnity costs than under the Medical Indemnity Scheme;
- replacing the IBNR levy with UMP support arrangements; and
- establishing a run-off reinsurance vehicle to provide free run-off cover to certain groups of doctors when they have left the medical work force.

Through these extra measures, added to those announced earlier, the government will now contribute a combined total of some $620 million over the next four years to meet medical indemnity claims.

The legislation before the House today will give effect to the the UMP support payment arrangements and provide a broad framework for the Premium Support Scheme.

I propose to introduce additional legislation later in the year to implement the run-off reinsurance vehicle. Details of the design of that scheme are currently being developed in consultation with the medical profession and the insurance industry.

A key element of the present legislation is that the new UMP support payment will replace the present IBNR contribution.

Under the previous arrangements the IBNR contribution was specifically linked to a doctor’s past risk profile, irrespective of their present capacity to pay. It is fair to say that the contributions were structured in this way after consultation with the medical profession. However, when the first IBNR contribution notices were sent out it became clear that this approach had led to significant anomalies.

The government now proposes to make significant changes to the way in which it requires UMP members to contribute to the cost of meeting UMP’s pre-2001 liabilities. The government will now fund three quarters of this amount with only the remaining quarter to be recouped from doctors—by affordable contributions under the new UMP support arrangements.

Under the new UMP support arrangements doctors who were members of UMP as at 30 June in 2000 will pay whichever is the least of: their original IBNR annual levy; two per cent of their gross Medicare billable income; or $5,000. The legislation now links payments explicitly to doctors’ current financial circumstances.
Other features of the new UMP support payments include:

- doctors with a gross Medicare billable income of less than $5,000 in the previous twelve months will be exempt from the payment;
- no doctors will be required to make payments for more than six years; and
- doctors who were members of UMP for less than six years before 2000 will only be required to make a payment for a number of years equal to the number of years they were members of UMP.

Given that doctors will make lower payments there will no longer be provisions for the payment to be made by instalment or lump sum under the new legislation.

While the government no longer expects that the doctors meet the total costs of UMP’s unfunded IBNRs, doctors with an IBNR liability will still have to make a contribution which will now be more affordable. Importantly, the government will continue to meet the cost of funding UMP’s unfunded IBNR claims accrued to 30 June 2002.

During the medical indemnity review doctors made it clear to panel members that they wanted a single billing transaction for all of their medical indemnity costs. Today’s legislation will make this possible. The government is now working with the insurers to ensure that practitioners will be able to pay all of their indemnity costs including the UMP support payment and to receive a benefit, if applicable, under the new Premium Support Scheme in the one transaction. This legislation will also amend the Medical Indemnity Act 2002 to provide a framework for the Premium Support Scheme arrangements. The government proposes to administer the details of the Premium Support Scheme by way of contracts with medical indemnity insurers. In this way it will be able to achieve its objectives of:

- broadening financial assistance to doctors so that where a doctor’s medical indemnity premiums, together with any UMP support payment, exceed 7.5 per cent of gross private medical income 80 per cent of these costs will be subsidised by the government, irrespective of the doctor’s craft group;
- increasing support for procedural GPs working in rural areas by funding 75 per cent of the difference between premiums for these doctors and those for non-procedural GPs in similar circumstances; and
- providing Premium Support Scheme assistance to eligible doctors automatically through their insurers—no separate application to government will now be required.

The Premium Support Scheme will come into full operation on 1 July 2004, with transitional arrangements to offer an equivalent level of assistance to insurers for the six months beginning 1 January 2004. Arrangements will be put in place to ensure that doctors currently receiving support under the current Medical Indemnity Subsidy Scheme will receive no less support under the new arrangements.

I believe that this legislation, in conjunction with the government’s previous legislation, will provide certainty and reduced medical indemnity costs for doctors.

The Australian government is committed to reducing medical indemnity costs for doctors and maintaining services, but it cannot achieve these outcomes alone. It will continue to work with the states and medical organisations to achieve fairer premiums for doctors and fair outcomes for litigants.

The government will continue to work closely with state and territory governments to implement tort reform.

I know that doctors are committed to the continuing improvement of risk management
in their practice and I feel sure that their efforts will also contribute to the reduction in medical indemnity costs for the profession over time.

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

Debate (on motion by Mr Edwards) adjourned.

MEDICAL INDEMNITY (IBNR INDEMNITY) CONTRIBUTION AMENDMENT BILL 2004

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

Second Reading
Mr Abbott (Warringah—Minister for Health and Ageing) (9.11 a.m.)—I move:
That this bill be now read a second time.

This bill amends the Medical Indemnity (IBNR Indemnity) Contribution Act 2002 to give effect to the UMP support payments announced on 17 December 2003.

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

Debate (on motion by Mr Edwards) adjourned.

EXTENSION OF SUNSET OF PARLIAMENTARY JOINT COMMITTEE ON NATIVE TITLE BILL 2004

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

Second Reading
Mr Ruddock (Berowra—Attorney-General) (9.13 a.m.)—I move:
That this bill be now read a second time.

The Extension of Sunset of Parliamentary Joint Committee on Native Title Bill 2004 extends the operation of the Parliamentary Joint Committee on Native Title and the Aboriginal and Torres Strait Islander Land Fund until 23 March 2006.

The committee has played an important role in the parliament’s oversight of the development of the native title system.

The numbers of determinations of native title and Indigenous land use agreements are growing at an increasing rate.

This bill will ensure that the committee continues to play its important role into the future.

I present the explanatory memorandum.

Debate (on motion by Mr Edwards) adjourned.

INTERNATIONAL TRANSFER OF PRISONERS AMENDMENT BILL 2004

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

Second Reading
Mr Ruddock (Berowra—Attorney-General) (9.14 a.m.)—I move:
That this bill be now read a second time.

In July 2003, the government announced that as a result of bilateral discussions, we would work with the US to put in place arrangements to transfer Australian citizens convicted by a military commission to Australia for the purpose of serving any penal sentence in Australia in accordance with Australian and United States law. The government has developed the International Transfer of Prisoners Amendment Bill 2004 to meet this commitment.

The bill is facilitative only.

At this stage, no Australian has been convicted by a military commission.

We know that there are two Australians currently being detained by US authorities in Guantanamo Bay, Cuba, and that one of those men, David Hicks, was included in the
3 July 2003 list of six detainees whom President Bush has declared eligible for trial at this stage.

At this time, no charges have been laid against Mr Hicks. Although Mr Habib has not yet been listed as eligible for trial, the government understands that US authorities are expediting consideration of his case.

This bill provides a statutory basis for returning Mr Hicks and Mr Habib to Australia in the event that they are charged, convicted and sentenced to a period of imprisonment.

This is a preparatory step to ensure that both men can, if the circumstances arise, benefit from the humanitarian nature of the international prisoner transfer scheme.

The amendments will increase the flexibility and application of the international prisoner transfer scheme as it applies in Australia, allowing the scheme to apply to a broader range of areas.

This will allow the act to apply to a larger number of Australian citizens or persons with community links to Australia who are imprisoned in foreign countries.

The amendments will also allow for a larger number of foreign nationals imprisoned in Australia to return to their home countries, thereby providing an economic benefit to Australia.

For example, Australia has been discussing with Hong Kong and China the possibility of entering into an agreement for the transfer of prisoners from Hong Kong for a number of years.

However, the unusual status of Hong Kong, like Guantanamo Bay, precludes the application of the International Transfer of Prisoners Act 1997 to that area.

And, with the breakdown of colonial regimes around the world, it is increasingly likely that we will be confronted with other regions of unusual status with whom we may be interested in finalising a prisoner exchange agreement.

To facilitate the transfer of prisoners back to Australia from Guantanamo Bay and areas with an unusual status, such as Hong Kong, it has therefore been necessary to amend the act.

The first amendment, when taken with the third and fourth amendments, addresses an anomaly whereby a region or area that is not a sovereign country cannot be declared a transfer country for the purposes of the International Transfer of Prisoners Act.

The second amendment will clarify the meaning of the terms ‘court’ or ‘tribunal’ under the International Transfer of Prisoners Act to clarify a possible ambiguity, in particular whether a military commission can be considered a ‘court’ or a ‘tribunal’ for the purposes of that act. It will also enable that act to apply to a sentence of imprisonment imposed by a US military commission.

The third amendment will extend the list of areas that are deemed to be part of a transfer country for the purposes of the act.

This gives recognition to the fact that a transfer country may consist of a range of different regions which may not be considered a part of that country because, for example, it is not a part of the landmass that constitutes the mainland of that country.

Increasing the flexibility and the application of the International Transfer of Prisoners Act will provide increased community benefits.

It will reduce the impact on Australian families who have family members imprisoned in areas that the act currently does not apply to.

It will also reduce the impact on Australian citizens imprisoned overseas who may suffer due to the cultural and language dif-
Returning such prisoners to Australia increases their chances of rehabilitation, not only by enabling the prisoner to take part in prison programs and services that may not be accessible to them in a foreign country but also by enabling prisoners to have more contact with their family.

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

Debate (on motion by Mr Edwards) adjourned.

TELECOMMUNICATIONS (INTERCEPTION) AMENDMENT BILL 2004

First Reading

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

Second Reading

Mr Ruddock (Berowra—Attorney-General) (9.19 a.m.)—I move:

That this bill be now read a second time.

This bill amends the Telecommunications (Interception) Act 1979 to ensure the ongoing effectiveness of the Australian telecommunications interception regime.

Telecommunications interception is an essential tool in investigating serious and organised crime and in gathering security intelligence.

The government is committed to ensuring that the interception act keeps pace with developments in telecommunications technology, and allows law enforcement and security agencies to combat increasingly sophisticated criminal activity and threats to national security.

To that end the bill clarifies the application of the act to email and similar communications, and allows telecommunications interception warrants to be sought in connection with the investigation of a wider range of serious offences, including terrorism offences.

The bill includes amendments to allow recording of calls to ASIO—our domestic security agency—public lines to assist in the effective investigation of security matters.

The bill also amends the definition of interception to ensure that the protections conferred by the interception act keep up with technological developments.

The change to the definition of interception is a result of recent advances in technology, many communications passing over the telecommunications system now take the form of written words or images, to which the current definition of interception is not directly applicable.

The bill will amend the definition of interception to include reading and viewing, as well as listening to and recording, a communication in its passage over the telecommunications system.

The amendment will ensure that the protections afforded by the act extend to all forms of communication passing over the Australian telecommunications system. I am sure, Mr Speaker, you are familiar with the text messaging that we see on telephones today; it is that particular medium that we have in mind here, as well as emails.

The bill also amends the interception act to allow law enforcement agencies to obtain warrants to assist in the investigation of terrorist offences set out in divisions 72, 101, 102 and 103 of the Commonwealth Criminal Code, offences involving dealings in firearms and state and territory cybercrime offences.

The Criminal Code sets out a range of terrorism offences attracting penalties up to life imprisonment, including terrorist bombings,
providing or receiving training connected with terrorist acts, directing the activities of a terrorist organisation, and providing or collecting funds in connection with a terrorist act.

The amendments arm law enforcement agencies with the necessary tools to investigate all the terrorism offences set out in the Criminal Code.

This amendment supplements the existing definition of a class 1 offence, which allows a telecommunications interception warrant to be sought in connection with the investigation of offences involving an act or acts of terrorism.

Amendments to allow interception warrants to be sought in connection with a broader range of terrorism offences reflect the Government’s ongoing commitment to combating terrorism.

The bill will also enable interception warrants to be sought in connection with state and territory cybercrime offences.

This amendment complements existing provisions allowing interception warrants to be sought in connection with the investigation of Commonwealth cybercrime offences set out in the Criminal Code.

The ability to lawfully intercept telecommunications is an essential tool in the investigation of computer crime.

Computer crime commonly involves extensive use and abuse of the telecommunications system.

The effective investigation and prosecution of the perpetrators of these offences often depends on access to electronic communications.

Finally, the bill will also strengthen the act by enabling interception warrants to be sought in connection with the investigation of dealings in firearms, in circumstances where the commission of the offence involves substantial planning and organisation, sophisticated methods and techniques and is punishable by a maximum of at least seven years imprisonment.

These amendments recognise the seriousness of the trade in firearms, and provide law enforcement with the necessary tools to investigate and prosecute offenders.

The bill also amends the act to clarify its application of the act to modern means of telecommunication, such as email, SMS messaging and voice mail services.

The increasingly widespread use of this new technology by persons of interest to law enforcement and security agencies has posed serious operational difficulties for those agencies in the performance of their functions.

The amendments make it clear, for example, that it is not necessary to obtain a telecommunications interception warrant in order to access a stored communication that can be accessed using the equipment on which it is stored but without the use of a telecommunications service.

This does not mean that such communications are not protected at all.

Rather, it will be necessary to obtain some other form of lawful access, such as a search warrant authorising the holder of the warrant to operate the equipment on which the communication is stored.

The government remains committed to clarifying the act to achieve certainty in the scope and application of the act.

The amendments now proposed achieve that clarification and will assist agencies in the performance of their functions.

The amendments differ, however, from those previously introduced, and address concerns expressed during consideration of the earlier amendments by the Senate Legal and Constitutional Legislation Committee.
The amendments achieve an appropriate balance between protecting communications passing over the telecommunications system and the need for accessibility in the investigation of serious crime and security matters.

The bill also provides an exception to the prohibition against interception to allow ASIO to record calls to its public lines.

ASIO maintains a number of dedicated telephone lines, the numbers for which are publicly available in telephone directories and telephone number databases.

These public lines are frequently contacted by persons wishing to pass on information that they consider relevant to the organisation’s functions.

Some of the information may be critical to the effective functioning of the organisation in collecting intelligence relevant to security.

ASIO’s ability to effectively investigate matters relevant to security will depend, in part, on the availability of an accurate recording of the call.

In conclusion, the government recognises that telecommunications interception is an intrusive method of investigation and reafﬁrms its commitment to protecting the privacy of individuals using the Australian telecommunications system.

The amendments contained in the bill represent practical steps to ensure the ongoing effectiveness of the Australian telecommunications interception regime, and to assist in the investigation of serious criminal activity, including terrorism, cybercrime and dealings in firearms.

I commend the bill to the House and table an explanatory memorandum.

Debate (on motion by Mr Edwards) adjourned.
Mr WILLIAMS (Tangney—Minister for Communications, Information Technology and the Arts) (9.30 a.m.)—I move:
That this bill be now read a second time.

The purpose of the Australian Sports Drug Agency Amendment Bill 2004 is to enable the Australian Sports Drug Agency (ASDA) to perform particular functions required as a result of the introduction of the World Anti-Doping Code.

Australia’s domestic anti-doping program has a reputation as a world leader. The Australian government’s Tough on Drugs in Sport policy provides a comprehensive framework in the fight against doping in sport.

The anti-doping framework includes effective anti-doping laws, policies and procedures; international best practice testing; education programs for athletes and sports as well as an anti-doping research program.

In recent times there has been a concerted effort to harmonise anti-doping policy and practice internationally. This work culminated in the development of the World Anti-Doping Code, released in March 2003 and now being implemented by sporting organisations worldwide.

The World Anti-Doping Code seeks to harmonise anti-doping policy and practice among sporting bodies and tighten the net on drug cheats. Importantly, the code has been developed through collaboration between governments and sport to create an international level playing field.

This means that Australian athletes can have confidence that they will be competing in an environment free from performance enhancing drugs and doping methods.

The International Olympic Committee (IOC) has already adopted the code and all international sports federations, national sporting organisations and national anti-doping organisations are expected to also adopt the code.

Australia, along with over 90 other countries, supports the code through the Copenhagen Declaration on Anti-Doping in Sport.

ASDA is recognised as a national anti-doping organisation under the code and these amendments will enable ASDA to adopt and implement what is required of it under the code by the commencement of the Athens Olympic Games in August 2004.

The proposed amendments have been guided by three elements of the code: the recognition of international standards, new anti-doping rule violations and the reporting and sharing of information.

The code provides for the World Anti-Doping Agency to develop international standards for certain technical and operational aspects of anti-doping activities. These include standards for handling samples, use of certain substances for genuine therapeutic purposes, prohibited substances and methods, and standards for laboratory accreditation.

These amendments will enable ASDA and the Australian Sports Drug Medical Advisory Committee to comply with these standards when carrying out their functions under the code.

The code sets out the full range of circumstances that constitute violations of anti-doping rules by competitors. These include circumstances in addition to those covered by existing legislation. These additional circumstances are: the failure of a competitor to provide information about his or her whereabouts so that ASDA can locate the competitor to conduct drug testing; the deliberate evasion by a competitor of an attempt by ASDA to make a request to provide a sample for the purpose of detecting whether or not the competitor has used a banned drug or...
doping method; and tampering or attempting to tamper with any part of the doping control process.

The effect of these proposed changes is that ASDA will be able to make an entry on the register of notifiable events in relation to these additional circumstances as well as those currently provided for under the existing act.

As is the case with existing doping violations, athletes will have the right to seek a review of ASDA’s decisions to enter these incidents on the register through the Administrative Appeals Tribunal (AAT).

In order to achieve worldwide coordination of anti-doping efforts, the code requires the sharing of information with other parties who are authorised to test athletes or undertake certain functions relating to the monitoring of test results and the implementation of exemptions for genuine therapeutic use of prohibited substances.

The proposed amendments will enable ASDA to disclose relevant information relating to Australian athletes, such as their whereabouts, in order to administer an effective and efficient anti-doping regime. Depending upon circumstances, this information may be provided to the World Anti-Doping Agency, international sports federations, national sports federations or national anti-doping organisations.

This is consistent with the principles of existing legislation providing for the sharing of relevant information with appropriate organisations.

In the interests of accountability and transparency, the code requires public release of athletes’ identities once a hearing has been completed.

Because results management is a shared responsibility between ASDA and sporting bodies, and in order to provide full account-

ability for its functions, it is proposed that the act be amended to allow ASDA to add the names of competitors to the information on the register available for public release. It is intended that this public release would only take place after the athlete has had his or her case heard and the sporting body involved has had adequate time to release the information.

The code requires disclosure to certain sports administration bodies at an earlier time than currently provided for in the act. Such early notification is necessary to enable sports to expedite the results-management processes. For example, if a competitor returns a positive ‘A’ sample on the eve of an important international competition, there may be compelling reasons for the relevant sport to deal with the matter prior to the event.

The government believes that it is important to protect the rights of competitors in these circumstances. Therefore, it is proposed that ASDA will only provide early notification in circumstances where it is satisfied that the sporting organisation will not use or disclose the information in a way that would be unfairly prejudicial to the interests of the competitor.

It is important to note that, other than the proposed new range of disclosures to be authorised under the act, the act has been amended to ensure the operation of the Privacy Act 1988 is not limited. It is intended that the privacy aspects of the amendments to the act would be reviewed three years after they come into force.

This bill has been developed after careful analysis of the World Anti-Doping Code’s requirements and having regard to Australia’s existing procedures, structures and legal system.

These amendments will advance Australia’s existing anti-doping framework to meet
the challenges in the lead-up to the 2004 Athens Olympic Games and beyond, and will affirm Australia’s commitment to achieving a sporting environment free from performance-enhancing drugs and doping methods.

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

Debate (on motion by Mr Edwards) adjourned.

HOUSE OF REPRESENTATIVES (NORTHERN TERRITORY REPRESENTATION) BILL 2004

First Reading

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

Second Reading

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (9.38 a.m.)—I move:

That this bill be now read a second time.

The House of Representatives (Northern Territory Representation) Bill 2004 will maintain the Northern Territory’s representation in the House of Representatives at its current level of two members at the next federal election.

On 19 February 2003, the Electoral Commissioner determined the number of members of the House of Representatives to be chosen by the states and territories at a general election. The determination was made under section 48 of the Commonwealth Electoral Act 1918. The Electoral Commissioner determined that representation would change for Queensland, South Australia and the Northern Territory. Queensland gained an additional seat to have a total of 28 members, while South Australia and the Northern Territory each lost one seat. South Australia’s representation has fallen to 11 seats. Only one member would be chosen for the Northern Territory as its population fell short of the quota by 295 people in order to retain its current two seats.

The Joint Standing Committee on Electoral Matters inquired into representation of the territories in the House of Representatives following a request from the Special Minister of State, Senator the Hon. Eric Abetz, in July 2003. The committee’s report, entitled Territory representation (report of the inquiry into increasing the minimum representation for the Australian Capital Territory and the Northern Territory in the House of Representatives), was tabled on 1 December 2003.

The committee unanimously recommended that the Electoral Commissioner’s determination of February 2003 be set aside by government legislation to the extent that it applies to the Northern Territory. This was a bipartisan report, and the government thanks the committee for the report.

The government considers that it is important for the Northern Territory’s representation to be maintained at its current level and not diminished at the next election and therefore supports the recommendation of the committee.

The bill provides for the Electoral Commissioner’s determination of 19 February 2003 to be read as if it specified that two members are to be chosen to represent the Northern Territory at a general election.

The committee also made a number of recommendations aimed at ensuring the transparency and certainty of the process used for the making of determinations for representation in the House of Representatives. The government will respond separately to those recommendations.

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

Debate (on motion by Mr Snowdon) adjourned.
Mr ROSS CAMERON (Parramatta—Parliamentary Secretary to the Treasurer) (9.42 a.m.)—I move:

That this bill be now read a second time.

This bill will support state and territory reforms to the law of negligence with the objective of making liability insurance more affordable and available.

In the past two years the Minister for Revenue and Assistant Treasurer has chaired six meetings with her state and territory counterparts to provide leadership and develop a national approach to resolving the issues of rising premiums and a reduction in the availability of insurance cover.

At the May 2002 ministerial meeting on public liability insurance, the Commonwealth, state and territory ministers agreed to a range of measures to address these concerns and restore a degree of balance to the laws which compensate Australians for death and personal injuries. These measures included the establishment of a panel of experts to conduct a principled review of the law of negligence (the panel).

The panel was asked to consider the interaction of the Trade Practices Act 1974 (the act) with the common law principles applied in negligence, and recommended a number of changes to the act.

The review concluded that, for many cases, a cause of action under the act is a real alternative to a cause of action in negligence. Thus, any reform by the states and territories of common law negligence could be undermined unless the Commonwealth made complementary changes to the act.

The Australian government has taken action to implement key recommendations of the review and supporting state and territory reforms with the introduction of the Trade Practices Amendment (Personal Injuries and Death Bill) 2003. This bill was introduced into this House on 27 March 2003.

The measures contained in the present bill will continue this reform agenda. Specifically, this bill will implement recommendations 17 and 21 of the review. The review recommended that the act be amended to apply rules relating to limitation of actions and quantum of damages to personal injury and death claims brought pursuant to a unconscionable conduct claim (part IVA); a contravention of the product safety and information provisions (division 1A of part V); a supply by a manufacturer or importer of unsatisfactory consumer goods (division 2A
of part V); or a supply by a manufacturer or importer of defective goods (part VA).

In addition to these recommendations in relation to the act, the review made specific recommendations on the rules on limitation of actions and quantum of damages that should apply across all jurisdictions. There has been some variation between states and territories in the implementation of the review recommendations.

The Australian government has taken action to amend relevant parts of the act to apply limitation periods and constraints on damages arising from personal injuries and death actions consistently across the country. As a result, this bill will ensure that the act will not be used to undermine state and territory laws in relation to actions for damages for personal injuries or death.

With this bill, the government is introducing limitation periods and constraints on damages.

This approach can be distinguished from that taken in the Trade Practices Amendment (Personal Injuries and Death) Bill 2003 of last year, which prevents claims for damages for personal injuries or death under part V division 1 of the Trade Practices Act 1974.

The rationale for these two different approaches is that parliament intended that the provisions relating to product safety and information, claims against manufacturers and importers of goods and product liability provide causes of action to individuals who suffer personal injury and death.

In contradistinction it is open to serious question whether parliament intended the provisions that relate to unconscionable and misleading or deceptive conduct—that is, the relevant provisions in part IVA and part V division 1—to provide causes of action to individuals who suffer personal injury and death in the absence of any element of fault required to establish misleading and deceptive conduct.

The panel noted that the element of fault in part IVA would limit the potential for personal injuries and death claims. For this reason, the government does not consider it is necessary to remove personal injury and death claims under part IVA but that limitations on actions and quantum of damages should apply.

The bill I am introducing today is the second tranche of amendments to the Trade Practices Act to support state and territory reforms to the law of negligence. This bill will introduce a new part VIB into the act. Part VIB will establish limitations and caps on the maximum amounts that can be awarded for different heads of damage in relation to personal injury and death claims.

Part VIB will apply to personal injury and death claims brought pursuant to an unconscionable conduct claim under part IVA; a contravention of the product safety and information provisions under division 1A of part V; a supply by a manufacturer or importer of unsatisfactory consumer goods under division 2A of part V; or a supply by a manufacturer or importer of defective goods under part VA.

Part VIB will also provide a framework for phasing in damage for non-economic loss depending on the severity of an injury. The bill will also introduce new arrangements for limitation periods and mechanisms for establishing damages for loss of earning capacity and damages for gratuitous attendant care services. The bill will also introduce a number of other limits on personal injury damages and will clarify the powers of courts in relevant proceedings to approve structured settlements.

These reforms are aimed at providing a national benchmark for the limitation of actions and quantum of damages in personal
injury and death claims as well as giving effect to the program of reforms agreed to by ministers from all jurisdictions in November 2002. I commend this bill to the House and present the explanatory memorandum.

Debate (on motion by Mr Edwards) adjourned.

TAX LAWS AMENDMENT (2004 MEASURES No. 1) BILL 2004

First Reading

Bill presented by Mr Ross Cameron, and read a first time.

Second Reading

Mr ROSS CAMERON (Parramatta—Parliamentary Secretary to the Treasurer) (9.50 a.m.)—I move:

That this bill be now read a second time.

This bill makes amendments to the income tax law and other laws to give effect to several taxation measures.

Firstly, this bill amends the Income Tax Assessment Act 1936 to broaden the list of eligible medical expenses under the medical expenses tax offset to include payments made in maintaining a dog that is properly trained for guiding or assisting a person with a disability.

This will afford taxpayers with ‘hearing dogs’ and ‘assistance service dogs’ the same treatment under the medical expenses tax offset as is currently available to taxpayers who maintain a dog that is trained to guide or assist the blind.

Secondly, this bill provides an income tax deduction for transport expenses incurred in travel between workplaces.

The amendment maintains the deductibility of expenses incurred by taxpayers in travelling between two places of unrelated income-earning activity. This is consistent with a longstanding interpretation of the income tax law expressed in published taxation rulings and in TaxPack. For example, the amendment will maintain the deductibility of expenses incurred in travelling directly from one job to a second job.

The third measure amends the Income Tax Assessment Act 1997. It will improve the operation of the test that is used to determine when an entity controls a discretionary trust for the purpose of applying the small business capital gains tax concessions.

The new control test is generally based on actual distributions in the four income years before the income year for which access to the small business CGT concessions is sought. Distributions to exempt entities and deductible gift recipients will be ignored for the purposes of applying the new control test.

Schedule 4 amends the Energy Grants (Credits) Scheme (Consequential Amendments) Act 2003. This amendment will clarify the application of the transitional provisions in schedule 7 of that act, to ensure that an entity will be entitled to an energy grant for fuel purchased or imported in the three years before 1 July 2003, if that fuel was intended for a use that would have qualified for a credit under the Energy Grants (Credits) Scheme Act 2003 in the three years before 1 July 2003.

Schedule 5 amends the Income Tax Assessment Act 1997 to ensure that GST, which may later be recovered, does not count as part of the cost of an asset, when calculating capital gains tax.

Schedule 6 to this bill amends the A New Tax System (Australian Business Number) Act 1999. This will ensure that the law operates as originally intended and that the objectives of the Australian Business Number system are fully implemented. The amendments will clarify when protected Australian Business Number information can be disclosed to
Commonwealth agency heads and state and territory department heads.

This measure will make it easier for businesses to conduct their dealings with Australian governments, as the amendments will prevent situations that require businesses to provide duplicate information to government.

Schedule 7 provides a tax deduction for contributions of cash or property to deductible gift recipients, where an associated minor benefit is received.

Currently, a personal tax deduction under the income tax law is only allowed for gifts to deductible gift recipients—that is, where the donor does not derive any material advantage or benefit in return for the gift.

This amendment provides that if a minor benefit is received by a person in return for making a contribution of cash or property, that benefit will not prevent their ability to receive a tax deduction, provided that the benefit does not exceed a specified limit and certain conditions are met.

This amendment is designed to encourage philanthropy by addressing some community concerns regarding fundraising.

Schedule 8 amends division 7A of the Income Tax Assessment Act 1936. It inserts certain integrity rules dealing with payments, loans and forgiven debts made by a trustee to a private company’s shareholder or a shareholder’s associate.

These amendments address issues concerning the effectiveness and fairness of certain anti-avoidance provisions contained in division 7A.

Broadly speaking, the amendments will more effectively ensure that a trustee cannot shelter trust income at the prevailing company tax rate and then distribute the underlying cash to a beneficiary of the trust through the use of a private company beneficiary. In addition, the amendments have been designed with targeted safeguards to ensure ordinary commercial transactions are not inadvertently caught by the rules.

Schedule 9 will correct an anomaly in section 46FA of the Income Tax Assessment Act 1936. This will ensure that the deduction for on-payments of certain unfranked non-portfolio dividends by a resident company to its wholly owned non-resident parent, continues to be available to certain resident companies.

The deduction was inadvertently made inoperative on introduction of the consolidations regime.

Schedule 10 will require charities, public benevolent institutions and health promotion charities to be endorsed by the Commissioner of Taxation in order to access all relevant taxation concessions. In addition, endorsed charities will now have their charitable status displayed on the Australian Business Register.

These changes are part of the government’s response to the report of the Inquiry into the Definition of Charities and Related Organisations. The changes will allow greater scrutiny of the use of taxation concessions by charities, improve public confidence in the provision of taxation support to the charitable sector and provide charities with certainty of their entitlements.

Lastly, this bill updates the lists of specifically-listed deductible gift recipients in the Income Tax Assessment Act 1997. It adds to these lists new recipients announced since 10 December 2002. Deductible gift recipient status will assist these organisations to attract public support for their activities.

Full details of the measures in this bill are contained in the explanatory memorandum.

I commend this bill and present the explanatory memorandum.
Debate (on motion by Mr Edwards) adjourned.

MIGRATION AMENDMENT (DURATION OF DETENTION) BILL 2004

First Reading

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

Second Reading

Mr HARDGRAVE (Moreton—Minister for Citizenship and Multicultural Affairs and Minister Assisting the Prime Minister) (9.59 a.m.)—I move:

That this bill be now read a second time.

The Migration Amendment (Duration of Detention) Bill 2004 adds a new subsection to section 196 of the Migration Act 1958.

The effect is to make unmistakably clear the parliament’s intention that an unlawful noncitizen is only to be released from immigration detention in the circumstances specified in section 196, unless a court finally determines that the detention is unlawful or the person is not an unlawful noncitizen.

The bill substantially mirrors the Migration Amendment (Duration of Detention) Bill 2003 in its original form. The 2003 bill was ultimately passed with amendments that only prevented the courts ordering the interlocutory release of persons of character concern.

During the House’s consideration of the Senate amendments, the then Minister for Immigration and Multicultural and Indigenous Affairs indicated that the government accepted the amendments as an interim measure only. The government’s priority was to protect the Australian community against the possibility of people of character concern being released from detention, with possible tragic consequences.

In accepting the limited scope of the bill, the then minister, the member for Berowra, made it clear that the government would be introducing a new bill to cover broader concerns it has on interlocutory release of all persons from immigration detention before final resolution of their court proceedings. This is that bill.

This bill is an important measure. It is about upholding the principle of mandatory detention for all unlawful noncitizens under the Migration Act.

It would help members to know that it was in 1992 that the parliament enacted a series of changes to the Migration Act to introduce the policy of mandatory detention. First, the Migration Amendment Act 1992 introduced mandatory detention of unauthorised boat arrivals. The Migration Reform Act 1992, which commenced on 1 September 1994, introduced mandatory detention of unauthorised boat arrivals. The Migration Reform Act 1992, which commenced on 1 September 1994, introduced mandatory detention of all unlawful noncitizens. Let me make it clear: this mandatory detention was an initiative of the previous Labor government.

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

- removed from Australia;
- deported; or
- granted a visa.

Subsection 196(3) specifically states:

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

It is obvious that the intention of section 196 was to make it clear that there was to be no discretion for any person or court to release from detention an unlawful noncitizen who is lawfully being held in immigration detention.
Since 1994, when these measures were introduced by the then Keating government, this mandatory detention regime has been used extensively. In 1994 there were 342 children contained within immigration detention centres—some 30 per cent of the total number of detainees. As of last week, there are now only 15 children in detention centres in Australia. Overall, the numbers of those in mandatory detention are down. In fact, children now only make seven per cent of the total number of detainees, which underscores the fact that those overall numbers are down.

This shows the effect of the mandatory detention regime introduced by the previous Labor government as a deterrent for those who would put children, women and, indeed, themselves onto boats or use other means to try to enter Australia unlawfully. Simply put, fewer people are attempting to do so. This shows the success of the measure. On top of that, this government has introduced a range of alternative detention models to remove more women and children from mandatory detention.

Mandatory detention remains an integral part of the government’s unauthorised arrivals policy. The government believes that it is necessary to ensure, as a matter of public policy, that all unlawful noncitizens are detained until their status is clarified. This means that they must continue to be detained until they are removed or deported from Australia or granted a visa.

It is not acceptable that any person who is, or who is suspected of being, an unlawful noncitizen is allowed into our community until the question of their status is resolved.

Not only does this policy send a strong deterrence message to people smugglers—those who want to prey on others and try to bring them to Australia—that Australia’s regularised immigration processes will not be circumvented but it also endorses the status of all people who have come lawfully to live in this country.

Despite the clear intent of section 196, there has been a trend by the Federal Court to order the interlocutory release of persons in immigration detention under section 23 of the Federal Court of Australia Act 1976.

An ‘interlocutory order’ is an order made during proceedings prior to the court’s final determination of the substantive matter. Where such an order is made, a person must be released into the community until such time as the court finally determines their application.

In the case of VFAD of 2002, the full Federal Court held:

Section 196(3) is silent as to the power of this Court to grant interlocutory relief in circumstances where a person in detention claims not to be an unlawful non-citizen.

Further, the court did not accept that section 196(3) by implication denied its power to order the interlocutory release of persons in immigration detention.

The court was also of the opinion:

Parliament has not made “unmistakably clear” its intention to abrogate the power of this Court to protect a “fundamental freedom” by ordering the release ...on an interlocutory basis, of persons in detention.

This bill makes parliament’s intention ‘unmistakably clear’.

The bill repeals subsections 196(4) and (4A), which were introduced in 2003 to prevent the interlocutory release of a specific class of persons into the community—that is, people of character concern. The repealed sections are substituted instead by a new subsection 196(4) which has wider application to cover all persons in immigration detention. Subsections 196(1) and (3) remain unchanged.
The new subsection makes it explicitly clear that, unless an unlawful noncitizen is removed from Australia, deported or granted a visa, the noncitizen must be kept in immigration detention. This applies unless a court finally determines that:

- the detention is unlawful; or
- the person is not an unlawful noncitizen.

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

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

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

The court’s final determination of the case can take anywhere between several weeks and several months. Where the person is subsequently unsuccessful, that person must be relocated, redetained and arrangements then made for their removal from Australia. This is a time-consuming and costly process and can further delay removal from Australia.

In summary, the bill implements measures to ensure that the parliament’s original intention in relation to immigration detention is clearly spelt out and the integrity of the mandatory detention provisions of the act is not compromised. Moreover, it also underscores the lawfulness and the validity of all people who came through lawful means to Australia.

I commend the bill to the chamber and present the explanatory memorandum to the bill.
amendments. Labor will support these amendments but will be moving a second reading amendment to highlight the government’s treatment of the GST as a state tax and its use of the tax liability method, rather than the economic transactions method, to estimate tax collections. Both are matters on which the Auditor-General has seen fit to qualify the Commonwealth’s accounts.

Currently, the act does not allow the Commissioner of Taxation to take into account refunds made under the Tourist Refund Scheme and other GST refund schemes when determining the GST collected in a year and, therefore, the amount to be paid to the states. This results in excessive GST being paid to the states. As most states are now moving off budget balancing assistance, this will begin to have a negative impact on Commonwealth revenue and was not the intention of the act. Allowing the Commissioner of Taxation to account for all GST refunds before distributing GST to the states will ensure that the amount of GST actually collected is used as the basis for distributions to the states. This amendment is designed to protect the Commonwealth’s revenue, and Labor will support it.

Under the act, the commissioner must make a final determination of GST payable to the states on 10 June each year. However, ABS population statistics and ministerial determinations on hospital grants to the states are also made on 10 June each year and directly impact on the amount of GST which is payable to each of the states. This does not allow sufficient time for final determinations to be made. The bill seeks to defer the final determination of GST payable to the states for up to six days to allow the estimate to be made more accurately, and Labor will support it.

At present, the act has no mechanism to adjust payments to the states as they come off budget balancing assistance to fully account for any overestimate or underestimate of payments for GST collected in the previous financial year. When a state was on budget balancing assistance, overestimates or underestimates did not affect the Commonwealth or state bottom line, because the total figure of payments to the states was predetermined. However, as states move off budget balancing assistance, overestimates or underestimates will impact on the bottom lines of both the Commonwealth and the states. By introducing this mechanism, the bill will ensure that, in these circumstances, adjustments can be made.

This bill also provides an appropriate opportunity to deal with two GST and revenue related government accounting issues. There is a statutory requirement for the Auditor-General to conduct audits of Commonwealth departments and agencies and the consolidated financial statements of the Australian government but not the budget papers, mid-year review or financial budget outcome. Audit report No. 22 of 2003-04, which is the summary of results of the audits of the financial statements of Australian government entities for the period ended 30 June 2003, contains qualifications as to the treatment of revenue and GST. I will move a second reading amendment to highlight these qualifications and the government’s record as the highest-taxing government in Australia’s history, which is a direct consequence of the introduction of the GST and other measures that accompanied the new tax system.

The first qualification to the Howard government’s consolidated financial statement is the use of the taxation liability method to prepare the consolidated financial statements, which is not in conformity with the relevant Australian accounting standard on financial reporting by governments, AAS 31, and which understated revenue on an accruals basis, not an underlying cash basis, by
$1.8 billion in 2002-03. I will read that qualification into the Hansard. It says:

2.6 As in past years, the CFS for 2002-03 have been prepared using the taxation liability method (TLM). This method recognises taxation revenue at the time when tax payments are due and payable. The adoption of TLM does not conform with AAS 31 Financial Reporting by Governments, in that it does not recognise all taxation revenue, assets and liabilities in the period in which the underlying transactions occur.

2.7 In contrast, the Australian Taxation Office (ATO) has continued to recognise taxation revenue in its annual financial statements on an accruals basis using the economic transactions method (ETM). Under ETM, taxation revenue is recognised in the period when underlying economic activity giving rise to a taxation obligation actually takes place. As a result, the ATO reports estimates of accrual revenues in relation to taxation assessments that will be raised in the following reporting period; the amount of revenue reported takes into account estimated refunds; and/or credit amendments to which taxpayers may be entitled. This treatment is also consistent with the requirements of taxation legislation wherein a taxation liability exists prior to a formal assessment.

2.8 The ETM basis of estimating taxation revenue for accounting purposes is stronger both conceptually and on legal grounds than the TLM and, most importantly, clearly meets the requirements of AAS 31 including reliability of measurement. The TLM is aligned to modified cash accounting. This view is supported both by expert legal and accounting advice and reflects the basis on which the Commissioner for Taxation has prepared his financial statements in recent years (which were unqualified).

2.9 The use of TLM, rather than ETM, has a material effect on the CFS. The financial effects of employing the former approach are as follows:

- the operating result for the year is understated by $1.8 billion (2002: $2.8 billion); and
- there are understatements as at 30 June 2003 in accrued revenues of $31.3 billion (2002: $25.7 billion) and liabilities of $21.9 billion (2002: $18.1 billion). Reported net liabilities are overstated by $9.4 billion (2002: $7.6 billion).

2.10 The difference between TLM and ETM revenue is the result of ETM revenue being recognised at an earlier point in the taxation cycle, other things being equal. In a growing economy, ETM revenue would generally be higher than TLM revenue. For this reason, the use of TLM in the current financial year has reduced the size of the surplus reported in the Statements of Financial Performance. A qualified audit opinion was issued on the 2002-03 CFS due to the material understatement of taxation revenue associated with TLM being used as the basis for the recognition of taxation revenues.

2.11 Currently, the use of the TLM method is consistent with the treatment adopted for the 2002-03 Budget. The Departments of Finance and Administration and Treasury take the view that the ETM method does not currently provide a reliable measure of taxation revenue recognition for both budget and actual reporting purposes. However, both departments recognise that the comparable reliability of the two methods should be reviewed in future years. The Minister for Finance and Administration has been made aware of the issues involved.

The government’s explanation that TLM is a more reliable measure of taxation revenue recognition for both budget and actual reporting purposes is not something that we should simply accept at face value. The ETM was used by the government 1998-99, when the change was made to TLM. The Auditor-General qualified the accounts then, as he has done now. This was just before the government introduced accrual based accounting.

ETM is a conceptually superior methodology than TLM for valuing taxation for accruals purposes. When accrual accounting was finally adopted, the Treasurer seemed very enthusiastic about focusing on the fiscal, or accruals, balance. But that was before he realised he was setting the bar a bit high for himself and went back to concentrating...
on underlying cash balances, because that would give him more and bigger surpluses, or smaller deficits. Why then might he have adopted accrual accounting but moved away from the best method of valuing taxation revenue? Because by this accounting change he was reducing the amount of reported revenue. It resulted in a small but material reduction in the amount of tax he had to report collecting.

While Treasury and Finance, who are subject to the dictates of the Treasurer and finance minister, have dutifully accepted these accounting changes in preparing the government’s consolidated financial statement, the Commissioner of Taxation has not. He continues to prepare the tax office’s own financial statement using the ETM. He does not do this just because he wants to avoid having his financial statements qualified by the Auditor-General; he does it because it better reflects the value of the taxation receipts he is charged with collecting. Why does the government not choose to see it the same way?

The departure from longstanding accounting practices and standards was part of a pattern to reduce the amount of revenue the government would report collecting. There was also a qualification of the consolidated financial statements of 30 June 1999, which reported another change of accounting policy:

1.25 The Commonwealth collects a number of revenue replacement taxes as an agent for the States and Territories. Reflecting the Commonwealth’s agency role in the collection of these taxes, they have not been recognised in this financial report. Under the previous accounting policy, the revenue replacement payments were reported on a gross basis. The relevant amounts for 1997-98 and 1998-99 are outlined in Note 41. The change has no impact upon the consolidated operating result.

1.26 There have been no other material changes in accounting policies during the reporting period.

This was a prelude to the non-reporting of GST revenues when the new tax system was brought in. That is the second qualification to the Howard government’s consolidated financial statement this year. The GST has not been recognised as revenue of the Australian government, and so revenues have been understated by $31.8 billion and expenses by $30.8 billion. I will read the Auditor-General’s qualification of the CFS on that, which states:

2.12 As in the previous year, the CFS for 2002–2003 have been prepared without recognising the GST as a revenue of the Australian Government.

2.13 The Australian Government’s reason for excluding GST and associated grant payments to the States is based on the view that the GST is a State tax collected by the Australian Government in an agency capacity, in accordance with the intent of the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations.

2.14 From an accounting perspective, the GST is a revenue of the Australian Government. It is imposed under Australian Government legislation and the Australian Government therefore controls the revenue raised. The Government’s decision to enter into an agreement to pass the GST revenue collected to the States is a separate transaction conducted to meet its particular objectives.

2.15 The Australian Government’s control of the GST revenue is also illustrated by the fact that the distribution of GST revenue is based on population share adjusted by a relativity factor embodying per capita financial needs. The relativity factor is determined by the Australian Government Treasurer based on advice given by the Commonwealth Grants Commission and following consultation with the States and Territories. Thus, the actual distribution could only ever coincidentally reflect the amount of tax collected within the jurisdictions of the beneficiary gov-
ernments, as there is no direct connection between the tax revenue arising in, and the tax revenue returned to, a particular State or Territory.

2.16 The financial effects of not recognising the GST as a revenue of the Australian Government are to understate the net result for the period and to overstate net liabilities as at period end. The financial effects of not recognising the GST, calculated by reference to the amounts that would have been recognised had all other tax revenue been recognised on an accrual basis, are as follows:

- the consolidated statement of financial performance for the 2002–2003 year involves an understatement of revenues by $31.8 billion (2002: $27.6 billion), expenses by $30.8 billion (2002: $26.9 billion) and hence the net result by $1.0 billion (2002: $0.7 billion);
- the consolidated statement of financial position as at 30 June 2003 involves an understatement of accrued revenues by $5.7 billion (2002: $4.7 billion) and liabilities by $0.4 billion (2002: $0.3 billion), and hence an overstatement of net liabilities by $5.3 billion (2002: $4.4 billion); and
- the consolidated statement of cash flows, total operating cash inflows and outflows are each understated by $25.4 billion (2002: $23.1 billion) (that is a difference which takes account of GST-related cash flows within the Australian Government).

2.17 This treatment of GST in the CFS is contrary to the treatment adopted in the financial statements of the administering agencies. The ATO has reported the GST as an Australian Government tax and the associated payments to the States and Territories are recognised by the Department of the Treasury as grant expenses. In addition, the Australian Bureau of Statistics treats GST as a tax of the Australian Government for statistical purposes.

2.18 For the reasons set out above, the GST should be recognised as revenue of the Australian Government in the CFS. The CFS audit opinion includes a qualification in relation to the under-statement of taxation revenue caused by the omission of GST from the CFS.

So we have a situation in which a government is systematically cooking its books to understate the amount of tax revenue that it is taking in and is systematically cooking its books to understate the amount of outlays—the amount of government spending—that it is making.

Regarding those qualifications, if the Auditor-General audited the Commonwealth’s final budget outcome document, it would result in that document also being qualified and it then explicitly revealing that the Howard government is hiding $31.8 billion of Commonwealth taxation revenue and understating its expenses by $30.8 billion. The consequence of that is that the Commonwealth’s books are being used to hide an increase that has occurred in taxation revenue since this government took office which, as a proportion of GDP, has been 2.4 per cent. That is, in current money terms, the hiding of $19 billion of revenue.

The previous Labor government used to do all of the things that the current government does—that is, Commonwealth own purpose outlays and payments to the states—using an amount of tax that was equivalent to 23 per cent of GDP. This government, to provide for own purpose outlays and to make payments to the states, requires taxation of 25.4 per cent of GDP. Therefore, I move:

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

“while not declining to give the bill a second reading, the House:

(1) notes that while this bill addresses a number of deficiencies in the treatment of Commonwealth revenue from the GST and its hypothecation as grants to the States there remain a number of issues in relation to the treatment of revenue and GST in particular in the Australian Government accounts that have resulted in the Auditor-General providing qualifications to the Consolidated Financial Statements for the 2002-2003 financial year;

(2) notes that
(a) because of the use of the Taxation Liabilities Method to value revenue, assets and liabilities—that method not being in conformity with the relevant Australian Accounting Standard, and as a consequence—operating results are understated by $1.8b on an accrual basis, and

(b) the failure to recognise GST as revenue has caused revenues to be understated by $31.8b and expenses by $30.8b in an attempt to hide the Howard Government’s record as the biggest taxing government in Australia’s history, and

(3) requires the Government to:

(a) prepare proper and accurate accounts in conformity with Australian Accounting Standards;

(b) recognise GST as revenue of the Australian Government in accordance with those accounting standards; and

(c) prepare the budget papers, mid-year review and budget outcome documents in accordance with those standards and have them audited by the Auditor-General”.

When government members come into the House to vote on this amendment, I will be very interested to see whether they are prepared to vote against the government preparing proper and accurate accounts in accordance with Australian accounting standards. I rather suspect that, unfortunately, they will. It is a terrible indictment of this government that, for a number of years, we have gone with the government ignoring the qualifications that the Auditor-General has placed on the Commonwealth financial statements.

The government has a very poor track record on accounting standards and on transparency. It pretends to be interested in the governance of government agencies, and in fact has appointed John Uhrig to provide it with advice on that subject. When he was appointed I drew the issue to his attention and said that it was probably a bit difficult to give advice to a government that, for a start, has a track record of ignoring the advice of its own auditor. The government has not yet responded to John’s report, which he has given it. The government has not released that report. But when government members return to this chamber to vote in the division that we are going to call and to vote against the notion that the government has an obligation to prepare proper and fair accounts in accordance with relevant Australian accounting standards, we will see why the government is having difficulty coming to grips with notions of governance for its own agencies and for itself.

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

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

Mr SOMLYAY (Fairfax) (10.33 a.m.)—It seems strange, when we are debating the A New Tax System (Commonwealth-State Financial Arrangements) Amendment Bill 2003, to hear the member for Kingston talking about the GST. The GST has been on the political agenda since 1990. We have had several pieces of legislation dealing with the GST put before the parliament: in 1998, in 2001 and in the current parliament. There has not been one occasion that I can recall when the Labor Party supported the government’s policy on the new tax system. I challenge the member for Kingston to say to the states that the Labor Party will roll back the GST. The states could not wait to put their hands out to receive the GST once it was offered to them.

The purpose of this bill is to amend the A New Tax System (Commonwealth-State Financial Arrangements) Act 1999. The reason these amendments are necessary is simply to overcome some technical problems in the original drafting of the act. To this end, the bill implements three measures—simply
three accounting adjustment measures which have already been agreed to by the states and territories. Those three measures are: firstly, to more accurately determine the total GST revenue by ensuring that all GST refunds are taken into account; secondly, to amend some deadlines by a few days in order to allow time to calculate the final determinations after receipt of required statistics; and, thirdly, to introduce a mechanism by which the budget balancing assistance—BBA—adjustments can be made. None of those three measures alters the intent or focus of the act. They are simple minor adjustments to the mechanisms used to pass all net GST revenue to the states and territories.

The first measure enables the Commissioner of Taxation to take into account all GST refunds when calculating the GST revenue for distribution to the states. Under the current act the commissioner can take into account only most refunds. Common-sense says that, to calculate the total amount of such revenue, you would take the total amount of GST collected and subtract it from the total amount of GST refunds made. However, currently the act does not allow that. Unfortunately, there are a couple of categories of refund not mentioned in the existing act and, because they are not mentioned in the act, the Commissioner of Taxation cannot deduct those particular refunds from the amount of total revenue when calculating the net revenue to be paid to the states and territories.

Although the refunds have been made, they cannot be included in the calculation of the net GST revenue. This of course means that the Commonwealth is providing more GST revenue to the states and territories than it actually collects, which was certainly not the intent of the original act. In calculating the total GST revenue, the act currently allows only the commissioner to deduct refunds of input tax credits paid to registered businesses. It does not allow for GST refunds paid to any entity not registered for GST, but in reality there are refunds made to entities not registered for input credits.

The principal example of this is the Tourist Refund Scheme—the TRS—which allows travellers going overseas to recover the GST on eligible goods purchased in Australia and carried in their hand luggage. As well as that, diplomatic missions and visiting defence forces can also claim the refund on eligible, and what can be significant, purchases made in Australia. Clearly, the omission of these funds from the act was not intended. This amendment allows the GST revenue to be calculated as gross GST collected less all refunds, not just most refunds. It ensures that the GST arrangements with the states operate in the way they were originally intended under the IGA—the intergovernmental agreement.

The second amendment relates to statutory deadlines under the act. There are specific deadlines applicable for the determination of payments to each state and territory as well as for the receipt of the statistical information used in calculating those payments. Currently, these statutory deadlines in the scheme technically coincide—they are all 10 June. The problem has so far been handled by means of an informal agreement for the input data to be received a little earlier so that the final determinations can be made by the actual due date. This amendment formalises that informal arrangement.

As members know, the legislation provides that each state receive a guaranteed minimum amount, or GMA, of revenue each year to enable them to budget. In the transitional years of the GST scheme, if the amount of GST revenue is less than the GMA figure for a state, then the Commonwealth makes up the difference with what is called budget balancing assistance—the
BBA. Currently, the determination of the guaranteed minimum amount for each state must be determined by the Treasurer before 10 June. However, to calculate the GMA you first need to determine figures for the population and the amount of hospital grants for each state. Currently, the statutory deadline for those core statistics to be determined and provided is also 10 June—the same date as the statutory deadline for the final determination of the GMA they are used to calculate. This amendment alters the statutory deadline for the determination of population and hospital grants statistics from 10 June to 6 June. It then allows two weeks for the final determination of both GST revenue and the GMA for each state by moving their statutory deadline from 10 June to 20 June. As I said, this amendment simply formalises the informal agreement currently used to overcome a small technical problem.

Because both the Treasurer’s determination of the GMA and the Commissioner of Taxation’s determination of GST revenue have to be made in June each year, estimates have to be used in their calculations, as the final figures for that year are not available at the time of calculation. The intergovernmental agreement provides that any difference between the estimates and the final outcome for a state’s GMA or GST total for the year can be corrected by adjustments in the following year. This is done via adjustments to the budget balancing assistance payments contributed by the Commonwealth. The BBA payment to the state can be adjusted up or down to reflect any error in the previous year’s estimates.

The problem arises as the GST revenue for a state increases to be equal to or greater than the GMA figure so the transitional payment of a BBA for that state is not necessary. Under the existing legislation, there is no mechanism to ensure that, as a state comes off the BBA, the required adjustments from the previous year can be implemented. This bill introduces a mechanism to address that. It will allow payment to a state, or recovery from it, as necessary to adjust the previous year’s estimated figures. These adjustment amounts will be known as residual adjustment amounts—RAAs—and the Treasurer will determine the RAA for each state.

In 2002-03, the GST revenue exceeded the GMA in both Queensland and the Northern Territory, which meant that no budget balancing assistance payments were made to them. However, it is estimated that in 2003-04 New South Wales and Victoria will be the only states needing to receive balancing payments. This is of course good news for the states, because it means increased revenue—but it also demonstrates that we need to quickly put in place another adjustment mechanism.

The GST has been particularly good for my state of Queensland, despite the fact that some state Labor members have been known to blame the federal government for state problems, saying Queensland has been short-changed on GST revenue. That is something that is very commonly heard in Queensland from state Labor members of parliament. In 2002-03, Queensland was one of only two states or territories where GST revenue exceeded the guaranteed minimum amount. Its GMA was $5,813.1 million and its GST revenue was $5,887.6 million—a bonus of $74.5 million. In this financial year, it is estimated that GST revenue will exceed the GMA by $334.3 million—far more than in any other state or territory. What that means in simple English is that what Queensland would have received from the Commonwealth under the old system is now exceeded by the new tax system and the GST payments. Queensland now receives a windfall payment, over and above what it would have received under the old system, of $334 mil-
lion. As I said, that is far more than any other state receives.

We get complaints from the state governments when we ask them to spend more money on roads, police or other things that are their responsibility. Their usual cry to us is that they are being starved by the Commonwealth. The GST revenue given to the states is untied; the Commonwealth has no control over how these funds are spent. But, when the states run out of funds, they are quick to blame the Commonwealth, saying the Commonwealth should provide them with more funds. That is patent nonsense. In the recent Queensland election, Premier Peter Beattie had that $334 million windfall from the Commonwealth with which to make many election promises, and many of us are very anxious to see the premier keep these commitments. He will fund them from the additional GST revenue that he will receive in the out years.

There has been quite a bit of debate over the argument between the Commonwealth and the states regarding hospitals and other areas where the states always blame the Commonwealth for insufficient funds. I think it might be time to start reviewing whether the states should do certain activities or whether the Commonwealth should assume those responsibilities—and, in doing so, withhold that revenue from the states. At a breakfast held in my electorate to coincide with the Queensland PGA back in December, Jeff Kennett was a guest speaker. He told the audience that it was inevitable, that the day must come: if we are to have first-class health and hospital services delivered in Australia, the states should hand over responsibility for health and hospitals to the Commonwealth. I am inclined to agree with Mr Kennett on that point.

I think there are three or four high-rise buildings full of bureaucrats in Brisbane administering the health agreement between the Commonwealth and the states. If all of those jobs, which probably are not necessary, were converted into health delivery services and the money put towards nurses and doctors, we would have a far better health system with far fewer people on waiting lists. I commend the bill to the House.

**Dr Emerson (Rankin)** (10.48 a.m.)—The A New Tax System (Commonwealth-State Financial Arrangements) Amendment Bill 2003 amends the A New Tax System (Commonwealth-State Financial Arrangements) Act 1999 in three ways. First, the bill allows the tax commissioner to account for all GST refunds before disbursing GST revenue to the states. This measure is fair enough; the original legislation did not allow for GST refunds before disbursing GST revenue to the states. This measure is fair enough; the original legislation did not allow for GST refunds to be taken into account in working out what the Commonwealth should give to the states in GST revenue.

A clear example of this is the tourist refund scheme. Under that scheme, tourists taking Australian purchases overseas are able to claim a refund of GST paid. In the whole scheme of things that is not a huge amount of money, but it does mean that the Commonwealth has been disbursing to the states slightly more revenue than the net GST it has been collecting, because the GST it has been collecting is obviously gross GST minus GST refunds. That is a sensible measure, which has been agreed to by the states, and we support it.

Second, the bill defers financial determinations on the amount of GST payable to the states by the grand total of up to six days. It is not a massive shift in the date by which those determinations need to be made, but it is to accommodate data releases which are very relevant to determining the revenue each state gets. It is important that the Commonwealth has all the necessary data at its disposal, particularly population statistics.
that I believe come out on 10 June, which under the current legislation is the date by which the determinations have to be made. This amendment would shift that 10 June date by up to six days. This is not a significant amendment in terms of imposing burdens on anyone, but it certainly does allow the Commonwealth to make its determinations with all of the relevant information at its disposal. Labor, being a very reasonable party, will support reasonable legislation, so we support this measure.

Third, the bill introduces a mechanism for residual budget balancing assistance adjustments. When the states come off their budget balancing assistance, any overestimates or underestimates of GST payments that are payable will affect the budget bottom lines of the Commonwealth and the states. When budget balancing assistance is payable at present it is picked up in swings and roundabouts. The more GST revenue goes to a state, the less budget balancing assistance is required, and so there is effectively a way of adjusting. But once the states go into a net positive revenue situation—that is, when the budget balancing assistance arrangements are no longer necessary—then this amendment becomes important in allowing overestimates or underestimates to be taken into account and in keeping the true intent of the intergovernmental agreement. Again, the states support this particular amendment as being reasonable, and being a reasonable party the federal Labor Party also supports it.

We also support the second reading amendment that has been moved by the member for Kingston. The essence of the second reading amendment is accountability—proper accounting so that the Australian public knows exactly what is going on in the budget. It is ironic. George Orwell has been at it again. The government some time ago brought down the Charter of Budget Honesty. Under the veil—with no intentional reference to the Minister for Trade now at the table—of the Charter of Budget Honesty, I regret to inform the parliament that the government has not been full and frank with the Australian people and has managed to concoct a few devices for disguising the true state of the accounts.

There is a very political reason behind this. This is not just a pointy headed academic argument or a debate amongst accountants; the political reason is that the government wishes to disguise the true size of the revenue that it collects. In doing so it wants to disguise most particularly the amount of GST revenue that it collects, to pretend that it is not the highest taxing government in Australia’s history when in fact it is.

The second reading amendment addresses the Auditor-General’s Audit Report No. 22 of 2003-04, which contains qualifications relating to the treatment of revenue from GST. It would be important to a business owner if they produced their accounts at the end of the year and the auditor had a look at them and said, ‘I can’t really sign off on these; I’ll have to put some qualifications in for the financial markets and the stock market.’ People get pretty concerned about auditors putting qualifications in the accounts of a business. Indeed, a sporting association or any other community group would be pretty concerned about that, and so the Australian public should be concerned about the fact that the Auditor-General attaches a qualification in relation to the government’s treatment of GST.

For example, the way that the government treat GST understates revenue on an accruals basis by $1.8 billion. But, even more significantly, the Howard government, in the most farcical way, do not recognise GST as revenue of the Commonwealth government. It is pretty astonishing. They would be the only
people in Australia who continue with this ridiculous assertion that the GST is not a Commonwealth tax. They might as well drop the pretence, because everyone in Australia knows that the Howard government collect the GST and that now, under this legislation, they will adjust for any GST refunds that have been given—we support that—and then give that money to the states.

The Howard government have been saying, ‘The states have got this terrific bonanza. The Commonwealth collects $31.8 billion in GST revenue and we now give it to the states, so they’re absolutely awash with money.’ That is in fact not true. The Commonwealth have neglected routinely to point out that on the day that the GST was passed the Commonwealth abolished untied grants to the states of $18 billion. You do not hear them talking about the fact that they abolished those grants. I understand why they did, but they do not draw that to the public’s attention. This is one area where the story is not as pretty as the Howard government might like us to believe.

The other area is indirect taxes. Pre-election, pre-1998, the Howard government said that the GST would result in the abolition of 10 other indirect taxes. That is untrue. Many of those taxes are still in place. One of the taxes that was supposed to go—I think it did in the end—was a small bed tax that applied in the Northern Territory. They regarded that as a great achievement, abolishing one of the 10 taxes that they said would go. The fact is many of those taxes are still in force.

The net effect of this is that the states are only coming now, one by one, to a situation where they are in a revenue neutral position. That is, these budget balancing assistance payments which were meant to top up the states for the financial position that they would have been in in the absence of the GST are now only coming to an end as the states move into a revenue neutral position. The A New Tax System was brought in in the year 2000. We are now in 2004. The states have been waiting until around now—and some will still be waiting—just to be in a revenue neutral position. Let us not get carried away over government members talking about how the states are awash with GST revenue because untied grants to the states were abolished and $18 billion dollars out of the $31.8 billion went on the first day. The states have not been in a revenue neutral position until around now. So there is not a lot of money sloshing around there.

But the great farce of the whole ongoing GST debate as far as the Commonwealth government are concerned is that they look you in the eye—and they are pretty good at this—and say, ‘The GST is not a Commonwealth tax.’ Every person in Australia, other than members of the parliamentary Liberal Party and The Nationals, knows that the GST is a Commonwealth tax. Why is the government pretending otherwise? The answer is because they are trying to disguise this reality: that the Howard government are the highest taxing, highest spending government in Australia’s history.

Each time that the budget comes down, sensible people like the member for Kingston, the shadow Treasurer and others have to go into the budget lockup, add back in the GST and make the necessary adjustments so we can show the people of Australia what the true state of the books is. If this government were adopting proper financial accounting standards and were serious about the Charter of Budget Honesty, those budget statements would show the true state of the books, but they do not. It is time for this rort and this misrepresentation to end.

At the time of the GST’s introduction, I and others were warning that in addition to...
abolishing the untied grants to the states the Commonwealth would start fiddling with the tied grants to the states. Of course, the reaction was: ‘We wouldn’t do that.’ That is exactly what they have done. The warning that I issued at the time was that, notwithstanding the intergovernmental agreement, the Commonwealth would allow inflation to erode the real value of tied grants to the states so the Commonwealth would effectively be clawing back the GST that it would be giving to the states. That has come to pass in a number of areas, but most spectacularly in the area of health funding.

In just the last budget the Commonwealth offered a package of financial assistance to the states under the Australian health care agreements—that is, hospital funding—and, when it realised how much trouble it was in with respect to Medicare, it took back $1 billion of that. The budget papers show that that is exactly what the government did. It took back $1 billion of the money that it was going to give to the states—clawed it back—to fund its failed A Fairer Medicare package, which even the government abandoned and replaced with the ‘MedicareMinus’ package. That money is now being used to fund the ‘MedicareMinus’ package.

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Overall, as a result of that roundabout, there is no increase in the funding that the government was originally going to give to the states. It clawed back $1 billion of that and said: ‘Look at us. We are terrific people. We now have the “MedicareMinus” package.’ But that has come straight out of hospital funding. It is exactly the sort of manipulation that we were warning about some three years ago and—surprise, surprise—it has come to pass. This government has form. The government is saying its ‘MedicareMinus’ package should go through the Senate, and $1 billion of it has come straight out of hospital funding to the states. That is why the states objected so strongly.

Mr Cadman interjecting—

Dr Emerson—The member for Mitchell is saying that this is not true. But this is just the standard Liberal Party technique of denying that the government shortchanged the states by $1 billion and that it took that out of the budget that it had stuck it into, as the documents show and as the member for Mitchell would know if he read the budget statements. It took out that $1 billion to fund the ‘MedicareMinus’ package. The Australian people know that, because the state and territory governments have been conveying to the people of each and every state and territory that they have been shortchanged on hospital funding. That is exactly what we warned about—that the Commonwealth, the Howard government, would breach the spirit, if not the law, of the intergovernmental agreement and make sure that it started clawing back the tied grants to the states. It has been doing that in other areas but of course the most spectacular area is in relation to Medicare and hospital funding.

The GST was supposed to be a streamlined new tax system for a new century. We said at that time that this would not be a streamlined new tax system for a new century but a very complicated tax system. You might recall the government saying, ‘We have to get rid of this wholesale sales tax because it is very complicated, and we are going to replace it with this simplified GST, a streamlined new tax system for a new century.’ The Prime Minister was asked by Alan Jones on 14 August 1998 whether this streamlined new tax system for a new century would result in a reduction in the size of the Income Tax Act—whether this simple GST would mean that the Income Tax Act could be simplified. His answer was:

Yes it will because some of the anti avoidance measures which take up a lot of pages are going to disappear. I don’t know by how many pages but it will be some reduction I understand.
There has of course been no reduction in the size of the Income Tax Act. The Income Tax Act has exploded under this government. The Income Tax Act has doubled in volume, doubled in size, under a government that set out promising to cut red tape by 50 per cent. The Treasurer has been running around the country saying: ‘Look at my streamlined new tax system for a new century. Look at how simple it is going to be.’ In the first year of the GST, 80,000 private binding rulings were issued to explain to taxpayers how the GST would affect their particular circumstances. I have a question on the Notice Paper to find out how many more private binding rulings have been issued since the introduction of the GST, which was supposed to be simple and readily understood.

Labor certainly understands that the GST is anything but a simple tax. In fact, there are respectable estimates that for every dollar of net GST collected—which then goes to the states in that $31.8 billion—$6 is collected and $5 is refunded through input tax credits. This is supposed to be an efficient tax, a simple tax, yet you have to collect $6 to get $1. That is what the government is doing. Rather than simplifying the tax system, the government has made it ever more complex. In response to this, Labor has developed its own policy on GST for very small businesses, which it has called the ratio method, in which the historical ratio of GST to input tax credits is calculated and the tax office simply issues that ratio in subsequent periods. A small business would simply be able to multiply GST sales by the ratio to calculate its GST liability and then send it off to the tax office. That would be it. There would be no reconciliation at the end of the quarter or at the end of the year; it would just be a simple multiplication.

What would the ratio be? It would ordinarily be somewhere between zero and 10 per cent. If you had no input tax credits whatsoever such that everything you did was totally value-added, it would be 10 per cent—that would be very unusual—and in other circumstances, at the other extreme, it would be zero per cent. But more readily it would be somewhere between zero and 10 per cent. That ratio is then issued by the tax office and multiplied by GST sales. And there you have it: Bob’s your uncle, you have finished your work and you can get on with your life of being a small business person and being a parent, balancing work and family life and doing a little bit more work to bolster the viability of your small business instead of being an unpaid accountant and tax collector for the Howard government. The government talks about small business but it has imposed a very substantial burden on small business in this country.

There is great merit in our ratio method. The government ought to adopt it. There is a private member’s bill in this parliament, and the government should pick up the ratio method from it. I well remember that the member for Groom, when he was the small business minister, got a briefing note prepared by his department and went scurrying around the press gallery saying, ‘This is what my department says about this ratio method.’ Of course, he did not underline the bits where the department said, ‘This is a pretty good idea; you ought to have a look at it.’ The government ought to have a look at it—and, if it were serious about taking the paperwork burden off small business, it would do that.

It promised to cut red tape by 50 per cent. It has increased red tape; it has massively increased the burden. It is not a simplified tax system; it is a very complex tax system and a big burden on small business. Labor has very good policies in the public domain and has had for about three years now. The government ought to pick up those policies and simplify the GST. The government ought
to come clean on its shonky accounting methods and admit, finally, that the GST is a federal tax and that this is the highest taxing, highest spending government in Australia’s history. (Time expired)

Mr CADMAN (Mitchell) (11.08 a.m.)—The only problems that have been created with the collection and distribution of taxation have been created by the Australian Labor Party working in cooperation with the Independents and the Democrats in the Senate. Every problem created for this government in the processing of taxation has been inspired by the opposition. They have the capacity to create this administrative nightmare of not allowing a complete taxation system—a clean and easily administered tax system—to be introduced to allow tax relief for a whole range of people, and then they claim it is the government’s fault that it has not been introduced. I think the Australian people understand the opposition’s role over a period of time, and no amount of dissembling will bring back the credibility that they seek.

The A New Tax System (Commonwealth-State Financial Arrangements) Amendment Bill 2003 is an amendment of the financial arrangements that have been agreed to by the ministerial council which looks at the relationships on finances between the Commonwealth and the states and territories, and it has been ticked off by the treasurers and premiers of the states of Australia. It is a fairly simple process that allows the exact net amount of GST to be refunded to the states of Australia as decided by the Commonwealth Grants Commission. The process has not been clear to this point, and I notice that the Australian Labor Party is not opposing this legislation, despite what has been said.

The bill will allow that, where the Commonwealth is required to make refunds of GST—for instance, for travellers leaving Australia—those amounts can be discounted from the total collection so that the exact net amount collected by the Commonwealth is forwarded to the states. This is revenue which is collected by the Commonwealth for the states of Australia. They receive the lot of it. The requirements of this bill can be best summed up by looking at the ministerial council decisions that took place. The ministerial council issued a statement following its last meeting in March 2003, where it dealt with these issues, indicating that the GST revenue for 2002-03 was $29.4 billion and estimated that it would be $31 billion for 2003-04. It also announced the total budget balancing assistance, which is a top-up measure, to be $1 billion for those states still in need of support.

The agreement is that there will be no disadvantage for any state in this process and that all states will receive the growth factors agreed to when the new tax system was introduced so that, as the revenue from the GST grows over a period of time—due to our expanding economy and increasing use of goods and services—no state will suffer a disadvantage. But that is only one of the rules under which the goods and services tax is collected and distributed. The first rule, of course, is that the Commonwealth must pass all GST revenue, net of administrative costs, to the states. We are looking at some of those administrative costs today and some of the refunds required by law for the Commonwealth to make to citizens of Australia so that those refunds can be removed from the net value of the GST.

Under the agreements entered into by the heads of the Commonwealth, state and territory governments in June 1999, the states must spend all the GST as they wish. The no disadvantage rule has guaranteed that, in the transitional years following the introduction of the tax, no state is going to be worse off—
I will come back to that—and therefore there is the concept of a guaranteed minimal amount to be received in each year by all of the states of Australia. It is also agreed between the heads of government of the Commonwealth, states and territories that the Commonwealth meet the difference between the guaranteed minimum amount and the GST entitlement, in the form of budget balancing assistance. The budget balancing assistance, as I have mentioned, for 2002-03 was $1.7 billion and for 2003-04 it is $1 billion. So it is a decreasing amount over a period of time.

The interstate allocation from the GST is based on the relativities calculated by the Commonwealth Grants Commission. The Commonwealth Grants Commission is a body set up by the Commonwealth and is expert in the process of the allocation of funds. I know that the states do not always agree with the processes adopted, but the principle is that all state governments should be able to provide services at the same standard if they make the same effort to raise revenue from their own sources and operate at the same level of efficiency. That seems a perfectly reasonable way in which funds should be distributed—that all states provide the same services at the same standard.

The states should be making the same effort to raise revenue—that is, they are not being low taxing and then claiming extra funds from the Commonwealth, cost-shifting, or raising more than they are indicating. They should also be operating efficiently. That means that they can be raising large amounts of money but doing it in an inefficient way, and that is taken into account by the Commonwealth Grants Commission. The Commonwealth Grants Commission distributes the funds to each state of Australia on a fair basis which is understood by the states, is agreed to by the ministerial council, which is comprised of treasurers, and is ticked off by premiers.

The states undertook to abolish a number of taxes, reduce gambling taxes and administer a uniform first home owners scheme—which has been remarkably successful throughout Australia. The states have abolished some of their taxes, but stamp duty, in particular, is one that is costing young people in New South Wales many millions of dollars. The New South Wales government has the hide to apply the stamp duty on top of a GST, so the young home buyers of New South Wales are double taxed. I think that is unconscionable. I really feel for the home buyers of New South Wales, where every household has this tax on a GST. A house and land package costing, say, $500,000 will have the GST element of $50,000, over which stamp duty is applied. It is a horrific surcharge for home buyers. Home buyers are paying stamp duty of $15,000 and $20,000 to the government of New South Wales. It is a real rip-off. It is a charlatan operation which the states have refused to do anything about.

I cannot for the life of me understand the Australian Labor Party allowing this corruption of the process to continue.

Of all of the innovatory things that are apparently being said by the new Leader of the Opposition, this is not one of them. When you come to examine the innovations of the new Leader of the Opposition, you find claims that we should not have 370,000 long-term unemployed in Australia. But, when you examine the facts of the matter, you find that the Australian Bureau of Statistics records unemployment for the December quarter at 117,000—not 370,000. A slight error, I guess, on the part of the Leader of the Opposition. There is a challenge to him to have the state governments of Australia do something about removing stamp duty on top of the GST. Stamp duty on a new home is placed on top of the $30,000, $40,000 or
$50,000 that young people are having to pay for the GST. It is a rip-off; it is wrong; and it should stop.

The ministerial council that agreed to the disbursement and the administration of the goods and services tax was established to oversee the implementation and operation of the whole process—the intergovernmental arrangements. One of the technical and practical problems with the current way in which things are working is that the refunds made by the Commonwealth under the tourist refund scheme have not been considered. This legislation rectifies that problem. The bill rectifies that problem and some other technical anomalies by allowing the Commissioner for Taxation to account for all GST refunds when making a determination of GST revenue.

One of the requirements of the legislation that was agreed to by the ministerial council is that the rate of the GST and the GST base cannot be changed unless each state agrees to a change. Such changes should be consistent with the maintenance of the integrity of the GST base, administrative simplicity and minimising compliance costs for taxpayers. There is also a further requirement that a minister is to only make a determination under the GST act that affects the GST base if the determination is made in accordance with a procedure to which all of the states have agreed. So to even slightly modify the GST, all of the states must agree. The states have agreed to this change, which does modify slightly the GST to allow the Commonwealth to count in its net payment any refunds it has had to make.

Looking at the disbursement of the goods and services tax, one sees that in New South Wales, for instance, it is expected that, by 2006, New South Wales will not be receiving any budget balancing assistance to bring it up to an agreed level for a no disadvantage claim. Already in Queensland, Western Australia, South Australia, Tasmania, the ACT and the Northern Territory there is no budget balancing assistance. Determinations made by the Commonwealth Grants Commission are such that already in those states—that is, all states except New South Wales and Victoria—the whole revenue from the Commonwealth provided by the GST is much more than compensating for any previous grants by the Commonwealth. In this current financial year, $316 million will be paid to the government of New South Wales as budget balancing assistance and Victoria will receive $56 million. Next year, New South Wales will receive $92 million. The following year it will receive $65 million and the year after that there will be nothing at all. Next year Victoria will be free of any budget balancing assistance from the Commonwealth.

So there we have it: the states are awash with funds from the Commonwealth. They are awash with the GST revenue and they have received a guarantee for that money. We do not hear the premiers complaining about how little money they have. In fact, we had the Premier of Queensland saying in his election campaign that such a program was only possible because of the revenue received from the goods and services tax. At the same time, we have the states greedy for revenue, claiming more and more funds—particularly from the growth in property values, the sale of houses, and the way in which stamp duty is placed on those transactions by the states of Australia. It should be wiped out. The first state that wipes it out will gain a huge advantage compared with the rest of the states of Australia.

As a result of the meeting of the Ministerial Council for Commonwealth-State Financial Relations—and the outcome of the Loan Council meeting—in March last year on GST administration cost and related issues,
the council agreed that the ATO’s GST administration budget for 2003-04 was consistent with the requirements of the intergovernmental agreement that the states and territories compensate the Commonwealth for the cost of administering the GST. So every year, every change, every blink, every adjustment, no matter how slight, to the way in which the GST is administered is agreed to by the states of Australia at the ministerial council. There is no point in the Labor Party saying that this is not a states tax; the states control the way in which this money is collected and the way in which it is used. All the administrative charges and compensation payments back to the Commonwealth must be approved by the ministerial council, which comprises all state treasurers, and by the Loan Council, which comprises premiers of each state.

The premiers and the ministers involved in the meeting in July last year noted the long-term projections, which are indicative guides, of state by state reforms to the Commonwealth-state financial relationships, the impact on each of the states and the way in which the budget balancing process would be administered.

It is time that the Australian Labor Party moved on. They have been locked in this anti-GST mould for seven or eight years. They have not thought through how the system can be better administered, but rather seek to whinge and complain in the parliament about the original decision, which they opposed. Having opposed the original decision, the Labor Party allowed the states and the people of Australia to believe that Labor felt it was a terrible tax. They then fiddled with the tax system every day, every week and every month in the Senate by not allowing parts, manipulating other parts and agreeing to things that were never part of the proposition put to the Australian people by this government in the election campaign, which the Liberal Party won.

The objectionable part of the behaviour of the Australian Labor Party is that, having objected to the legislation and having lost that argument, they then manipulated it to a point where it was difficult to manage. Despite that, the states and the Commonwealth by agreement have come together and put these proposals in place.

I will give some indication of the way in which revenue to the states increased: since 2000 to the current year, 2003-04, New South Wales has had a 24 per cent growth in GST of $1.7 billion. Revenue has grown from $7.2 billion to $9 billion—a total increase over five years of 24.5 per cent with an annual growth over four years of 7.6 per cent. Queensland has also had an increase in revenue during that time—it has had a population growth as well—of 9.5 per cent from GST. Victoria has had an annual increase in revenue of 8.3 per cent in the provision of the GST. There has been a massive growth. When the states increase their spending on hospitals and schools by a miserable two to three per cent, they do not disclose to the people of their state that the revenue base of the GST is growing at eight per cent, nine per cent or 10 per cent; they cover it over and blame the Commonwealth.

It is going to stop—and it is stopping—because the people of Australia understand that the states are short-changing them in the hospital and health services that they receive. They are short-changing parents and children attending public schools by not funding them at the level of revenue that they are receiving. I think it is deplorable. This is a shifty approach adopted by the states. They should come clean. They should pay for the changes that they implement in hospitals and schools from their own revenues. The money is there—they should use it. (Time expired)
Mr ZAHRA (McMillan) (11.28 a.m.)—I want to read a few quotes into Hansard. The Prime Minister recently said that government schools have become too politically correct and too value neutral. This is what the acting education minister, Peter McGauran, had to say on the same subject:

... there is a worrying trend within state schools, that there is a jettison of traditional values and heritage of Australia.

He went on to say—

... there is a growing trend that is discernable to parents that too many government schools are either value free or are hostile to, apathetic to, Australia's heritage and values.

These were comments which many educators in my electoral district of McMillan, in both the public and private systems, found deeply offensive. I would suggest that only people who have not been to a public school recently could make comments like that about our public school system.

Mr Brough—Mr Deputy Speaker, I rise on a point of order. We are dealing with a bill about the financial relationships between the Commonwealth and the states. There are appropriation bills on the Notice Paper, and I am sure it would be far more likely to engender the support of the House if the member for McMillan were to bring these issues up when speaking on them. These issues are well outside the terms of reference for this particular bill.

The DEPUTY SPEAKER (Hon. B.C. Scott)—The member for McMillan would be aware that the bill before the House is the A New Tax System (Commonwealth-State Financial Arrangements) Amendment Bill 2003. I bring him back to the bill before the parliament.

Mr ZAHRA—Thank you, Mr Deputy Speaker, I am aware that this is a bill relating to appropriations and financial matters. As you would be aware—and as the minister at the table, the Minister for Employment Services, would be aware—appropriations debates deal with a wide range of subjects.

The DEPUTY SPEAKER—The member for McMillan will come back to the bill before the parliament.

Mr ZAHRA—I think this is an important issue to discuss in the context of any taxation debate. The reason that we have taxation is for us to be able to provide important services to the people of Australia. Mr Deputy Speaker, if you are going to make a new ruling in relation to not being able to speak about the services that are provided by taxation in this place, then I would say that, in Yes Minister style, that would be courageous.

The DEPUTY SPEAKER—The member for McMillan will come back to the bill before the House.

Mr ZAHRA—you need to clarify this a bit more, Mr Deputy Speaker. If we cannot talk about education in a debate about taxation, what is the point of having this parliament?

The DEPUTY SPEAKER—The member for McMillan will come back to the bill before the parliament, the A New Tax System (Commonwealth-State Financial Arrangements) Amendment Bill 2003.

Mrs Crosio—Mr Deputy Speaker, I rise on a point of order. I have been listening to the debate and I understand the ruling you have just made. But what exactly funds education in this country?

The DEPUTY SPEAKER—The member for Prospect will resume her seat. The member for McMillan is speaking on the bill before the parliament, and I ask him to bring his comments back to that bill. I will hear his continuation.

Mr ZAHRA—It is a pretty straightforward proposition that I am putting. You can—
not have a debate about taxation and about Commonwealth-state relations—

**The DEPUTY SPEAKER**—Yes, we can.

Mr ZAHRA—unless you are talking about the services they are supposed to be providing, and one of those services is education.

**The DEPUTY SPEAKER**—I accept that. The member for McMillan has the call.

Mr ZAHRA—Thank you, Mr Deputy Speaker. It is important that we can talk about these issues in the parliament. Everyone in this place understands that funding to schools, including schools in the public system, is provided on a split basis between the state and territory governments and the Commonwealth government. This is a pretty straightforward proposition. I think everyone in our community understands it—everyone, it seems, except for people in the Liberal and National parties.

We need to be able to have a proper debate in this parliament on Commonwealth-state relationships in the context of education. In relation to education, one thing which is particularly important at the moment is the commentary that has been made about public schools—about whether or not there are values in public schools—or whether or not public schools, which are funded under a Commonwealth-state financial relationship, are providing a proper education for Australian children. This is a fundamental thing for us to talk about in the context of Commonwealth-state financial relations.

This is something which concerns a lot of people from right across the electorate of McMillan—from up north in the Neerim district, up towards Noojee, all the way down south through South Gippsland towards Wilsons Promontory and all points in between. Schoolteachers, be they in the public system or in the private system, have been talking about the Prime Minister’s negative comments about public education and what they mean in relation to education generally. This is an important issue—

Mr Brough—Mr Deputy Speaker Lindsay, I rise on a point of order. After making a pathetic attempt to bring some relevance back to the debate, the member for McMillan has now gone back to exactly where Mr Deputy Speaker Scott directed he was not on the subject. I ask you to bring him to the subject, which is Commonwealth-state financial arrangements.

**The DEPUTY SPEAKER** (Mr Lindsay)—I thank the minister.

**Honourable members interjecting**—

**The DEPUTY SPEAKER**—Order! Under standing order 81 the responsibilities of any person addressing the parliament in relation to the matter before the parliament are quite clear. The Minister for Employment Services is correct. This bill is a technical amendment relating to the GST, and the amendment moved by the opposition relates to the GST. It does not relate to education. I will not allow the member to continue. I will sit him down if he continues talking about education. He is to come back to the bill.

Mr ZAHRA—Mr Deputy Speaker, in deference to you and to the institution—

Mr Cadman—It is not a matter of deference, Mr Deputy Speaker.

Mr ZAHRA—Mr Deputy Speaker, who is running this parliament—the member for Mitchell and the minister at the table, the Minister for Employment Services?

**The DEPUTY SPEAKER**—The member for McMillan will resume his seat. If the member for McMillan is not prepared to debate the bill he will be no further heard. The member for McMillan.

Mr ZAHRA—Thank you, Mr Deputy Speaker. You called me, and I got to the dis-
patch box and started responding, and then you sat me down again. I am happy to continue now, given that you have granted me the call. You have directed me not to speak about education, and, as that is the determination you have made, fair enough. I think you are wrong about that, but fair enough. I am happy to talk about other issues that relate to Commonwealth-state financial relationships, as these relationships affect not just education but also other important areas within the Commonwealth-state split responsibilities.

One of the areas where there is a split responsibility between the Commonwealth and state governments is transport. In the electoral district of McMillan we have seen one particular example of where there has been a breakdown in the effectiveness of the financial relationship between the Commonwealth and the state. We do not want to see this; we want to see good, effective partnerships between state and federal governments and good working of Commonwealth-state financial relationships. I think it is important for us to consider that in the context of this debate.

This is a bill which deals with the GST, and one part of the GST is the provision of funding to states. The states use that funding for a range of important initiatives, including education—which, I agree with your ruling, Mr Deputy Speaker, I will not mention in this place—and transport. Transport is something which is important and affects people in their daily lives. The GST provides funding to state and territory governments which may be used for things such as education and transport. One of the important projects in my electorate is the Pakenham bypass. You cannot go past the Pakenham bypass as a good example of how it is vitally important to people in the community, who rely on governments to get it right, for the Commonwealth-state financial relationship to work properly. This is a declared road of national importance project and, as you would understand, Mr Deputy Speaker Lindsay, these road projects are funded on a fifty-fifty basis—a shared basis. In fact, this is the epitome of what we are talking about today with the Commonwealth-state financial relationship.

The total cost of the Pakenham bypass project is $242 million. Half of the cost of that project is to be met by the state government, which has indicated that in its budget papers, and the remaining $121 million should be met by the Commonwealth. In the context of this debate—just to make it very clear why I am being relevant to this bill—the Commonwealth-state relationship is fifty-fifty towards the cost of this project. This is an important road project not just for the people of the Pakenham district, although they are the people who will feel the immediate relief and benefit once this bypass is constructed; the people of the Gippsland region will also be beneficiaries of this project. We are not talking about 10,000 or 20,000 people who will benefit from this Commonwealth-state relationship; we are talking about 230,000 or 240,000 people. So it is worth getting the Commonwealth-state financial relationship right, because a lot of people benefit when we do. You could not find a better practical example of what we are talking about today—the Commonwealth-state financial relationship—than the Pakenham bypass.

It is important that I put on the record the feeling in relation to this issue in the electorate of McMillan, particularly in the Pakenham district in the western part of the electorate of McMillan. People want to see the Commonwealth-state relationship work properly. We want to see it function as the people who hammered out the Constitution more than 100 years ago wanted to see it work properly and effectively in the interests
of people. Whilst we are a long way along the road to getting the Pakenham bypass built, there is still some more work to be done—and, in this particular instance, the Commonwealth-state financial relationship is not working as well as we need it to. We have got a commitment of $121 million from the state government to fund their half of the Commonwealth-state relationship in relation to this project. That is half the cost. The federal government, which should be providing the other half, are indicating that they are in for only $100 million. As everyone in this place would know—as just about every single person in the Australian community would know, apart from very young children—$100 million is not half of $242 million. They are still $21 million short.

The argument that the Commonwealth have used for justification for not funding their half of this Commonwealth-state road—as part of the Commonwealth-state financial relationship in relation to transport projects—is that they say the cost of the project has blown out. Maybe they have got a different idea about a blow-out of costs than I do. They say that the cost of the project was $200 million once upon a time, and they want to fund only $100 million of the project because they say that is half of what the project was once upon a time. This is the sort of debate that gets us nowhere in terms of convincing people in the Australian community that Commonwealth-state financial relationships can work effectively. I think they can and they should. They need to if people are to have confidence in our system of government in Australia.

It is all well and good for you Mr Deputy Speaker, and me, and for Minister Brough and my colleague and friend the member for Braddon, who are at the table, to reminisce about the good old days and talk about how, in the 1950s, my dad bought a car for £50 and there was a bloke who got a block of land for £10 in a country town in 1920, but it is not real life, is it? Real life is today, and the cost of the project today is $242 million. That is what it costs, and that is why the Roads of National Importance scheme has always had, as its intention, a manifestation of exactly what we are talking about today: a proper Commonwealth-state financial relationship—a partnership between the two main tiers of government.

It would be remiss of me, in talking about the tiers of government in the context of this debate about Commonwealth-state financial relationships, to not mention the third tier of government—if I might have your indulgence for just a minute, Mr Deputy Speaker.

The DEPUTY SPEAKER (Mr Lindsay)—You have had it all along.

Mr ZAHRA—It is the strong view of the local government in the area, the Cardinia Shire Council—who are a group of people who are not dominated by the Labor Party or, to my knowledge, by any other political party—which they have expressed in correspondence to the Prime Minister, that this important Pakenham bypass should be funded as a fifty-fifty project under the Roads of National Importance scheme. In this case we have got support from the local community and the local council, we have the state government putting in their half of this project under a Commonwealth-state financial arrangement, but we do not have the Commonwealth going the rest of the way.

I want to take this opportunity to talk about how important it is that we make these Commonwealth-state financial relationships work. For people to have confidence in our system of government, we have to make them work. People do not want to see the whole thing spoilt just because one level of government, one part of what should be a partnership, says that they will not honour
their obligations. Really, that is what we are talking about today. When we talk about coming up with new tax systems, when we talk about making sure that states are able to fund their responsibilities and that there is enough money in the Commonwealth coffers to fund their responsibilities as well, we have to make sure that these things take practical form. A very practical form of this in my electorate is the Pakenham bypass—a very important piece of infrastructure for the Pakenham district and the Gippsland region.

We can talk about the implications of Commonwealth-state financial relationships in terms of the billions of dollars that they deliver to the states of Victoria, New South Wales and Tasmania and to the other states and territories of the Commonwealth, and we can talk about the other side of the equation in respect of Commonwealth revenue which comes into Canberra and so on, but people in local areas and local districts are most concerned about making sure that, where there is an opportunity for a Commonwealth-state financial relationship to take practical form in their local community, governments honour their obligations.

I make the point that in the Pakenham district, which includes the small areas around the township of Pakenham, people are not too thrilled with the idea that the Commonwealth government has a surplus of many millions of dollars. That is not something people get a lot of delight out of in an immediate way. They want to make sure that the Commonwealth honours its arrangement under this agreement. It is very straightforward: the cost of the project is $242 million; the state government is in for $121 million and the Commonwealth is in for $100 million; the remaining $21 million must come from the Commonwealth, if people are to have confidence in Commonwealth-state financial arrangements.

It is all well and good for the government to stand up and say, ‘We’ve got a surplus this year of $2,000 million’—or however much it is—‘and it’s important that we have good economic management and financial responsibility’ and so on, but if, with a surplus of $2,000 million, the Commonwealth government cannot find $21 million to honour their obligations and fund important Commonwealth-state transport projects, then I think ordinary people in our community would take the view that the Commonwealth government are not really understanding the mood of people in local communities. I take this opportunity to call on the Howard government to honour their part of this important Commonwealth-state financial agreement relating to the Pakenham bypass and just get on with the job of building it. (Time expired)

The DEPUTY SPEAKER (Mr Lindsay)—I call the member for Flinders, and I am hoping that he will actually return to the bill.

Mr HUNT (Flinders) (11.48 a.m.)—Mr Deputy Speaker, I am delighted to focus laser-like on the A New Tax System (Commonwealth-State Financial Arrangements) Amendment Bill 2003. In speaking to this bill I would like the House to recall the fact that, prior to the introduction of the new tax system following the 1998 election, this new system was predicted to be the source of economic catastrophe, collapse and chaos. We were to face an Australian economy which would sink into the mire, we were to face a situation where individuals would suffer and we would see the collapse of communities. It was an example of outlandish, irresponsible and quite destructive politics standing in the way of genuine national progress.

Governments do not do the difficult things because they like to get kicked; governments do the difficult things if they are good gov-
ernments and if they have a sense that they are there to govern for the country, not just for themselves. Let me be absolutely frank: the new tax system, the shorthand for which is the GST, as it is more commonly known, was not a popular introduction, it was not a popular thing to do. It would have been much easier not to have taken that reform; it would have been much easier to have continued as before. But this government took that step because it was necessary, because it was an important step forward for the country, because, at their very essence, that is what governments are meant to do—the difficult and not just the easy. At any point in time a government can embark upon a path of sheer populism, which means that they do not do the difficult things, or they can choose to actually govern.

This new tax system is about governing. It came from a mandate which was hard fought for and hard won in the 1998 election. It was a result of a decision by the Prime Minister and the Treasurer to take this new tax system to the people. As a result of that, there have been dramatic changes—but not the dramatic changes which were predicted. As I said before, it was predicted that there would be chaos, collapse and calamity; yet, when you look at the Australian economy, you see that it is a very interesting study in comparison with the international community.

We find that four great national effects have accrued over the last 5½ years. Firstly, we have reached a level of unemployment below six per cent, which is the lowest level for over two decades. We have a two-decade best level of unemployment, with the potential to go still lower because the nature and base of the economy has been changed. This is not some theoretical concept; it is a real concept. It is about real lives. It is about money in the pockets of families in Dromana, Koo Wee Rup, Baxter, Pearcedale, Granville, Rosebud, Rye and other towns throughout Australia. It means dollars in the pockets of families; it means men and women with jobs. It means the self-respect and the dignity and the impact on family lives which come from employment and from income. These are real things. They flow through to our social lives and they flow through to the very basic way in which we interact. Everything about a community can be helped by them. A community can be crushed if there is no economic activity. It is not the end, but it is certainly one of the indispensable means of building communities—and we sometimes forget that. In talking about communities, we must remember that an indispensable means of building them is ensuring that they have a strong economic base.

The second great thing which has happened, apart from low unemployment, is that inflation has been kept well within the Reserve Bank’s definition of what is appropriate and desirable for Australia. We were warned that there would be an inflation nightmare, yet that did not occur. There was no inflation nightmare. What we saw was a transition far smoother than had been expected and predicted even by the strong supporters of the new tax system.

Thirdly—and here the story is very exciting—Australia has had a level of growth over the last 5½ years which has been unrivalled over that full period of time by any other Western democracy. Other countries have had periods of growth, such as Ireland and the United States, but no country has had the consistent high level of growth that Australia has had. Now, that may have been by accident, but you would not think so, given the causal relationship between what occurred in terms of the taxation reform and the growth. We have had fiscal tightness, monetary tightness and reform of the system. Together, these three elements have worked
to create an economy which means jobs and more jobs. That is the outcome.

The fourth of the effects is that we have managed to maintain a low interest rate while going through a period of high growth and low unemployment. That is an outstanding achievement. It is outstanding for home buyers and for people who have mortgages—whether in Somerville, Hastings or any of the other towns throughout my electorate of Flinders or elsewhere—because it has an impact on how much money they have for their own lives and on how they can conduct themselves. These are real effects which flow directly from the new tax system reforms.

In addition, there has been a very important benefit for the states. You can look at this benefit and define it across three fronts. Firstly, for the first time the states have been provided with a deep growth tax. What does that mean in practice? What does it mean for people on the streets? It means that the people who are providing many of the social services at the state level are able to plan for expansion over a multiyear basis. That means hospitals, schools and kidney machines—real things that have a real impact on people’s lives—are being supplemented by the GST. The GST equals hospitals, schools and kidney machines. That is the way to think about it, that is what this tax has done and that is what this bill helps to evolve. Secondly, not only is the tax a growth tax but it is also predictable. We have models which allow the states to do their long-term planning.

Thirdly, that flows through to services. Here I want to mention two examples of those services and the way in which the states are funded for those services through this new tax system so that they can deliver them on the ground. Within my electorate of Flinders is Warley Hospital, a bush nursing hospital. It currently receives direct from the Commonwealth $1.3 million per year for aged care services. In addition, it is due to receive a further $1.5 million for aged care services once its new round of beds is built. In comparison with that $2.8 million—which over the next 10 years will rise to close to $3 million, which will make it close to an amount of $30 million in funding for Warley Hospital direct from the Commonwealth over that period—it receives $48,000 a year from the state to run its accident and emergency service. Eighty per cent of the intake of that accident and emergency service is comprised of people who do not live on the island. That service runs as a public service and at a shortfall of $100,000. So while the Commonwealth contributes $1.3 million, which will increase shortly to $2.8 million, the state—even though this hospital is funded under the GST growth arrangements—only gives $48,000. I call upon the state to contribute the additional $100,000 shortfall and note that, even then, it would be putting in approximately $150,000 as opposed to the $2.8 million which the federal government will soon be putting into Warley Hospital on an annual basis.

Similarly—and here is a classic example of the way in which the new tax system should operate—the state is funded so it can establish a dental health care system. Unfortunately, in Victoria that dental health care system has a waiting period that has blown out to over two years. Given that the funds have been provided through this very taxation system that we are debating today, it is critical that an allocation be made by the Premier specifically towards helping to shorten that dental care waiting list. That waiting list for dental care has blown out because of the Victorian government’s failure to allocate the portion of GST funds which were paid directly to that state for that purpose.
This, perhaps more than anything else, is a source of stress, a source of concern and a source of deep personal pain for the elderly people in my electorate. Toothache actually transforms people’s lives because it can become something so powerful that they can focus on nothing else. That, I say to the Premier of Victoria, is something which must be addressed under the new tax system arrangements—and it is something for which provision has been made.

Having said all those things, I want to refer briefly to the specific provisions of the bill. In essence, the bill facilitates the operation of the A New Tax System (Commonwealth-State Financial Arrangements) Act 1999 and it allows for a reconfiguration of GST payments to ensure that they are more timely and that GST refunds are taken into account in determining GST revenue available to the states. The timing of determinations will be altered to facilitate more accurate calculation of GST revenue. The bill will move forward the due dates for the determinations so that the guaranteed minimum amount that a state receives is calculated in an accurate and timely fashion. In essence, by being more accurate and by being faster with regard to determinations, payments can be made to the states without any uncertainty or inaccuracy so that there will not have to be subsequent fiscal adjustment.

Again, in human terms, the states can plan early for schools, medical facilities and all the basics that people need. That is what the GST means. As I said at the outset, the GST means hospitals, schools, kidney machines and roads that are provided to people in Victoria and Flinders, it has been an outstanding success and has had a real and practical impact on people’s lives in Victoria.

Mr PROSSER (Forrest) (12.02 p.m.)—I rise today to speak in support of the A New Tax System (Commonwealth-State Financial Arrangements) Amendment Bill 2003, which proposes amendments to A New Tax System (Commonwealth-State Financial Arrangements) Act 1999 by making technical refinements to the existing goods and services tax scheme in order to facilitate its operation. This bill will implement three measures which have been agreed to by the states and territories and relate to enabling the Commissioner of Taxation to account for all GST refunds, the timing of final determinations, and introducing a mechanism for residual budget balancing assistance arrangements.

The government’s reforms to Commonwealth-state financial relations, which were introduced in July 2000, have already resulted in five states and territories being better off than they would have been had tax reform not been implemented. Since the introduction of these reforms it has become apparent that minor amendments to the act are needed, and I might add that the proposed method for revenue adjustments has been agreed to by the states and territories.
The amendments proposed in this bill will authorise the Commissioner of Taxation to make necessary accounting adjustments to the amount of goods and services tax revenue collected by the Commonwealth to be provided to the states and territories. Secondly, the amendments to the timing of final determinations will provide sufficient time for all parties to make their determinations in compliance with the requirements of the act. Finally, the amendments will also introduce a mechanism to allow payments to a state to be adjusted, as that state comes off budget balancing assistance, to fully account for any overestimate or underestimate of payments in a previous financial year. GST revenue and budget balancing assistance are the main components of general purpose assistance.

The arrangements for the Commonwealth general purpose payments to the states and territories entered into a new phase with the introduction of the goods and services tax on 1 July 2000. The A New Tax System (Commonwealth-State Financial Arrangements) Act 1999 is the legislative authority for general purpose payments. The act builds on and incorporates as a schedule the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations. The intergovernmental agreement sets out the terms under which GST revenue is paid to the states. It was endorsed by the Commonwealth, state and territory heads of government in June 1999.

The main features of the intergovernmental agreement are, firstly, that the Commonwealth must pass all GST revenue, net of administrative costs, to the states. Secondly, the states may spend the GST as they wish. Thirdly, the Commonwealth has guaranteed that, in each of the transitional years following the introduction of tax reform, no state will be worse off than had the reform not been implemented. To fulfil this commitment, each state is entitled to receive a guaranteed minimum amount. Fourthly, the Commonwealth meets the difference between each state’s guaranteed minimum amount and GST entitlement in the form of budget balancing assistance. Fifthly, the interstate allocation of the GST revenue is based on the relativities calculated by the Commonwealth Grants Commission based on the fiscal equalisation principle. This principle is that all state governments should be able to provide services at the same standard if they make the same effort to raise revenue from their own sources and operate at the same level of efficiency. Sixthly, the states undertook to abolish a number of taxes, reduce gambling taxes and administer a new uniform first home owners scheme.

I note that, in my home state of Western Australia, the Western Australian state government received $2.9 billion worth of GST payments for the year ended 2003 and for this financial year it is forecast to receive some $3.1 billion worth of GST payments. The Western Australian state government took until January this year to abolish stamp duty on cheques, leases and unlisted marketable securities, but it will not abolish stamp duty on workers compensation insurance policies until July 2004 and it has put off abolishing the debits tax until July 2005. Not satisfied with the better than expected revenue from the GST, the state government in Western Australia whacked stamp duty on the GST component of the purchase of commercial and industrial property, trucks and plant and equipment, even though the GST is rebatable to business—and that is after increasing stamp duty by a whopping 15 per cent in the last state budget.

One technical and practical problem with the current act is that it operates in a way that excludes GST refunds made by the Commonwealth under the Tourist Refund Scheme. This means that marginally more GST revenue is provided to the states than is
actually collected. The Tourist Refund Scheme allows travellers going overseas to recover GST paid on eligible goods purchased in Australia and then taken overseas in their luggage. In addition to the Tourist Refund Scheme, international organisations, diplomatic missions and visiting defence forces can claim refunds of GST, luxury car tax, fuel excise and the wine equalisation tax paid on significant purchases in Australia or can be exempted from these taxes on imported goods.

However, current subsection 5(4) of the act allows the Commissioner of Taxation to make only two deductions from the GST revenue when determining the amount of GST collected in a year which is to be provided to the states. Both relate to the refund of input tax credits paid to registered businesses. The Tourist Refund Scheme and the other GST refund schemes are excluded. As a result, the commissioner’s GST determination overstates the total GST collected by the amount of the Tourist Refund Scheme and the other GST refunds. Consequently, the Australian government is providing the states with more GST revenue than is collected. As is clear from the inception of the new tax system policy, the Tourist Refund Scheme is intended to be part of the GST base, and the exclusion of the Tourist Refund Scheme is an omission from the act. In relation to the international refunds, these arrangements were not envisaged as GST refund schemes when the intergovernmental agreement was negotiated. At that time, it was intended that foreign governments would register for the GST and be entitled to input tax credits and, therefore, would not pay the GST on purchases. This bill rectifies this matter and some other technical anomalies by allowing the Commissioner of Taxation to account for all GST refunds when making a determination of GST revenue.

The basis of the legislative policy that underpins this bill is to ensure that the GST arrangements with the states operate in the way originally intended. The Commonwealth’s general purpose assistance to the states now takes four forms: the provision of GST revenue, budget balancing assistance, national competition policy payments and special revenue assistance. The general purpose assistance is untied—that is, states may spend the money as they wish. Before 1 July 2000, the main component of general purpose assistance was financial assistance grants. These grants and revenue replacement payments have ceased. Revenue replacement payments were introduced after the High Court ruling on tobacco franchise fees in NSW, which cast doubt on the constitutional validity of all state franchise fees. To protect state finances, the Commonwealth, at the request of the states, increased the excise on tobacco, alcohol and petroleum products and returned that revenue to the states as a revenue replacement payment.

The guaranteed minimum amount was introduced consequent to the agreement between the government and the Australian Democrats regarding the passage of the GST legislation. The agreement reduced the amount of GST revenue below what the government originally proposed. Consequently, the states would have been worse off than under the arrangements which applied before 1 July 2000. The government introduced the guaranteed minimum amount so that no state would be worse off. Therefore, the amendments set out under subsection 5(4) of the act allow adjustments to the amount of GST to be provided to the states and territories to take certain refunds into account.

Current subsection 5(6) of the act provides an interpretive definition applicable under section 5. Items 1 and 2 of schedule 1 of this bill broaden the category of refunds that may be taken into account by the Commissioner.
of Taxation, such as the Tourist Refund Scheme arrangements. A generic definition of ‘GST refund provisions’ is a flexible approach, allowing for new GST refund schemes to be introduced in the future without the need to amend the act. Section 11 also includes the restriction that the rate of the GST and the GST base are not to be changed unless each state agrees to the change and that such changes to the GST base should be consistent with maintaining the integrity of the GST base and should have administrative simplicity and minimise compliance costs for taxpayers.

Item 3 is necessary since the amount of GST revenue is determined in June each year based on an estimate of revenue from that particular month. In this determination, the commissioner adjusts the estimate of GST collected in June of the previous year to reflect the actual GST collected in that month. For the financial year in which the bill commences, the commissioner will not be able to deduct GST refunds under the Tourist Refund Scheme and like arrangements from the calculation of actual GST collected in June of the previous financial year. This clause will ensure that the amendments do not apply to GST revenue provided to the states in the financial year prior to the one in which the amendments commence. After this year, the commissioner will be obliged to take account of all GST refunds in making the determination of GST revenue which will be provided to the states.

Amendments to the timing of determinations are necessary, as there are a number of annual determinations required under the act. These relate to GST revenue, the guaranteed minimum amount and the balancing assistance. The Australian government pays budget balancing assistance to the states in the transitional period to cover any shortfall of the GST revenue compared with each state’s guaranteed minimum amount, which is an estimate of the funding each state would have received if tax reform had not been implemented. Each state’s budget balancing assistance is the difference between the state’s guaranteed minimum amount and its share of GST revenue.

Currently, the Treasurer’s determination of each state’s guaranteed minimum amount must be made before 10 June. However, the guaranteed minimum amount cannot be determined without the determination of each state’s population by the Australian Statistician and the determination of hospital grants for each state by the health minister. Both of these latter determinations have a statutory deadline of 10 June. It would not therefore be feasible to satisfy the statutory deadline for the guaranteed minimum amount determination if the determinations of population and hospital grants were not made on the date required by the act. To date, statutory deadlines for the guaranteed minimum amount determinations have been met through informal agreements to bring forward the other determinations. However, there is the potential for slippage if these informal arrangements break down for any reason.

This bill will change the dates for making the determinations of guaranteed minimum amounts, population and hospital grants to ensure sufficient time for all parties to be able to make their determinations in accordance with the requirements of the act and to facilitate the consultation process with the states. The statutory deadline for determining GST revenues will be aligned with the statutory deadline for the guaranteed minimum amount determination. The Commonwealth government and the states have agreed that the timing arrangements specified in the intergovernmental agreement will be amended to ensure consistency between the act and the intergovernmental agreement, and this bill amends the statutory deadlines to ensure that
the existing working arrangements are formalised.

Finally, amendments are proposed to deal with residual adjustments for GST transitional years. Both the Treasurer’s determination of guaranteed minimum amounts and the Commissioner of Taxation’s determination of GST revenues are made in June each year. The timing of these determinations necessitates the use of estimates when making them because final outcomes for the year are not known until the following financial year. The intergovernmental agreement provides for any difference between the estimates used in the Treasurer’s determination of guaranteed minimum amounts and the final outcomes for that year to be corrected in the following year. This is done through the inclusion of adjustments in the calculation of each state’s guaranteed minimum amount in the following year. Similarly, there is provision for the commissioner’s determination of GST revenue for the year to include the difference between the GST estimate used in the previous year’s determination and the final outcome of GST revenue in the previous year.

As the budget balancing assistance is the difference between the guaranteed minimum amount and the GST, these ex post facto adjustments will give rise to a variation in the amount of budget balancing assistance that each state is entitled to in the following year; that is, if ex post facto calculations show that the determinations made in June resulted in an underestimate or overestimate of the GST or guaranteed minimum amount for the year, this will be addressed through an adjustment to the GST or guaranteed minimum amount that a state is entitled to in the following year, which affects the state’s budget balancing assistance entitlement for the following year.

The need to amend the act arises because there is no mechanism to ensure that, as a state comes off budget balancing assistance, the required adjustments from the previous year are fully implemented. These adjustment amounts are known as residual adjustment amounts. This bill will provide for the Treasurer to determine the residual adjustment amounts for each state. Therefore, proposed section 12, ‘Residual adjustments for GST transitional years’, will enable the Treasurer to determine in a GST year the residual adjustment amount for each state for the previous GST year.

The residual adjustment amounts will reflect the amount by which a state’s payments in a previous GST year were underestimated or overestimated as a result of the estimates used to calculate GST and guaranteed minimum amount, and which cannot be adjusted through existing mechanisms. The proposed amendments to this bill are technical refinements to the existing GST scheme and are required to facilitate its practical operation. I commend the bill to the House.

Mr DUTTON (Dickson) (12.18 p.m.)—I rise today to speak to the A New Tax System (Commonwealth-State Financial Arrangements) Amendment Bill 2003, which facilitates the operation of the goods and services tax arrangements legislation between the Commonwealth and each of the states and territories that was passed by this parliament in 1999. From the outset it is important to note that this bill is not controversial in nature, as all the measures outlined in it have been agreed to by every state and territory government.

By way of background, as honourable members would be aware, the general purposes payments of GST revenues are authorised by the new tax system act of 1999. The schedule to this act contains the Intergovernmental Agreement on the Reform of
Commonwealth-State Financial Relations, which contains the terms under which payments of GST revenue can be made to the states and territories. The main terms are that the Commonwealth must pass all GST revenue net of administrative costs to the states, and the states may spend this revenue in any way they wish; the Commonwealth has guaranteed that no state will be worse off than if the reform had not been implemented in the transitional years; the interstate allocation of GST revenue is based on the relatives calculated by the Commonwealth Grants Commission based on the fiscal equalisation principle; and the state governments would abolish a number of taxes, reduce gambling taxes and administer the First Home Owners Scheme.

The main purpose of this bill is to ensure that the GST arrangements with the states and territories are carried out and administered in the manner that was originally intended by the 1999 act. There are three main measures in the bill before the House. The first is the clarification of the tourist refund scheme and like arrangements. The current act operates in such a way that it excludes GST refunds made by the Commonwealth under the tourist refund scheme. To date, the Commissioner of Taxation has not been able to deduct all GST refunds when determining the amount of GST revenues collected. In particular, under the scheme the commissioner has not been able to deduct GST refunds to domestic tourists, international organisations, diplomatic missions and visiting defence forces. This bill will ensure that the commissioner is able to account for all GST refunds when determining GST revenues for the 2003-04 financial year and for future allocation periods.

The second major aspect of this bill is that of residual adjustments. The act currently ensures that no state or territory will be worse off during the transition period as a result of the implementation of the new taxation system reforms. This guarantee is given effect through the fact that under the intergovernmental agreement the Commonwealth currently meets the difference between each of the states’ and the territories’ guaranteed minimum amounts and GST entitlements in the form of budget balancing assistance, or BBA. This bill introduces a mechanism to ensure that, even where the states and territories come off budget balancing assistance, any overestimate or underestimate of payments in a previous financial year can be fully accounted for. The final measure in this bill is that of the timing of determinations. The bill makes minor changes to the statutory deadlines under the act. These changes will improve the timing of the determinations required under the act which are used to calculate the final state and territory entitlements to payments under the act.

As I have highlighted, this is not a controversial bill. The bill is necessary to ensure that the intergovernmental agreement entered into with the Commonwealth by the state and territory governments continues to be administered in a manner consistent with the intentions at the time of reaching that agreement. This bill entrenches certain procedural elements to ensure that the system remains fair and equitable for the states and territories, and for this purpose I commend it to the House.

Given that members of this House are discussing elements of the intergovernmental agreement, it is relevant to discuss today the general operation and workings of GST allocation within the states. It is important as part of this debate to note that the Howard government is cutting taxes and providing substantial GST windfalls to the state governments at a time when state Labor governments are dreaming up new and increasingly imaginative ways to fleece families of their hard-earned dollars.
Queensland provides no better example, Mr Deputy Speaker Lindsay, as you would be well aware. In fact, it should be noted in this place today that the newly elected Beattie government will receive a GST windfall of $334 million in 2003-04 over and above what they would have received before the introduction of the GST. The Queensland government now receives over $6 billion per year in GST revenue. It is important to note that, because I want to discuss some of these tax slugs that Labor governments—the worst of them being the Queensland Beattie government—have been imposing.

I want to first turn to the area of stamp duty. Stamp duty was meant to be abolished over time from the commencement of the A New Tax System (Commonwealth-State Financial Arrangements) Act 1999. Of course, that has not been done. Some concessions were made by the Beattie Labor government in Queensland as part of their platform for the election held only a couple of weeks ago, but it took an election campaign and all of that period since 1999—almost five years—for some concession to be made and for the Beattie Labor government to move in the direction of abolishing some of the onerous stamp duty that is placed upon first home buyers in particular.

It is important to note as part of this debate today that the stamp duty on a median house in Brisbane when Mr Beattie was first elected was $3,780. Today that same house is hit with $9,500 in stamp duty.

Mrs De-Anne Kelly—Disgraceful.

Mr DUTTON—It is a disgrace and it is something that the people of Queensland, and indeed people right across Australia, need to call the Labor state governments to account for. Whilst this government has been responsible for taxation reform and providing GST to the states, including $6 billion a year to Queensland, the states have had a massive windfall from stamp duty revenues as a result of the property boom that has taken place over the past 18 months to two years. At the same time as these revenues have been increasing—by way of GST and the ever-increasing Labor state taxes—services have been declining. The people in my electorate quite rightly ask, ‘Where the hell is Peter Beattie spending the money?’

One of the ways in which Labor governments spend money, or squander money, is in the public service. Some of the figures that come out of Queensland are quite horrendous. It is an attempt by Labor governments to answer to their masters, the unions, by putting on staff whose duties nobody can understand because they are not involved in service delivery. Over its term, the Beattie government has increased its public service by something like 39,000 staff. Nobody can tell you where the staff work and I understand that only a third or less are involved in service delivery.

Whilst Peter Beattie and the other state governments are crying poor in relation to the revenues that they receive, I think Australians are now starting to understand that Labor governments—as we have seen at a federal level and in every state over previous decades—are incapable of managing the economy and incapable of providing jobs for young Australians. Previous Labor governments at a federal level have certainly been completely incompetent and unable to provide a low interest rate environment for home owners and small business. It is important as we discuss this debate today on Commonwealth-state taxation relations to highlight these points once again for the Australian people.

I am speaking about taxes that are imposed by state governments. Another tax that I want to highlight today is the ambulance levy. One of the most unjust and unfair taxes
I have ever seen implemented was brought down by the Beattie government only 12 months ago. It is an $88 a year ambulance tax that families are automatically slugged with when they pay their electricity bills. It is hard for many Queenslanders to comprehend why we pay our ambulance dues on our electricity accounts. What happened to the system where the user pays? That is the system where if you require the services of an ambulance and you are a subscriber to the ambulance service then that service is provided to you free of charge. If you are not a subscriber, you are from out of town or whatever the case may be and you require the services of an ambulance then you pay for that service. To many small businesses that are paying this hideous tax, sometimes on dozens of occasions, it shows that Labor governments will go to any measure to slug taxpayers to try to pay for their economic incompetence.

Two other areas of great concern to all Australians are health and education. When we are discussing these very important issues, we should remind ourselves of the fact that GST revenue in Queensland is in excess of $6 billion per year. Under the agreement, the GST revenue can be used for any purpose, but in these two areas in particular we continually see cost shifting by the states.

I think it is also important as part of this debate today to correct some of the facts that the member for McMillan raised before in relation to the funding of education; it is important to dispel some of the rubbish that he was speaking before. In relation to taxation and the funding of state schools, state schools are fully owned, managed and operated by state governments. I want to quote some figures from my own state of Queensland. In its 2003 budget, the state government of Queensland increased its funding for education by 2.4 per cent. During the same period, the Australian government increased its funding to education in Queensland by 5.4 per cent. We hear Peter Beattie and other state leaders running around saying that the Commonwealth is depriving public education of much-needed funds but, when you get down to the hard facts, the federal government increased its funding to education in Queensland by 5.4 per cent compared to the Queensland government’s increase of 2.4 per cent. It was worse in New South Wales, where the state government increased funding by 0.8 per cent compared to the federal government’s increase in funding to education in New South Wales by 5.7 per cent. The argument being run by the education union at the moment is disgraceful and dishonest, and it deserves to be highlighted as part of the debate today. If the Queensland government had increased its funding by the same level as the Australian government, it would have meant an additional $116 million for our schools in Queensland.

There are many more debates to be had on education and health. We on this side of the House have a very good story to tell in relation to our commitment to each of those areas. I can give constituents in my electorate of Dickson the absolute assurance that over the coming months they will be finding out the true facts about the commitment this government has to providing proper funding—as we have done over our period of government—to important areas such as health and education. But when we do that it is important to highlight the deficiencies in the state governments’ arguments and the deficiency and inadequacy of the funding they provide, because their priorities are completely wrong.

Other Queensland taxes that I want to discuss today include, the poker machine tax which the Labor government in Queensland has introduced to fund a new sports stadium. The Labor government in Queensland has doubled the cost of some drivers licences. The Labor government in Queensland intro-
duced a tax earlier this year that slugs farmers for water use. Water costs for farming families have increased by between 100 and 300 per cent. The Labor government in Queensland is also making farming families suffer by doubling the fee for animal tick inspections. Is there anything left in Queensland that is not taxed?

The grab that the Beattie Labor government is making from Queensland taxpayers is breathtaking. It is slugging not just individuals but also small business. It is stifling business in Queensland. Commerce Queensland will be able to tell you about that, as they did during the Queensland election campaign. What about motor vehicle registration? You would not be surprised to hear that the Labor government has now introduced a $40 fee which families will have to pay if they are even one day late in paying their vehicle registration fee. Forty dollars! What else is there? Court fees in Queensland have increased by 150 per cent. Compulsory third party charges have increased. The business registration fee for people wanting to start a small business has increased. The Labor government in Queensland has just decided to increase the number of speeding and red light cameras in another desperate attempt to fleece money from taxpayers.

As we discuss the arrangements that are currently in operation—and this bill will ensure that they continue to operate between Commonwealth and state governments—it is important to highlight that it was this government that introduced the new tax system. This government introduced the new tax system because it recognised that we had a 100-year-old sales tax system that was inadequate for modern Australia and inadequate for providing for the future of all Australians, particularly in a society where we have an ageing population. It needs to be recognised again today that it was the fiscal responsibility of this government which ensured that, despite much grief, this legislation was brought down.

When the Australian people go to the polls later this year, they need to ask themselves this question: can Labor be trusted with the books? The facts and figures speak for themselves. When the Labor government was in power for 13 years up until 1996, it left us with a debt of close to $100 billion. This government has been responsible in repaying that debt so that it can create a climate of low interest rates so that not only can families prosper but also small business can thrive and big business can continue to employ Australians as it has done. As part of that, this government has been able to reduce inflation and unemployment. I think that one of the proudest facts on the record of this government is that we have been able to get 1.3 million Australians back into work over the last eight years. The Labor Party talks about the industrial relations proposals it would implement if it were in government, which big business, small business and anybody in business with any sense whatsoever has slammed as being regressive and a destroyer, not a creator, of jobs. That is another fact that the Australian people need to bear in mind.

The Labor Party are about turning back the clock on issues like industrial relations. They are talking more about putting people out of work than into work. It is one of the hallmarks of this government that we have been able to create, at least to a certain level—of course, we have been hampered in the Senate—a climate where business has been able to prosper and provide jobs to young Australians. If we have done nothing else in government, we have been able to provide a start in life for those people to be able to contribute to the economy and raise their families in decent circumstances instead of in the poverty traps that were created and encouraged by the Australian Labor Party.
In closing, I want to say that the Australian people face a very stark choice at the end of this year. They face the choice between a government that has proven itself over the last eight years to be able to manage the Australian economy successfully, and, on the other hand, a ragtag of individuals who have no purpose. If you had listened to the Leader of the Opposition’s speech yesterday, you would know that there was no mention of policy whatsoever. There is no mention of costing. The Labor Party has no concept of money or how to spend it—well, they know how to spend it; they do not know how to spend it wisely. The contrast could be no starker.

Mr CIOBO (Moncrieff) (12.39 p.m.)—It is a pleasure for me to follow the member for Dickson—a good friend and a very fine representative of his constituency on the northern side of Brisbane. I even hear the Independent member for Windsor agreeing with me on that point. He cannot be too bad a bloke if the Independents agree with me. I am very pleased to rise to speak on A New Tax System (Commonwealth-State Financial Arrangements) Amendment Bill 2003. I am pleased because it provides the opportunity for me to highlight the mismanagement and financial bungling of the Queensland state Labor Party in the grand tradition of Labor parties throughout this wide brown country.

I heard the member for Dickson run through a number of ways in which the Queensland state Labor government continues not only to cook the books but also to make sure that there is very limited funding available to the people of Queensland that could be used on important services—services it should provide, compared to the ways that the Beattie Labor government is dreaming up to spend money. This bill provides the avenue to highlight some of these inconsistencies and the way state Labor governments around the country are making a mess of their responsibilities when it comes to state finances, and the way the Commonwealth government stands in stark contrast to the performance of these various state Labor governments.

It occurs to me that there has never been a point in our nation’s history when the contrast between the careful economic management of a coalition government and the poor performance of state Labor governments can be more clearly seen. At the Commonwealth level we have a coalition government that, in addition to paying for the war in Iraq and for all the expenses that are incurred as part of government and delivering a tax cut, still has a $7 billion budget surplus. Compare that with my part of Australia, Queensland, where the Beattie state Labor government has run deficit budgets for three years in a row. There was a day when in Queensland, during the Sir Joh era, to have a deficit budget would have been political annihilation. But those days are well and truly gone—Peter Beattie has demonstrated that with three budget deficits in a row.

Strictly speaking, I should not say three budget deficits in a row, because the last one had a $23 million surplus. But the question is: how did Peter Beattie get that $23 million surplus in the last state budget? He got it because he took, in special dividends from the government owned corporations of Queensland, some $750 million. That is the only reason the Queensland state budget was in surplus this last financial year. It was because the Beattie Labor government cooked the books, and they cooked them with nearly three-quarters of a billion dollars of special dividends from state owned corporations.

As the member for Dickson highlighted, the Labor Party have no credibility at all when it comes to economic policy. The Labor Party are about one thing: taxing and spending. They will make sure they tax and
buy themselves out of political trouble by spending every single dollar they can to shore up their constituency wherever they can. The bill before the House today provides the perfect opportunity to highlight some of the differences between a coalition government—one that is committed to good economic management, strong economic growth, bringing down unemployment rates and ensuring low interest rates—and state Labor governments which, quite frankly, are committed to one thing: looking after their own backsides.

If you look at what the Commonwealth government have been doing, Mr Deputy Speaker, you will see that we, as a result of the new taxation system, have afforded a growing revenue stream to state Labor governments. If you look at the GST payments to Queensland, for example, you will see that in 2000-01 the Queensland government received some $4.66 billion from the Commonwealth. In 2001-02, it was $5.02 billion; in 2002-03, it was $5.88 billion; and for 2003-04 it is estimated that there will be $6.23 billion flowing from Treasury’s coffers here at the federal government level to the Queensland state Labor government. But there is more. There is $146.2 million in national competition policy payments and some $4.2 billion under specific purpose payments, for a grand total of $10.588 billion from the Commonwealth government to the Queensland state Labor government. And, despite that amount flowing to the Queensland state Labor government, Peter Beattie still cannot run a surplus budget.

Where would Queensland have been if it had not been for the fact that the coalition government had the integrity and the courage to introduce the new tax system? You would recall, Mr Deputy Speaker, that the Labor Party stood opposed to the introduction of the GST. The member for Brand ran around like Chicken Little, screaming, ‘The sky is going to fall in; the sky is going to fall in if we introduce the GST.’ Where would the Queensland state Labor government be today if it were not for the introduction of the GST? I can advise the House that, if the GST had not been introduced, Queensland would have been $334.3 million worse off than it is as a consequence of the introduction of the new tax system. Next year, it would have been $490 million worse off and, by 2006-07, the forecast is that, had it not been for the new tax system, the GST, the Queensland state Labor government would have been $555 million worse off.

So I can honestly say to all of my constituents on the Gold Coast that the Commonwealth government is carrying the state of Queensland, because we have good visionary policy—policy that means that we have the lowest interest rates in some 20 years; the lowest unemployment rates in some 20 years; and people who can afford to get into homes and pay off a mortgage. That stands in stark contrast to the Queensland state Labor government. My constituents on the Gold Coast recognise this, and that is part of the reason that the Beattie Labor government was given a resounding thumping in the seat of Surfers Paradise, for example, where a good friend of mine, Dr John-Paul Langbroek, was recently elected as the new member for Surfers Paradise. The people of the Gold Coast know all about Labor’s hypocrisy. They can see through your tricks. They can see past the populist rhetoric that we hear from the Leader of the Opposition and they can see through the populist rhetoric of the Beattie Labor government.

The member for Dickson made some comments about where all the money goes at a state government level. He spoke about large increases in the public service, but I would like to home in a little bit more than that. We know that Peter Beattie in Queensland has more than doubled the size of his
PR department. In fact, the Premier’s Department in Queensland has more staff than the Department of the Prime Minister and Cabinet in Canberra. When you think about it, it is sort of ironic that self-confessed media tart Peter Beattie has more spin doctors working on press releases, on getting good web sites up and on making sure that the Queensland people think that they are getting good service from their Queensland state Labor government, so much so that he has a bigger department than the Prime Minister does in Canberra—and of course the Prime Minister, by definition, is responsible for the whole nation. So imagine what we find when we start comparing the various premiers’ departments nationwide and taking a cumulative total of all of their staff!

The Queensland state Labor government is a beneficiary of the good economic management of this government. The fact is that the coalition ensures that we have optimal business conditions. The coalition works in partnership with business, because we believe in the maxim that wealth generates wealth. We believe the best thing government can do is to get out of the way in nine out of 10 instances. That is the reason that this government creates good business economic conditions—to ensure that people (1) have an income stream and (2) are inclined to employ people. That is what ensures that we get unemployment down; that is what ensures that people have money to spend; that is what ensures that there is less financial stress on families—not the kind of populist rhetoric we hear coming especially from the member for Werriwa.

As a consequence of these good economic conditions, we see that in Queensland, for example, stamp duty collection—which historically in 1998 and 1999 was some $630 million—is today some $1.22 billion. So the Queensland government is not only benefiting from the fact that stamp duty has increased from $620 million to $1.220 million—almost double.

Mr Dutton—And they are still broke.

Mr CIOBO—As the member for Dickson points out, they are still broke. Why? Because they waste money—and that message is getting through to the Australian people. The time will come in Queensland when the Beattie Labor government will pay the price for their financial mismanagement.

Mr Laurie Ferguson—It’s only been a week since the election and you’re carrying on.

Mr CIOBO—I will take that interjection and highlight that, in my seat, we had a turnover to the Liberal Party in Queensland. I am very confident that, when that message continues to get out there in the electorate, we will see many other seats turn from the Labor Party to the Liberal Party, because people want sound economic management.

In addition to stamp duty, there is payroll tax—what would have to be one of the very worst taxes that could exist. It is a tax on employing people. It is a tax that Labor governments stand by. For example, in Queensland in 1998-99, payroll tax amounted to some $1.01 billion. These days, because of our good economic management and because we are trying to encourage business to employ people, the Beattie Labor government receives $1.3 billion in payroll tax. So, the better the economy does, the more people who are employed, the more Peter Beattie and his Treasurer laugh all the way to the bank.

We see that there is more money from payroll tax, more money from land tax and more money from stamp duty flowing to the Queensland state Labor government. There is more money from the GST, more money from specific purpose payments, more money everywhere—but the Queensland
state Labor government are still broke. So what do they do? They introduce new taxes. They introduce the new Queensland ambulance tax, which would have to be one of the most disgraceful taxes that I have seen. I petitioned my community very strongly with respect to the ambulance tax, and I was delighted at the response I got, especially from my small business sector—people who go out there to make a living; people who are paying this new ambulance tax at home and paying the new ambulance tax at work.

In my own family’s situation, because we have a number of holiday units, we were paying the new ambulance tax over 20 times. Apparently it is all about equity and fairness—so, if you have 20 electricity accounts, you have to pay the new ambulance tax some 20 times. I have heard stories where, in Western Queensland, farmers are in a situation where they run a separate electricity account on their water pump generator. Guess what? Bang—they get taxed a second time for that. The reality is that the Beattie Labor government will tax and tax and tax and they will spend and spend and spend, yet you do not see any improvement in services.

How many times have I stood up in this chamber and called on the Beattie state Labor government to deliver more police? Members of the opposition are laughing: they know the number of times that I have come into this chamber and asked for more police on the Gold Coast. The Beattie Labor government have a formula that says that the Gold Coast resident population is about 450,000 people, so they apply the formula and say that the Gold Coast should be entitled to X number of police. The reality is that our resident population is around 450,000 people, but the Gold Coast also happens to be the most visited holiday destination in the country. Over Christmas, the population goes to over a million people; yet, according to the stupid formula that the Beattie Labor government continue to pursue, we have enough police for only 450,000 people. There are a million people in the city but, because the resident population is 450,000, the Beattie Labor government says, ‘Sorry, I am not interested’—that is the response from the Queensland state police minister.

In addition to that, let us look at health care. We know that the Premier runs around the state of Queensland crying poor and talking about how hard done by the Queensland state Labor government is by the Commonwealth government, especially on health care. I have highlighted some examples of the way in which the Queensland state Labor government is very much better off under the coalition’s changes to the new tax system. The reality is that, under the new Australian health care agreement, Queensland will be receiving some $8 billion over the life of the agreement—an increase of $2.1 billion compared to the previous agreement. Allowing for inflation, in real terms it is an increase for Queensland of some 19½ per cent. Under the new health care agreement, Queensland gets an increase of 19½ per cent in real terms—some $8 billion—that can be used to provide basic health services to support the hospital system. This is on top of all the additional funding—the $10½ billion—that the state Labor government is getting.

As I have said in this chamber many times, Peter Beattie is another example of why I would never play poker with the Labor Party—they are all card sharps, I am sure of it. They would all sit there with straight faces, look you straight in the eye and tell you that they are broke, that they cannot do this and that the coalition government is worse off when, in reality, the situation is 180 degrees opposite. I will not play poker with Peter Beattie or with any of the other Labor members because they can look people in the eye and tell absolute lies about Queensland’s financial position. In the same
way, they keep that deceptive conduct up when they talk about the funding to the health industry.

It is not just me who thinks that Queensland has got it good when it comes to GST funding. I would like to turn for a moment to some people the Labor Party might be interested in hearing from—some of their Labor colleagues. The New South Wales Treasurer, Michael Egan, pushed for a significant change to the new tax system. Why would he do that? Let me quote from the Australian Financial Review of Tuesday, 27 January of this year:

NSW Treasurer Michael Egan said the present system—in which the financially wealthy states of NSW, Victoria and WA effectively cross-subsidise the rest of the states and territories—could not be sustained.

They quote Mr Egan from an interview in which he says—

We can’t see any justification for a state as strong as Queensland not only receiving a subsidy from NSW and Victoria but also not sharing the burden of assisting the other states.

That is an example of the New South Wales Labor Treasurer crying foul over the way in which the Queensland state Labor government is benefiting from the GST. I highlight each and every one of these points today because they reinforce the notion that Labor is bad when it comes to economics, that Labor is about taxing and spending with very little impact on social services.

If we were about equity, we would be looking to introduce a bill in the chamber that would ensure that the Queensland state Labor government were in a position that it rightfully should be in. The reality is that the agreement before the House has the agreement of all states. The agreement recognises that some states require more assistance than others and gives effect to that actual outcome.

I will continue to reinforce the message that the coalition government at a federal level is committed to strong economic growth, low interest rates, keeping unemployment down and generating good business conditions. That is a focus on economics, but there is an upside and a positive that flows when it comes to the social side of life. In contrast, state Labor governments are about taxing and spending, about running down budgets, and about billion dollar black holes, as we saw with the previous Leader of the Opposition, the member for Brand. I commend the bill, but I condemn state Labor governments.

Mr WINDSOR (New England) (12.58 p.m.)—I support the A New Tax System (Commonwealth-State Financial Arrangements) Amendment Bill 2003. I would like to make a few comments, particularly about the tourist refund scheme and the wine equalisation tax. I would also like to comment on the way in which the new tax system has been applied and some of the inequities that have occurred between country and city people in the application of the goods and services tax. In particular, I will refer to the Fuel Sales Grants Scheme that has recently been abolished by the government. It was put in place because of the inequity of the base fuel prices for country people when compared with prices for city people when the GST was introduced.

The government did address that inequity with the scheme, and I thought it was a good scheme. It did address the inequity. In some cases up to 2c to 3c difference in GST would have been paid because of the difference in the base price of petrol. To give an example: when the original new tax system legislation was introduced, some city motorists were paying around 60c to 70c a litre while some country motorists were paying around 90c to 100c a litre. It is obvious that if you apply 10 per cent to the base price you end up with a
1c to 3c difference in terms of the inequitable application of the GST at the time.

As I said, the government quite rightly put in place the Fuel Sales Grants Scheme to remove that inequity. I will quote from a few people who spoke at the time in this House about the Fuel Sales Grants Bill 2000. The Treasurer, talking about the benefits of the bill to rural and regional people, said:

As a consequence of this grant scheme, for consumers in regional and remote Australia fuel prices as a consequence of GST need not rise. That was what the bill was intended to do. That bill, as I said, was removed a couple of weeks ago and the new Roads to Recovery package and other moneys that are going to be applied to road funding were announced by the Deputy Prime Minister. That means that $270 million which used to be applied to the Fuel Sales Grants Scheme to make up for the inequity of fuel prices caused by the application of the GST has been taken away from country motorists. A certain degree of spin has been applied by the government, particularly by the Deputy Prime Minister, to try to make that look as though it has not happened and everything is rosy.

The fact is that $270 million has been removed from country motorists. It was a subsidy that was there to take care of the inequity of the application of the GST. Now it is being spun into some sort of new road-funding arrangement. There are a number of fellow travellers that have supported the increase that will occur at the bowser for country motorists—I think that is a disgraceful act. On 20 October 2003 John Anderson stated that the Fuel Sales Grants Scheme was:

... set up to ensure that the introduction of the GST did not result in unwelcome price increases in more remote communities ...

That was in reply to some comments that the member for Fraser had made about the possibility of the Labor Party removing the Fuel Sales Grants Scheme from the agenda. Then in a media release on 29 October 2003 John Anderson, in an attack on the Labor Party, asked:

Where is the vision in making fuel prices between one and three cents a litre more expensive for the people who often have to drive the longest distances to get to work, take their children to school or buy food?

That was in response to the Labor Party making some comments about the possibility of removing the Fuel Sales Grants Scheme—the Labor Party is not clean on this issue at all. But what a difference three months makes! Back in October 2003 the Fuel Sales Grants Scheme was being lauded by the Deputy Prime Minister as something that was there to cover the inequity in terms of the application of the GST; something that was there to help people who have to drive to town to get their food and who have to drive long distances to take their children to school. All of a sudden it has been removed, and there is going to be no impact on country people, apparently.

The amount of $270 million will be removed. We are hearing that the Roads to Recovery scheme is going to be reapplied, which is tremendous. I wrote to 450 mayors across Australia asking them to support the Roads to Recovery scheme. But if the government uses a similar formula to the one it used previously in the application of Roads to Recovery funding, we will have this movement of funds: $300 million a year is going to be applied to Roads to Recovery; if they use the 70-30 formula, there will be $210 million going to country roads. So we have $210 million that is going to be applied—thereoretically, at least—to country roads, and country motorists have lost $270 million through the removal of the Fuel Sales Grants Scheme.
Grants Scheme, which, as I said, was there to cover the inequity of the GST. Other members of parliament spoke in 2000 as well. I was quite interested to read the contribution that the member for Dawson made back in 2000. She said:

I would like to speak again about the bill—the Fuel Sales Grants Bill—because this is a very significant bill for those of us who represent rural and regional areas. It is not an opinion of just those in the government and of backbenchers like me; it is a policy that has won wide praise. The National Farmers Federation president, Mr Ian Donges ...

... went on to describe the government’s Fuel Sales Grants Scheme as another significant boost for agriculture. He added:

In a welcome move, compliance costs for farmers will be reduced by provisions under the extended scheme.

Obviously the National Farmers Federation were very pleased. They had been involved in the lobbying process to get the scheme put in place, because they recognised at the time that because the base prices were different there was going to be a different impact when 10 per cent was added to the base prices of city and country fuel. The member for Dawson continued:

There are others with praise for the government’s initiative. Queensland Farmers Federation president, Mr Richard Armstrong, has publicly thanked the Deputy Prime Minister and Minister for Transport and Regional Services, the Hon. John Anderson, and the Minister for Agriculture, Fisheries and Forestry, the Hon. Warren Truss, for their approach. He said:

Rural industry should be confident that the approaching GST arrangements will be good for this industry, good for exporters, and good for the economy.

Mr Armstrong was embracing the Fuel Sales Grants Scheme as part of the initiation of that package. The member for Dawson continued:

The NFF president, Mr Donges, made the very valid point on 11 April, when he said:

The effect of high fuel excise taxes has long been an impediment to rural businesses and rural communities, so the new grants scheme will be a significant commitment by the Government and will help reduce the unfair price differential between metropolitan and rural prices.

I will say that again:

... will help reduce the unfair price differential between metropolitan and rural prices.

The member for Dawson went on to say:

Hear, hear to that!

Then she went off into some diatribe about the Labor Party. Back in 2000, the member for Dawson was very supportive of that scheme, as was the Deputy Prime Minister, as was the Treasurer, as was the government. But times change, don’t they? I made some critical comments in relation to the application and the removal of the scheme and the spin doctoring that was going on in relation to where the money was actually going. I received a letter from the Chief Executive Officer of the National Farmers Federation, which I found quite interesting. I will read a little of the letter into the \textit{Hansard}:

Dear Mr Windsor

I am writing to you about the Government’s recently announced transport funding package, including the renewal of the Roads to Recovery (R2R) program.

NFF is pleased that we have both welcomed the Government’s commitment to renew the R2R program until 2008. I am sure that you are aware of the significant benefits that R2R has generated in rural and regional areas.

I fully concur with that line of thinking, being one of those who actively went out and campaigned and praised the government for its Roads to Recovery program. So I concur
with what the National Farmers Federation is saying. However, Ms Cronin went on to say: However, it appears that we differ on the benefits of redirecting the Fuel Sales Grants Scheme (FSGC) towards further transport infrastructure funding. Naturally— and here is the rub— NFF would have preferred the Government kept the Scheme and, in addition, spent extra funds on transport infrastructure. However, this was not realistically possible in the current situation with the many competing demands on the Budget.

I wrote back to Ms Cronin. I was very heartened by her great concern for the government’s budgetary position when we are probably looking at a $7 billion surplus! I am making some inquiries as to what the National Farmers Federation actually did to persuade the government to keep the scheme. Ms Cronin quite clearly says that the National Farmers Federation would have preferred that the government kept the scheme. I think there are some questions that need to be answered in relation to that particular issue. I can table the letter if members would like to see the whole thing. It concluded by saying:

While we respect your right to disagree with this decision of the Government— that is, the removal of the Fuel Sales Grants Scheme— we would appreciate it if you refrained from criticising NFF for agreeing with this decision. As I have outlined above, it was not a decision taken lightly and it was done with the best interests of rural and regional areas at heart.

I find that quite a disgraceful letter. One part of the letter says that they would have preferred that the scheme be maintained, and they are congratulating the government—as I have done in regard to the Roads to Recovery program, which is a tremendous program—and then the letter says it is being done in the interests of rural and regional residents. I might read a little of my reply to Ms Cronin, because I think it brings home the way in which this issue has been treated:

Dear Ms Cronin

Thank you for a letter dated 28 January, 2004. It is most informative of the NFF’s viewpoint on its own role in relation to offering support for the dismantling of the Fuel Sales Grants Scheme to assist the government’s budgetary needs.

I find interesting that the NFF has decided to become the voice of all country people by endorsing the inequity created by the application of the GST to the higher base prices that exist for country motorists. Clearly the group that the NFF actually represents (of which I am one) already benefits from the excise rebate on fuel used on-farm and GST reimbursements on legitimate business expenses that may include some on road fuel costs.

I also note from your correspondence that the NFF apparently has great concern for the government’s budgetary position: ‘NFF would have preferred that the Government kept the scheme (FSGS) and, in addition, spent extra funds on transport infrastructure. However, this was not realistically possible in the current situation with many competing demands on the Budget.’

There is great concern for the government’s budgetary position! As I said, the government has something like a $7 billion surplus. My reply went on:

This is an interesting position for NFF, the peak farming organisation, to adopt, on the one hand sympathising with the Government’s budgetary plight and on the other supporting the removal of a programme that should benefit all regional motorists, a far broader group than the NFF’s actual membership. Your membership may be aware that the Government’s current estimate is that it will run a surplus of $7 billion and choose to question your support for the ‘current situation with many competing demands’.

Aside from the question of whether the NFF is in a position to represent country motorists other than farmers, the question must be asked if the NFF believed, as your letter stated, that they would have preferred that the FSGS be kept.
What did the NFF actually do to retain the scheme?

My letter to Ms Cronin, the Chief Executive Officer of the National Farmers Federation, continued:

I have always been a great supporter of the NFF having been a General Councillor with the NSW Farmers and a member of the Grains Council prior to entering politics but I believe the NFF runs the risk of being marginalised in the political debate if it continues to be seen by most parliamentarians (Government and Opposition) as a mouthpiece for the Liberal Party. It should be of concern to the NFF Executive that the interests of the Australian farmers should be the focus rather than endorsing Government decisions—some of which had very little relevance to the people they represent.

I would draw the NFF’s attention to statements made on 11 April 2000 by the then NFF President, Ian Donges—a good friend of mine—regarding the FSGS ...

Ian Donges and I joined the NSW Farmers Association in the same year. In my letter to Ms Cronin, I quote Ian Donges, who said:

The effect of high fuel excise taxes has long been an impediment to rural businesses and rural communities, so the new grants scheme will be a significant commitment by the Government and will help reduce the unfair price differential between metropolitan and rural prices.

I further said to Ms Cronin:

Finally, Ms Cronin, I will not be threatened by political operatives of your kind. You may believe it is appropriate for your organisation to compliment the Government on the removal of a scheme that will cause an increase in the fuel prices for country motorists, the bulk of whom you do not represent, but I will continue to place the concerns of my constituents in the public arena, and if that means criticising the NFF for allowing the organisation to be used to ‘sell’ a decision, the negative impact of which largely falls outside the NFF’s constituency, I will do so.

The issue of the NFF requesting that I refrain from criticising your organisation for comments made outside your constituency should be a matter discussed by your Executive. As such, I have forwarded your letter and this response to the NFF executive. I do not make those comments lightly.

In 2000 we saw the member for Dawson, who was in favour of the scheme, stand up for country people, recognising that country motorists paid more at the bowser for fuel, recognising that 10 per cent of a high base price is greater than 10 per cent of a low base price and going in to fight for those people. I recognise that and admire what she did in 2000. She is now walking away. It is a very similar stance to the one she took in relation to Telstra. She surveyed her own electorate, because she did not believe other people when they were putting surveys before the parliament. She found that 81 per cent of her own constituents were opposed to the sale of Telstra. Enormous change has taken place. The Deputy Prime Minister and the Treasurer stood up for country people in 2000 and walked away in 2004. I find the consequences of the spin doctoring that is going on about the manipulation of this money concerning. It does have to do with this bill. It is about the new tax system; it is about the application of the GST and the spending arrangements between the states and the Commonwealth. I find that to be of great concern.

We do not have a problem—and the current government and the opposition do not either—recognising, as this parliament did, the home owners who were going to be impacted by the effect of the GST on the building industry. I think there has been something like $1.7 billion spent in relation to the application of that scheme to people. We do not have a problem doing that. We are proposing to remove a similar scheme that would ease the negative impacts at the
bowser on country people as a result of the application of the GST. I urge the government to consider that. If it was a badly targeted scheme that was not working correctly, they should revisit that and not spin doctor it as being new funding for roads. It is something that should not be approached in that way. (Time expired)

Mr ROSS CAMERON (Parramatta—Parliamentary Secretary to the Treasurer) (1.18 p.m.)—I have listened with interest to the treatise of the member for New England, and I am pleased to now return to the subject of the A New Tax System (Commonwealth-State Financial Arrangements) Amendment Bill 2003. Much as I sympathise with his constituents, I know that my own constituents in urban Parramatta would love to get some access to the virtually $2 billion that the government is spending subsidising the fuel of primary producers in his electorate. But, since they are in an urban area, they are excluded from eligibility for the diesel fuel rebate. Primary production farming is probably the most tax-preferred economic activity taking place in the Commonwealth of Australia but, if the member for New England thinks it should be more tax-preferred, he is certainly entitled to his opinion.

I would like to thank all members who have contributed to the debate on the A New Tax System (Commonwealth-State Financial Arrangements) Amendment Bill 2003. In 1999 the Commonwealth, state and territory governments signed the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations. This agreement, which is given effect under the A New Tax System (Commonwealth-State Financial Arrangements) Act 1999, substantially reformed Commonwealth-state financial relations. Under the new arrangements all GST revenue collected is provided to the states and territories, giving them a secure and robust tax base which they can use to fund essential community services and abolish inefficient state taxes. The Australian government also provided a guarantee that no state or territory would be worse off under the new system of Commonwealth-state financial relations.

This commitment is met through the payment of budget balancing assistance to a state or territory whose share of GST revenue is yet to exceed its guaranteed minimum amount, which is a calculation of the position a state would have been in had tax reform not been implemented. After just three years, most states are better off than they would have been had the Australian government not implemented tax reform. In 2003-04 it is estimated that the states will receive $32.5 billion in GST revenue, and only two states are estimated to require budget balancing assistance. In fact, the six states and territories which no longer require budget balancing assistance are collectively estimated to be better off by some $575 million in 2003-04.

The member for Rankin put the proposition in debate that the states were only now becoming revenue neutral compared to the previous system of Commonwealth-state financial relations. This is demonstrably factually wrong. The states have been revenue neutral since day one. It has purely been a question of how quickly they move from revenue neutral to revenue positive. I think to most people’s surprise, because of the extraordinary growth of the Australian economy under the stewardship of the Prime Minister and Treasurer Costello in particular, we have seen them hit their targets much faster than expected. We now have four states and two territories that are already revenue positive under the new system to the extent of some $575 million. Victoria and New South Wales will hit that target in the near future.
This bill makes technical amendments to the A New Tax System (Commonwealth-State Financial Arrangements) Act 1999 to facilitate its operation. The bill willimplement three measures which have been agreed to by all of the states and territories. The bill will ensure that the commissioner is able to account for all GST refunds when determining GST revenues to be collected and provided to the states and territories. This reflects the principle that GST revenue equals gross GST collections less all GST refunds. In particular, the commissioner will be able to deduct GST refunds under the tourist refund scheme and GST refunds to international organisations, diplomatic missions and visiting defence forces.

At present, as a state comes off budget balancing assistance, there is no mechanism to ensure that the required adjustments from the previous financial year are fully given effect to. The bill will fix this problem. It will allow payments to a state or territory to be adjusted to fully account for any overestimate or underestimate of payments in a previous financial year, thereby ensuring that states and territories receive their appropriate payments. The bill also makes minor changes to the statutory deadlines for a number of determinations required under the act. This will improve the timing of these determinations, which are used to calculate final state and territory entitlements to payments under the act.

I have referred to the contribution to the debate by the member for Rankin, which was factually incorrect—and demonstrably so. I put to any fair-minded listener to the debate that the prospect of the states running at the GST as a bunch of forwards to a maul would simply never have taken place if they were not 100 per cent confident that they would be, at worst, revenue neutral and quickly significantly better off. We can well recall that sort of ALP duplicity taking place here in Canberra, where there were successive Labor leaders decrying the great inhumanity and injustice of the GST while every single one of their state Labor counterparts was racing towards the GST with all speed and haste available. Here we can see why. For so long the states had criticised the Commonwealth—on some occasions rightly—for the insecurity and uncertainty of their revenue stream. What the government has now done, through an act of considerable political courage, is to fundamentally reform Commonwealth-state financial relations to give the states and territories certain access to a big lick of their annual revenue without having to come like Oliver Twist with their cap out asking for more.

We can well recall those somewhat undignified and unproductive premiers conferences—the annual ritual of the premiers gathering together to gang up on the Commonwealth; each side blaming the other for a couple of days headlines; one side storming out in disgust; and a litany of failed negotiations. The losers were the Australian people and good public policy. But it was this government, under John Howard, which had the courage to tackle this much-needed piece of reform. The hardheads were all saying: ‘You must never tell the Australian people that you intend after an election to introduce a new tax. This is a form of political suicide. If you’re going to introduce a new tax, like the Australian Labor Party you should promise before the election that there will be no new taxes, then quickly move to introduce them when the new term begins.’ But the Prime Minister said that he would not be governing in that fashion, that he had confidence that, if he fully declared his hand before going to the election and if he argued the policy merits, the Australian people would have the good judgment and good sense to support good policy. That is exactly what happened. The
$575 million of extra revenue that those four states and two territories will receive in the 2003-04 year is a dividend for that courageous act.

I note the curious character of this reform, this great public policy leap forward: the fact that the Commonwealth has worn all of the political risk but the states will receive all of the fiscal benefit. That is why we will be opposing the amendment moved by the member for Kingston. His amendment suggests that the Commonwealth should account for the GST as a Commonwealth tax. This of course is the basis for the mantra repeated with such frequency by members of the opposition: that the Commonwealth is allegedly the highest taxing government in Australian history. This is the smoke-and-mirrors trick of simply adding all of the GST revenues of the states to the Commonwealth’s taxes.

We simply observe that every cent, all of the GST revenue, goes to the states. The states can spend GST revenue entirely according to their own budget priorities, without direction or limitation from the Commonwealth. As I said, in this year the states will receive a GST windfall of $575 million. Given that the states receive and spend all the GST revenue, it is logical that the GST be identified in the budget as a state tax, because we are in effect acting as a revenue collection agency for the states. I regard this as a significant step forward. It is a dividend for taking a political risk for a good cause. It is a benefit which will flow to Australians in perpetuity as a consequence of the political courage of John Howard before an election. I commend the bill to the House.

Question put:

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

The House divided. [1.34 p.m.]

(The Deputy Speaker—Hon. L.R.S. Price)
Thursday, 19 February 2004

CHAMBER

Crosio, J.A. 
Edwards, G.J. 
Emerson, C.A. 
Ferguson, L.D.T. 
Fitzgibbon, J.A. 
Gibbons, S.W. 
Grierson, J.A. 
Hall, J.G. 
Hoare, K.J. 
Jackson, S.M. 
King, C.F. 
Livermore, K.F. 
McLeay, L.B. 
Melham, D. 
Murphy, J. P. 
O'Connor, B.P. 
Quick, H.V. * 
Roxon, N.L. 
Sawford, R.W. 
Sercombe, R.C.G. 
Smith, S.F. 
Swan, W.M. 
Thomson, K.J. 
Wilkie, K. 
Danby, M. * 
Ellis, A.L. 
Evans, M.J. 
Ferguson, M.J. 
George, J. 
Gillard, J.E. 
Griffin, A.P. 
Hatton, M.J. 
Irwin, J. 
Jenkins, H.A. 
Lawrence, C.M. 
Macklin, J.L. 
McFarlane, J.S. 
McMullan, R.F. 
Mossfield, F.W. 
O'Byrne, M.A. 
Plibersk, T. 
Ripoll, B.F. 
Rudd, K.M. 
Sciacca, C.A. 
Snowdon, W.E. 
Tanner, L. 
Vamvakian, M. 
Zahra, C.J. 

* denotes teller

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

Third Reading

Mr ROSS CAMERON (Parramatta—Parliamentary Secretary to the Treasurer) (1.40 p.m.)—by leave—I move:

That this bill be now read a third time.
Question agreed to.
Bill read a third time.

COMMITTEES

Industry and Resources Committee

National Capital and External Territories Committee

Membership

The DEPUTY SPEAKER (Hon. L.R.S. Price)—Mr Speaker has received advice from the Chief Government Whip and the Chief Opposition Whip that they have nominated members to be members of certain committees.

FRAN BAILEY (McEwen—Parliamentary Secretary to the Minister for Defence) (1.40 p.m.)—by leave—I move:

That:

(1) Mr McLeay be discharged from the Standing Committee on Industry and Resources and that, in his place, Mr Sercombe be appointed a member of the committee; and

(2) Mr Johnson be discharged from the Joint Standing Committee on the National Capital and External Territories and that, in his place, Dr Washer be appointed a member of the committee.

Question agreed to.

APPROPRIATION BILL (No. 3) 2003-04

Cognate bills:

APPROPRIATION BILL (No. 4) 2003-04

APPROPRIATION (PARLIAMENTARY DEPARTMENTS) BILL (No. 2) 2003-04

Second Reading

Debate resumed from 18 February, on motion by Mr Slipper:

That this bill be now read a second time.

upon which Mr McMullan moved by way of amendment:

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

“whilst not declining to give the bill a second reading, the House condemns the government for its budget waste and
mismanagement, and wrong priorities which have resulted in:

(1) a costly Medicare ‘safety net’ which does not protect families from increasing health costs and declining levels of bulk billing;

(2) inadequate funding and higher fees for students seeking access to higher education;

(3) a growing number of families who are financially squeezed and trying to balance work and family; and

(4) 500,000 Australians waiting up to five years to get their teeth fixed”.

Ms BURKE (Chisholm) (1.42 p.m.)—I rise to continue where I left off my remarks last night. I am very concerned that the government’s cost cutting in health is placing our very young children in a perilous position. I find it astounding that the government has rejected the advice of the National Health and Medical Research Council that the pneumococcal vaccination be provided at no cost to all children under the age of two.

The government has disregarded the council’s recommendation, instead deciding to make the vaccine available to only a limited number of groups that are most at risk. Parents who wish to heed the advice of experts but whose children are not in the groups most at risk face a bill of more than $500 to have their child immunised against pneumococcal disease. According to the Australian Medical Association, pneumococcal disease is responsible for 3,500 hospital admissions and about 400 deaths in Australia every year—that is 400 deaths that could be avoided by allowing this vaccination to be placed on the list. Children and adults who survive after being infected can sustain brain damage, cerebral palsy, deafness and blindness.

I do not know how the government, in all conscience, can look the other way and ignore the opinion of experts and the threat posed to our kids. Obviously, the government’s Liberal colleagues in South Australia are similarly bewildered, as last November they supported a motion in their state parliament calling on the federal government to provide a no-cost pneumococcal vaccination to all Australian children. I certainly know the government can afford this measure, as they have recently eliminated vaccinations for 18-month-old children. On the basis of sound medical advice, they have determined that we no longer need to give our children booster immunisations at the age of 18 months because the vaccinations at the age of two months, four months, six months and 12 months are sufficient. If we eliminate a whole raft of vaccinations for children aged 18 months, saving the government a substantial amount of money—sadly, I have not be able to ascertain the exact figures yet—they could therefore use those resources for the pneumococcal vaccination. As a mother of small children, I am very aware of the need to have our children immunised. I cannot believe that the government are putting our most precious individuals at risk.

The government also needs to open its eyes to the crisis affecting 500,000 Australians who have been waiting up to five years, sometimes in excruciating pain, to get their teeth fixed. I receive at least one phone call a fortnight on this from constituents, and most often they are elderly. Most of these people are in agony while waiting for dental appointments.

Just the other day, my office was contacted by a constituent, calling on behalf of her neighbour whose English was not too good. Her neighbour had some dentures fitted some years ago for the sum of $20—I do not think you would achieve that today. The same dentist has now told that person that having the dentures replaced would cost more than $350. Subsidised dentures for pensioners and for health care card holders and their dependants are part of Labor’s Australian dental care program—a program that
is most urgently needed. Our program will provide up to 1.3 million extra dental procedures for Australians, which is enough to clear the existing backlog and substantially reduce future waiting times. We will provide free check-ups for concession card holders and also assessments of the dental health of every person admitted to residential care. Dental care is a national responsibility—a responsibility which only Labor have promised to live up to.

Over the summer break I became increasingly concerned about the impact of the government’s 25 per cent hike in HECS fees. I heard reports on numerous occasions of acceptance scores skyrocketing for courses because of the increased demand from people wishing to enter universities this year. As I have two world renowned universities in my electorate—Monash University and Deakin University’s city campus—I hear these stories often. More people are seeking to enter university this year to avoid the proposed huge jump in fees next year. This has led to many people missing out on their courses of choice this year, although their scores would have easily got them into the courses in the previous year.

I have heard from parents concerned about their children taking on massive debts so early in life. We all learnt of government figures that show university student debt will reach a record high of $9 billion this year, compared to just under $2 billion in the early 1990s. That is hardly surprising, given the 85 per cent increase in the amount of HECS paid per student since 1996. Saddling young people with an enormous debt early in life will have far-reaching consequences. A debt of between $20,000 and $40,000 can take a long time to pay off—we are talking about decades. Young people will have no choice but to start their families later, which will inevitably lead to a lower birthrate—Australia currently has one of the lowest birthrates—and they will hold off on purchasing homes and making other major investments, which will have its own negative impact on the economy.

That is not the only reason that the government’s higher education priorities are wrong-footed. This butchering of public investment in higher education will restrict participation in Australian universities and significantly reduce the opportunities Australians have to go to university. Australians want an education—they deserve to get an education if their abilities qualify them for university places. Higher education should never be a privilege or a prerogative of the rich in this country. We need a world-class university system that delivers teaching and research of the highest quality to students across the system, not just those who can afford it.

Again this year people have come to my office traumatised that their children had received phenomenal scores—99.5 per cent in one case, 96 per cent in another—and missed out on entry into their courses of choice. Had they paid full fees, those students could have got in with much reduced marks—in one case it was a differential of 10 points. So, if you wanted a HECS place, you had to get 10 points more than somebody who could afford to pay. That is just not fair. The minister comes in here and continually rants about the Labor Party not wanting to give people choice, but where is the choice in that? If your parents can afford to pay upfront fees, you get to take up that university place; if they cannot, you do not. That is not fair. It is particularly unfair for women returning to higher education. A lot of women who stay out of the work force go back later in life and they cannot get there.

Labor are also committed to increasing TAFE places. Within my electorate I am blessed to have a phenomenal TAFE institu-
tion, the Box Hill TAFE. It hosts myriad wonderful courses. It is currently building a phenomenal new centre which will display the wonderful things that students at that institution are taking on and doing. But, again, we have seen that many people cannot access TAFE places—there are simply not enough available. Labor, in government, will reverse the fee hike recently passed by parliament, preventing the fee increases planned from next year. We will also provide $2.3 billion in extra funding to our universities, without forcing Australian students and their families into deeper and deeper debt. We will maintain HECS fees at the current level and reduce the cost of a maths or science degree by $5,000. We will also create extra places each year for 20,000 Australians to start a course at university and for 20,000 to start courses at TAFE. While the government plans a $63 million advertising blitz with 18 taxpayer funded campaigns this election year, Labor have pledged money to programs which will have a positive, constructive impact in our homes, hospitals, universities and wider communities. I certainly know which of those two options is money well spent.

Mr JOHN COBB (Parkes) (1.50 p.m.)—I rise to talk about the coalition’s merited efforts to help small business in Australia and to point out the important place that sector has in the nation and certainly in my electorate of Parkes. But before I do that, I must refer to a comment made by the previous speaker, the member for Chisholm, about immunisation levels in Australia and how bad they are.

Ms Burke—I didn’t say they were bad; I said we needed to fund the pneumococcal vaccination.

The SPEAKER—The member for Chisholm has already been heard in silence.

Ms Burke—I did not say they were bad. I would not make that statement.

The SPEAKER—If the member for Chisholm wants to defy the chair, she will face the consequences.

Mr JOHN COBB—I think she should reflect upon the fact that, under this government, immunisation levels have improved markedly. Under the previous Labor government they were reported to be equivalent to the levels in Third World countries. While they are not perfect, we are working on making them better. We have put a lot of resources into them and, by heavens, they have come a long way since the previous administration.

One of the things that has become obvious in the past few years, especially in my term in this government over the last two years or so, is how much we are trying to clear the way for small business. Small business, after all, is the heart and soul of Australian production. In most electorates, but certainly in one like Parkes, small business provides the template by which we measure the morale, both economic and social, of the whole community. If small business has its head up, is making investments and is employing people, then you can be quite certain that the general thrust of that region is doing well.

One of the most disheartening things is the number of times that the opposition has done nothing but use politics and opportunity to obstruct every effort to help small businesses get ahead, to clear away a lot of the cobwebs and to make it possible for them to see a future and actually take action and go ahead. I think the fact that unfair dismissal legislation has been blocked in the Senate by the Labor Party some 30-odd times is a pretty good justification of that statement. You wonder at times whether the Labor Party realise that if businesses—especially small businesses—cannot make a profit and reinvest in their own enterprises then they can certainly not add new jobs.
One would think—even if they are run by the unions—that the basis of what the Labor Party are about would be more employment, but they do not seem to understand basic economics very well. As the Prime Minister said the other day, you could forgive it if they were on about an issue that was philosophically opposed. But that is not so—they are simply being obstructive and trying to take advantage of political situations.

There is no doubt that the economy is incredibly influenced by what happens in small business. There are over 1.1 million small businesses, employing 3.3 million Australians—that is one-third of the entire Australian labour force. In my electorate of Parkes, for example—it does not matter whether it is farmers, in the service industries or in tourism—they are the heart and soul of things, probably even more than in a city electorate. These things affect big business as well. Big businesses tend to make money because of their sheer size, not because of their level of profitability, but big businesses, too, will not invest or create new employment if they cannot do so. I guess they are just as affected in the long run by unfair dismissal laws as anybody else. However, small business particularly deserves our support.

The coalition has gone out of its way in recent times to try to make things easier and create an environment whereby small business can push ahead. Most of our service sector, for example, is in small business—certainly in country and rural areas. The former Labor government made it very plain, more than once, that they were not particularly interested in this. I think it was Kim Beazley, back in 2001, who said—

The SPEAKER—Order! The member for Parkes will refer to members by their electorate.

Mr JOHN COBB—The member for Brand made a comment in 2001 on Perth radio. He said that Labor were never a small business party. They have proved that—certainly in the years that I have been in this chamber—to the detriment not just of small business but of anybody looking for a job and Australian society in general. Simon Crean took control of Labor—

The SPEAKER—Order! Member for Parkes, that should be the member for Hotham.

Mr JOHN COBB—When the previous leader of the Labor Party was in control he opposed industrial relations reforms 39 times. Under his leadership they opposed everything that went through this House and up to the Senate. The new leader of the Labor Party is not proving very different. He is certainly talking about new Labor—he is putting forward a front that none of us recognises—but when it comes down to labour market reforms and business reforms he is proving to be old Labor. I do not think there is any doubt that the unions will still continue to rule the Labor Party, be it new or old. It is a pretty puzzling attitude. Why, in heaven’s name, do a party which purport to represent those who simply want a job totally fail to understand a fundamental fact: if businesses cannot make a profit and if they cannot move labour, be it part-time or full-time labour, backwards and forwards as they need to for their business then they cannot reinvest, employ people as necessary or expand—and nor can the economy or the job market? Not surprisingly, many of those opposite do come from a union background. That is fine, but they should understand more than anyone that jobs depend upon profits. I suppose that is the big difference between us.

When this government was elected in 1996 small business, without doubt, was on its knees—whether in country Australia or city Australia, it did not make too much difference. We had the recession that we had to
have, destroying consumption, and we lived through crippling interest rates of well over 20 per cent. Many of my neighbours at that time were paying up to 22 per cent interest. We owed $96 billion. We had unemployment of 11 per cent, and fringe benefits tax had just about prevented any investment being made—certainly in rural areas.

Since that time, happily, we have had coalition budgets that have restored business confidence, and certainly in my electorate it has gone ahead in leaps and bounds. We had interest rates drop to generational lows. All of this has had to be done without any support at all from across the benches. We have created over one million jobs. The opportunity to generate more jobs is being severely limited by the attempts of those opposite to frustrate every attempt to clear the way—even to the extent that, as recently as in the last two weeks, they have wanted to frustrate and block a free trade agreement which will do nothing but create avenues for more investment, more employment and more opportunity, especially in country Australia. Nobody needs it more. Why would anyone want to frustrate job opportunities like that? Also, in running up a $96 billion debt, those opposite fail to understand what their previous policies did to business confidence and the interest market. Take the government out of the interest market and you create the opportunity—

The SPEAKER—Order! It being 2.00 p.m., the debate is interrupted in accordance with standing order 101A. The debate may be resumed at a later hour and the member for Parkes will have leave to continue speaking when the debate is resumed.

QUESTIONS WITHOUT NOTICE

Social Welfare: Parental Responsibility Orders

Mr LATHAM (2.00 p.m.)—My question is to the Prime Minister. I ask: does he agree with my assessment that parents should know where their children are at night and ensure that they go to school by day? If so, will the Prime Minister now give federal support to the Western Australian initiative for parental responsibility orders for the small minority of parents who do the wrong thing but whose children cause significant problems on our streets? Prime Minister, isn’t this a logical extension of mutual responsibility in our society?

Mr HOWARD—I certainly agree completely with the proposition that parents should know where their children are. In fact, two or three months ago on Adelaide radio I was asked about some street disturbances which had occurred in South Australia and I expressed that view. I think one of the reasons that children run riot in the streets is that parents are too selfish about pursuing their own pleasures and too indifferent to their responsibilities as parents to do anything about it.

My view about these things is that 98 per cent of parents do the right thing, and they do not need to be told by me, the Leader of the Opposition or anybody else how to bring up their children. I think it is very important to get the balance right in these things. Average Australian parents do not need a lecture from people in public office about how to bring up their children. They do not need lectures from politicians; they do not need lectures from social workers; they do not need lectures from anybody, because they know how to do it and, in fact, they resent any suggestion that somebody is going to come along, Big Brother like, and say, ‘This is how you have to do it.’

As to the rest, I believe very strongly that you need early intervention policies which identify the families at risk from the very beginning. There are some families where the kids do not have a chance from the time
they are born, because their parents are living in a dysfunctional situation. The best way to help those people is to have early intervention programs. Quite a number of those programs have been funded under our Stronger Families and Communities Strategy.

As for the Western Australian model, as the Leader of the Opposition describes it, I do not know a lot about the detail of it. I am not going to commit myself to supporting it or opposing it. I will get some more information about it. But I think if we are to have a sensible dialogue or community discussion on these matters we have to understand that the overwhelming majority of parents in Australia are doing a wonderful job, and they do not thank people in high office for telling them how to do their job.

Middle East: Israeli-Palestinian Conflict

Mr ANTHONY SMITH (2.03 p.m.)—My question is addressed to the Prime Minister. Is the Prime Minister aware of reported comments by Sheikh Hilali? If so, what is the government’s response?

Mr HOWARD—I thank the member for Casey for his question. My attention has been drawn to some remarks attributed to Sheikh Hilali, the Grand Mufti of Australia and imam of Sydney’s Lakemba mosque. He is reported as having called for a jihad against the state of Israel. He is also reported as having visited the leader of Hezbollah, the military wing of which has been banned in Australia. There were also some other remarks attributed to him that I will not comment on.

If these reported marks are correct, or in substance correct, then I think what Sheikh Hilali has said deserves to be condemned in the strongest possible terms. Incitement to a jihad against the state of Israel is utterly unacceptable coming from the leader of any community in this country. If those remarks have been made, I condemn them on behalf of the government—and, I would hope, on behalf of the Australian people—in the strongest possible terms.

As to the visit to the leader of Hezbollah, it is true that the organisation banned in Australia is the military wing of Hezbollah, but I would put it to the House that, given that it has been banned in Australia and given that the person in question, Sheikh Hilali, is an Australian citizen and the leader of a community of some 300,000 Australian citizens, he has therefore behaved with incredible insensitivity towards the feelings of many Australians.

I strongly welcome the remarks of the President of the Islamic Council of Victoria, who said that Sheikh Hilali, although entitled to his personal opinion, did not speak for Australian Muslims. The question of whether or not he speaks for Australian Muslims does not alter the fact that he holds this position, and it is in the interests of hundreds of thousands of Islamic Australians that, if the remarks attributed to him have not been made, he make that clear. If the remarks have been made then those Islamic Australians and many other Australians should join in condemning him for having made those remarks.

We are a nation that strives and prays for peace in the Middle East. Peace in the Middle East will not be achieved by exhortations to violence. There has to be restraint on both sides; there has to be restraint by the Israelis and restraint by the Palestinians and those who support them. As a long-time supporter and friend of the state of Israel, I find these remarks about Israel offensive whenever made—as, indeed, I would find offensive similar remarks about the people of the Palestinian state. We are all sick in our hearts at the death and destruction in the Middle East, and it behoves every Australian citizen to exercise moderation in their language wherever they may be. If the reported remarks...
have not been made by Sheikh Hilali he has an opportunity to repudiate them. But if they have been made he deserves to be unconditionally condemned.

Veterans: Entitlements

Mr LATHAM (2.07 p.m.)—My question is to the Minister for Veterans’ Affairs. Does the minister recall that, at the last election, the government promised to make an ex gratia payment of $25,000 to ex-prisoners of war from Japan and their widows? Can the minister confirm that her cancelled ministerial statement on Monday proposed to extend this ex gratia payment to 13 ex-POWs from the Korean conflict? Does the minister now propose to make this payment to World War II ex-POWs from Europe? Can she assure the House that all ex-POWs will be treated fairly and consistently by the government?

Mrs VALE—I thank the honourable Leader of the Opposition for his question, but he will have to be patient and await the outcome of our deliberations on the Clarke review. All those considerations will be taken into account by this government. We are a government that does support our veteran community. We have special provisions in our veterans entitlements legislation that completely compensate those special POWs. They get a very privileged pass. I might also say to the Leader of the Opposition that yesterday I raised the issue of no support for the veterans coming from the Labor side. I might say that, when the Leader of the Opposition was on his bus tour around New South Wales and he was asked about veterans, he said, ‘Yes, I think I have to think about that.’

Trade: Free Trade Agreement

Mr CIOBO (2.09 p.m.)—My question is addressed to the Minister for Foreign Affairs. Would the minister inform the House how the government is enhancing Australia’s bilateral relationships, in the region and internationally, through our pursuit of free trade? Is the minister aware of other views?

Mr DOWNER—First, I thank the honourable member for Moncrieff for his question. I recognise the interest that he shows in this issue. The government tries to maximise Australia’s opportunities through trade and investment agreements. We do it regionally, we do it bilaterally, and we obviously do what we can to enhance the multilateral agenda through the WTO. We are engaging our regional partners in a very substantial way. For example, progress is being made towards achieving the APEC Bogor goals through our closer economic partnership with the ASEAN countries—the AFTA-CER closer economic partnership. This is important. We have made it clear to the ASEAN countries that we would be happy to negotiate a free trade agreement with ASEAN, and that is still on the table for them. At this stage, they have negotiated a closer economic partnership with us. With China we have a scoping study now getting under way to consider a free trade agreement; with Japan we have the TILF—the trade and investment liberalisation framework—being considered; with Singapore there is a free trade agreement; and with Thailand there is the conclusion of a free trade agreement. It is a comprehensive approach and a comprehensive package that we bring, and we add to that with the free trade agreement with the United States of America.

I would not have thought that any of that was terribly controversial. I would have thought it was a good example of the way this government works: commonsense, advancement of the national interest—in this case through a pragmatic approach to trade agreements. The opposition have a completely different approach. They are silent, they do not say anything, about most of these trade agreements. They used to, when they were once in government—particularly, they
talked about APEC—but now they are silent on these issues. The American free trade agreement was singled out by the opposition, when the results of the negotiations were announced a couple of weeks ago, as an agreement that the Labor Party would be opposing. The Leader of the Opposition said at the time, ‘If we were asked to vote on it today or in the parliament tomorrow, we would be opposing it.’

I was interested yesterday when the Leader of the Opposition started to change the Labor Party’s position. It reminds me very much of his first week as the Leader of the Opposition. He came to office with a long record of invective against the United States, very personal criticisms of the President of the United States, and by the end of the week he was in the caucus room wrapped in the Star-Spangled Banner. It is an extraordinary sort of Jekyll-and-Hyde personality that is coming through—Dr Jekyll out there attacking the United States, suddenly Mr Hyde wrapping the flag around himself. We had Dr Jekyll at the beginning of last week, totally opposed to the free trade agreement. After looking at the speech he gave yesterday, I would not be surprised if the Leader of the Opposition sets up some sort of ‘Dear Mark’ column in the newspaper—there he is, becoming Mr Hyde.

I think that when voters go to the next election and consider the Leader of the Opposition as the prospective Prime Minister, they will be wondering if, in the first week after the election, they will get Dr Jekyll or Mr Hyde. They certainly will not be sure what they will get.

**Banking: National Australia Bank**

**Mr CREAN** (2.13 p.m.)—My question is to the Treasurer. Can the Treasurer confirm that his banking watchdog, APRA, investigated the National Australia Bank in late 2002 and reported in the first half of 2003 its concerns with the bank’s risk management system—a full six months before the rogue-trading scandal broke? Treasurer, in light of the collapse of HIH, why has APRA, under your watch, again failed to act on this trading scandal which has cost Australian shareholders millions of dollars?

**Mr COSTELLO**—Can I genuinely say that I welcome the question from the member for Hotham and that we welcome him back into the parliamentary arena. Can I also say that we think he has elevated the policy on the shadow frontbench in the Treasury portfolio quite considerably since his appointment. In relation to the National Australia Bank, the Australian Prudential Regulatory Authority issued a media release on 13 January 2004, indicating that they had been advised by the National Australia Bank of the question of foreign currency trades. They also notified my office on that day, and I was briefed on the matter a day afterwards. That was the day after the National Australia Bank disclosed this matter.

**Mr Crean**—When were you aware?

**The SPEAKER**—Order! The Treasurer has the call.

**Mr Crean**—Were you aware before?

**Mr COSTELLO**—Let me go over the answer again, because the member for Hotham interjects, asking, ‘When were you aware?’ The National Australia Bank apparently became aware on 13 January, or the day before, and notified the Australian Prudential Regulatory Authority, which issued a media release on 13 January and informed my office at the time by way of telephone conversations, and a briefing was received by me on 14 January. So the National Australia Bank disclosed it to the regulator and the regulator disclosed it to me.

The member for Hotham asked a question as to what APRA has done in relation to this matter. The National Australia Bank has set
up an inquiry by PricewaterhouseCoopers. I do not believe the inquiry has yet finished but, when it has, the inquiry report will be given to APRA, which is being kept informed all the way through. The member for Hotham asks what action has been taken. The chief executive and the chairman have resigned, which to me indicates that the National Australia Bank—

Mr Crean—Were you aware that APRA was investigating in late 2002?

The SPEAKER—Order! The member for Hotham has asked his question.

Mr COSTELLO—has taken this seriously. The Australian Prudential Regulatory Authority will be acting under PricewaterhouseCoopers report, once it is given, and taking all steps in accordance with it.

Mr Crean—Mr Speaker, I rise on a point of order. My question is straightforward: was the Treasurer aware that APRA was investigating in late 2002?

The SPEAKER—if the member for Hotham were seeking a point of order under the basis of standing order 145, relevance, then I would deal with it, but I would have no reason for knowing that from the comments made by the member for Hotham.

Trade: Free Trade Agreement

Ms GAMBARO (2.17 p.m.)—My question is addressed to the Minister for Trade. Will the minister inform the House of the benefits to small business from the Australia-United States free trade agreement? Are there any examples of small business support for the free trade agreement, and are there alternate policies?

Mr VAILE—I thank the honourable member for Petrie for her question. I know that, prior to entering this parliament, the member for Petrie was actively involved in small business in Queensland, particularly in the seafood industry. I am sure she will be interested to know that, according to the Australian Seafood Industry Council, when we open up that market as a result of this free trade agreement with the United States, $140 million worth of our exports will be entering the United States market duty free. That is, I am sure, good news for the member for Petrie and for the industry she was involved in prior to entering this place.

It is important to note also that, as the minister for small business often reflects, since the departure of Senator Barney Cooney from the Labor Party ranks in the parliament there is nobody left in the Labor Party with any connections to or roots in the small business community of Australia. So it is little wonder that we see the attitude of the Australian Labor Party to the proposed free trade agreement with America, and to the benefits that can accrue to small business in Australia. About 6,000 Australian companies, 95 percent of which are SMEs, export to the markets of the United States of America under the current arrangements. That is set to grow—we are going to give them far greater opportunities. The free trade agreement is unquestionably about strengthening the stability of small business in our community. Following the announcement of the FTA, Christine Gibbs Stewart, from Australian Business Ltd, commented as follows: This is a very good agreement for Australian small businesses wanting to be in the US market. Australian Business Ltd represents a lot of small businesses across Australia. Just the other day we heard of a processor in Melbourne that is going to be able to sustain their jobs and grow their business into the US market. Symex Holdings, a Melbourne based manufacturer of fatty acids used in the production of soaps and the like, said that the US market for fatty acids is worth about $250 million—the removal of all duties on their exports to the United States will be worth $5 million to $10 million annually to
that company. That is all about sustaining jobs and growing the job base in small business in Australia, and that is what we are focusing on.

Yesterday I announced that Austrade would be establishing a US FTA task force with specific responsibility for facilitating existing small business into the US market and new small business operators that want to access the US market through our Austrade offices in seven locations across the United States. We are committed to ensuring that, out of this deal, small business benefits the most and that the people who work in those small businesses across Australia benefit the most.

We have heard the comments from the Labor Party, particularly those of the Leader of the Opposition, which indicate to us that Labor does not understand the significance of this free trade treatment to small business. We can see that Labor does not understand the importance of small business to the Australian economy. The Leader of the Opposition’s immediate reaction when we announced the conclusion of the negotiations on this deal was that the free trade agreement ‘from our assessment this morning, is not in Australia’s interests’. That is what the Leader of the Opposition said. Yesterday, at the Press Club, he started to move away from that position a little and be a bit more flexible in his language.

The question still remains: does the Australian Labor Party really understand how important this free trade agreement is to the small business operators of Australia and the people who work in those small businesses across Australia? We know that Labor is opposed to the free trade agreement. We know Labor is opposed to the development of small businesses. Our government absolutely supports the benefits that will accrue to the Australian economy, and particularly to small business, as a result of the free trade agreement with the United States.

Violence Against Women

Ms ROXON (2.22 p.m.)—My question is to the Prime Minister. Does the Prime Minister recall saying in an answer on Tuesday that the government had intervened in the ‘No respect, no relationship’ campaign because it:

... did not conform with the decisions of the government.

Prime Minister, what was it about this campaign that did not conform with the decisions of the government, when this commercial has the following message:

Well, she was flirting with a couple of mates and I got angry and gave her a slap. But she knows. I mean, she deserved it.

No, she didn’t.

Mrs Bronwyn Bishop—Mr Speaker, I rise on a point of order. Under standing order 144, quite clearly, that question is using information which is not pertinent to the question and which is not necessary. I would ask you to put the question and let the Prime Minister answer.

The SPEAKER—I am happy to deal with the point of order. Standing order 144 contains references to imputations. I did not hear any imputations in the question. I did not think that the question made any specific references to names or identification. For that reason, I had allowed it to stand. It is however a little longer than I had imagined, so I would invite the member for Gellibrand to bring the question to a conclusion.

Ms ROXON—The question is: Prime Minister, what is it in that ad that does not conform with government decisions?

Mr HOWARD—I thank the member for Gellibrand for her question. I will start by saying that any suggestion that the campaign has been cancelled or will not go ahead is
completely wrong. It will go ahead. Insofar as I could quickly gather from the material that was read out, on its own and in isolation I find that material completely acceptable. But it was only part of an entire campaign.

I am informed, for example, that one of the areas of concern included some commercials dealing with the depiction of a woman as a victim of rape. I am told that the call to action in the advertisement was to visit a web site for further information to understand exactly what sexual assault and relationship violence really were, rather than what I would have thought—and many on the committee thought—and many on the committee thought—to be the rather commonsense injunction: that you might seek the assistance of the police, a doctor, your family, your friends, a minister, a priest or whoever. It was things of that nature which made the campaign in our view not fully conform with the government’s objectives.

I want to make it very clear to the House that there will be no reluctance in this campaign, when it comes out, to condemn the sort of mindless macho bullying violence depicted in the early part of the advertisement that was read. But it is palpably lacking in commonsense to put an advertisement that, as its first piece of advice, says to somebody who has been the victim of a violent rape to go to a web site. I am told—I have not seen the web site—that the web site was rather confusing. It is absolutely ridiculous. I would have thought that the first piece of advice you would give anybody who was the victim of that kind of unacceptable behaviour would be to go to the police, to go to a doctor or to go and talk to your parents or to your friends; not to visit a web site. It is that sort of inadequacy that I and the government quite unapologetically regard as inappropriate. That is why we are having the campaign recast—not in any way to pull back in relation to condemning domestic violence but, I hope, to give people in that deplorable situation rather more commonsense advice than to visit a web site.

Ms Roxon—I seek leave to table, for the assistance of the Prime Minister, the four ads which he has found so objectionable.

Leave granted.

Economy: Performance

Mr BILLSON (2.26 p.m.)—My question is addressed to the Treasurer. Would the Treasurer inform the House of developments with our exchange rate? What do they mean for the Australian economy?

Mr COSTELLO—I thank the honourable member for Dunkley for his question. Briefly overnight the Australian dollar went through the US80c mark, which is its highest value against the US dollar since December of 1996 and its highest level since the Asian financial crisis of 1997. In the last 18 months the Australia dollar has appreciated by 45 per cent against the US dollar and, perhaps even more significantly, by 31 per cent in trade weighted terms.

There are a number of reasons that exchange rates might be affected but in this case one of the main ones is that the US dollar, which was very strong through 2000-01 and which rose, having the effect of pushing the Australian dollar down by comparison, has now softened. The US economy went into recession in 2001. The reasons why there was major capital inflow to the United States during that period have reversed. One of the major factors behind the rising of the Australian dollar against the US dollar is that the US dollar is much weaker than it was. The Australian economy continues strongly, and that also will have an effect in relation to exchange rates. With the world recovery coming, many of the items which Australia sells are stronger with stronger world demand.
Having said all of that, the fact that the Australian exchange rate is much stronger than we were used to in 2001-02 does make life more difficult for our exporters. We acknowledge that. That is why it is very important that Australia helps its exporters. One of the major things that was done for the exports of Australia was the new tax system, which took all taxes off exports. Can you imagine where Australian exporters would be now if the old tax system were still in place?

I also adverted yesterday to the fact that supply constraints have eased, particularly on agricultural produce. That means that we have more supply selling into a recovering world situation, which is also a good development notwithstanding the exchange rate moving against exporters. In passing, obviously, if we want to help our exporters in this difficult world market, getting new access for them into new markets is going to be a positive. If Australia is able to enter freer trading arrangements, which will help our exporters at a time when these exchange rates have moved against them, those who wish our exporters well will also be supporting those arrangements.

The fact that the exchange rate has made life more difficult for our exporters will have an effect not only on them but also on the economy. It reminds us of the importance of keeping good economic policy going in this country. It reminds us of the fact that our economic policy must be disciplined and that we must work towards the goal of keeping our cost structures in Australia as low as possible so that our exporters can be as competitive as possible on world markets.

### Trade: Banana Industry

**Mr KATTER (2.31 p.m.)**—My question without notice is to the Prime Minister. Is the Prime Minister aware that the Australian banana industry is worth $370 million and directly employs some 7,000 Australians in northern New South Wales and North Queensland? Is the Prime Minister aware that earlier today Biosecurity reversed its decision of last year to prohibit as dangerous any importation of Philippine bananas? Is the Prime Minister aware that no new scientific evidence has been submitted and that CSIRO has subsequently produced a report delineating clearly the serious phytosanitary risk to Australian agriculture and biosphere? Finally, is the Prime Minister aware that at public hearings in North Queensland AQIS’s representatives could not provide a single case of rejection of an import application? In light of rejections being such a rarity, could the Prime Minister’s department assure the House that, since the Philippines was given 18 months to reply to the ban, Australians will be given at least six months to do their reply? Even more importantly, will the Prime Minister’s department assure the House that this final decision will be based upon science and not free market ideology?

**Mr HOWARD**—I thank the member for Kennedy for his question. I could start at the end of it by assuring him that the final decision, after the 60-day consultation period that I now believe commences as a result of the release today, will be based on science and not on any ideology. We have absolutely no intention of replacing science with ideology in this particular area. We are very proud of the scientific basis of our quarantine approach and we do not intend to depart from that. My information is that some new evidence was presented, contrary to what is suggested in the honourable member’s question. This issue has been around for a long time and I do understand the sensitivity of it. I also ask honourable members to understand the importance of preserving the integrity of our quarantine system, its reputation around the world, the respect we have for a science based quarantine system in Australia and the
significance of it for our trading status in the world.

I can assure the honourable member that I will take a very close interest in developments over the next 60 days. If people believe that there is a proper basis in science for reversing the recent decision of AQIS, I encourage them to bring it forward. I can assure the honourable gentleman and others that I will have it very carefully examined. I have no desire to disadvantage in any way the Australian industry, but we cannot in one breath say that we believe in a science based quarantine system and then, when it might suit us, ignore that criterion. If one has a scientific basis, bring it forward in the next 60 days and we will have a look at it. If one does not, in the interests of our reputation, we will have to uphold the integrity of our science based quarantine system.

Business: Competitiveness

Mr FARMER (2.34 p.m.)—My question is addressed to the Treasurer. Has the Treasurer seen the latest KPMG International business cost competitiveness survey? What does the survey indicate about Australia’s business competitiveness? Is the Treasurer aware of any policies which would undermine our competitiveness and cost jobs?

Mr COSTELLO—I thank the honourable member for Macarthur for his question. I can inform him that the worldwide firm of KPMG has just published its 2004 competitive alternatives guide comparing business costs in North America, Europe and the Asia-Pacific. It found that in terms of competitive business costs the overall leader was Canada, followed very closely by Australia, both with business costs approximately eight or nine per cent below those of the United States. The United Kingdom ranked third, followed by Italy, France, Luxembourg, the United States, Iceland, the Netherlands, Germany and Japan. The survey found that, of all the 17 industries evaluated, Australia ranked first, second or third in terms of business costs. The area where Australia actually performed best, leading to its close second overall, was business tax.

The KPMG survey found that overall the United Kingdom and Australia are the two countries that offer low effective income tax rates for the widest range of business operations. It found that Luxembourg, the UK, Australia and Canada are the countries with the lowest effective income tax rates. It found that for R&D operations Canada, the United Kingdom and Australia had the most favourable tax treatment, and that for other non-manufacturing operations Iceland, the United Kingdom, Luxembourg and Australia offered the lowest effective income tax rates. That is a pretty good international benchmark for Australia in terms of business costs.

Of course, the reason that we perform so well in the area of taxation for business costs is that Australia reduced its company tax rate to 30 per cent, we abolished the wholesale sales tax and took taxes off our exports, we abolished the financial institutions duty, we halved capital gains tax, we gave rollover relief on mergers and demergers, and we gave capital gains tax exemption to small business owners when they were either retiring or moving into a new business. That was the business tax agenda which was put in place by this government and was of course opposed hook, line and sinker by the Australian Labor Party.

In a competitive world—and I spoke earlier about some of the competitive matters that are moving against us—if we want to retain our position at the forefront as a place for business investment, we must maintain our policy. We cannot afford to go back to a policy of more power for union officials and more regulated labour markets. We cannot afford to go back down the tariff path of the
member for Werriwa. We cannot afford to go back down to the secondary boycott situation which the Labor Party supports, and we cannot afford to go back to the business tax imposts which the Labor Party is now talking about.

Let me make this clear—and I think it is important: there is no job for an employee unless there is an employer who is able to create that job and there is no employer who can create a job unless that business is profitable. You will never create opportunity for young Australians to work unless you have a profitable business sector in this country. If you want to give those young Australians the right to work, it does not come from the hocus-pocus of the socialist left ideology that the member for Gellibrand consistently supports; it comes from consistent economic policy—consistent policy on budgets, on interest rates, on inflation, on corporate tax, on structural reform, on labour markets, on privatisation and on tariffs. These are the things that give Australians opportunity. You would not trust any of those things to the Australian Labor Party.

Liberal Party of Australia: Funding

Mr ZAHRA (2.39 p.m.)—My question is directed to the Prime Minister. Prime Minister, have you seen an article in the Leongatha Star newspaper of Tuesday this week headed ‘Liberals dip into local charity till’, in which it is revealed that the Liberal Party is to be a direct financial beneficiary of the annual South Gippsland Shire Council community raffle? Prime Minister, given that nowhere on the tickets sold for this raffle does it say that the Liberal Party is a beneficiary, and given that decent people have bought these tickets believing that the proceeds would be going to community use, will you direct the Liberal Party to give back to local charities the thousands of dollars meant for community groups that it has misappropriated through its dishonest involvement in this raffle?

Mr HOWARD—I have not seen the story, but I would hazard a guess that the prize is not $36 million.

Medicare: Reform

Mr HARTSUYKER (2.41 p.m.)—My question is addressed to the Minister for Health and Ageing. Would the minister update the House on the number of Australians who would now be eligible for the government’s MedicarePlus safety net? Why is this safety net so important to Australian families? Are there any alternative policies?

Mr ABBOTT—I thank the member for Cowper for his question. I know how strongly he supports the MedicarePlus safety net legislation, because this new safety net fills an important structural gap in the existing Medicare system. Health services and their delivery have changed a great deal since 1984, when the Medicare system was first put in place. For instance, the rates at which people receive pathology and diagnostic imaging services have almost doubled since 1984, and these services have never been widely bulk-billed.

Because doctors cannot and should not be forced to bulk-bill, many Australians face significant gap expenses. They face significant out-of-pocket medical expenses, and these people should not be left in the lurch any longer. The MedicarePlus safety net will benefit 200,000 Australians every year, and it will give all 20 million Australians the security that only a strong safety net can give. The latest figures show that nearly 2,800 Australian families had incurred gap expenses exceeding $500 in January alone. In just one month, 2,800 Australian families had incurred gap expenses exceeding $500. Every day, hundreds more Australians cross the MedicarePlus safety net threshold, and every week that the Labor Party blocks this
legislation means that hundreds more Australians are significantly out-of-pocket.

Before he became Australia’s chief agony uncle, the member for Werriwa actually had some significant public policy things to say. For instance, he once said:

This nation’s egalitarian values should always be reflected in the maintenance of a compassionate and effective safety net for those who require public assistance.

On another occasion he said:

The methodology of good health reform is to get effective public safety net provisions in place ...

These days he would prefer to talk about the crisis in masculinity. This government is addressing the crisis of affordability, which has now trapped too many Australians. The Leader of the Opposition now goes around the countryside saying to people, ‘I feel your pain.’ It is high time that he stopped talking about it and started doing something about it, and the best place to start would be to pass the government’s MedicarePlus safety net legislation.

Immigration: People-Smuggling

Mr CAMERON THOMPSON (2.46 p.m.)—My question is to the Minister for Foreign Affairs. Would the minister inform the House of the government’s response to reports this week that the Netherlands has introduced tough new laws to deal with illegal immigrants? Is the minister aware of any other views?

Mr DOWNER—I thank the honourable member for Blair for his question and appreciate the interest he shows in this issue. I am sure he speaks very much for the people of the electorate of Blair when he expresses concern about illegal migration. It is important to note that the Dutch parliament this week did pass new legislation, with the support of a number of parties in the parliament, which will provide for the forcible return of illegal migrants to the Netherlands. And this is part of a trend: increasingly around the world governments are taking that sort of position, and that is entirely understandable. The Blair government has passed similar legislation; France, Sweden, Italy and Turkey are doing the same.

This government have been tough on illegal immigration—there is no question about that—but we have been absolutely determined to cut out the evil trade of people-smuggling. The House will recall that some months ago a boat, the Minasa Bone, which was only the second unauthorised boat arrival since August 2001, arrived close to Australian shores. People smugglers were attempting to bring 14 Turkish nationals into Australia. As it turned out, none of the people on that boat were genuine refugees. Some of them chose to go straight back to
Turkey after their boat was taken back to Indonesian waters and the people were landed in Indonesia. Around half of them, I think, went straight back to Turkey; the others were assessed by the United Nations High Commission for Refugees and found not to be refugees at all, and they have been repatriated to Turkey as well. In other words, what the government did was vindicated by that simple fact. A boatload of people, aided and abetted by people smugglers, tried to land in Australia. We ensured that boat was turned around. Those people went back whence they came—to Indonesia. Some fled back to Turkey; others were assessed by the UNHCR and found not to be refugees.

At that time the Labor Party said that we should not have turned that boat around; we should have landed all those people in Australia—that was wrong. Of course, if we had, they would still be here, going through all the processes that we are familiar with, and they would be here for a long time. And if they were here the people smugglers would have had a very substantial victory. The people smugglers would have been able to say to other prospective clients, ‘We’ve just landed that boatload of 14 people from the Minasa Bone; they weren’t refugees, of course; they just paid some money. We managed to get them landed. We can do the same for you.’ If we had followed a policy of allowing those people to land we would have just given the green light to people smugglers.

Are there any alternative approaches? Yes, there is the Labor Party’s alternative approach, which is to allow boats with illegal migrants on them to land in Australia, not to turn those boats back. So on the one hand the Leader of the Opposition and the Labor Party say they would like to have a coastguard, which as far as I can make out involves three motorboats for 36,000 kilometres of coastline. They would like to have a coastguard, but what would the coastguard actually do? When a boat comes and the coastguard intercept the boat, all the coastguard will do is guide the boat to the Australian mainland. It defies common sense. The policy of the opposition is a policy to reopen people-smuggling and to encourage people-smuggling, not to cut it off. This government have been extraordinarily successful in cutting off people-smuggling, and it is a lesson to those who oppose the government’s policy that other countries around the world are now increasingly taking a more robust approach to this problem, whereas our own Labor Party at the federal level in Australia want to weaken the policy and play into the hands of the people smugglers.

**Education: University Fees**

Ms MACKLIN (2.51 p.m.)—My question is to the Minister for Education, Science and Training. Why did the minister say this morning that the Queensland University of Technology’s 25 per cent fee hike borders on ‘outrageous’ and ‘ridiculous’, when it is consistent with the Howard government’s policy to allow universities to increase their HECS fees by 25 per cent? Minister, isn’t it ‘outrageous’ and ‘ridiculous’ to introduce a policy that will see the cost of a basic science degree increase by $4,000 to $20,000 and then get upset when universities do it?

Dr NELSON—I thank the member for Jagajaga for the question. There are a number of important issues in it. First I should correct the question—which misrepresented what I said. I said that if the reason that has allegedly been put forward by the Queensland University of Technology—that it would seek possibly to increase HECS charges by up to 25 per cent in order to equate to a university of prestige—is the reason that they are choosing to increase HECS, that is outrageous. To Australian university councils sitting around this year thinking about what their courses are actually worth
and what students are actually going to get for the HECS charges—that will be levied from zero to a level no more than 25 per cent above what they currently are—I say this: think very carefully in terms of explaining to Australian students whether they will as a result of this be employing more staff, providing more opportunities and lecture theatres and providing scholarships for low-income students.

There is a second issue in the question. Let me get this absolutely right: the member for Jagajaga is describing a possible 25 per cent increase in HECS for university students, which they would pay back once they had graduated from university and were earning more than $35,000 a year, as outrageous. Am I right in saying that?

Dr NELSON—In fact, in the question, the member for Jagajaga described it as outrageous. I say to the Australian Labor Party that the first thing that it needs—

Ms Macklin—Mr Speaker, I rise on a point of order. The minister is inviting me to answer a question. Is he going to give me the opportunity to answer?

The SPEAKER—There was no point of order.

Dr NELSON—The Australian taxpayer is about to invest an extra $11 billion in the next 10 years in Australian higher education—$2.6 billion extra in the next five years. It needs to be remembered that university graduates earn on average $8,000 a year more than a person who has not been to university, have a lifetime unemployment rate which is a quarter of that of a person who has not been to university and 92 per cent of them have full employment within four months of graduation. It also ought to be remembered that male university graduates earn more than $600,000 more than a person who has not been to university and that the Australian taxpayers—the chippies, the boilermakers, the welders, the plumbers and many Australians who have never seen the inside of a university but who strongly support what happens inside them—will continue to pay for three-quarters of what happens inside them.

It would be quite clear to any clear minded person here today listening to the question that the member for Jagajaga and the Labor Party believe that a 25 per cent increase in HECS is outrageous.

Ms Plibersek interjecting—

Dr NELSON—When the Labor Party has something to say about the 300 per cent compulsory up-front charge in TAFE fees levied by the New South Wales Carr Labor government—

Ms Plibersek interjecting—

The SPEAKER—I warn the member for Sydney.

Dr NELSON—and the full fee paying degrees introduced into Victorian TAFE by the Bracks government last year, or the 25 per cent compulsory up-front TAFE fees introduced into Victoria at the same time, or the 50 per cent increase in up-front TAFE fees in South Australia—where some of the poorest people in the country are fronting up to TAFE and cannot even get in the door until they have paid their fees—then we might start listening to your concerns about people training to be doctors and lawyers.
of State. Is the minister aware of any comments made today regarding the lease of Centenary House? What is the government’s response to these comments?

Mr ABBOTT—I thank the member for Fairfax for his question. I know how concerned he is about the Centenary House racket.

Ms Gillard interjecting—

The SPEAKER—the minister will resume his seat. The member for Lalor must recognise that a good deal of tolerance has been exercised by the chair.

Mr Albanese interjecting—

The SPEAKER—I thank the member for Grayndler for that reassuring word.

Mr ABBOTT—I can inform the member for Fairfax that this morning the man who has no past, sitting opposite me, has finally acknowledged that some things did happen before 2 December last year with the coming of the ghost of Gough Whitlam. This morning the Leader of the Opposition said that the Centenary House rent and Canberra market rent are out of alignment because ‘the Howard government gutted the Public Service in 1996.’ So the $36 million windfall to the Labor Party is somehow the Prime Minister’s fault! For the benefit of the leader of the Opposition, let me explain that in 1993 the Centenary House rent was 11 per cent above market value, in 1994 the Centenary House rent was 19 per cent above market value and in 1995 the Centenary House rent was 29 per cent above market value. It was already 29 per cent above market value under Paul Keating. Now it is 177 per cent above market value, and in September when the escalation clause kicks in it will be 202 per cent above market value.

This rip-off, this rolled gold rip-off which the Leader of the Opposition will not fix, did not occur then; it is occurring now. It is a rip-off now. Thanks to the Centenary House extortion racket, the Leader of the Opposition has already trousered half a million dollars towards his election campaign. By 30 June this year he will have lined his pockets with nearly $1 million. By the end of the lease, in four years time, it will have been worth $14 million, which will have been used for the electoral purposes of the Leader of the Opposition. The Leader of the Opposition does not need superannuation; he has Centenary House.

When asked about it this morning, the Leader of the Opposition said, ‘Yeah, but it’s a legal agreement.’ On Tuesday he said that we needed more ethical standards and new ethical standards in politics, and on Thursday he says that anything goes, provided it is legal. We do not expect the Leader of the Opposition to practise what he preached last year, but we would like him to practise what he preaches this week. The Leader of the Opposition now wants to talk about masculinity. Let me say this to the Leader of the Opposition: real men are not hypocrites, and if he were a real man he would end the Centenary House rip-off now.

Telstra: Media Ownership

Mr TANNER (3.01 p.m.)—My question is to the Prime Minister. I refer him to the Telstra board’s consideration of a proposal for Telstra to take over Fairfax. Prime Minister, given your personal knowledge of this matter and Telstra Chairman Bob Mansfield’s written statement late yesterday admitting that such a proposal was discussed by the Telstra board, why did Mr Mansfield fail to tell the truth to the Australian public when he denied it on the AM program yesterday? Do you retain full confidence in the chairman of Telstra?
Mr Ross Cameron—Mr Speaker, I raise a point of order in relation to both relevance and the—

Mr Tanner—That’s for answers, not for questions.

The SPEAKER—I remind the member for Parramatta that the standing order applying to relevance applies of course to answers, not questions. But I will hear a point of order relevant to the question.

Mr Ross Cameron—Mr Speaker, there are two points of order: firstly, it is not within the responsibilities of the Prime Minister or any other minister to account for statements made by Mr Mansfield; and, secondly, it is out of order to refer to Mr Mansfield by name in the parliament, when he has no opportunity to defend his reputation.

Honourable members interjecting—

The SPEAKER—I am waiting for members on my left to allow the Manager of Opposition Business to get the call.

Ms Gillard—Mr Speaker, further to the point of order, these were matters about which the Prime Minister stated in question time that he had personal knowledge and involvement in his capacity as Prime Minister. His answer the other day was that he was advised by the chair of Telstra about these matters and that the Treasurer was too. We are entitled to ask the Prime Minister about matters with which he is dealing as Prime Minister, and that is what this question goes to—an inconsistency on the public record by the chair of Telstra in a matter in which the Prime Minister has been involved. That deals with the first point of order. On the second point of order, we are obviously dealing with someone who holds a position in a major company of which the government is a 50 per cent shareholder, and in those circumstances I think that to use the name is not inappropriate. But the question would stand if the office had been referred to, and I do not think there would have been any doubt as to who the question was directed at and who it was referring to.

Mrs Bronwyn Bishop—Mr Speaker—

The SPEAKER—Let me respond first to the member for Lalor, and if the member for Mackellar still has a point of order I will recognise her. The member for Lalor was allowed a much longer point of order than normal, as she would, I hope, concede. I had not taken action on the naming of Mr Mansfield because, while the standing order provides for that, it is in fact meant so that people who are not otherwise identified will not be identified. In this case, the term ‘chairman of Telstra’ made it self-evident who the person was, and I did not think the question was out of order. Does the member for Mackellar have a further point of order? I have indicated that the question is in order for the reasons I have given.

Mrs Bronwyn Bishop—I was not proposing to refer to the question of Mr Mansfield, Mr Speaker, but to refer to standing order 142, which says:

Questions may be put to a Minister relating to public affairs with which the Minister is officially connected, to proceedings pending in the House, or to any matter of administration for which the minister is responsible.

I do not believe the question meets that criterion, and I ask you to rule it out of order.

The SPEAKER—It is not unusual for questions of this nature to be addressed to the Prime Minister, who is seen as having the opportunity to respond in any portfolio. Furthermore, I point out that, if there was a question that might have been out of order on the basis of ministerial responsibility, it could have been the question from the member for McMillan. I allowed that question to stand, so I am allowing this one to stand.

Mr HOWARD—In answer to the member for Melbourne, as I was not present at the
Telstra board meeting—nor have I been briefed, nor have I sought a briefing, on the proceedings of that board—I am not in a position to express a view as to whether or not what Mr Mansfield said on radio yesterday was correct. I do not have any independent knowledge of those matters. I am in a position to speak of the discussion that I had with Mr Mansfield, and I indicated that Mr Mansfield had raised this matter with me. He raised, in terms of what I described yesterday, the possibility of a deal going forward to the board involving Sensis, Fairfax and Telstra.

Mr Tanner—Do you still have confidence in him?

Mr HOWARD—I retain full confidence in Mr Mansfield—yes, I do. While I am on my feet, and because the member for Melbourne has asked me a question about Telstra, I might make a couple of other observations that I think are relevant to this debate. I remind the House that it was in 1991 that legislation was passed through this parliament, at the instance of the Hawke government, requiring that Telstra—listen to this—act independently and commercially. That legislation was passed with our support.

I also remind the House that there are 1.8 million Australians who are shareholders in Telstra—1.8 million Australians. What the Labor Party’s policy has enunciated is that the member for Melbourne and the Leader of the Opposition will systematically destroy the value of that shareholding of those 1.8 million Australians. If Telstra is required to act independently and commercially, therefore the directors of that company have an obligation to pay regard to the interests of minority shareholders. As the major shareholder in Telstra, this government has an obligation under company law and as a matter of fair treatment to have regard to the interests of minority shareholders. That is the reason why, despite the cheap populism of the opposition on this issue, I took the view—and the Treasurer agreed with me completely on that issue—that in no circumstances should we seek to intervene in a commercial decision of the board of Telstra.

The shadow minister—the man who asked me the question—has made it very clear that a Labor government would be ‘a more hands-on shareholder’. Pity help the 1.8 million Australians if the shadow minister exercises his hands-on policy. He wants Telstra, amongst other things, to divest its 50 per cent share of Foxtel. He has warned Telstra to back off from media deals. He wants Telstra’s ability to rebalance line rental charges to be removed, and analysts have suggested that this could wipe about $500 million from the company’s revenue over the next two years.

At the same time that the shadow minister is systematically giving an indication of trashing the value of the company by heavy-handed intervention, the shadow minister for finance, the member for Fraser, is carrying on about how a future Labor government might get increased revenue from Telstra. In other words, you destroy the value of the company, you prevent it from investing in anything decent, you rubbish the minority shareholders, but all the time the company will bloom. They have obviously discovered a third way—a magic pudding—that has eluded all of us and their predecessors on that side of the House for a very long time.

Employment: Mutual Obligation

Mr TICEHURST (3.11 p.m.)—My question is addressed to the Minister for Employment Services. Would the minister update the House on the Howard government’s commitment to mutual obligation? Are there any alternative policies?

Mr BROUGH—I can assure and reassure the member for Dobell and all in the House
that the Howard government is entirely committed to mutual obligation because of the good things it does for the economy and for individuals. Of course, a very important plank of that is the Work for the Dole program. To date there have been some 40,000 years of labour, of work experience, conducted by personnel around Australia that have participated in Work for the Dole. That is 40,000 man years of worthwhile projects.

As the member for Dobell would be aware, there are such projects as the Central Coast environmental care and monitoring project, which was completed last year. That is a project which built on the community’s need for personnel to get work experience. It actually improved the environment and, most importantly, it ended up with three out of those eight participants, I believe, getting full-time work whilst they were undertaking the project. So there has been an equivalent of 40,000 man years of work experience, 15,000 community projects and some quarter of a million participants.

I am asked: is there any alternative policy in this area? Is there anything that is going to put at risk this program to Australia? In 2000, under their previous leader, the Labor platform made it very clear that they were going to retain Work for the Dole. I have to say that those on this side of the House were somewhat sceptical of that, but it was at least there in the platform. As we speak, in the Australian Labor Party’s draft platform as presented to the 43rd national conference—about 22 pages of words; not much substance but 22 pages of words—there is not one mention of Work for the Dole. It has been cut. It is gone; it is just not there. Under the member for Brand’s leadership, at least Work for the Dole was part of the platform, but under the member for Werriwa it is not part of the platform.

We ask: is it in or is it out? Can we rely on these worthwhile community projects continuing? The member for Werriwa, in 1997, had this to say:

... the battlers around Australia want something more than a defeatist work for the dole scheme.

That would explain why it is no longer there. He was actually in agreement for once with the member for Grayndler, who also said that Work for the Dole schemes are only designed to punish the unemployed. That was a rare occurrence when those two were in sync with each other. By 2001 the member for Werriwa had started to change his position. He said:

... unemployed people have a responsibility to work for the dole.

We have seen many changes in his attitude to many subjects, and one of those is of course Centenary House. Latham’s Labor platform says that there is not going to be any Work for the Dole. That is a statement of fact—it is not there. But previous comments give a confusing picture. We have the member for Grayndler being absolutely opposed and we have the member for Franklin being willing to support it and to put projects up for Work for the Dole programs—and I congratulate him for that.

So where does Labor stand on this important issue? I challenge the member for Werriwa to come out and articulate a clear policy position on something, anything—in particular, why not just on Work for the Dole? Having done so, I would then challenge him to stick to that position for more than one day and to bring his backbench, let alone his frontbench, with him. If he can do that, it will be a first for the time he has been Leader of the Opposition. This side of the House is 100 per cent committed to mutual obligation. What remains to been seen is what Labor, the member for Werriwa and the member for Grayndler are going to do. We await your
next utterance on this, as we do with so many other subjects.

The Speaker—Let me pick up a point made last week by the member for Melbourne and indicate to the minister that, while there is no automatic obligation to refer to the member for Werriwa as the Leader of the Opposition, I would think some reference during his answer would have been appropriate.

Employment: Job Network

Mr ALBANESE (3.16 p.m.)—My question is addressed to the Minister for Employment Services. I ask the minister whether he recalls being asked on the PM program on ABC Radio on 22 August 2003:

So you’ve guaranteed to the employment agencies that they will be get paid, because it’s not their fault that the unemployed are not turning up?

To which the minister’s response was:

That’s it in a nutshell.

Is the minister aware that, when asked about this guarantee in Senate estimates just this morning, Dr Peter Boxall, Secretary of the Department of Employment and Workplace Relations, said, ‘The fact is there is no guarantee’? Minister, did you mislead the Job Network providers when you addressed the NESA conference on 22 August?

The Speaker—There are two points I would make for the member for Grayndler.

First, the reference in a question directly to the minister with the term ‘you’ is of course not appropriate, given that the question should be addressed through the chair. Second, the question would have been just as easily understood without the reference to Dr Boxall.

Mr BROUGH—The simple answer to that is no. But clearly the member for Grayndler did mislead that conference when he said that there would be no public provider and now in your platform you say there are. I can also tell you that the government is committed to spending $2.77 billion over three years with the Job Network to get people into work. What seems to be concerning those on the other side is that Job Network is working. Unemployment is coming down; there is a record number of Australians in work; we are giving them an opportunity; and the Job Network, unlike the CES, is in fact an effective tool for driving down unemployment and getting Australians back into jobs.

Small Business: Insurance

Ms LEY (3.18 p.m.)—My question is addressed to the Minister for Small Business and Tourism. Would the minister update the House on the passage of reforms that will lower the cost of insurance for 1.1 million Australian small businesses? Is the minister aware of any new support for these initiatives, and are there any alternative policie-

Mr HOCKEY—I thank the member for Farrer for her question and acknowledge her experience as a small business person and the fact that she is an indefatigable advocate for small businesses in her electorate. As almost every member of this House would be aware, high insurance premiums have had a real impact over the last few years on not just 1.1 million small businesses but also community service clubs, importantly, sporting clubs, and a range of other service providers. There is no doubt that one of the most significant contributors to that has been very high state taxes on insurance. In regional Victoria up to 70 per cent of an insurance premium goes in tax to the Bracks government, which is outrageous.

Mr Adams—Announce something positive.

Mr HOCKEY—So there was a great expression of relief from many small busi-
nesses and community groups when the states and the Commonwealth made an agreement in 2002 to reform the laws of negligence so that the plaintiff lawyers could not exploit loopholes in the law. Those law reforms were very important because they helped to reduce the cost of insurance. The states did their job and put legislation to reform the laws of negligence into their parliaments and passed the laws. To fulfil its part of the bargain, the federal government put legislation into the parliament, but it was voted down by the Labor Party last week. So the Labor Party voted down any attempt by the federal government to reduce the costs of insurance for sporting clubs, community groups and small businesses.

I have been searching for support, and I came across a letter; a letter came into my possession. The letter is from someone who is a strong advocate of law reform—particularly by the federal government. The letter is from someone who is close to the Labor Party—very close to the Labor Party. In fact, he is a member of the Labor Party. The letter is from none other than the federal member for Lyons, who was interjecting a moment ago. The letter to my colleague goes like this:

A number of constituents have been approaching me about the difficulties the public liability insurance is causing within communities.

We agree. The letter goes on:

Although some schemes have been set up to alleviate the situation, without some overall changes to legislation and some national direction set for insurance, I feel the imposts on small communities is almost unbearable. Already I have a number of voluntary organisations fold because of inability to find cover for their events, and there are still more that may follow.

The member for Lyons goes on to say:

I believe this is something that should be above politics and should be dealt with in order to find insurance that covers community activities before all community organisations are forced to disband.

I would be grateful if this could be made a priority...

Mr Speaker, the member for Lyons is absolutely right. The only problem is that he has a communications problem with the member for Werriwa, because last week the Labor Party voted down that national legislation. Last week, the Labor Party put the interests of the plaintive lawyers ahead of the interests of 1.1 million small businesses and of community groups and sporting clubs, who are totally saddled with the burden of insurance—they either cannot get insurance or cannot afford it. If the Labor Party does not want to live in the hypocritical daze that it seems to be occupied with at the moment, there is one simple solution: vote in the national interest. Put the interests of the community ahead of the interests of the Labor Party and put the interests of small business ahead of the interests of the plaintive lawyers.

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

QUESTIONS WITHOUT NOTICE: ADDITIONAL ANSWERS

Violence Against Women

Mr HOWARD (Bennelong—Prime Minister) (3.23 p.m.)—Mr Speaker, I seek the indulgence of the chair to add to an answer I gave the member for Gellibrand.

The SPEAKER—The minister may proceed.

Mr HOWARD—The member for Gellibrand tabled some draft advertisements. In the time that has gone by since then I have had them looked at and I have been informed that those draft advertisements actually contain stronger, more critical language about the behaviour of the men depicted in the advertisements than was the case with the earlier drafts and that stronger language was
inserted as a direct result of the intervention of the ministerial committee.

**QUESTIONS TO THE SPEAKER**

*House of Representatives: Attendants*

**Ms ELLIS** (3.24 p.m.)—Mr Speaker, I understand that there are some changes being considered to the messenger attendants services in the House of Representatives. Could we get some further information from you regarding those mooted changes—in particular, confirming that there would be no staff redundancies forced upon anybody in the attendants service. Secondly, if there are any costs involved to the House department as a result of those changes, could we be advised of those as well, please.

**The SPEAKER**—As the member for Canberra would have noticed, I did in fact consult with the Clerk because I was not aware of the changes she refers to. He says that they are changes being considered at this stage by a consultative committee, and that is why they have not been brought to my attention. I will follow up the matter raised by the member for Canberra and report to her as appropriate.

I will deal with these questions as quickly as I can, simply because I am conscious that we have a long program. I know the member for Calare has a personal explanation, but I will first hear questions to me so that questions are dealt with.

**Standing Order 77**

**Mr KELVIN THOMSON** (3.25 p.m.)—I draw your attention to standing order 77, which says:

> When any offensive or disorderly words are used, whether by a Member who is addressing the Chair or by a Member who is present, the Speaker shall intervene.

This is reinforced in *House of Representatives Practice* at page 489, which says:

> It is the duty of the Chair to intervene when offensive or disorderly words are used either by the Member addressing the House or any Member present.

Mr Speaker, I believe I heard the Minister for Health and Ageing say, this afternoon, ‘real men are not hypocrites’. Given that you have required the withdrawal of the word ‘hypocrite’ on at least three occasions of which I am aware in 2002, did I hear the expression correctly; if so, why did you not require it to be withdrawn?

**The SPEAKER**—There are two responses to the member for Wills. First, it is customary, if an undesirable or offensive term is used for it to be drawn to the Speaker’s attention, as much as it is customary for the Speaker to take action. I did hear the latter part of the comment. I was not sure how much it was directed precisely to the Leader of the Opposition. I intended to consult the *Hansard* record and take the matter up with the minister. The reason I did not take action at the time was that it was question time, and I was thinking about the context of the remark. I was not sure how much it was directed precisely to the Leader of the Opposition. I intended to consult the *Hansard* record and take the matter up with the minister. The reason I did not take action at the time was that it was question time, and I was thinking about the context of the remark. I was not happy with the remark, I must say, and I had in fact consulted the Clerk about it as well. No immediate action was taken because it was not immediately drawn to my attention, and it was not as direct a reference as those that are normally immediately withdrawn. However, I give the House the assurance that I was not happy with it and that I did intend to follow the matter up.

**PERSONAL EXPLANATIONS**

**Mr ANDREN (Calare)** (3.27 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

**Mr ANDREN**—I certainly do.

The **SPEAKER**—The member for Calare may proceed.
Mr ANDREN—The crikey.com site is running an anonymous defamatory story titled ‘Why Peter Andren Doesn’t Need Super’. It is sourced only to an unnamed major party staffer and wrongly claims that $70,000 of public election funding has gone into my pocket, that I gain a tax advantage from my election spending, that my wife and I receive $33,000 a year in travel allowances and that I therefore receive $150,000 tax-free each election year. All of these are—

Mrs Bronwyn Bishop—Mr Speaker, I rise on a point of order. The point of a personal explanation and claiming to be misrepresented is to show how and where he has been misrepresented, not to reiterate.

The SPEAKER—I would point out to the member for Mackellar that the member for Calare was at least courteous enough to come to me and indicate that this misrepresentation had occurred. All that I have heard from him to date has been evidence of the misrepresentation. That is precisely why I had allowed him to continue.

Mr ANDREN—Mr Speaker, all of those were outrageous lies. I have not been married since 1998; I have not claimed travel allowance since February 2002, in Canberra or anywhere else; I pay for all my parliamentary expenses from my quite adequate electoral allowance; and I donate the excess of any campaign public funding after meeting costs. As to the outrageous claims that I accrue $150,000 each election year, I have in fact a net $1,000 left over after expenses, and I paid income tax on that.

Mr ALBANESE (Grayndler) (3.30 p.m.)—Mr Speaker, I seek leave to give a personal explanation.

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

Mr ALBANESE—I do, Mr Speaker.

The SPEAKER—The member for Grayndler may proceed.

Mr ALBANESE—The Minister for Employment Services today and on previous days has given a running commentary on events at the ALP national conference—

The SPEAKER—The member for Grayndler must indicate where he was misrepresented.

Mr ALBANESE—in which he has stated that I and the member for Werriwa do not support mutual obligation. The resolution in fact adopted at the conference states:

Labor developed the concept of reciprocal obligation where people in receipt of benefits were actively assisted by government to develop their capabilities, in return for which they were obliged to search for work and seek to overcome barriers to their employment.

The SPEAKER—The member for Grayndler must indicate where he has been misrepresented.

Mr ALBANESE—I supported that resolution at the conference—

The SPEAKER—The member for Grayndler has indicated where he has been misrepresented and will resume his seat.

PAPERS

Mr ABBOTT (Warringah—Leader of the House) (3.31 p.m.)—I present papers on the following subjects, being petitions which are not in accordance with the standing and sessional orders of the House.

Requesting a second public telephone in Westpark—from the member for Flinders—139 Petitioners

Relating to supply of podiatrists—from the member for Bradfield—199 Petitioners

Relating to Medicare—from the member for Warringah—31 Petitioners
MINISTERIAL STATEMENTS
National Security and Recent Overseas Developments

Mr RUDDOCK  (Berowra—Attorney-General) (3.31 p.m.)—by leave—The events of September 11 and the tragedy of the Bali bombing transformed the way in which we see ourselves; they transformed our sense of purpose and they transformed the priorities of government.

We are engaged in a war against terror.

That is the government’s starting point, and the consistent failure of the Labor Party to acknowledge that we are at war is explanation enough for its incoherent and patchy approach to dealing with Australia’s national security.

It is a war that has no regular armed forces or established rules of engagement. We stand against an enemy that does not distinguish between civilian and military targets, armed combatant and infant child.

But we are nevertheless at war.

Since I took on the role of Attorney-General last October and accepted the responsibility for Australia’s security arrangements I have made it my business to ensure that the government is doing everything it possibly can to discharge its most important duty—that of protecting our country and our people—to ensure that our way of life, our values and our freedom to be safe in our own homes are protected and, in doing so, to defend the right of all peoples to live in peace.

In discharging that duty, I have studied closely the measures we have taken against those taken by other countries, and I recently visited my counterparts in the United States of America to share experiences.

In the United States I met with the Attorney-General, John Ashcroft; the head of the CIA, Mr George Tenet; and the FBI chief, Mr Robert Mueller; and I had a briefing and tour of the National Joint Terrorism Task Force operations.

In these discussions it was plain that the United States security advisers consider the continued terrorist threat from al-Qaeda to be credible. It is their view that the organisation wants to mount an attack that will be more devastating and take more innocent lives than the attack on September 11 and, moreover, that the organisation is capable of mounting such an attack.

I also met with the Under Secretary for Arms Control and International Security, John Bolton, and spent several hours with the Secretary of the Department of Homeland Security, Tom Ridge.

I had lengthy discussions with Jim Haynes, the General Counsel and legal services director of the United States Department of Defense, and Mr Alberto Gonzales, chief counsel to the President.

I also had an excellent briefing from the Commandant of the United States Coast Guard, Rear Admiral Larry Hereth, in Washington and had the honour of inspecting their east coast operations base in Boston Harbour.

Whilst in Canada I had very productive meetings with Robert Wright, the National Security Adviser to the Prime Minister, and the Hon. Anne McLellan, Deputy Prime Minister and Minister responsible for Public Safety and Emergency Preparedness. I also met with the Hon. Irwin Cotler, Minister of Justice and Attorney General and the Deputy Director of the Canadian Security Intelligence Service.

These discussions confirmed my view that each country’s response to the terrorist threat must reflect its size, history and constitution and build on the success of existing structures and administrative arrangements. To blindly transplant structures from one jurisdiction to another is not only lazy policy but bad policy.
This fact was regularly reinforced in my discussions with my counterparts in both the United States and Canada.

For example, Commandant Collins stressed that the role of the US Coast Guard was the product of America’s evolving response to border control and maritime safety over more than 200 years. Whilst it was a model that worked for them, he emphasised that it was not necessarily a useful model for other countries. The latter point is acknowledged by Canada, who have rejected the coast guard model as a basis for their border and coastal security strategy.

It is clear from these discussions that we face a common enemy—one who is adept at using our own laws against us, one who uses modern technology to evade capture while plotting the death of innocents, one who is truly globally mobile and benefits from sanctuary in unstable states, and one who is not bound by accepted laws of morality.

I will quote the words of my counterpart in Canada, Attorney General Irwin Cotler, who, prior to his election to the Canadian parliament in 1999, was an international human rights lawyer and former counsel to Nelson Mandela, amongst others. He wrote the following in his defence of Canada’s counter-terrorism law:

We are not dealing here with your ordinary or domestic criminal—but with the transnational super-terrorist; not with ordinary criminality but with Crimes Against Humanity. Not with your conventional threat of criminal violence, but with an existential threat to the whole human family.

Attorney General Cotler talks about counter-terrorism law in terms of ‘human security’, arguing that the perceived dichotomy between national security and civil rights is a false one.

Mr Cotler also argues that the conventional criminal law/due process model is not only inadequate but also inappropriate. Dealing with terrorists and the terrorist threat requires pre-emption and deterrence, our approach must be preventative as well as punitive. This approach of course flies in the face of a conventional law and order/prosecute and punish approach.

However, we are a democracy founded upon the rule of law and we must find ways to use our framework of law to end the terrorist scourge.

One of the important outcomes of the recent Ministerial Conference on Counter-Terrorism which Australia co-hosted with Indonesia recently and which I attended, along with the foreign minister, was a commitment by Australia to agree to lead the Legal Frameworks Committee that will look at creating model agreements, such as extradition agreements to assist other countries in our region in the fight against terrorism. We have also agreed to assist several countries draft their own counter-terrorism legislation.

Australia also agreed to provide $38.3 million to establish the Indonesian Centre for Law Enforcement Cooperation in Jakarta and we signed a MOU with Indonesia’s financial intelligence unit in our continued efforts to combat money laundering and the financing of terrorism.

Mr Speaker, the Howard government’s counter-terrorism strategy is a comprehensively effective three pronged approach:

(1) Better laws
(2) Stronger terrorism fighting agencies
(3) International cooperation.

Better Laws

The first line of defence in the war on terrorism is to make sure that we have the power to deal with terrorists and to catch them before they have a chance to commit a crime. The Howard government, despite opposition, has introduced laws to make it a crime to commit a terrorist act; to undertake
training for or prepare to commit a terrorist act; and to be a member of, or support, a terrorist organisation.

We have sought the widest power possible to deal with terrorists and asked the states to give us their law making power so that we can deal with terrorism on a national basis.

We have listed and we will continue to list terrorist organisations, so everyone knows that becoming involved with terrorism will have serious criminal consequences.

Sixteen organisations, including al-Qaeda and Jemaah Islamiah, the Hezbollah External Security Organisation, the military wing of Hamas and the military wing of Lashkar-e-Taïyiba have already been listed.

Other laws deal with suppressing terrorist financing, improving border security and outlawing the use of Australia Post to perpetrate hoaxes.

The Prime Minister convened a leaders summit in April 2002 to promote a cooperative national approach to terrorism and crime. One of the significant outcomes of that conference was the creation of the Australian Crime Commission in January 2003 with an enhanced mandate to deal with crime (including terrorism) on a cooperative basis between the Commonwealth and the states and territories.

In December 2002, we introduced the National Security Hotline which also operates 24 hours a day, seven days a week. The hotline has received over 28,000 calls, letters and email messages so far and, of those, around 15,000 have provided information about suspicious activity.

The government has announced the establishment of the National Threat Assessment Centre to enhance our capacity to assess threat information and to forewarn of possible terrorist attacks both within Australia and against Australians or Australian interests overseas.

Stronger agencies

Secondly, in order to fight terrorism we must make sure that our defence forces and intelligence agencies have all the tools and support they need to defeat the threat of terror.

The government has increased ASIO’s powers to question and, if necessary, to detain while questioning people involved in, or who may have important information about, terrorist activity or a planned terrorist act.

ASIO also has increased operational capability including a 24-hour-a-day, seven-day-a-week research monitoring unit and the Australian Federal Police has established new joint counter-terrorism strike teams with state and territory police.

We have provided funding to enable the Australian Defence Force to establish a second tactical assault group which stands ready to respond to a terrorist incident on the east coast of Australia.

In addition, our troops have received increased resources for an Incident Response Regiment which would be called in if there was a chemical, biological, radiological or nuclear attack in Australia. It has resources such as decontamination units and other specialised equipment to deal with such a situation.

We have allocated additional resources to protect our borders and to improve container screening at our ports.

We have introduced air security officers on domestic flights within Australia and have now expanded the program to include international flights as well. This is one of a number of measures—along with increased baggage and passenger screening, tighter security at airports and more stringent procedures for issuing aviation security identification cards for airport workers—which greatly improve aviation security.
In addition the government is placing $16 million worth of emergency response equipment strategically around Australia for immediate use should that be necessary.

**International cooperation**

The government recognises that the war on terrorism is not a battle which can be fought on one front. As signatories to 11 of the 12 international conventions and protocols relating to terrorism, Australia is actively encouraging other countries in our region to sign up.

For example, we have worked with the Pacific Islands Forum Secretariat and South Pacific jurisdictions to develop a regional framework on counter-terrorism and model legislation.

The Australian Federal Police has established unprecedented cooperative working arrangements with its counterparts in our region, particularly in Indonesia.

Australia has also entered into nine memorandums of understandings about counter-terrorism cooperation with key partners in our region—Indonesia, Malaysia, Thailand, the Philippines, Fiji, Cambodia, East Timor, India and Papua New Guinea.

The Australian government has concluded 25 memorandums of understandings with countries in Europe, Africa, North America, South America, the Asia-Pacific region and the Middle East that facilitate the exchange of financial intelligence to combat money laundering and the financing of terrorism.

And we have appointed an Ambassador for Counter-Terrorism to maintain regional impetus on counter-terrorism initiatives and to share our knowledge and experience with our regional partners.

**Conclusion**

Mr Speaker, the Howard government has always sought to ensure that any piece of legislation, or measure taken, promotes, in Irwin Cotler’s words, ‘human security’. I believe we have put in place domestic counter-terrorism laws and measures that support the efforts of the international community.

We have put in place laws that protect Australia’s national security and promote regional security.

And we have laws that respect the individual rights and liberties that are fundamental to our way of life.

The Howard government has implemented over 100 measures and committed over $2 billion since September 2001 to defend our freedoms and slowly but surely limit the scope of activity undertaken by the enemies of freedom and justice.

Mr Speaker, there are simply too many for me to read into *Hansard* so I table a paper documenting the government’s national security measures. This paper does not document them in their entirety but outlines significant measures taken by the government to improve national security since September 11, 2001.

The unpredictable nature of terrorist activity requires us to continually evaluate and review all our measures and laws.

We will continue to ensure that our laws operate as both a sword and a shield—the means by which our war against terror is prosecuted but also the mechanism by which it is prevented.

To defeat our enemy we will need to wield both. This government has shown that it can, and will, do so decisively, unapologetically and with clarity of purpose.

The Australian people deserve nothing less. I present a copy of my ministerial statement.

Mrs VALE (Hughes—Minister for Veterans’ Affairs) (3.48 p.m.)—I move:

That the House take note of the ministerial statement and the paper presented by the Attor-
ney-General documenting the government’s national security measures.

Question agreed to.

Mrs VALE (Hughes—Minister for Veterans’ Affairs) (3.48 p.m.)—by leave—I move:

That so much of the standing and sessional orders be suspended as would prevent the honourable member for Barton speaking for a period not exceeding 15 minutes.

Question agreed to.

Mr McCLELLAND (Barton) (3.49 p.m.)—Before coming into the House to speak on this ministerial statement on national security, I did a broad brush Internet search. When I searched for the interrelationship between the words ‘Ruddock’ and ‘terror’ there were 11,300 hits. When I searched for the words ‘Ruddock’ and ‘fear’ there were 13,900 hits. When I searched for the words ‘Howard’ and ‘terror’ there were 749,000 hits. When I searched for the words ‘Howard’ and ‘fear’ there were 1,290,000 hits. We did not hear the words ‘national interest’ in this ministerial statement, but ‘national interest’ are the words that underpin Labor’s approach to domestic security.

If anyone had any doubt that this government intends to use fear as a political tool in the forthcoming election year, they had to read only to the third paragraph of the ministerial statement before they found an entirely unjustified accusation against the Australian Labor Party. Labor leaders have repeatedly acknowledged that, regrettably, in this day and age, we are in a modern war against terrorism. For instance, the member for Brand said:

The Australian people are at war. We have been at war since the middle of September last year, a week or so after the horrendous events of 11 September.

The member for Hotham said:
But it really is with the horrific scenes from New York, Washington and Pennsylvania that we now know that far from abolishing war the new millennium has simply given it a new and more terrifying form.

We have heard repeated statements from the member for Werriwa, the current Leader of the Opposition, who has reaffirmed on numerous occasions Labor’s resolve to win the war against terrorism. For my own part, I would refer the Attorney to a statement I made in a speech on civil call-out legislation on 28 June 2000, when I said:

I think it is fair to say that in modern-day Australia the greatest threat to Australians is not from foreign invasion of 15,000 troops but rather 15 individuals coming into Australia to undertake terrorist activities, whether that is using sophisticated weaponry, chemicals, gas or even biological weapons.

I note that that was spoken before September 11. We saw on 11 September in the United States 20 terrorists, not 15. But regrettably that prediction was not very far from the mark. We recognise that we are in a modern war—a modern war that involves civilians—and it is an atrocious war. Of course we recognise that. It is in the national interest that we devise policies and structures that best enable us to confront and meet that war. And the characterisation of war is not inappropriate, Attorney.

I note that in 1948, after the lessons of the Second World War, the United States joined their separate departments of army, navy and air force under the one Department of Defense. It took the Whitlam Labor government to do the same thing in 1974 in Australia—to unify our defence forces in terms of fighting conventional war.

We are not in a conventional war but we are in a war. We agree wholeheartedly with that. Again, the lessons are there. We have seen the research done by the United States since the events of September 11. They found that their border and security agencies were operating in separate information silos.
Indeed, some analysis suggests that, if there had been greater coordination, perhaps those terrifying and tragic events would have been prevented. They have unified those agencies under the one Department of Homeland Security to fight the modern characterisation of war. We need to do the same thing in Australia. We cannot wait another two decades before responding. We cannot wait until an event occurs in Australia before learning that we have to do something about our current fragmented management structures.

Looking at what they have in the United States, you will see that they have a dedicated secretary of the Department of Homeland Security whose job, 24 hours a day seven days a week, is to focus on the domestic security of the United States of America, its citizens and its infrastructure. If you look at the web site of the Attorney-General’s Department, you will see that its responsibilities are:

Administrative Law and Civil Justice
Constitutional Policy
Copyright
Corporate Services
Dispute Resolution
e-commerce
Family Law
Freedom of Information
Human Rights
International Law
Legal Aid
Legal Services
Legislative Drafting
Marriage Celebrants
Native Title
Privacy

The fourth last one, Australians might be pleased to know, is ‘national security’ and the last one is ‘security coordination’. The fact that the Attorney-General is busy, I would concede. But his other responsibilities prevent him from focusing 24 hours a day seven days a week on the security needs of this country. That goes some way to explaining what can only be described as the mammoth—and I was going to use an unparliamentary term, but I will not use it out of respect for the Speaker—mismanagement that we have seen in several respects.

We have seen Willie Brigitte being granted a tourist visa to enter Australia, with the government not being overly concerned about restoring communication mechanisms to prevent that occurring in the future. We have seen the French government, by notice given on 22 September, inquiring as to his presence in Australia and referring to the fact that he trained in the Pakistan Afghan region. Despite the fact that ASIO’s annual report states, as a priority, the identification of those persons who have trained with terrorist groups overseas, there was no response to that French inquiry until the French made a second inquiry and, indeed, sent a warning on 3 October—which, the Attorney-General has said in this House, was received on 7 October. That was when we got a response.

The Attorney said words to the effect that he would be forthright in the fight against terrorism. But we have seen no statement from the Attorney-General as to what he would have regarded as an appropriate response time to the 22 September message: within 24 hours, within 48 hours, within a week or within two weeks. It just has not been commented on.

There was no response to that second memorandum, which came in after hours on a Friday to ASIO offices, until the following Tuesday because an officer did not look at the communication over the long weekend. Have we heard comments from the Attorney-General that that is just not good enough? Of course it is not good enough. Any fair-minded Australian would tell you that that is not good enough. Have we heard the Attorney-General saying, ‘I want to find out why
that occurred’? No, we have not. We have seen him blame the French government for failing to telephone prior notice of that communication being made. Is it in the national interest to blame a foreign government when clearly we are going to need its support to further investigate any persons who may have been associated with Willie Brigitte—who all concede had evil intentions in his presence in Australia?

We also saw the situation where he was returned, if you recall. We have not found out yet from the government who actually made the decision for him to be returned to France. All we heard at the time was an accusation by the Attorney-General that that return was the result of Labor’s amendments to legislation, despite the fact that the relevant provisions giving the Attorney-General power to detain and question were not touched at all in the parliamentary process—again, blame instead of acknowledgment and repair of error.

There is the recent example of Omar Abdi Mohamed, a man accused of receiving in excess of half a million dollars from an organisation listed as ‘terrorist’ both in the United States and in Australia. However, I understand that today representatives of the Department of Foreign Affairs and Trade could not confirm that the relevant organisation is listed—and it is—as a terrorist organisation in Australia. We saw the minister for justice in a written statement on 30 January saying that it was immaterial that this fellow was in Australia. Why? The minister for justice said—and this was subsequently picked up by the Attorney-General—that it was immaterial because he had only been charged with immigration breaches. In fact, if we look at the charge sheet, it includes allegations that, in truth and in fact, between December 1998 and February 2001 the Western Somali Relief Agency, to which the fellow was attached, received $US351,036 from the Global Relief Foundation. That is a specific allegation that again was not revealed to the Australian people.

The Australian people are entitled to ask whether, as a result of this history of conduct and method of operating, we have a government that have become propagandists on the issue of national security—propagandists for party political motives, not for national interest. Indeed, if I talk to people in my electorate about that, there has been a dramatic shift in opinion regarding the conduct of the Attorney-General in his ministry from what was previously the case. Australians are prepared to look seriously at these issues, but they want a government that is open, frank and sincere, one that acknowledges errors and one that talks about how it is going to rectify them.

Again, we have not found out from this government how it was that Omar Mohamed was charged by United States authorities on 19 December—or at least a charge was issued on 19 December. Clearly, investigations were occurring but Australian authorities had not been informed. We have not found out from the Attorney-General how it is that the government cannot say whether the United States government had previously made inquiries as to whether this fellow was in Australia. If ever there were cases demonstrating our lack of communication with the French government and with the United States government in respect of people who would perpetrate acts of terror coming from overseas to Australia, they are the Brigitte and the Omar Mohamed cases. If ever there were an example of how our border and security agencies are operating in separate silos, it is this recent example where the government cannot even say, because there apparently is no procedure for logging and recording such inquiries, whether an inquiry was previously made by the United States as to why this fellow was here. We cannot have our border
and security agencies operating in separate silos and realising the inefficiency of that fragmented structure only after a terrorist event occurs. It is too late.

The statement, with respect to the Attorney, is quite astounding. The copy that I have is headed ‘Overseas development’. If you read the statement you will see that there is not one fact of any overseas development. Clearly, the Attorney-General, if he went to the United States on a fact-finding mission, went there with a closed mind. He did not look at the reasons why they unified their border and security agencies under the one umbrella. Certainly, he seems to accept some advice from the Canadians and perhaps the United States that Australia may not need an Australia coastguard.

Did he tell them of our 37,000 kilometres of coastline? Did he tell them that our Coastwatch function currently contracts out to 12 separate government agencies? Did he tell them that our vital Coastwatch functions are contracted out to private contractors with a massive turnover in labour and the like? Did he tell them that we have no effective interdiction capacity other than in highly politically charged instances, such as those that have happened twice in the past two years, when the Navy was called in to tow out a vessel carrying illegal arrivals? Did he tell them that, by equipping Customs officials as a result of recent actions, we have a partial capacity to intercept fishing vessels, but that we do not have that same interdiction capacity in respect of vessels carrying guns, drugs or indeed potential terrorists?

What we want to see, quite frankly, is not more words on statute books, Attorney; we want to see effective and efficient management structures and a real determination by this government to pursue terrorists and prevent terrorist actions from occurring. We do not want to see party political statements.

The real strength of the Australian nation against terrorism is our unity, and we do not want to see that squandered for party political purposes.

Debate adjourned.

MATTERS OF PUBLIC IMPORTANCE

National Mentoring Strategy

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

The need to strengthen relationships with a national mentoring strategy.

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

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

Mr TANNER (Melbourne) (4.04 p.m.)—When I move around constituencies or talk to people around the country it is not very often that people come up to me and say, ‘Did you know that unemployment has gone down to 5.8 per cent?’ or, ‘Are you aware that this week there are 227,000 long-term unemployed people?’ or, ‘The government has just announced a spending program of $26 million over four years to help community organisations with a particular worthy activity.’ People do not talk like that. They do not raise issues in that way. They say, ‘My daughter can’t get a job,’ or, ‘I can’t find time for my kids,’ or, ‘My son is getting into trouble at school and I don’t know what to do,’ or, ‘Our community doesn’t feel safe; I’m worried about my mum living alone and I’m worried about what’s going to happen to my kids’ future and their schooling.’ They are the concerns that people throughout the Australian community have, yet all too often we on both sides of politics tend to think in
terms of numbers, programs and statistics and to assume that, because money is being spent with a particular label on it, it is producing an outcome and a result and is ameliorating a problem. What we tend not to do is to think about human relationships: the way people actually live their lives, the problems and challenges that they confront daily, the difficulties that they have holding families together—the human experience of problems.

For too long, politics in this country and, no doubt, in equivalent countries has focused on very narrow, mechanical, bottom-line issues and we have neglected the things that define us—the things for which we live and the things that we all live through: our personal relationships with family and friends and the way in which we relate to people more broadly in our society. Much of the disconnection in Australian politics—that is, between people and their representatives—can be explained by this neglect. It is a gulf. Much of the way in which voters see the political process and their discontent with and disdain for the political process and politicians can be explained by this gulf. For many people, we in the political process do not even speak the same language as they do. For them, most of the time we simply ignore the things that matter most in their lives.

For too long, governments have been obsessed with what is in people’s pockets and have ignored what is in people’s hearts. In the world of stress and change that we inhabit, our relationships are under enormous pressure—greater than ever before. People are working longer, harder and more intensively. More marriages are breaking down, more families are breaking apart, more people are living alone and more people are moving, not only to another part of the country but also to the other side of the world.

We are struggling to deal with the mounting social problems of drug abuse, youth suicide, gambling addiction, random violence, family breakdown and the host of other problems that have massively increased in incidence in our society in recent times. We all feel the issues. We all experience the problems of loneliness, youth alienation and social dislocation in the communities that we represent. These are the things that breed the social problems. They are the underpinning of gambling addiction, drug addiction, violence and youth suicide. Alienation, social dislocation and loneliness are the pool in which these things fester.

The old right will tell you that the cause of these problems is the 1960s revolution and feminism. The old left will tell you that the cause is the 1980s revolution of economic rationalism. Both of them are wrong. All of these phenomena are part of the broad, sweeping set of changes in our society over recent decades that have been driven by technological change, from the invention of the pill and television through to, in more recent times, mobile phones, the Internet and so forth. They are changes that, amongst other things, have profoundly changed the structures of our society and, in many cases, have made them much more individually focused, both economically and socially. They have opened up great opportunities for movement, for better living standards and for more choice.

In many respects, we have never had it better in the material aspects of our lives. But the changes have also had a profound impact on the web of relationships which holds our society together and on the social and family context in which we all live our lives. We have built a society where we have less time for our kids, less interaction with our neighbours, less involvement in communities and less participation in collective activities; characterised by longer hours, less security,
greater intensity of work, greater dispersion of families, more solitary entertainment choices and more formalised links between government, citizens and big organisations. We are effectively turning from neighbours into numbers. Rather than just continue this pattern of often ineffectual symptom treatment that governments try when dealing with these kinds of problems just for the sake of being seen to do something, Labor wants to tackle these issues at their source. Under the leadership of the Leader of the Opposition, Mark Latham, Labor intends to tackle these issues at their source.

There has been an understandably slightly cynical response in some quarters to my appointment as the shadow minister for community relationships. I have been greeted in the media as the minister for happiness. I was not that displeased about that I must confess.

Mr Kelvin Thomson—He was happy with it.

Mr TANNER—Indeed, I was happy about it. A number of my colleagues have actually approached me to have a cup of coffee with them because they are feeling lonely. So my social life around parliament is improving somewhat. But, in all seriousness, it has to be said that Labor, the Leader of the Opposition and I are absolutely deadly serious about this commitment. We are absolutely deadly serious about changing the way we govern, about changing the role of government and about ensuring that we can help people have better relationships.

It is not about the nanny state. It is not about governments interfering in people's lives. Why? Because government is already there. Governments provide the framework in which people live their lives and the structure of our society, whether it is family law, child support laws, child protection, aged care rules, disability discrimination laws, educational opportunities or even relatively humble issues like telephone line rentals, which I deal with in my other portfolio. All of these issues govern and influence our relationships—sometimes for good, sometimes for bad.

Governments actually do some good things. The Home and Community Care program provides a tremendous alleviation of loneliness for older people, even though it is meant to deliver services. Neighbourhood houses, community health centres and organisations like that funded by government provide similar benefits for people's relationships. But at the same time we still have a child support system that ignores the fact that something like a quarter of a million kids in this country rarely or never see one of their parents, because the system says, 'All that we care about is money.'

To the great credit of the members concerned on both the government side and the opposition side, the parliamentary inquiry report that was handed down a month or so ago has put forward an alternative vision on this front, and it is good because it focuses on relationship issues. It goes beyond the raw material and narrow financial issues—which I admit are fundamentally important—and deals also with the obligation and responsibility that all parents, no matter whether they are separated or not, have to participate in the upbringing of their children. The challenge is not to insert government in people's lives. We do not want to do that. Government is there already, whether we like it or not. The challenge is to put these issues at the centre of our thinking in the political process to make sure that we strengthen the relational bonds in our society, not damage or weaken them.

This is the new politics that the Leader of the Opposition is talking about. This is the new politics that Labor is going to be pursu-
ing. If ever you want to see the contrast between this approach and that of the old politics, have a look at a tape of the ABC’s The Insiders from last weekend, where on the one hand you had the member for Lyons speaking with great dignity and sincerity about the challenges of literacy and young people and on the other hand you had the member for Indi ranting like a rabid dog with all sorts of ludicrous claims about the Leader of the Opposition. That is the new politics from Labor against the old politics from sections of the government.

A Latham government will tackle these issues, not with grandiose bureaucratic structures or big spending but with national leadership. Our first commitment will be to elevate the role of mentoring. There are a lot of good things happening out there with mentoring at the moment, but they have very limited government assistance. They are a bit sporadic and there are numerous problems, such as access to training, screening and police checks and the absence of a true national voice in mentoring. There are plenty of opportunities for governments to do good things to help. The Prime Minister was trying to talk up the government’s assistance to mentoring yesterday in question time, and he managed to inflate to very large something that in reality is pretty small by conflating various parts of a program and anything that vaguely referred to mentoring in some way—thus it might be broadened out so the government is seen to be doing something about mentoring. He did not quite go to the extent of claiming that detention centres on Manus Island and Nauru are part of the government’s mentoring strategy, but he went close.

It is important to understand that mentoring is not just about young people at risk. While that is the core commitment and that is what is most important, mentoring is also important for young people on a broader level. I met with a tremendous young bloke called Trentan in the western suburbs of Melbourne last week. The mentoring program that he had been part of, with a female mentor, had helped him to get organised and develop some contacts, links and networks relevant to his ambition to be a sound technician that previously he had had no idea how to pursue. He was not at risk of becoming a drug addict or getting into some of the worst aspects of behaviour that do attack some people, but he needed assistance, and the mentoring program was the way he was able to get it. So many jobs today are built around informal networks, contacts and pathways that some people do not have access to. Mentoring is a very important way of providing young people with connections to the adult world to pursue these opportunities.

Although it is critical that we have a specific set of objectives to pursue in our society to deal with the problems of young men, it is equally important that we tackle issues that are specific to young women—issues like body image, bulimia and sexual assault. There are a range of issues that are of fundamental importance to the ability of young women to have good relationships, to grow into adulthood and to live good, secure, healthy and prosperous lives. So, these challenges for mentoring and building stronger relationships apply to both genders, but there are specific challenges and commitments that will need to be undertaken with respect to each.

Mentoring gives young people access to advice, to guidance and to sympathy. It comes from somebody who has no arbitrary authority over them, who is not there telling them what to do in a way that, inevitably, a parent or a teacher has to. It is not supplanting the role of parents or teachers; it is supplementing that role. It is adding to the role and it is providing alternative role models that young people will be able to use as a
means to grow and develop into adulthood and into successful employment.

Mentoring also offers great benefits to those who participate in the programs as mentors. One of the common themes that I have heard from the mentoring organisations and mentors as I have moved around Australia talking to people about this in the three weeks I have been in this job is how fantastic mentoring is for mentors. That includes people who are in their 70s, mentoring 16-year-olds. They have had tremendous experiences and felt an enormous sense of fulfillment and enrichment from being able to assist a young person to improve their position in life, to get back on the rails or to better access opportunities. So it is not just tremendous for the people who are being mentored; it is also tremendous for the people engaged in the mentoring.

Labor believe that, through our commitment to mobilising national leadership and ensuring that governments focus on relationship issues, we will help communities in Australia to build stronger relationships and ensure that there are better opportunities for people right across our society and that we have a more inclusive society.

Mentoring and the development of a national mentoring strategy will be only the first task that I will be responsible for. There are going to be various other matters that fit within the broader theme of community relationships that the Leader of the Opposition has asked me to tackle. One such matter is the problem of loneliness amongst older people—a huge challenge in our society, as people move all around the country, all around the globe. More and more, we have older people living alone with very limited social contact, often low incomes, and they are very isolated. Every now and then we hear about tragic cases of people dying in their flats and being discovered two weeks later—a symptom of the loneliness and isolation of many older people. So that issue is something that I will be addressing, and that the Leader of the Opposition and the Labor Party will also be addressing.

Labor say there is such a thing as society. We believe government does have a responsibility to enhance our capacity to develop and maintain strong, healthy relationships—not by big spending, not by cumbersome bureaucratic programs but through national leadership, through a sensitivity to people’s needs and through working with community organisations to help people in our society. (Time expired)

Mr ANTHONY (Richmond—Minister for Children and Youth Affairs) (4.19 p.m.)—I thank the member for Melbourne for his contribution. In this debate, which was meant to be about a national mentoring strategy, I think he raised some interesting points—there is no doubt about that. The issue of relationships and how people feel in a world that is rapidly changing—not only the dynamics between mother and father but between children, in the workplace, in the values of institutions—does put more pressure on people.

But I must say that after hearing what the member for Melbourne has just said, which is very similar, of course, to what the Leader of the Opposition said yesterday, a lot of the content was very much an endorsement of a major strategy that the government have been pursuing for the last four years. One of the key differences, I believe, between the government’s response to a difficult area and Labor’s response is, first of all, our acknowledgement that, whilst governments can help, we certainly do not have a monopoly on the solution. When you look at relationships you see that they are about the values that people have. The way the government can help is by supporting those individuals or by supporting
local communities in many ways to tackle their own local problems.

That is why the Stronger Families and Communities Strategy, which is extremely innovative and came into play four years ago, is very much targeted at empowering local communities to encourage local leadership and, of course, to encourage mentoring skills, not just for young people, as has been talked about, but also for all age demographics, whether they are young children, middle-aged people who have lost a partner, or seniors, because certainly loneliness is an enormous burden in many cases.

The opposition leader made a speech today and one yesterday at the Press Club—and I must say that I think this is a worthy debate to have—in which he promised an agenda that recognises that stronger families produce better communities. I do not think anyone can disagree with that. But I have almost a sense of deja vu when I hear that particular statement, because that is exactly—and I am glad the member for Melbourne is here—and I am glad the member for Melbourne is here—what the document that I am holding is: the Stronger Families and Communities Strategy. The Leader of the Opposition yesterday promised an agenda that recognises that ‘stronger families produce better communities’. That is what we have been trying to do with this package and many elements of it for quite some time. This is what I find hard to understand. On one level the opposition talks about a national program of mentoring, a top-down approach—I know that was the view of the member for Lilley not so long ago when they were discussing that—but the opposition leader talks about a bottom-up approach, which is exactly the approach we have been taking.

I must say that there have been some terrific results. I would like to acknowledge some of those. I am a minister—a minister of the Crown, not a minister of the faith—and I think it is important that when we talk about these issues we do not preach. One of the best ways, Member for Melbourne, to encourage better relationships, greater participation and self-empowerment is by acknowledging the many organisations that do it now and do it well.

I announced 12 new projects only a few weeks ago, before the ALP focused on this area. The Baptist Union of Queensland aim to connect at-risk, disadvantaged young boys between 12 and 18 with a positive adult male role model. The Hunter Star Foundation is helping 50 young kids to break the cycle of unemployment and welfare dependency. It is another very good example. Whitelion in Melbourne—your area, Member for Melbourne—is a mentoring program that will help 100 young people, particularly those young people who have had some type of contact with the juvenile justice system. Another example is the recent School Volunteer Program, which helps 400 at-risk children in kindergartens in Perth suburbs.

We are finding that in many areas there are mentoring programs which have been supported by the government through the Stronger Families and Communities Strategy. The strategy develops leadership and community capacity to help solve local problems by empowering local individuals and leaders. I think there is a risk that big national programs might not have that characteristic of grassroots participation. Programs in which the participants have a sense of ownership generally have far greater success.

Some other examples of those programs include the ONtrack youth leadership group, which helps disadvantaged youth. One of the things that this government has been funding, which has been enormous since we came into government—and I think there had to be a bit of a shift, quite frankly, in some of the views within genders—is helping men through periods of crisis and helping men come to terms with their changing work
environment and their own values. The Nambucca Men’s Shed is a very good example of that.

Mr Hartsuyker—A great example.

Mr ANTHONY—I hear the member for Cowper. We have spent a lot of time in his constituency with a number of organisations that have been funded, particularly in the area of helping men.

Another project is the leadership program helping young women in Brisbane, which received funding of $350,000. The list goes on. Mentor Marketplace has been a very effective program, and is part of the Stronger Families and Communities Strategy. We are talking about a $30 million investment. Big Brothers Big Sisters is another. We have talked about the CREATE Foundation, a fantastic organisation helping foster care kids. I have had a lot to do with them. Again, I think it is these individual organisations that we should be funding, rather than national programs, which is what some parts of the Labor Party are espousing. Youth Off the Streets is a wonderful example. A religious man, Father Chris Riley, is helping individuals in inner city parts of Sydney deal with challenges, particularly the enormous challenge of drug dependency.

Some of the issues covered by the member for Melbourne were child custody issues. No-one disputes that over 900,000 children and 1.3 million parents are now going through the Child Support Agency. It has been this government that has been driving to try and get reform in that area, prior to the formation of the joint standing committee. I congratulate them on the work that they have done, and we will be responding to it. But it is this government, the coalition government, that has been firmly committed to trying to get more fairness and equity in that system.

The ALP have been talking about the need—and I also believe it is a need—for parents to have access to their children unless there is a good reason why they should be denied. I put some measures through the parliament two years ago which were rejected in the Senate by the ALP. These were sensible contact measures to try and encourage non-custodial fathers, in particular, to have contact with their children and to improve their relationships, predominantly for fathers and also for children. These measures were blocked by the ALP. What the ALP say and what they do, regrettably, are two different things.

I believe this government has a very good record of supporting family relationship programs. We have provided about $56 million in funding. We decided to take a lot of those support mechanisms, which were at the time located in the judicial area, the Family Court, and put them into private organisations, because we believe they are better than government at dealing with building or rebuilding relationships.

The Men and Family Relationships program targets men, ex-partners, children and stepchildren. Recently, we had the COTA National Seniors report on grandparents, to which the government will be responding—but I have not heard it mentioned by the Australian Labor Party. Many grandparents feel alienated in the role that they play looking after their grandchildren. Many of them—27,500—have direct custody of their grandchildren. Programs designed for youth include Reconnect, which is all about trying to engage young people who are at risk, predominantly because of a breakdown in their family, to prevent the cycle of potential homelessness or substance abuse. That is a program that this government introduced. It is all about giving them a mentor to help them either get back to their family or back into a safe environment.

One of the greatest mentoring projects I believe we have put into place, even though
we might not address it as a mentoring pro-
ject, is Green Corps. Green Corps is a fabu-
lous youth development project for 17- to
21-year-olds. The government pays them.
The project aims to get a good environmental
outcome, and it is also a good place for many
young Australians. They are not only men-
tored by the person who is running that pro-
gram but also given a sense of worth and
fulfilment during part of that difficult transi-
tion from adolescence to adulthood. This
government has a pretty good record, I be-
lieve. There is more work to be done in
building resilience and helping young people
at risk.

Debate interrupted.

**ADJOURNMENT**

**The DEPUTY SPEAKER (Hon. I.R. Causley)**—Order! It being 4.30 p.m., I pro-
pose the question:

That the House do now adjourn.

**West, Mr Arthur John**

**Dolan, Mr Michael**

**Mr MELHAM (Banks) (4.30 p.m.)**—This afternoon I want to talk about two
friends and constituents of mine who have
passed away recently. The first is Arthur
John West. Arthur was born in Maroubra in
1926 and he passed away in November last
year. In 1942, at the age of 17, he joined the
Navy and he was assigned to HMAS Swan,
which served in Papua New Guinea and the
Pacific. He was away for two years before
the ship returned home for a refit in July
1945, and within two weeks of landing he
married his wife, Marjorie. He had con-
tracted malaria and the ship sailed without
him, and he served the remainder of the war
at Rushcutters Bay.

Arthur had a number of jobs and built a
house at Padstow, where three of his daugh-
ters were born. He then went on to become a
superintendent of earthworks on the Snowy
Mountains Scheme, and for six years the
family moved around. He started the very
first scout troop in the Snowy Mountains. He
also had a son, Arthur, who was born in
Cooma Hospital but who tragically died later
in an accident and so predeceased him. In
1959 the family returned to Sydney and
moved into their family home at Padstow
Heights.

Arthur liked a bit of adventure, and he
was always interested in people, places and
other cultures. The Aboriginals at Uluru
called him ‘Chilby’, which translates as
‘wise grey-haired old man’. He was an avid
traveller with a special fondness for China.
Indeed, he and his wife brought to Australia
two Chinese teachers, Chris and Rose, who
taught English and whom I was fortunate
enough to host in August 2001. Marjorie and
Arthur also sponsored the school with a $250
scholarship for the highest study mark in
English to help someone through university,
and their daughters sponsored the highest-
scoring girl in English, also for $250 a year.
Arthur was a character who always flew the
Australian flag on his flagpole at home, as
well as other flags, including the Aboriginal
flag, the Torres Strait Islander flag and in-
deed the Chinese flag. When he was unhappy
with the government, he flew the Eureka
flag. He was a character. He gave me a num-
ber of Aboriginal artefacts, which are still in
my office. He was a 20-year member of the
Labor Party, a staunch campaigner, and he
called a spade a spade.

The second person I want to refer to is
Michael Dolan, known as ‘Mick’, who was
born in 1935 and passed away in January this
year. Mick was always sports oriented. He
was a great St George supporter. His favour-
ite song was When the Saints Go Marching
In. He always had an excuse for St George; if
they were not doing well, he would say,
‘They’ll come good,’ or, ‘The referee wasn’t
any good.’ He married his wife, Sandra, at St
Davids Church Arncliffe in 1962 and they

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made their home in Peakhurst, where they lived for 38 years. Their son, Michael, was born in 1967 and their daughter, Cathy, in 1969. On the weekend, Sandra was telling me that Mick used to tell her: ‘Don’t indoctrinate the children. They have to learn to think for themselves.’

Mick was an avid reader. He read books all the time, and he daily read the Sydney Morning Herald from cover to cover. Mick was an ordinary bloke. He was not impressed by fine clothes or smart cars. He used to say that, as long as the clothes are clean and the car gets you safely from A to B, that is enough. He did not care where a person lived or what they had; he took them for who they were, and he cared more about whether they were kind and good. He was certainly never politically correct. He was a dinosaur who relived the fifties and sixties as often as he could. He was a life member of the Labor Party. He loved his beer. He loved to put on a bet. He would come into my office and offer suggestions on a regular basis, because he was always thinking about how he could make the world a better place.

To Mick and Arthur’s wives and families I offer my sincere condolences. They were great blokes. They were characters. They were great supporters of mine. I salute them, and I remember them fondly. (Time expired)

Education: Funding

Mr BARTLETT (Macquarie) (4.35 p.m.)—I rise to express my strong disappointment with the current advertising campaign being run by the Australian Education Union regarding school funding. I am disappointed—in fact, appalled—for two reasons: firstly, it again fuels unhelpfully the division between the public and non-government school sectors; and, secondly, it is blatantly dishonest. This advertising campaign claims that the federal government is not adequately funding public schools and it tries to give the impression that we are somehow unfairly favouring non-government schools. It does this by dishonestly looking at only one part of the funding formula.

The simple fact is that the federal government helps our public schools in two ways: it funds them directly, and it funds them indirectly. The indirect funding comes through massive grants to the state governments to help them with their core funding responsibilities, such as public education. In the last financial year, the state governments have received $54 billion from the federal government in funding to help them with those responsibilities, of which $30 billion was GST revenue, out of which they make allocations to funding responsibilities such as schools—that is, approximately 50 per cent of state government revenue comes from the federal government, or in other words approximately 50 per cent of state spending is supported by or comes from the federal government. So, of the $17.4 billion in state funding to state schools, approximately $8.7 billion is actually federal funding for state schools, yet the teachers unions totally ignore this main component of federal funding.

In addition to that, of course, are the direct grants for education, and in the last year they were $2.5 billion in grants. Direct federal funding for public schools, on top of the indirect funding, has risen by 58 per cent under this government. It is now 58 per cent higher than it was under the Labor government and it has risen far more rapidly than the states’ funding for their own state schools. In New South Wales in the last couple of years they have averaged a rate of increase of less than two per cent a year, while we have been increasing it by five to six per cent a year.
The point is that this campaign by the education unions totally ignores the largest component of funding. If you put the two components together—the approximately $8.7 billion plus the $2.5 billion—you come to the much more realistic measurement of federal funding for state schools of around $11.2 billion. For the teachers unions to completely ignore the major component of funding is a totally dishonest approach, and it is a totally misleading campaign.

The work of our schools is far too important for this sort of dishonesty and deceit. This government supports the right of parents in the choice of schools for their children. If parents choose a particular type of school that they think reflects the values they teach within their homes, it is appropriate that we support them in that decision. This government supports that choice. This government is strongly increasing its funding for government schools and for non-government schools.

We have many excellent schools in both the public and non-government sectors. We have many outstanding teachers in both sectors. This divisive and dishonest campaign by the teachers unions is doing nothing to help our schools and nothing to help our children in either sector. The Labor Party’s total silence in the face of this campaign by their union mates is shameful. If they had any integrity, they would be on the phone to the education unions and pushing them to withdraw this series of misleading ads. If they had any integrity, they would be pulling their union mates into line. The welfare of our students and our schools should be above politics. It is far too important.

Mrs IRWIN (Fowler) (4.39 p.m.)—Tomorrow evening over 500 community leaders, former prime ministers and present and former members of this parliament and of the New South Wales parliament will gather to honour an esteemed member of this House. At the next election, the honourable member for Prospect, Mrs Janice Crosio, will be retiring after more than 30 years in public life and service to the people she has represented in Fairfield and surrounding districts and the people of Australia.

Her record of achievement in a career which made her the first woman to hold executive office at local, state and federal levels is more than worthy of the celebration planned for her tomorrow night. In an era when many representatives enter the political arena with little experience of the real world, it is worth observing that the member for Prospect graduated with honours from the school of life long before entering this parliament.

While raising a family and running a small business she found the time to serve as president of Club Marconi’s women’s committee. Her interest in local affairs led her to join the Australian Labor Party and to her election to the Fairfield Council in 1971. After serving as deputy mayor in 1972, she became the first woman mayor of Fairfield in 1974 and served a further three terms in that office. Her services to local government were recognised in the award of the Queen’s Jubilee Medal in 1977, and she was made an MBE in 1978. In 1980 she was made a Knight of the Order of Merit of the Italian Republic for services to the Italian community.

But that was only the first phase of her remarkable career. In 1981 she was elected to the New South Wales parliament for the seat of Fairfield, becoming the first Labor woman for more than 30 years to be elected to the Legislative Assembly. In 1984 she became the first woman cabinet minister. She served as Minister for Natural Resources and Minister Assisting the Premier on Women’s
Interests in the Wran Labor government. She later served as Minister for Local Government before adding Minister for Water Resources and Assistant Minister for Transport in the Unsworth Labor government to her achievements.

In opposition from 1988, she served as shadow minister for local government before resigning to contest the federal seat of Prospect. She was elected to this parliament in 1990 and, upon re-election in 1993, she was appointed Parliamentary Secretary to the Minister for Arts and Administrative Services, and later Parliamentary Secretary to the Minister for Environment and Territories and the Minister for Social Security. Having served as a mayor in local government, as a minister in state government and as a parliamentary secretary at the federal level, she became the first woman to serve at the executive level in all three levels of government. In opposition after the 1996 election she served as delegate to the International Parliamentary Union and became Chief Opposition Whip after the 2001 election.

In her remarkable career, the member for Prospect has played a pioneering role for women in politics. She entered a male-dominated world and succeeded on her own terms. When you look around this House today and see the number of women, it is hard to realise that 20 years ago so few women were elected to parliaments. It is a tribute to trailblazing women like the member for Prospect that we see growing numbers of women in Australian parliaments. But we still have a long way to go.

The member for Prospect is a household name in the Fairfield district. Her campaign for better services, which began 40 years ago, has seen the building of a range of facilities which we now take for granted: libraries, schools and TAFE colleges, child-care centres, community centres, a new Fairfield hospital and countless other facilities and services which benefit our community. I am sure many members of this House will miss the member for Prospect when she leaves us at the end of this parliament, and I am sure that they would join with me in wishing Janice Crosio, her husband, Ivo, and her extended family all the very best for a long, well-earned retirement.

Macarthur Electorate

Mr FARMER (Macarthur) (4.44 p.m.)—I represent the seat of Macarthur, but most importantly I represent the people of the western suburbs of Sydney. I represent them because I am one of them. I grew up with them, I went to school with them, I went to TAFE with them, I served an apprenticeship there, I worked as a builder’s labourer there and I started my athletics career there—and today my heart, my family and my home are there. That is why I can relate to the people of the western suburbs of Sydney. I know what they go through in their everyday lives. I know the struggle they face in trying to put food on the table and trying to make ends meet. I hear it all the time in the schools, in the supermarkets and on the streets. I know the sheer grit and the determination they have to make their lives better than it was for their parents. These are aspirational people. They work hard, they set goals and they achieve them. They have carved out their own lives and they have worked hard for everything they have.

They do not need the Leader of the Opposition trying to tell them how they should live their lives. They do not need him trying to teach them morality and parenting. They are good people and they know what is right. A fellow once told me, ‘If you ever come to me with a problem and you don’t have a solution to that problem, then you are part of that problem.’ This is what the leader of the Labor Party is doing. He is stating the diffi-
ulty of balancing work and family, and some of the obvious social problems we see in society, but he comes to this place with no solutions.

I was elected on a simple platform: to reinforce and strengthen family values and to work to improve the local economy through job creation. Growing up in a housing commission home in Granville and being one of seven children, I learned the importance of a strong and loving family unit.

Mrs Irwin—And your mother voted Labor.

The DEPUTY SPEAKER (Hon. I.R. Causley)—Member for Fowler!

Mrs Irwin interjecting—

The DEPUTY SPEAKER—The member for Fowler was listened to quietly.

Mr Farmer—Most importantly, I learned that the one thing which underpins all of this is a stable employment base. It does not take an overpaid social scientist to tell you that, without a regular income, families struggle to put food on the table and a roof over their heads. It is the root of a lot of family arguments and problems. That is why the one thing that underpins everything I have done in my electorate is job creation.

Traditionally, the job market in Western Sydney has been dominated by the industry and manufacturing sectors. Western Sydney is the third largest regional economy in Australia after Sydney and Melbourne. Its annual business turnover of $58 billion is expected to reach $80 billion in the next decade with the support of the Howard government. Almost 20 per cent of the top 500 exporters in Australia are located there. I have hosted many export forums in Western Sydney to encourage industry to expand so that it can employ more people, support more families and help more young people get a start in life.

I am pleased to say that we have many new exporters on board as a result of the Howard government’s hard work, and I am sure there will be more to come. The FTA with the United States will give manufacturers in Western Sydney some great opportunities to export. I spoke to some local manufacturers last week who are very keen to capitalise on the FTA as soon as possible. Here is an agreement that will mean job creation and jobs growth. Here is an agreement that will see 97 per cent of manufactured products tariff free immediately. It will create more jobs in manufacturing in Camden and Campbelltown, where over 14,000 people are already employed in these industries. It is the single biggest employment area in the Macarthur region and creates $1.2 billion in local turnover.

The member for Werriwa harps on about his affinity with Western Sydney, his childhood and his struggle through university studies; yet he turns his back on the manufacturers of this region. He laughs at government programs like Sustainable Regions—programs that are helping support new technology and industry in the western suburbs and creating jobs—and he dismisses the FTA. The member for Werriwa will not put the people of Australia first and support the free trade agreement; instead, all he does is play childish politics. The people of Australia want a leader who can recognise good ideas and support them. He is aware of the issues—he is forever talking about them—but when the government comes up with solutions to the problems, all he does is come with opposition. He is full of fluffy, feelgood words but no actions.

The free trade agreement is a practical way of supporting young families in the west. This is how the Howard government does it—by creating jobs and job security. We are helping parents to put a roof over their family’s head and food on the table, so
they can enjoy the pleasures of life and spend time with their families instead of worrying where the next meal will come from. The member for Werriwa is talk, talk, talk all the time—no substance, no commitment and no action.

Mrs Irwin—You come from a working-class family.

The DEPUTY SPEAKER—The member for Fowler is warned.

Mr Farmer—Why won’t the member for Werriwa support the free trade agreement? (Time expired)

Mrs Irwin—Remember your grassroots.

The DEPUTY SPEAKER—The member for Fowler will remove herself from the House under the provisions of standing order 304A.

The member for Fowler then left the chamber.

Telstra: Media Ownership

Mr Murphy (Lowe) (4.50 p.m.)—Media reports this week that Telstra is considering buying Fairfax should be viewed very seriously by everyone. Astonishingly, given the threat that such an outcome would pose for Australia’s media diversity, the Prime Minister in question time today again failed to rule this out in response to a question by the shadow minister for communications, Lindsay Tanner.

Telstra is not privately owned, nor should it be. It is a 51 per cent majority government owned company. We all own it. We are the majority shareholders. Telstra’s chair, Bob Mansfield, and the Prime Minister may not like it, but I will remind them that it is the will of the Australian people and the Australian parliament. Telecommunications is an essential service in Australia and, whatever the benefit for the 1.8 million shareholders, a fully privatised Telstra would be a monstrous monopoly and would hold all of us—the 20 million majority shareholders—to ransom.

Telstra’s desire to buy a major Australian newspaper group, John Fairfax, is a very serious matter. It is unthinkable that Telstra seeks to buy large media companies like Fairfax and the Prime Minister does a Pontius Pilate and declares it is a matter for the board. That is a lot of rot. It is the Howard government that determines who is on Telstra’s board. If Telstra buys Fairfax, it follows that the Telstra board will appoint the Fairfax board. The obvious rhetorical question will then be: who is running Fairfax? The answer would be the Howard government.

The Prime Minister and others driven only by self-interest, who would like to see and control a more concentrated Australian media, are now saying this state of affairs somehow explains why Telstra should be privately owned. What absolute rubbish! A majority publicly owned Telstra should not be allowed to buy one of Australia’s major media companies, because it would result in the government controlling that media company. This would be contrary to the public interest and a heinous attack on Australia’s precious democracy.

Equally, a fully privatised Telstra, taking advantage of the Prime Minister’s wished-for changes to our cross-media ownership laws—appropriately defeated in the Senate last year—would be able to buy one and perhaps two Australian media companies. This would slaughter media diversity in Australia and make Australia’s democracy terminal. I can picture it now: Sam Chisholm, Kerry Packer, Rupert Murdoch, Bob Mansfield and Ziggy Switkowski all having a teleconference every Monday to determine what is newsworthy or, more alarmingly, determining what they do not want broadcast or printed. This would be a scandalous nightmare.

Another nightmare scenario, which is highly likely if the Howard government gets
its way, would be if Mr Kerry Packer could buy a controlling interest in Telstra. This would be an absolutely diabolical consequence, with a giant media company executing media diversity in Australia—not to mention the consequences of fewer journalists, fewer newsrooms, fewer opinions and a fatal blow to Australia’s democracy. If this occurred, you might as well shut down the parliament now and allow the Prime Minister to simply issue his decrees through the new media giant he would be creating. When a privately owned Telstra’s line rental fees go through the roof, does anyone think that this would be reported by this new media giant? Of course not. You would hear the howls of protest from here to New York when millions of Australians received their monthly phone bills—just do not expect to hear about it on Telstra’s television station or read about it in Telstra’s newspapers.

This is bad for Australia’s democracy. It is shameful that the undeniably tired and arrogant Howard government has its priorities so wrong that it is not only happy to let it happen but also actively serving this very powerful special interest to make it happen. This is not in the interests of Telstra’s shareholders and it is not in the interests of Telstra’s majority owners—that is us, the Australian people. But we know the Howard government no longer governs in the interests of the majority of Australian people; it is only about looking after the powerful elite at the expense of our democracy. Shame on the Howard government. The Prime Minister is clearly rattled and he will do anything to get himself elected. We cannot allow this to occur.

Regional Partnerships Program

Mr HAASE (Kalgoorlie) (4.54 p.m.)—I rise this evening to put some quiet to that handful of noisy scrub birds in the Australian Labor Party. They are forever carping about what is not done for regional Australia by this wonderful Howard government. The truth is that I am very proud, because I represent the Kalgoorlie electorate and, in the last couple of days, I have just received notification from the secretary telling me that I have $745,000 going to three of my centres: Carnarvon, South Hedland and Halls Creek. This is all being done under the Regional Partnerships program, and what a wonderful program it is. It feeds well-earned seed funding that will truly make a difference into regional towns.

For instance, in South Hedland, an outdoor play area, Hedland Playgroup Association Inc., has just received $22,436. The hard work of Julie Beveridge, who runs that show, and the Pilbara ACC has secured this funding for Hedland Playgroup to provide a secure, safe playground for children. Forty-five to 55 kids use that playground regularly and there is no secure outdoor area for them to play in. That money will make a huge difference to children living in the South Hedland area.

The shire of Halls Creek has been successful in attracting the largest single grant, to my knowledge, under the Regional Partnerships program—$550,000 has been granted for the creation of a multipurpose recreation and aquatic centre. That has been granted due to the hard work of Mr Peter McConnell, the CEO of the shire, and approved by the Kimberley ACC under the guidance of chair Cori Fong. That project will make the world of difference to the population of Halls Creek. Some 4,100 people in the shire will regularly use such a facility. They have never had a swimming pool and are isolated from the coast. They are probably nearly 500 kilometres from any coastline, being 360 kilometres south of Kununurra. During the summertime Halls Creek has enormous temperatures, and an aquatic centre will be a huge boost to the community.
Some $35,000 of Regional Partnerships program funding will go to the shire of Carnarvon for the design and eventual management of a new tourist facility. Many people who have visited Carnarvon will recognise instantly the overseas telecommunications satellite dish. It has been in disrepair for a number of years now—having been vandalised, unfortunately, at one stage—but that satellite dish, which sits on Brown’s Range, is the very first thing that people travelling north into Carnarvon will see. It was operational from 1966 to 1987 and during this time the station played a critical role in the NASA space program, including the first manned lunar landing in July 1969, the transfer of satellite images of astronaut Neil Armstrong’s first steps and the establishment of an automated lunar scientific experiment package in 1972. This package in itself will provide huge opportunities for tourism in Carnarvon. Carnarvon is already the retreat for many of the population during Perth’s winters. They love to go up to the sunshine of Carnarvon, where we grow wonderful tropical fruits and vegetables. This package will allow this great icon—the most easily recognisable icon on the west coast—to be developed further, to become a museum for space exploration and a huge tourist attraction.

Those are just three of the ongoing programs that have received funding under the Regional Partnerships program. I strongly recommend to any of the towns right across regional Australia that they take every opportunity to inquire through their area consultative committees about the opportunities for funding available from this Howard government, because this government truly does care for regional Australia. (Time expired)

Sir Edward Braddon Memorial Week

Mr SIDEBOTTOM (Braddon) (4.59 p.m.)—I thank all those people who were kind enough to help prepare and organise the celebrations for the Sir Edward Braddon memorial week which we recently had in my home village of Forth, where he grew up and passed by my home, which was built in 1875. We had tremendous celebrations and I thank them very much for that.

The DEPUTY SPEAKER (Hon. I.R. Causley)—Order! It being 5 p.m., the debate is interrupted.

House adjourned at 5.00 p.m.

NOTICES

The following notice was given:

Ms Plibersek to move:

That this House:

(1) recalls the key role played by Australia’s Chifley Government in developing the Geneva Convention on Genocide and reaffirms Australia’s commitment to international treaties that aim to punish those who commit crimes against humanity, war crimes and other major human rights violations;

(2) notes that at present Australia has no domestic legislation enabling the prosecution in Australian courts of the following international crimes committed outside Australia by people who subsequently settled here:

(a) Genocide (the Genocide Convention Act 1949 did not make genocide a crime under Australian law; it only approved ratification of the Convention);

(b) Crimes Against Humanity (other than torture after 1988 and hostage taking after 1989); and

(c) War Crimes committed in the context of non-international armed conflicts anywhere in the world at any time, or committed in the context of an international conflict prior to 1957 (except Europe 1939-1945); and

(3) calls on the Government to close the gaps in Australia’s domestic laws that allow accused criminals to live here without fear of prosecution.
The DEPUTY SPEAKER (Hon. I.R. Causley) took the chair at 9.40 a.m.

STATEMENTS BY MEMBERS

Roads: Calder Highway

Mr SERCOMBE (Maribyrnong) (9.40 a.m.)—The interchange between the Calder Highway and the Tullamarine Freeway at the north-western gateway of Melbourne is undoubtedly the most inefficient and confusing freeway junction in Victoria. In the last five years the design of this interchange has caused at least 12 serious injury crashes and only last Tuesday the Melbourne Herald Sun reported a collision involving three cars at this interchange. This is the end of the Calder Highway, which is a major arterial road that links not only the north-western suburbs of Melbourne to the central part of Melbourne but also very large tracts of rural Victoria, particularly the region up to Bendigo and beyond to Mildura. It is a very important freeway road link for the whole of north-western Victoria.

The Calder Highway has been recognised by the Commonwealth and state governments as a road of national importance. In fact, in 1996 it was the first road of national importance designated in Victoria. According to the web site produced by the Commonwealth Department of Transport and Regional Services, the Commonwealth and the state since 1996 have committed $195.7 million to the much needed and very welcome upgrading of this highway. However, once it gets to Melbourne, it becomes a car park. Once it reaches the Tullamarine Freeway, traffic grinds to a halt. So one would have to doubt the efficiency of a great deal of that expenditure. Without upgrading the interchange so that traffic can flow without being caught up in a car park situation approaching central Melbourne, it remains dangerous, inefficient and uneconomical.

The estimate that has been given to remodel the intersection is some $250 million. It is adjacent to Essendon airport. Essendon airport operators have indicated a willingness to provide land required for the interchange to be upgraded. Transurban, which is the company that operates CityLink, may well be willing to contribute funding to an upgrade so that the travel times that are incurred by traffic feeding into its system are improved. I call on the Commonwealth and the state governments to very quickly recognise—particularly in the lead-up to the Commonwealth Games in Melbourne, because this will be the major gateway into Melbourne for Commonwealth Games visitors—that this interchange, as an extension of the Calder’s road of national importance status, needs upgrading. They need to ensure that the standards of service are improved, that economic efficiency is enhanced, that road safety is improved, and that the great losses that have been incurred by not only residents of the north-west of Melbourne, whom I represent, but also people right throughout country Victoria as far away as Mildura, are set to right and they have a rapidly improved capacity to get access to Melbourne. (Time expired)

Aviation: Second Sydney Airport

Mrs GASH (Gilmore) (9.43 a.m.)—Two Sundays ago I attended a community rally at the Moss Vale RSL to hear residents protest against Labor’s plans to consider Sutton Forest in the Southern Highlands as a place for an international airport. Given that this came about through Mark Latham and Labor’s decision, you would think that the Labor candidate for Gilmore
would have been there, but, no, she was not. Now that Labor has firmly put its airport position into policy, this threat will hang over the heads of Southern Highlands residents for a long time. Even the Labor transport spokesman has admitted its plans have more to do with Labor Party stability and unity than decent transport planning. It is about taking Wilton off the agenda to appease the Labor held electorate around Wollongong. No-one is denying that, particularly not Labor’s candidate for Gilmore in the forthcoming federal election. She is silent on the matter and has conveniently put aside her own environmental conscience to allow political will to prevail. If she truly wanted to represent the people of Gilmore, she should have been there, attacking her party for even considering this preposterous suggestion or, at the very least, meeting residents instead of staying away.

What this decision says is that the Labor Party does not care about rural constituents. When their candidate eventually goes up to the Southern Highlands saying, ‘Vote for me; I care for you,’ how is that going to sound? When I heard the announcement my immediate thought was that it had to be a joke; however, it is not and the issue needs to be taken seriously. It is this type of announcement that I would expect from someone wanting to take the heat out of another embarrassing issue.

This harebrained proposal has got to be stopped. If it is not, somewhere along the line it will become entrenched. Already it has attained the status of a policy. The next step is to lend credence to the policy by investing time and money into exploring its viability. Who knows what could flow from this process? Given past experiences with Labor policy, I fear the worst. The other tactic Labor use is to announce something so patently horrible that any alternative is seen as a relief, so even if they do not go ahead with the airport proposal, what else have they got in mind? Sutton Forest is well and truly on the political map now and Southern Highlands residents have every right to be concerned. With proposals like this floating around, what will happen to the value of the family home?

I challenge the Gilmore Labor candidate to come out strongly on this and take on her political masters. If she stays silent on the matter, she is giving her tacit approval to destroying the quality of life for the residents of Sutton Forest in particular and the Southern Highlands in general. She says she has not made up her mind and that she wants to listen to their concerns. Where was she to hear those concerns when they were being voiced? The Labor candidate for Gilmore really just does not want to know.

**Calwell Electorate: Community Radio**

Ms VAMVAKINOU (Calwell) (9.46 a.m.)—This coming Saturday I will be attending a very special function in my electorate of Calwell. One of our community radio stations—and I am pleased to say that in Calwell we have three community radio stations—Bulla FM will be rebadged and relaunched as community radio 3NRG at its new premises, the Derek Rigby Room at the Sunbury Campus of Victoria University.

Community radio, first called public radio, has played a major role in Australian media. First established some 30 years ago when the Whitlam government ended the dominance of entrenched commercial radio by introducing a third tier of broadcasting known as the FM band, community radio is about ordinary people and communities getting together to produce programs that are of local interest and about giving the opportunity for an independent voice to be heard on Australian airwaves. Community radio is a non-profit organisation which relies almost exclusively on the good work and commitment of volunteers and which has evolved
over the years into a much valued resource, becoming the largest growth sector in the Australian media industry. In fact, at the beginning of March 2003, there were 200 licensed community radio stations around Australia with some 150 waiting to be licensed.

Like the local newspaper, community radio becomes part of the community and offers the local content that commercial radio is not interested in providing. Commercial radio has, by withdrawing from local services and content, made the role of community radio more important than ever. I have spoken in this place before about the benefits of ethnic community radio stations and have referred to my own experience in broadcasting as a volunteer with 3ZZZ community radio. Community radio enjoys grassroots support and provides a forum and voice for a diversity of groups and interests including religious, Indigenous, student, youth and alternative minorities.

In the same spirit and tradition of community radio, Bulla FM—soon to be radio 3NRG—based in a region in Melbourne’s north-west suburbs, is a community station for Melbourne’s fringe and outlying areas. Over the last 10 years of the station’s history it has served a changing and rapidly growing community made up of major centres like Sunbury and smaller dispersed rural towns like Bulla, Wildwood, Diggers Rest, Clarkefield and much of the outlying regions of the Hume City Council.

Programming on the station covers a wide range of musical styles, including jazz, country, heavy metal and contemporary music. It is also a key information source for local matters, events and services and, with close to 10,000 kids under the age of 18 in Sunbury, its youth program is a key focus for the many young people to get involved and have some fun and also to take the opportunity to acquire valuable skills and to develop their confidence and give expression to their creativity.

The relaunch on Saturday is not just about renaming the station; it is about creating a new future as it goes into a 24 hour a day, seven day a week operation. I would like to congratulate the committee of management, its chairperson Alan Olsen, station manager John Dent and the many broadcasters and volunteers on the successful upgrade of a community asset. (Time expired)

Agriculture: Sugar Industry

Ms GAMBARO (Petrie) (9.49 a.m.)—I would like to extend a very warm welcome to my fellow Queenslanders who have been in Canberra holding talks with the Prime Minister and the Minister for Agriculture, Fisheries and Forestry, Warren Truss, to resolve the difficulties facing the Queensland sugar industry. To Queensland Canegrowers Organisation General Manager, Ian Ballantyne, and his Chairman, Jim Pederson; Chairman of the Australian Sugar Milling Council, Geoff Mitchell and General Manager, Max Craigie; and other representatives of the industry from Queensland, I say: thank you for your efforts.

From the perspective of Canberra I know that the North Queensland sugar industry may seem a long way from my electorate of Petrie in Brisbane, but the sugar industry touches the lives of most Queenslanders, wherever they live. Queenslanders understand most that sugar is not just something you buy; it is produced by the blood, sweat and tears of an industry to which many of us have direct family links. We understand how tough it is now, and how tough it was a century back, because many of us have had grandparents or parents who
worked in sugar and who knew first-hand its economic uncertainties and hardships and looked for a more secure life down in Brisbane.

When they arrived in Australia in 1950, my father and grandfather first started working on the North Queensland sugarcane farms. My uncle by marriage, Roy Diecke, was an institution as the Chairman of Bundaberg Sugar. Many families in Petrie’s strong Italian suburbs of Stafford, Chermside, Aspley and Bald Hills share the same family links to sugar, and they celebrate this every year in North Queensland at the Italian festivals at Innisfail and Silkwood—where the Festival of the Three Saints has been attended by representatives of the Italian government, such is its fame. Maybe, when the Queensland Premier is next looking for somewhere to demonstrate his new-found concern for the sugar industry, he might consider funding the Festival of the Three Saints, which is on 2 May this year. It has never received any funding from the government, despite its many requests and the Queensland government’s commitment to multicultural funding.

By contrast, the federal government has shown a serious commitment to the funding of productive solutions to the problems of the sugar industry, and talks were held last night. Those talks were more productive than the recent talks with Premier Beattie, when he spoke with sugar representatives. All he did was invite 11 sugar representatives along. It became a de facto union meeting because it was dominated by dozens of uninvited trade union representatives, headed by Bill Ludwig and ETU delegates, who just happened to be in the building at the same time. Little wonder that the genuine sugar delegates felt that that meeting told us nothing new.

No wonder the Queensland sugar industry is suspicious of Mr Beattie. The last time the federal government put up $80 million, $10 million was put up by the state government and only $60,000 was ever distributed. The federal government have already put $120 million on the table, and we are endeavouring to work with representatives of the industry to find a solution to some of these structural adjustment problems. Mr Beattie needs to show more faith, so he will not be received in the way he was when he tried to shout down the sugar industry in his recent North Queensland election campaign visit.

Veterans: Entitlements

Mr QUICK (Franklin) (9.52 a.m.)—Yesterday, during my speech on the appropriation bills, I raised the issue of veterans’ entitlements and the failure of the Howard government and the Minister for Veterans’ Affairs, Danna Vale, to deliver on the Clarke report. This government, like many governments of all persuasions, is ready to commit our troops to overseas engagements. It is happy to dedicate memorials overseas and to enjoy the many photo opportunities with veterans upon their return. That is the easy bit. But many in this place can remember the Voyager disaster which took place about 40 years ago, and I find it absolutely amazing—and quite disgusting—that the Commonwealth is still failing to recognise the post traumatic stress disorder suffered by the veterans who were part of the Melbourne and the Voyager disaster. As I say, it took place over 40 years ago. These veterans, many of them now in their seventies, are being put through the indignity of having to justify, at great cost, the stress that they went through, the vivid memories of losing colleagues and the trauma of what happened on that night.

I was approached by one of the veterans. I will not give you his name, because he is part of the legal process and I would hate to jeopardise his case against the Commonwealth. His law-
yer has advised him that the Commonwealth, which has a fixation with chasing people—with a perception that they are rorting the system—is continuing to use private investigators who are visiting all your clubs, former employers, neighbours, former wives, if you have any, and parents to obtain as much information as it can on your history during the past 40 years. I find that absolutely obscene.

As I said, we are happy to send them overseas, to be at the wharf and to wave them goodbye with the bands playing Waltzing Matilda. When they come back, we are happy to have happy snaps, give them medals and dedicate memorials. But when veterans go through something as dramatic as the Voyager and Melbourne disaster and then have to justify what they have done over the past 40 years because the government is so mealy-mouthed and mean-spirited I find it absolutely appalling. Very little is being said in this place about these veterans. I have got a couple of them in my electorate and I can assure you that they are going through real stress—not only them, but their families and extended families as well. I encourage the government to sort this mess out once and for all in the coming budget.

New South Wales: Redfern Protests

Mr JOHN COBB (Parkes) (9.55 a.m.)—A few days ago a local youth, T. J. Hickey, died in Redfern in terrible circumstances. The riots that resulted from that in Redfern in Sydney were quite obviously some of the worst rioting and race disturbances we have ever seen in Australia. I suppose that if they did anything they probably, in that area at least, set back a long way the causes of reconciliation and of bringing the Aboriginal people out into better situations. You hear responsible leaders like Noel Pearson, Aden Ridgeway and Warren Mundine—from my own town of Dubbo—say ‘We have really got to take a hard look at ourselves as well as the system’ and say that Aboriginal people themselves have a responsibility to stay calm as well as seek retribution for any injustices they feel may have happened in the past. Personally, as a member of the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs, I have seen as I have gone around Australia in recent times incredible movement forward in the Aboriginal people themselves, saying: ‘Welfare is not the answer for us; getting up and doing things ourselves is. Give us the chance to work.’ It is the most heartening thing I have seen in my couple of years in parliament. But when I hear a lunatic like Lyall Munro, apparently from Redfern, calling for places like Dubbo and Walgett to rise up and riot and cause the same sort of trouble I wonder what he thinks he is doing.

For example, there are probably places so much worse than Dubbo, which has done incredible things in trying to get more employment. We have recently put $1 million into new employment schemes. We actually do have a pretty good understanding there and are getting a long way forward. For him to actually call for a place like that to riot and to try and blame the police for every single thing that goes wrong means that Lyall Munro needs to have a very hard look at himself, listen to people like Noel Pearson, Aden Ridgeway and Warren Mundine and realise that this is about doing things for yourself as much as it is about pointing the finger at others.

When you look at what happens in a place like Dubbo, you see that we have the Gordon Centre, which does incredible things with young people, and we have leaders there who are actually saying to their own people as well as the broader community, ‘Let us work with you to improve it.’ A lunatic getting up and saying, ‘Let places like Walgett and Dubbo go riot-
ing—if they have got to cause violence, so be it’ is condemning himself. It is the most frightening thing that I think I could ever hear a so-called leader espouse to his people. If he wants to do something for his people then he should listen to those of us who are getting around and talking to the wider community. (Time expired)

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

COMMITTEES

Corporation And Financial Services Committee
Reports

Debate resumed from 16 February, on motion by Mr Hunt:
That the House take note of the reports.

Mr Griffin (Bruce) (9.59 a.m.)—This debate today is an opportunity to deal with some of the issues raised by the particular report of the Joint Committee on Corporations and Financial Services entitled Report on the ATM fee structure, which I had hoped to speak about in the House on Monday. Unfortunately, because of business elsewhere I was unable to be in attendance at that time. The pair of reports by the committee raise some very interesting issues about the question of the provision of banking services in rural and regional Australia. Most of the results of both reports are in fact bipartisan. I would particularly like to focus on the issue of ATM fees and some of the implications for the future that were shown in the reports in respect of that particular issue. With respect to ATM fees, as part of a program of reform initiated by the Reserve Bank, a range of initiatives are being considered around things like credit card fees, EFTPOS and ATMs. An industry working group on ATM fees—the ATM industry steering group—has been considering proposals for reform in that area. In particular, they have looked at the question of the abolition of interchange fees and the establishment of greater transparency with respect to the fees you are paying when you use an ATM. The committee are very supportive of that opportunity to give consumers clear and concise information about what in fact they will have to pay when they use an ATM.

As part of that proposal, the issue of general deregulation in this area has come up. I have some concerns about that in terms of the logical implications and considering some of the experience overseas with respect to ATM fees in this circumstance. The particular issue here is the question of foreign ATM fees. Foreign ATM fees occur in a situation where, say, I happen to be a Commonwealth Bank customer and I use an ATM at the ANZ Bank, a credit union or the National Australia Bank—an ATM from another institution. I will be charged a foreign ATM fee. Essentially, the institution whose ATM I am using is in fact charging me a fee for allowing me to use their infrastructure that they provide on behalf of their customers. The issue is that ATM fees, particularly in those circumstances with foreign ATM fees, can be exorbitant and incredibly excessive. The experience overseas has been that, where deregulation has occurred, foreign ATM fees have been as high as $5-plus for someone to use another institution’s ATM. That can vary greatly and that is not necessarily the norm, but it is certainly something that has occurred overseas. When we look at the situation in Australia, even at the moment in terms of the current system, foreign ATM fees have increased some 250 per cent since 1995. The current foreign ATM fee usage can average about $1.35, but it can be as high as $2.
When you look to the overseas experience you see that there have been some very disturbing examples of what might occur with foreign ATM fees. In the United States, fees have gone through the roof. In particular jurisdictions in the United States, with respect to this surcharge on ATM fees, there have been moves to have them banned. I want to quote from an article in *Time* magazine from November 1999:

Consider the turmoil at ATMs in San Francisco and Santa Monica, Calif., which became the first U.S. cities to ban bank ATM surcharges. Megabanks Wells Fargo and Bank of America fired back by closing their ATMs to nondepositors in Santa Monica and threatening to do the same in San Francisco when its law takes effect in December—all of which made cardholders even angrier. A federal judge sided with the banks by blocking the anti-fee laws until a fair trial can determine their constitutionality. Says Santa Monica council member Michael Feinstein: ‘The electorate’s response to the ordinance has been overwhelmingly positive.

So far, more than a dozen communities, from Los Angeles to Miami, have begun to target ATM surcharges. The most threatening to banks is New York City, where city council speaker Peter Vallone plans to unveil a proposal next month that would restrict ATM fees in the nation’s financial capital. In Congress, Representative Bernard Sanders, a Vermont independent, has introduced federal anti-surcharge legislation. Even the Defense Department has joined the offensive: it wants to ban fees from ATMs on military bases.

As we can see, the overseas experience with respect to this issue is quite disturbing and the potential for things to go wrong in the Australian situation should not be underestimated. The report that we are looking at today from the joint committee considered this issue and, to be fair to the majority of the members on the committee, they effectively said that there should not be a great differential. I would like to quote from the one of the recommendations in the report. I will quote the entire recommendation so that people can be clear about the context:

The Committee recommends that the ATM Industry Steering Group include in its considerations on the reform of ATM interchange fee arrangements the special circumstances of fees and charges associated with the use of foreign ATMs in rural, regional and remote Australia. The focus of the group would be on building into any proposed reform of the ATM fee structure, safeguards that would ensure that people living in country towns and remote communities do not incur significantly higher fees or charges for using a foreign ATM and that an unreasonable or unwarranted differential in fees and charges between those in rural and remote areas and those in metropolitan areas does not develop.

I would like to go back over that wording. I will quote selectively from that recommendation to make the point. Again, it says:

*... ensure that ... towns and remote communities do not incur significantly higher fees or charges—*

*... an unreasonable or unwarranted differential in fees and charges ... does not develop.

The fact is that the majority report of the committee, supported by the coalition members and the Democrats, basically says it is okay to have a differential in the rate between country and metropolitan areas—that is, between one part of a town and another; between one bank and another bank; between an ATM in a hotel and an ATM in a service station; and between an ATM in a shopping centre and an ATM in a bank. It is basically giving a green light for that differential to occur. We then put ourselves into a situation of having an argument about what ‘unreasonable or unwarranted differential’ actually means. I know from talking to people in rural and regional Australia that they already believe that they are often dealing with unrea-
sonable and unwarranted differentials with respect to service delivery and costs in their communities. Even now they believe that that is the case. In fact, in many cases it is the case.

This report basically gives the green light for that to actually occur. It says to the banks, to the providers of services in this area, to the people outside the banks who may own the ATM networks: ‘It is okay; you can do it. Then we can have an argument later on about what is unreasonable and unwarranted.’ As members would know, one of the problems with dealing with the banking sector over the last few years in particular—although I think it has been a general issue for a long time now—is that the question of unreasonable and unwarranted action is very much a matter of judgment. The genesis for this report in relation to services in these areas was a general concern that the committee had about service delivery in rural and regional Australia. To come down with a majority report which gives the green light for those differentials to occur I find mind-boggling.

I know that the National Party in the New South Wales parliament have come out and opposed this and have commented on the fact that it is an unfair and unreasonable surcharge to put upon the people of country New South Wales. I am sure that, as the public becomes more aware of this detail, more concerns will be raised. I suspect that we may well find in times to come that there may even be another revolt in the party room on this particular issue, as members in rural and regional Australia actually work out what it means, what the Liberal members of the committee agreed to and what that could mean in relation to their constituencies.

The committee had a roundtable hearing with the various parties on the steering group, plus consumer groups et cetera to talk about these issues. The banks have said that they do not believe that they will be charging differentials. Certainly, the Australian Bankers Association have said that they do not think it is an issue. At least two of the major banks have said that that is the case. Others have been curiously silent. But it is not just about the banks. That is the thing about this. It is all right for the banks to say, ‘We won’t do this’—I hope they do say that and I hope they do not do it—but the fact is that when you are talking about this type of technology the experience even now in Australia, and certainly overseas, is that the banks often do not own the ATMs. It is happening here and it has certainly happened a lot overseas. We have had a situation where companies go in to provide ATM technology and actually set up the networks and run them themselves. They are the ones who make the profit and they rely on those machines. It no longer becomes part of an overall operation; it becomes the sole focus, the core business of their operation. In those circumstances, the experience overseas has been that they are exactly the people who do impose a surcharge. They may not even be the people we are talking to at the moment. They may not even be the people who have been saying that they will not be doing it. They rely on those surcharge fees to become the very basis of their business. When we look at what has happened overseas, we see that they are the ones that have been doing it.

The comments made by banks and others that they will not do that and the Reserve Bank’s view, which is essentially to let the market rule in these circumstances, do not take into account the sorts of issues that we will be dealing with in rural and regional Australia. Part of the argument is that, if you allow surcharging, there may be an expansion of ATM provision into areas where those services are not currently being provided. That may well be the case but, again, where this has occurred overseas there is differing evidence as to what would be
We could be looking at increased costs in rural and regional Australia; we could even be looking at increased costs in metropolitan areas. With gambling, for example, if there is an ATM in a pokie venue, you may well put the fees up because you know that you are dealing with a captive audience. In that circumstance, people will find themselves paying a lot more. I draw members’ attention to recommendation 4 of the ATM fee structure report, which reads:

The Committee recommends that should a direct charging regime be introduced both the RBA and the ACCC closely monitor shifts in fees and charges for foreign ATM services and report publicly on developments in fees charged.

We totally agree with that recommendation. It is something that we have been calling for in a general sense, around the whole question of bank fees and charges, for a number of years. In the last few years, the banks in Australia have regularly been ramping up fees—particularly over the past seven or eight years but as far back as nine or 10 years ago. When the Labor opposition raises this issue, the Treasurer often says, ‘Why didn’t you institute ACCC monitoring?’ The reason is that bank fees and charges were not the issue that they are now. Back in those days there was a degree of cross-subsidisation and this was not a key area for banks to increase their profit margins. But, over the last eight years or so, the banks have been rampantly increasing their fees in order to maintain and grow their already record profits.

It is good to see a committee with a bipartisan recommendation, which is that we should see proper monitoring by the ACCC in this area and public reporting on the results. The experience in this area is that, when the banks are watched and evaluated and given a public caning—or at least public exposure in a general sense—if they do the wrong thing, it tends to ameliorate their actions. In fact, the Treasurer himself has provided an example of this on one occasion. Members may recall—I think it was last year—that the National Australia Bank recommended some changes to the value of their frequent flyer points as part of their frequent flyer scheme. When they suggested that they would retrospectively alter the value of those points, the Treasurer quite rightly announced that he would refer this matter to the ACCC for investigation. Within 24 hours the National Australia Bank backed off because they realised that their actions would not survive proper public scrutiny and that, once the ACCC was formally involved, that scrutiny would occur.

That is why we need scrutiny in these areas, and I am certainly supportive of the recommendation from the committee. It shows that at least some members of the coalition have an understanding of this issue. It is a pity that they could not convince the Treasurer to move down the same track in a more general sense to ensure that the public get the information they need to be able to make proper, informed decisions about banking and to ensure that the banks are actually exposed to proper public scrutiny. But, with regard to the other issue, the majority of the committee got it all wrong. There are some real dangers here for rural and regional Australia if deregulation occurs and institutions can charge fees at a rampant level. That is what we will probably see. If we are not careful there will be real problems for rural and regional Australia. (Time expired)

Mr ORGAN (Cunningham) (10.14 a.m.)—The Parliamentary Joint Committee on Corporations and Financial Services report on the ATM fee structure proposes some welcome changes, particularly recommendation 3 relating to real-time disclosure of ATM fees and charges, which will ensure that customers can cancel transactions before incurring fees. Rec-
ommendation 1, aimed at ensuring that people in rural and remote communities do not face higher ATM fees than those in metropolitan areas, is something no-one would argue against. Similarly, recommendation 2, which proposes that the cost of obtaining an account balance is kept to a minimum, is something which will give real benefits to ATM users. These three recommendations will go a long way to alleviating some of the problems which stem from the massive reduction in the availability of face-to-face banking that we have experienced in recent years as banks close branches in the name of so-called efficiency and the push for increased profitability. Recommendation 4, however, troubles me, as it clearly troubled opposition members of the Parliamentary Joint Committee on Corporations and Financial Services.

Two of the areas the committee was to place particular focus on were: firstly, options for expansion of banking facilities through non-traditional channels, including new technologies; and, secondly, international experiences and policies designed to enhance and improve the quality of rural banking services. Recommendation 4 deals with a so-called direct-charging regime, where an ATM owner-operator would levy a direct charge on all card holders who use its ATM service, rather than the current model where the card issuer sets the fees. The committee noted the ATM industry steering group’s view that direct charging would establish an environment for price competition between ATM service providers where the freedom to set fees would be:

... expected to stimulate the provision of ATM services and make them flexible and responsive to changes in costs and cardholder demand.

I am concerned that recent developments in the ATM market may mean that this is nothing more than a pipedream.

By way of background, I draw honourable members’ attention to the fact that the joint committee’s report notes that there were 21,603 ATMs around Australia in June 2003, up from 16,398 in June 2002. That is an increase of 32 per cent in just one year. On the other hand, it took three years for the number of ATMs to grow from 10,089 in June 2000 to 16,398. Clearly something is happening out there, and whatever it is you can rest assured that it has little to do with better service and everything to do with increased profitability.

As I said just now, I am concerned about recent developments in the ATM market. That concern is based on the fact that just over a quarter of the ATMs existing in June 2003 belonged to one provider, and that provider is being taken over by a major player from the United States. First Data Corporation, the parent company of money transfer giant Western Union, is proposing to acquire Australian ATM provider Cashcard, through its local subsidiary First Data Resources Asia Pacific Ltd. Cashcard has more ATMs than the Commonwealth Bank—around 5,670 in fact. That is about 49 per cent of the independent ATM market and reportedly accounts for about 10 per cent of the debit and credit processing market.

Cashcard has more than 50 member institutions, by far the majority of them from the building society and credit union sector. These institutions of course operate as mutuals, where profits benefit members through reduced fee structures and lending interest rates, rather than being returned to shareholders as dividends. One of those member institutions is the IMB, the Illawarra Mutual Building Society, whose headquarters are in Wollongong, in my electorate of Cunningham. The IMB has 38 ATMs across three states and the ACT. So Cashcard, which is 15 per cent owned by the Australian building society network, 15 per cent by Suncorp, eight

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per cent by St George Bank, five per cent by Adelaide Bank and 29 per cent by Gresham Private Equity, among others, will fall into the hands of just one company.

That does not seem to me to do much for competition in the Australian ATM market. And it does less when you realise that First Data Resources Asia Pacific Ltd describes itself as Australia’s largest independent electronic payment systems network. Indeed, our local subsidiary of this US financial giant, for that is what First Data Corporation is, has as its objective:

… to process every electronic transaction in Asia Pacific from the point of occurrence to the point of settlement.

Does this mean that they want to monopolise the market? It sounds like it to me.

First Data Corporation returned a net income of $US1.408 billion in 2003—up 13.8 per cent on the previous year. It employs 29,000 people. It is ranked at No. 242 on the Fortune 500 and No. 130 on the FT Global 500. It is, indeed, a US financial giant with a lot of muscle to flex. It has so much muscle, in fact, that the US Department of Justice, seven state attorneys-general—from Connecticut, Illinois, Louisiana, Massachusetts, New York, Ohio and Texas—along with the District of Columbia took legal action to prevent it from acquiring another debit processing network company, Concord EFS Inc.

The US Department of Justice contended that the $7 billion merger would substantially reduce competition in transactions which require the entry of a personal identification number—that is, the PIN we all use every time we access funds through an ATM. The head of the US Department of Justice’s antitrust division said that the proposed merger of First Data and Concord:

… will lead to higher prices to merchants, forcing them to pass on those price increases to many consumers … in the form of higher prices for general merchandise.

First Data and Concord settled the matter by agreeing to divest First Data’s interest in another PIN based debit network. So the fairly obvious question arises: is First Data picking up Australia’s Cashcard, a PIN based debit network, to fill that gap?

Clearly the Australian Competition and Consumer Commission, the ACCC, does not think so. It announced just last week that it would not oppose the acquisition of Cashcard by First Data. ACCC Chairman, Graeme Samuel, said:

The ACCC has conducted extensive market inquiries consulting with a range of interested parties and noted some concern regarding the proposed acquisition.

However, the presence of other strong competitors in the markets is likely to operate as an effective competitive constraint on the merged entity, thereby constraining attempts to raise prices to customers.

In fact, some market participants believe the proposed acquisition is likely to intensify competition in the market.

On this basis, the ACCC concluded that the proposed alliance is unlikely to result in a substantial lessening of competition.

I wish I could be as confident. Unfortunately, Chairman Samuel’s limp assurance that the takeover is ‘unlikely to result in a substantial lessening of competition’ leaves the door open to the possibility that it will result in a substantial lessening of competition within Australia. The prospect of an overseas-controlled financial giant owning the ATMs and Australia’s largest independent electronic payment systems network is not one which I am at all comfortable with.

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It is something which needs to be looked at very carefully. While I commend the report, I would wish to see the joint committee take up the question of just who is going to own Australia’s ATM network. After all, it is going to be pretty difficult to keep fees down if one multinational financial giant has the lion’s share of the system. We can only hope that it does not lead to disadvantage for those in rural, regional and remote Australia in particular. Mind you, in my own metropolitan electorate of Cunningham we will also be affected if monopolisation occurs. This issue needs continued scrutiny.

Mr SNOWDON (Lingiari) (10.23 a.m.)—I am pleased to be able to participate in the discussion about these two very important documents that have been tabled today: the Parliamentary Joint Committee on Corporations and Financial Services report on the ATM fee structure and that committee’s report entitled Money matters in the bush, a report on its inquiry into the level of banking and financial services in rural, regional and remote Australia. Firstly, I want to go to the ATM report. When reading through this document, I thought I should remind the House of the importance of this sort of discussion to the place where I live and to my constituents in Central and Northern Australia. I think it is also important when reading this document to understand, as background, the reality for people who live in these parts of Australia.

My office adjoins an ATM—the back part of one wall is an ATM—and there are two other ATMs within 50 metres of the office. A large number of people visit my office daily. They are generally Aboriginal Australians from the bush coming into town to do their business. Many of them come into the office to seek basic assistance in obtaining account balances and making general inquiries about banking issues. In this regard, a lot of good work has been done over recent times by ATSIC, the ACCC and Reconciliation Australia, with initiatives such as the national workshop held in Alice Springs in April 2002 that considered Indigenous consumer issues in regional and remote Australia. In this forum, I would like to thank the banks who forwarded to my office copies of their submissions to this committee’s inquiry.

It needs to be made clear, and I have said it before in this chamber, that many Indigenous Australians are not comfortable using ATMs and simply agreeing to hand over their cards and PIN numbers to various traders who then directly access the bank accounts of their clients for payments against book-up and other services. This is a huge issue, and it is traversed in this report and, indeed, the other report on banking services. I want to make mention of some work which has been done in this area by two very professional and proficient people, Siohban McDonell and Neil Westbury. I mentioned this in a contribution I made to the debate on the Financial Sector Legislation Amendment Bill (No.2) 2002. Both of these people were then working for the Centre for Aboriginal Economic Policy Research at the Australian National University. They wrote a paper called Giving credit where it’s due: the delivery of banking services to Indigenous Australians in rural and remote areas. The paper argued that deregulation has had a profound impact on Indigenous people—and I think that is confirmed by the evidence which was gained during these two inquiries—and that, without the ability to save, many Indigenous Australians and certainly others are denied a range of economic opportunities and, in particular, the opportunity to break out of the poverty trap.

These two writers then wrote about the failure of financial providers to take account of the different conceptions that Indigenous people have of financial facilities, the problems caused by the inadequate provision of banking and financial services in the region, the fact that many
Indigenous people do not understand either the way bank fees and charges operate or how to minimise these fees and charges, and the low technical proficiency of many Indigenous people.

The recommendations of both these reports address in some way or another these issues. We need to comprehend that there are 1,200 or so discrete Indigenous communities across Australia, and many of them are very small. Many of them do not have access—and it is picked up in these reports—to the most basic financial services. We also know that not only do they not have access to these basic services but also many of them really have no comprehension of the transactions they are undertaking when they get hold of a card. I note that one of the recommendations of the committee is that, when considering reforms to the ATM fee structure, the ISG give full consideration to ensuring that the price of obtaining an account balance is kept to a minimum and that, at the very least, it is in line with the costs associated with delivering the service.

We need to comprehend what this means, because for many people the charges that are applied to these transactions become excessive. I have here—and I will seek leave to table them shortly—the account details, with no identifiers on them, of people who have been using banking facilities, ATMs, where they have simply been seeking to find out how much money is in their account while waiting for transfer payments to be paid into it. We have an example here of one person whose account had $10 in it and by the end of the day they had had $5 worth of charges. I seek leave to table these documents, which become self-explanatory once you read them.

Leave granted.

Mr SNOWDON—It is extremely important that we understand that it is not just an issue of providing the machines or the cards but also an issue of providing the wherewithal to actually use them—that is, through very basic financial literacy arrangements. It is very important when we read these reports that we appreciate that it is very difficult for many people to understand the complicated financial statements they receive. We also need to comprehend that there are many Australians for whom English is a second or third language and that for many Australians literacy is a major problem—they cannot read and they have very great difficulty understanding the sorts of statements that banks provide.

Not enough is being done by the financial sector to provide people with information. I notice one of the report recommendations—I cannot go to it immediately—talks about people being sent information. Frankly, just sending people information in the mail is not good enough. No matter how reader-friendly it might be, if you cannot read it it is irrelevant. We need to have a major exercise in consumer training about financial services across the country, particularly in remote areas.

A range of other issues are addressed in these reports. I commend the reports—they contain a great deal of very helpful information. I want to particularly remark on chapters 14 and 15 of the report entitled Money matters in the bush. They provide very important detailed information on not only the difficulty many Indigenous Australians confront but also the very good work that is being done by organisations such as Tangentyere Council in Alice Springs and the Traditional Credit Union in the Northern Territory.
I particularly want to go to the issue of corporate social responsibility. It is not a complex idea; it is about governments and businesses working together, recognising joint obligations to treat low-income people and communities not just as customers but also as citizens. This is not about forcing banks to do things that threaten their commercial viability; it is about recognising that the finance sector’s collective responsibility runs deeper than the responsibility to shareholders. It is, as I think I alluded to earlier, about people, not just profits; it is about community interests, not just corporate interests. We need to underline that and put it in block type. In my view one of the most difficult tasks we have is to get the financial sector to appreciate that they do have a social obligation which they must carry out. To quote my leader with respect to *Civilising Global Capital*: ‘It is a smart way to combine the imperatives of society with the imperatives of the market.’

In the United States the Community Reinvestment Act has been in operation for 25 years. This act encourages banks to help meet the lending needs of the communities in which they operate, including low- and moderate-income communities. The records of banks and other financial institutions are formally evaluated on this score. I think that would be an important introduction, if we were to do that in Australia—it would provide a very transparent method of ensuring that banks actually do live up to their responsibilities.

As a result of this, we know that everyone—governments and, most particularly, citizens—can see which institutions are pulling their weight and which are not. They can then make appropriate judgments. As in Australia, the financial services landscape in the United States has changed. Today the traditional role of the CRA in generating loans to local customers, while still important, is not sufficient, particularly as the branch network—as is the case here in Australia—plays a reduced role in the system as a whole.

There is a growing recognition that there are other unmet challenges, as identified in these reports, such as the need to extend the reach of banking services to low-income people and to expand access to capital for the economic development of low-income communities. This is a very important issue across remote and Northern Australia. This latter factor is often referred to as community development finance, and different institutions compete as to who can do it best. Again, this is a case of the market being used to deliver new solutions to entrenched social problems. But it takes government to provide the impetus. Financial services are critical to the functioning of individuals and their communities. This was a point brought home by the ANZ Bank’s recent survey on financial literacy—the first such survey undertaken here in Australia.

For Indigenous communities, who are too often off the radar in this debate, the problems are even more difficult. I have emphasised that time and time again in this place and I do so again this morning. With regard to issues of financial literacy and access to basic financial services, Indigenous communities are simply not on the radar. We need a fresh institutional framework for how we expand financial services and access to capital for low-income people and communities. Corporate social responsibility must be a key element of that work.

I want to refer the House to two documents. The first, from the United States, is a report of a native American lending study done by the Community Development Financial Institutions Fund. This report outlines in great detail how people can access community financial institutions, and I think it provides a bit of a signpost as to what we should be doing in this country. The second document is entitled ‘Effective Strategies for Community Development Finance’.
This document also makes it very clear that there are ways in which government, working in conjunction with the banks, sometimes using its regulatory powers, can ensure that people have access to forms of lending and finance.

The Community Development Financial Institutions Fund is run by the United States Department of Treasury. The fund is a wholly owned government corporation that was established in 1994. The CDFI Fund assists the financial institutions that work in market niches that have been underserved by traditional financial institutions. It provides a wide range of products and services, such as affordable home mortgages, home ownership counselling and capital and technical assistance for start-up and minority owned small businesses. It also supports the building of community facilities. I will not go through the detail of these programs.

We need to be examining very closely what has happened elsewhere in the world and use it as an example and, if we can, a template for what we could do here. We need to do a great deal more about forging a relationship between financial services and access to resources, to loan money and to equity for people who live in poorer socioeconomic circumstances, most particularly those poorest of Australians—the Indigenous Australians who live in the remote parts of Australia, especially those in my own electorate.

Debate (on motion by Mr Baird) adjourned.

**ADJOURNMENT**

Mr BAIRD (Cook) (10.39 a.m.)—I move:

That the Main Committee do now adjourn.

**Legal Aid: Funding**

Ms LIVERMORE (Capricornia) (10.39 a.m.)—I want to use this opportunity to pay tribute to the work of community legal centres in this country, particularly the work of the Central Queensland Community Legal Centre. It does a fantastic job in fairly difficult circumstances in providing free legal advice and community legal education to people living in the Central Queensland region.

Community legal centres play a unique and essential role in the mix of legal service delivery in this country. Community legal centres are often the first point of contact for people who have little or no experience with the legal system. They provide that service in a way that is very accessible, that is not in any way intimidating and that is very responsive to the needs of a diverse range of clients. They take a very holistic approach to the delivery of their legal services, being able to offer referral and advice across a wide range of issues to people accessing the centres. They are community managed, so they are very much in touch with the needs of their local communities.

The community legal centre sector is facing a very difficult time at the moment. The demands on it are growing all the time and the funding that it has been receiving has not been keeping pace with the costs of providing services. Commonwealth funding for community legal centres has increased by only 2.45 per cent per annum in the years up to 2002, and during that same period of time average weekly earnings rose by 4.5 per cent. That is causing real problems for the community legal centres in Australia because their staffing costs actually represent a very large proportion of the costs of running the centres and of providing the vital services to the people in their communities.
This is all happening at the same time as the cuts by the Commonwealth to the legal aid budget. Since the election of the Howard government in 1996, these cuts are really starting to bite and very harshly affect communities and people seeking legal advice. In 1994-95 the amount of legal aid funding provided by the Commonwealth was $117.4 million. In 1996-97 that jumped to $128 million, but then in 1997 the cuts really started to take effect. Funding was reduced to $108 million, and it was only in the last year that it rose to $121 million. Studies by the Law Council of Australia estimate that it would take an extra $60 million per annum to get funding for legal services back to the levels of 1991. This is impacting very harshly on people in our country. It is now starting to have a deeper effect in that the costs of justice in this country are rising. The Law Council of Australia released a report in the last week that said, ‘Increased legal aid funding would be cheaper for state and federal governments than the spiralling court costs caused by those who did not understand the system but could not afford a lawyer.’

All of this is impacting on the community legal centre in Rockhampton. The demands on it are growing all the time. People are not able to get legal aid funding. The eligibility rules for legal aid funding are now so tight that you really are talking about only the most desperate and poor in our society being able to access legal aid, which is leaving a large proportion of the working poor—people on low incomes—still in need of access to legal representation. They cannot afford it out of their own pocket, they cannot afford private solicitors, and community legal centres are having to pick up the pieces. At the moment, the community legal centre in Rockhampton has a staff of two full-time solicitors, one full-time administrator and one office trainee. It has dealt with almost 1,000 clients in the seven-month period since July 2003, mainly in the areas of family law, civil law and criminal law. It is seeing an overflow of people who cannot access legal aid funding, who do not have the money to see a private solicitor, who are in real distress in trying to deal with legal situations that they have very little understanding of and who have no hope of representing themselves. The legal centre is seeking to expand its services to more outlying areas—and I commend it for that. I ask the federal government to start taking responsibility for access to justice in this country.

**Education: Higher Education Contribution Scheme**

Miss **JACKIE KELLY** (Lindsay—Parliamentary Secretary to the Prime Minister) (10.44 a.m.)—In a classic display of red herring politics, yesterday I had Bob Carr in my electorate. He did not visit our TAFEs, hospitals or schools. He actually went past all of those to the Werrington campus of UWS, where he urged students to sign a petition to the Australian government to reduce HECS repayments for the tertiary education they receive. Keep in mind that these HECS repayments are made after the person has completed their study, once they are in a job, and it is 4.5 per cent of their income once that is over 35 grand.

I found that rather extraordinary when right next door to the Werrington campus that Bob Carr did visit is the TAFE campus. At this TAFE, fees have increased by 300 per cent in some cases. New South Wales TAFE students are paying up to $1,700 a year to study in New South Wales TAFEs. These are up-front fees—you pay now or you do not study. Quite clearly, TAFE students are not studying. We have seen a dramatic reduction in enrolments in our TAFEs, to the stage where, in fact, they are looking at laying off teachers. Why would Bob Carr be interested in education degrees if he is not even providing the opportunities for teachers to be employed in our TAFEs?
An education degree at the UWS costs around $3,768 a year. Under HECS you pay it later, when you are earning, as opposed to the TAFE students—and believe me, I have more TAFE students in my electorate than I have uni students—who are paying up to $1,700 upfront. If you add up that $3,768 a year for an education degree over three years, that is $11,304. Along with his petition Bob Carr came out with a flyer that said that students will graduate with mortgage sized debts. The average house price in the electorate of Lindsay is around $350,000. The stamp duty Bob Carr rips off from the people of the electorate of Lindsay for every housing transaction is $13,490 on a $400,000 house or $11,200 on a $350,000 one. If Bob Carr is so interested in the cost of university education, why doesn’t he promise university graduates a first home buyer package where you can get back from the state government your stamp duty on your first home?

In the meantime, Nepean Hospital is critically short of nurses. Our hospitals desperately need all sorts of equipment, but Bob Carr is not providing it. As to the rail line, I noticed he came out to Penrith, but he did not catch the train after a week of strikes—

Mr Baird—He wouldn’t get there!

Miss Jackie Kelly—No, he would not. He also did not stop at the Werrington train station. The Werrington train station for the university campus has been promised to the University of Western Sydney for a decade. I understand that the vice-chancellor has this Bob Carr promise on the train station written in blood. In fact, the vice-chancellor has designed the whole strategic plan for the university around this train station appearing. Believe me, she is as befuddled as the chancellor is on this one. Despite their cahoots on this latest stunt, that train station will never eventuate. It is as ethereal as the Parramatta-Epping train line. In terms of the carnage in our current timetabling on the Western Sydney line, there is no way that another train station is going to appear there. If Bob Carr wants to do something great for the university, why not start looking at how the students flow to and from that campus he visited?

The other point I would like to make is in relation to payroll tax. Bob Carr gives some piffling amount to the university every year and he rips $10 million or thereabouts in payroll tax out of the university. If he is so concerned about UWS, why not give them some payroll tax relief and give the graduates some stamp duty relief? Here is another good one from our state Premier. He is boasting that land tax is now payable only on houses worth over $317,000. Come out to my area and have a look at what people are really paying for living standards and a university degree! (Time expired)

McMillan Electorate: Pakenham Bypass

Mr Zahra (McMillan) (10.49 a.m.)—The Pakenham bypass is very important not only to the people who live in the Pakenham district but also to the people who live in the Gippsland region, which makes up the lion’s share of the electorate of McMillan. This has been an important issue for some time. People in Pakenham are fed up to the back teeth with the attitude of the federal government to this project. The federal government have maintained that they never made a commitment to fund half of the Pakenham bypass, but they did make a commitment to fund half of the Pakenham bypass. Half of the cost of the Pakenham bypass is $121 million. That is a lot more than the $100 million that they have indicated they are going to commit to this project.

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The reason I and everyone else in the Pakenham district and the Gippsland region think that the government committed to fund half of the cost of the Pakenham bypass is that they did. We all heard them, and we know what they said. Do not simply take it from me; listen to what the Cardinia Shire Council had to say in a letter to the Prime Minister on this very issue. I point out that the Cardinia Shire Council is not a Labor controlled council. To the best of my knowledge, there is not even a person on the council who is a Labor Party member. It is simply a group made up of ordinary members of the community who have stepped forward to serve their community in that capacity. The CEO of Cardinia Shire Council wrote to the Prime Minister about this project. He said:

In the last election, council understood that the federal government had committed to the project as a Road of National Importance, and the funding would be on a dollar-for-dollar basis.

There it is in black and white. If the Prime Minister, the Deputy Prime Minister, the Liberal Party and The Nationals are calling me and the people of Pakenham liars then they are really calling the Cardinia Shire Council and its councillors liars. I can assure you that people have conducted themselves with integrity and with a great deal of sincerity in relation to this campaign and the attempts to try and make sure that this important road project goes ahead. I want to quote a little more of the letter sent last year by the CEO of Cardinia Shire Council to the Prime Minister. He went on to say:

The over-riding issue is that the community is impatient for the project to proceed. Your government has acknowledged that this bypass will remedy problems in one of the most dangerous stretches of road in Australia, being the Princes Highway east of Pakenham. Further delays are unacceptable to the community on the basis of more injury and lives being lost and the cost to the community will outweigh the figures debated by governments.

The letter continues:

I understand that one of the major contributors to the escalation in costs of the road is land cost. Council can confirm that the land values in the growth corridor of Cardinia have escalated well above the forecast of the most informed valuers. There must be flexibility in contributions to recognise these unforeseen increases that are beyond the control of the planners of the project.

Towards the end of his letter to the Prime Minister, he said:

Council urges you to put aside the bickering with the state government and commit on a dollar-for-dollar basis for the present estimated cost of the Pakenham bypass.

The CEO of Cardinia Shire Council and the councillors are right about this issue. We do not want to see more bickering from the state government and the federal government about this. We think it is fair enough that this important national road be funded on a fifty-fifty basis.

The state government have put in their $121 million, which is half, and the federal government have put in $100 million, which is not half. So we are saying to the federal government, ‘Put in the remaining $21 million, and let’s get this road built.’ There is no point in us going back to the past and saying, ‘At one point the cost of the project was only $200 million, and now it is $242 million.’ There is no point in us talking about the price of cars in the 1950s or people getting a block of land for £50 in the 1920s. The fact is that that is how much it costs today. People want governments to fund this project so that it can get built and people can get the benefit of this road project today—not in 10 years, not in 20 years, not in 30 years. We need this road built now so that we can get the benefits in terms of public safety for the people of the Pakenham district and the Gippsland region.
Mr BAIRD (Cook) (10.55 a.m.)—I wish to draw the attention of the House to the recent decision of the Land and Environment Court in New South Wales to allow a major industrial project by the development company Australand to proceed on the Kurnell Peninsula. I have spoken many times before in this place about the need to protect and conserve this historic and ecologically significant area. The effect of this decision of the Land and Environment Court will allow Australand to construct an industrial park abutting the base of one of the few remaining sand dunes on the peninsula. As honourable members would know, the Kurnell Peninsula is a vitally important area in both environmental and historic terms. The area has over 50 per cent of the mangroves and in excess of 90 per cent of the remaining salt marshes in the Sydney basin. The area is home to various endangered species such as the green-and-gold bell frog, the little tern, the eastern long-neck turtle and the dugong. Additionally, Kurnell is of great importance as the birthplace of modern Australia.

Sandmining has been occurring on the Kurnell Peninsula since the 1930s when the shire council of the day sold the land. Since that time the Kurnell Peninsula has been mined to provide building sand for the construction industry. As I speak here today, there are three privately owned sandmining companies which are mining the heart out of the peninsula at an unsustainable rate. It is estimated that 25,000 tonnes of sand are removed from the Kurnell Peninsula each week. This amounts to a total of some 1.5 million tonnes per annum. The Kurnell Peninsula was exceptional in the Sydney basin due to its large, unique and delicate sand dune system. This dune system has now been all but destroyed by sandmining. Where sand dunes once towered to heights of more than 200 feet there are now a series of lakes and ponds. Some of these ponds are estimated to be up to 40 metres deep in parts. There is now only one major sand dune remaining. There is significant concern amongst elements of the environmental community that the continued removal of sand from the Kurnell Peninsula will weaken the ability of the peninsula to resist storms. The Kurnell Peninsula has a rocky outcrop to the east and is largely made up of sand acting as a bridge between the northern end of Cronulla and a rocky outcrop near Cape Solander. By continuing to mine sand from the peninsula at such a rate, there is a fear that a large storm could breach the foreshore facing Bate Bay and connect it with the ponds and lakes, which litter the neck of the peninsula and we could ultimately see a break through into Botany Bay.

As honourable members would also be aware, Kurnell has added significance as it is the birthplace of modern Australia. It was at Point Sutherland at Kurnell that Captain James Cook landed on 29 April 1770. It was also on the Kurnell Peninsula that the penal colony of New South Wales was proclaimed on 26 January 1788. We have seen a long campaign about the need to conserve this area on the basis of its historic significance. It would be a shame for the New South Wales government to shirk its duty to protect what was the birthplace of the colony of New South Wales and the first Western settlement on our great continent—an act which led to the formation of this wonderful nation of ours. This area should be a place that is protected for all Australians to enjoy.

The destruction of the Kurnell Peninsula through overexploitation is a matter of grave concern to my constituents. Sutherland Shire Council has tried to halt sandmining for years through the courts but has been unsuccessful due to inadequate planning controls. A petition of residents was recently undertaken in Cronulla, Caringbah and Kurnell which resulted in

Environment: Kurnell Peninsula

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some 4,000 signatures calling on the state government to halt the destruction of this precious area. The importance of this area cannot be underestimated. It is time that the New South Wales state government acted to protect the Kurnell Peninsula once and for all. Premier Bob Carr announced with great fanfare in February of last year that the site would be listed on the state heritage register; yet due to inadequate planning controls, the court has been unable to stop this development from proceeding. Legislation needs to be enacted to protect this area for future generations.

The same developer has a proposal for the construction of 500 homes on the remainder of the site. This proposal has been with the Minister for Planning since 2000. The New South Wales government needs to state on the record its true position on the Kurnell Peninsula. The developer Australand made a contribution of some $50,000 to the Labor Party before the last state election. The actions of this so-called green Premier to stop this threat to Kurnell will be interesting to watch in light of this very large donation.

Finance: Lending

Mr Griffin (Bruce) (10.59 a.m.)—I rise today to speak briefly about the issue of credit reports—in particular, about a recent article in Choice magazine looking at issues with respect to this—and, on from that, about the overall question of the Office of the Federal Privacy Commissioner and the circumstances of that organisation’s funding and resourcing. In particular, on the issue of credit reporting, members will be aware that credit reports basically involve the collection, disclosure and maintenance of information relating to consumers’ creditworthiness. There are three companies who deal in the collection and collation of this data. Essentially, it is used by businesses and financial institutions to determine whether one is a good credit risk. It can lead to the determination of whether one gets a housing loan or some other loan, so it is a pretty important area. It is an area where there are clearly some very serious problems.

To give you an example, I will read briefly from that Choice article about what can happen with respect to credit reporting, in terms of the circumstances of an individual:

Over a four-year period Mr R was unable to get credit: one home loan and eight personal loan applications were rejected by various lenders.

Finally one lender named his bad credit report as the reason. Mr R found his bank had listed him as a ‘clearout’—a debtor who doesn’t pay and can’t be located by the lender.

Some years ago, while working in a remote area, Mr R had got into arrears with his credit card payments, but he’d paid it off a short while later. At no time did his bank tell him it would list this incident on his credit report. In fact he was still using the same credit card.

Mr R complained to the Banking and Financial Services Ombudsman (BFSO), who found in his favour and put Mr R’s case in the BFSO annual report. Mr R’s credit report was cleared and he received $2000 compensation.

The point with that case—for example, on the question of being a ‘clearout’, a debtor who does not pay and cannot be located by the lender—is that very basic issues and problems with your credit report, such as an incorrect listing of your address or your name, even if it is a minor adjustment, could lead to a situation where you could be accused of being a ‘clearout’.

The report by Choice related to a survey of a number of Choice subscribers. It was not a huge number of subscribers but it did produce a huge result—that is, some 34 per cent of people who responded to the request to get their credit report found that their credit report actu-
ally contained errors. If you look at the overall size of this area in Australia, where we are looking at somewhere in the region of 14 million credit reports held on Australians, we could well be seeing somewhere between four and five million Australians with incorrect listings on their credit reports. That is in a situation where over 1.5 million of those reports have a default listing, so we are talking about an incredibly serious issue.

The Office of the Federal Privacy Commissioner is the agency—from a government point of view—that deals with these issues with respect to complaints. We have recently seen some quite extraordinary comments by the Privacy Commissioner on this issue. I will quote from a recent ABC Canberra interview with Chris Uhlmann on 5 February. On the issue of the problems with this particular area, the commissioner, Mr Crompton, said:

What has happened is that we have had a surprising response to the wider private sector privacy law that came into place a couple of years ago where our complaints workload has gone up five-fold—quintupled. Unfortunately we were only funded for a doubling of the complaints workload before that came into place and we haven’t been given further funding.

And then he said:

Unfortunately it’s not getting any better. I really am sorry about that, but resource allocation is a challenge for any government, and those are the resources they have given us. What I’m responsible for is to make sure that the Government and the public are well aware of the implications of their resource decision making and this is one of those implications.

Quite seriously that is an issue for you to take up with the Attorney General or his staff, but the thing that I can say is that I have made them continuously aware of the issues from the moment the private sector privacy law started a couple of years ago. I have kept them continuously up-to-date, I have made the Attorney aware of the amount of money that I believe would be needed to begin to address this problem. How he has taken that forward is a matter for him to answer.

It is pretty clear from a follow-up interview a week later that the Attorney has not done much at all. He has basically mentioned in his response to Mr Uhlmann’s questions that we have to look at this in a budget context. We have known about it for two years. He has then talked about the fact that there are some systemic issues here. What has he done about addressing those systemic issues? I note that he has actually said:

... I think the approach that CHOICE were taking in asking for a look at the systemic system involved in this sort of information was probably the correct one.

Let us see him do something about it. It is about time the government did something about this issue.

**Fuel: Ethanol**

**Mrs GASH (Gilmore) (11.04 a.m.)**—Peter and Chandra Sullivan, along with their daughter, Melissa Williams, have owned and operated a petrol station at Nowra in my electorate of Gilmore for the past 12 years. About four weeks ago they changed the petrol station trading name to Shoalhaven Ethanol Fuels. There is nothing new about that. Companies change their names all the time to improve the way that people think about their products and services and disassociate themselves from negative publicity or merely to avoid their financial responsibilities. However, the Sullivans are not motivated by those reasons. Instead, they wish to support one of our major industries in the local area and they wish to support a healthy environment for the Nowra area.
They made this change amid a concerted campaign by Australian oil companies to vilify ethanol—and in the face of Labor’s scare campaign and its plan to tax ethanol at 38c per litre. The Sullivans are to be applauded for biting the bullet on ethanol. It is a brave move, especially with many other service stations pointedly displaying ‘no ethanol’ signage. Their petrol station has always served our community well, with competitively priced fuel and a fine reputation. The launch under the new branding was a good opportunity for me to revisit my early days of pumping petrol. It was also an opportunity to let people know that ethanol in fuel is great for the environment and for their health and is crucial for the work force in our community. Most of all, it is cheaper. A lot of people do not realise just how important it is. Literally hundreds of local jobs depend on it being sold.

I am not afraid of promoting ethanol against those who seek to question its reliability. When people look at the facts on ethanol, it is obvious that the campaign against it seeks to play on people’s fears. Surely, if people were told the truth about the virtues of ethanol in fuel it would not be hard to appreciate the benefits of a clean-burning additive. In fact, it is the only fuel additive you can actually drink. Compare this to the harmful carcinogenic additives contained in other petrol. Even if Australians have not been scared by Labor’s campaign, they will surely think twice about the use of ethanol under Labor’s planned tax increases. In short, the tax increases will kill off Manildra in Bomaderry, costing many hundreds of jobs. For us in Gilmore the consequences are worse. Labor’s campaign has made it hard enough for Manildra to sell ethanol, and the tax will make things worse. If Manildra cannot shift its products, it stands to reason that it cannot continue.

We are not just talking about what might happen if Labor were elected to government; their actions and position on this issue are already affecting employment in Gilmore. The ethanol plant is currently producing at only about 30 per cent of capacity in order to manage the rate of stockpiling and subsequent use of storage facilities. Production at 100 per cent of capacity could mean an increase of 30 to 40 jobs at the plant. The government put a zero tax on ethanol, and there is a 38c per litre excise on ethanol which is offset by a production subsidy to the Australian producers. Labor are planning to keep the excise but will take away the production subsidy, meaning that there will be a 38c per litre tax rise on ethanol. We are only just starting to turn our attention towards the next election and already under Labor’s policies we have had two tax rises that will hit hard in Gilmore with disastrous consequences. People need to know that this is Labor’s agenda.

I applaud any production of ethanol that will occur in regional areas because it would be a much-needed employment boost for those communities. I again want to encourage the small business people of Australia who run petrol stations to stand up for their local communities, their health and their environment. Stand up against the oil companies’ self-interest and the self-serving Labor Party! Take your leave from Peter and Chandra Sullivan and Melissa Williams from my electorate of Gilmore! Their courage and leadership are an inspiration for the future of regional communities. No matter what their opposition, with the backing of the people of the region they have every chance of success. I applaud and admire their guts to have a go.

Telstra: Staffing

Ms BURKE (Chisholm) (11.09 a.m.)—I rise today to challenge Telstra to shelve its plans to allow 450 IT jobs to be exported to India. When it emerged last month that these jobs
would be sent offshore, Telstra washed its hands of the decision. It said it was purely the decision of its contractor, IBM. Telstra’s spokesperson, Bill Scales, said:

This very large contract with IBM is really a matter for IBM and not for Telstra.

But surely IBM was driven to this decision because of the tremendous pressure placed on it to cut costs? I understand that last year IBM lost Telstra business to the Indian based company Infosys because its competitor had cheaper wage rates. IBM may have felt it had no choice but to transfer those 450 jobs to IBM India so that revenue was still kept within the multinational organisation. Its actions are in some respects understandable. But how do we explain Telstra’s abandonment of Australian workers?

We must remember, after all, that Telstra is one of the most profitable companies in the world. Just last Friday it announced an interim net profit of $2 billion. Telstra is still largely a monopoly, and it makes all its profits in the Australian telecommunications industry. We have only seen this week that its board is having deliberations about buying other rather large and profitable businesses. I understand that it needs to be internationally competitive, but surely that need should not come at the expense of Australian workers, Australian jobs or its future operations.

The President of the Australian Computer Society, Richard Hogg, said there have been instances of some offshore projects failing and being brought back to Australia. Sending work offshore robs Australia of skills and the ability for people to enter the IT industry at the bottom and work their way up. You only need to look at enrolments at university in IT and CIT courses to understand that this movement of jobs offshore is currently having an impact on our skill base and the future job prospects of our youth. Mr Hogg also warns that companies that pioneered the outsourcing trend several years ago can attest to the fact that it is very difficult to recoup internal knowledge and skills lost through that process. He said that companies should be far more rigorous in their assessments of the benefits of offshore outsourcing. He adds:

While the hourly rate paid to programmers in India might be as little as 10% of that of their US (or Australian) colleagues, the additional costs involved in vendor selection, contract management and staff redundancies, as well as reduced productivity for training offshore staff and dealing with cultural issues, can actually add between 10 and 50 percent to the contract price.

A constituent of mine employed by IBM has written to me concerned that his job is at threat from the new IBM-Telstra contract. With the IT job market already depressed, he is anxious about the impact it will have on him and his family’s way of life. I quote from his email:

I am also concerned about Australia’s ‘importing’ yet another service, increasing our reliance on the export of resources and agriculture, which both have a limited lifetime and are susceptible to drought and disease. I wonder what future opportunities will exist for our daughter.

As my Member of Parliament, I request you and your colleagues revisit the Telstra decision in particular and offshore job loss in general and ensure that the issues are thoroughly debated. I look forward to hearing from you in the near future regarding your view on this issue and your intended actions.

My intended action is to raise this most serious matter in the parliament today, because if we do not address these issues we will lose more jobs offshore—we have already seen it. We will lose the skill base, training and an area in which we have had success—importing components and manufacturing parts within the computer industry. If you do not have those jobs here you cannot support and foster that skill base. It is way past the time for Telstra to step in and say:
We want to protect Australian jobs. We want to protect Australian livelihoods. We want the rot to stop. We are seeing these jobs go offshore. Time and time again, we have seen that these are not true cost savings and I ask Telstra to reconsider this issue.

Foreign Affairs: Gallipoli Peace Park

Mr BALDWIN (Paterson) (11.14 a.m.)—I would like to raise a matter which I am absolutely shocked about, and I am sure our veteran community are shocked as well—that is, the possibility of the Turkish authorities charging a fee to enter Gallipoli national park. Last week when I first heard about this I was sure that I had misheard that statement, but the story was backed up by an article in the Daily Telegraph on 18 February on page 11, which claimed that Turkish authorities have been building an entrance gate to the park and that they insist a fee for entry is going ahead. The Turkish Ambassador to Australia, Tansu Okandan, issued a statement contrary to the reports, and I certainly hope that is right. But it does not stop the fact that they are building the gates as I speak.

I am appalled and disgusted at this blatant exploitation by the Turkish government of the emotional connection many Australians have to this site. You cannot put a price on Gallipoli. This site has emotional and historical significance for many Australians and New Zealanders, and it is not a money-spinner for the Turkish government. Anzac Day and Gallipoli are inseparable in the Australian psyche, and they represent many thousands of men and women of Australia who perished in times of war. Anzac Day is about the events of Gallipoli and the landing on the beaches at dawn. It has become Australia’s memorial day, with a single event that gave Australia so much and took so much at the same time. Anzac Day is about Gallipoli, which some say was the birthplace of our nation. I know it was the birthplace of the Anzac spirit.

Each year, more and more Australians, both young and old, visit Gallipoli on Anzac Day to pay their respects to the fallen. They participate in the dawn service, right where things happened in 1915. Many people stay for a few days either side of Anzac Day and spend on accommodation, in shopping centres and on eating—all of which contributes to the Turkish economy. But, disgracefully, the Turkish government ignores the major contributions that Australians make when they visit their country and they also ignore the contribution that the Australian government has made to create a monument to the Anzacs and in the ongoing maintenance and upkeep of that site. There is no need for the Turkish government to charge a fee on Gallipoli. Australia will look after the site to ensure the memory of our fallen heroes lives on forever. It is a small price to pay to remember that these men fought for our country and preserved the democracy we take so much for granted today.

Charging a fee now is wrong. We might as well start to put in turnstiles on our cemeteries and make the cenotaph flame a coin-operated machine. I implore the Turkish government to consider the feelings of those Australians who seek to remember with respect their fathers and grandfathers who perished at this site. But they should also consider the emotional attachment that many Turkish sons, daughters and grandchildren have to this site, as Turkish blood was also spilled at Gallipoli. Their memory is not up for sale.

The newspaper report claims that a fee will contribute to a $15 million upgrade of the Gelibolu Historic National Park and that Australians will therefore have to pay to attend a dawn service. The report is backed up by Ibrahim Kosdere, the member of parliament who represents that region in Turkey. He is quoted as saying:
Entrances to national parks have fees and this is a natural thing … There is nothing more natural than taking admission fees from the international national park on the Gelibolu Peninsula.

He went on to say:

These people should know that every service has a cost ...

It appears that someone should be telling that MP that the maintenance of the allied cemeteries in the park is done and it is funded by the Commonwealth government. Our own minister says that the Turkish MP is wrong and she says that she has been assured by Turkish authorities that there will be no fees for our Gallipoli ceremonies and that any fees in the park will be used for other facilities, like the reception centre. I certainly hope that the Turkish authorities honour that commitment and that Australians travelling to the Gallipoli Peace Park will not be charged fees to honour those Australians who gave their lives for this country. Respecting our heroes should not come at a cost. Enough of a price has been paid with their lives.

**Wills Electorate: Aged Care**

**Mr KELVIN THOMSON** (Wills) (11.18 a.m.)—Aged care in the electorate of Wills is now in a state of crisis. In the Wills electorate, one-quarter of the population are aged over 55 years and 12 per cent are aged over 70 years. This ageing demographic profile places unique challenges on the provision of aged care services. Those challenges are made more serious by the fact that it is located in inner metropolitan Melbourne. Since I have been the federal member for Wills, I have been party to many community discussions about aged care within my electorate. Since we met the challenge of the accommodation bonds back in 1996, I have been forced to watch this government—an idle government—complacently denying those calls from the aged care sector for more funding assistance while an increasing number of services and aged care beds have left my electorate. Now it seems, if media reports about the Hogan report are any indication, that after three terms in office the Howard government have no other plan or vision for aged care in Australia than to bring back accommodation bonds. Their fourth-term agenda is to go back to the agenda of term 1.

In the latest funding allocations under the 2003 aged care approvals round, two facilities in the Wills electorate received new residential aged care allocations. Coburg Aged Care received 60 high-care places and St Basils Nursing Home received funding for 21 new low-care places. Initially I welcomed this announcement, but when you have a look at the figures, you see that Coburg Aged Care has been forced to close down its high-care facility in Wills because of ageing and inferior infrastructure. The 40 beds currently in operation will move out shortly to an alternative site. In addition, 40 low-care beds from Munro Manor will leave. That means that the 81 beds that were allocated turn into a net gain of one new bed, not 81. We have had a number of aged care providers miss out in the latest funding round despite having workable and well-planned submissions to help ease the burden that we confront. We need more beds, more facilities and better funding and assistance for our aged care providers in the Wills community as a matter of priority.

It is not simply that we are not getting new beds; there are also beds closing. Last week we had the Salvation Army announce that it intends to divest itself of 15 of its 19 aged care facilities. This confirms that aged care under this government is in a state of crisis and is collapsing. In Coburg the Salvation Army’s Gilgunya Village comprises 50 low-care hostel style beds along with 12 two-bedroom independent living homes. It is a stone’s throw from major shopping and community services, it is close to public transport and it is only a few years old. The
fact that the Salvation Army cannot continue to sustain the burden of operating these facilities speaks volumes about the aged care crisis in Australia. This follows the Church Nursing Home, operated by the Baptist Church in Brunswick, closing the year before. We have a long-standing problem in relation to retaining facilities in inner metropolitan areas.

The Salvation Army says it is committed to ensuring that the needs of Gilgunya residents are met. I want to work with them to try to ensure that that occurs. What we have here is inescapably high competition for limited land in inner metropolitan areas. That poses a challenge for aged care developers. People such as those associated with the Pentridge Piazza project have been interested in developing aged care services and facilities, but they have not been able to do it. Conversely, others have been moving out. I have talked about the Salvation Army. I have talked about the Church Nursing Home. Moreland Private Nursing Home moved its services 20 kilometres out of the electorate, to Sunbury.

I am told by the government that this strategy is acceptable, but it makes a mockery of the government’s Ageing in Place policy. While the government has made a commitment to assist regional communities in providing suitable aged care facilities for older Australians, those living in inner metropolitan areas of our major capital cities are finding it equally difficult to access aged care services in the communities that they have lived in all their lives and want to go on living in. I am sure the government has had all these issues drawn to its attention through the Hogan review, but the government is continuing to stall and procrastinate on the release of the Hogan report. Speculation is that it is being held back because it talks about more user-pays systems. Unfortunately, as long as this government fails to release that report and sits on its hands, aged care facilities in my electorate are closing down and being relocated, and the aged care crisis continues.

**Australian Defence Force: Water Strategy**

FRAN BAILEY (McEwen—Parliamentary Secretary to the Minister for Defence) (11.23 a.m.)—I think that every member in this place, people throughout our nation and certainly all the people in my electorate of McEwen know and value the role that our Australian Defence Force plays in our national security. But there is a role that our ADF plays that I think is not well known either inside or outside this place throughout communities across our nation, and that is the role that the ADF plays in sustainably managing the environment—not only the environment on their bases but also the environment that they train in off base. This morning, by way of illustration, I will talk about a very important strategy that, in my role as the parliamentary secretary, I had the great honour of launching two weeks ago. That strategy is the ADF’s national strategy on water.

There are two aspects to the strategy. Firstly, it is providing education and information to all ADF members and their families on ways to conserve water and on how important water is in the communities in which they live—and let us not forget that most of our defence bases are located in regional Australia. Just as important as educating each and every one of our ADF personnel is actually putting that education into practice. The national water strategy is doing exactly that. It is not just talking about it; it is actually doing it.

As I am speaking here now, this program is being implemented right across the bases, right across our nation. It starts from very small means, such as making sure that the trees planted on bases are trees that do not need to consume vast amounts of water; making sure that we put into practice the reuse of grey water; installing, for example, waterless urinals; and making
sure that the water stream that comes out of taps and shower roses is not distributing huge amounts of water. It came as a shock to me to learn that the ADF pays $13 million a year on potable water. Not only are we expecting to make some savings that can be put into other areas of defence but, most importantly, every single member of our Defence Force is actually making a commitment to practising sustainable environmental practices.

The ADF, in putting into practice its sustainable environment programs, is streets ahead of some of the local water authorities, particularly a couple of water authorities in my electorate—the Goulburn-Murray water authority and the Goulburn Valley water authority. While defence members are certainly acting in very good conscience and being good managers of their environment and planning for the future, what are these local water authorities doing? They are still operating under very old charters that directly disadvantage the businesses, the homes and the families right across my electorate.

I will use, for example, the tourist operators and businesses that depend on those businesses around Lake Eildon in my electorate of McEwen. Many of these businesses are paying licence fees for access to water. They have been paying these fees for years. There is still no access to water, but the water authorities are charging these licence fees. The same water authorities will not give licence arrangements for longer than five years. If businesses go to their bank managers and say that they have only got a licence arrangement for five years, what chance do they have to reinvest and build their businesses? They are being hamstrung—with not just one but two hands behind their back. It is an absolute disgrace that these water authorities are allowed to practise under these charters. I am calling on the state government in Victoria to quickly act to change the charters under which these water authorities work and to take a leaf out of the book of the ADF in sustainable practices.

Child Care

Mr RIPOLL (Oxley) (11.28 a.m.)—Today I would like to talk about an issue which is very important to many Australian families, and that is the issue of child care. The Leader of the Opposition has talked about a ladder of opportunity, and of course the first rung on that ladder of opportunity is all about our infant children. Throughout my electorate of Oxley, and many like it across the country, people are trying to balance the pressures of family life and work and, more specifically, people are struggling to find adequate child-care places. People tell me that it is also becoming increasingly difficult to find adequate before and after school child care and child-care places generally. People tell me that child care and before and after school care is becoming more and more costly.

Families struggling to achieve a balance between work and family work very hard and with great personal effort. But it also requires assistance from friends, family, the community and, importantly, from government. Sadly, the government is failing in its mutual responsibility to Australian families. The government is always talking about how it values Australian families, but where are the policies and the programs to support the rhetoric? *Australia’s Welfare 2003*, which was released by the Australian Institute of Health and Welfare, shows how child care is becoming less and less affordable for Australian families.

Since 1998, the Howard government have cut the number of centre based long day care places in Australia. There is now a national shortage of around 30,000 outside school hours care places and 2½ thousand places in family day care. Also, the cost of child care has increased. The latest Australian Bureau of Statistics data shows the price of child care has gone...
up by a massive 33 per cent since September 2000—after John Howard introduced his GST. The system is at absolute crisis point. Tens of thousands of working families cannot access quality, affordable child care. The government must not continue to patronise families and the sector with hollow words; they have to act now to ease the pain afflicting Australian families.

The government-imposed cap on family day care and outside school hours care has created a critical shortage of more than 30,000 places. For young families, access to child-care services is as essential as work itself and should not be treated as a luxury. In many cases, the traditional methods of child care, such as care provided by the extended family, are no longer viable options for young people struggling to build a family and purchase their first home, or for ageing parents who no longer live nearby or who themselves need support services. The need to work is not an option. Families work because they must to survive, and to work they must have access to affordable and quality child care.

Unfortunately, the Prime Minister still holds the view that women should stay at home to look after the kids. He has said this repeatedly. That may have been the accepted norm back in the fifties and sixties, but as the world has changed so has the traditional family, its core values and the need to work. It is more common and acceptable, if not purely out of need, that families are usually made up of two working parents or a single parent that must work. The choice if you do not do this is to become part of the government’s failed welfare system. Originally this was intended to assist families and children, but now it is more programmed at saving money and punishing hardworking families. But the story gets worse with single parents often left with very little choice but to raise young families while juggling work and family, with little or no community support and very little assistance from government.

Recent comments of the Minister for Children and Youth Affairs reflect the broader approach by government and that of John Howard’s 1950s view of work and family. He has made comments over many years that families do not need child care if the woman stays at home. That would solve the problems of the government because it would not have to spend more money on child-care services. This attitude of the government is further reflected in the access to child-care places and in the funding models used by the Howard government to support families. A new positive approach needs to be taken, an approach that acknowledges not only the physical need for child care but also the benefits that quality and affordable child care brings to families and the wider community—a new approach that recognises, through funding, the need to support families struggling to balance their work and their life, particularly in the area of early development for their children.

We also need to recognise that families are not the traditional nuclear families of the 1950s. Unless we take urgent steps now, we will face an ever-growing desperation of families to gain access to child-care places and the ongoing stress that it causes them and the problems that follow. Strengthening families and assisting children in the early years must be a priority for government, and it must be a priority to provide these essential services. Labor have put a number of policy issues on the table to do with our commitment to families. It is about making sure we get a real pay rise for working families and taking care of bracket creep. It is about making sure we have fairer family payments for working families. It is about ensuring that there is paid maternity leave and addressing the great need for that which families are facing. It is about better access to child care. It is about better services for all families. (Time expired)
Mr NEVILLE (Hinkler) (11.33 a.m.)—I live in Kalkie on the eastern outskirts of Bundaberg, and every Thursday night the rhythmic beat of drums wafts across the paddocks, the cane fields and the streets of Kalkie. Sometimes joyous and sometimes, on windy nights, even eerie, it is a potent image of children at music. They are young volunteers, at or below grade 7 standard, honing their musical skills and building on a great tradition of 32 years in a school which has 126 years of history. The Kalkie State School band, with its bright blue and gold uniforms and its shining drums, is a familiar sight at parades, processions and carnivals not just in Bundaberg but further afield across south-eastern Queensland. This was the vision of Barry Hough: schoolteacher, leader, drum master, puppeteer, service club contributor and one who never lost his fascination with creation and man’s endless inventiveness.

This was the universal view in the Bundaberg community and was beautifully recalled, following Barry’s death on 18 January, at his funeral service in the Bundaberg civic centre. His life was commemorated by Pastor Brian Robinson, his son-in-law; his children, David, Terry, Caroline, Suzanne and Julie; his grandchild; and also a Lions Club colleague Stewie Holden. Barry Hough taught at Kalkie State School for 29 years, and he made a tremendous contribution to the personal and musical development of many students. He established the Kalkie school band in 1972. He was its bandmaster for 32 years and only retired when his health failed and he could no longer continue.

On top of this, Barry was a great service club man. He was a member of the Jaycees movement for eight years. He put a full decade into the Bundaberg surf lifesaving movement and for 25 years he was a member of the South Bundaberg Lions Club. Not only did he run the marvellous school band but, as a member of these organisations, he was also instrumental in running several high-profile festivals, including Bundy in Bloom and the Pageant of Lights. He undoubtedly helped lift the profile of the city in terms of tourism not just at home but also, by taking the band to other carnivals, throughout the state. The extent of his support ran to things like being parade marshal for 35 years in the Bundaberg district. He also had a keen eye for beauty. He had a collection of dolls that went on public display for many years—Hough’s House of Dolls was one of the seminal collections in Bundaberg and a great tourist attraction.

One of the most touching things at his funeral was his children, who said that their dad, although they were not rich, introduced them to every conceivable type of human experience and attraction. If he could not afford a caravan, he converted his own station sedan by inventively making beds that fitted within it. It was very touching to hear his children talk about how inventive their father was in engaging them with every one of life’s experiences.

Barry Hough was a truly remarkable man. He was kind, decent and involved with people, especially young people. He had great family values, and he stretched out to people in the community as well. I would like to record my deepest sympathy and that of the Hinkler electorate to his wife, Joan; to his children, David, Terry, Caroline, Suzanne and Julie; and to the teachers and faculty of Kalkie State School, including Lindsay Cunnean, the principal, and Jill Hurst, the deputy principal. It was fitting that he went out to the beat of the drum—the beat of the muffled drum.

Question agreed to.

Main Committee adjourned at 11.38 a.m.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

Roads: Funding
(Question Nos 2720 and 2721)

Mr Murphy asked the Minister for Transport and Regional Services, upon notice, on 4 November 2003:

In respect of the Government’s recent announcement of a $7.5 billion budget surplus, will the Minister (a) extend the current four year $1.2 billion Roads to Recovery program for an additional four year term, and (b) increase the monetary value of the program to $2.4 billion; if so, when; if not, why not.

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

On 22 January 2004 I announced that the Australian Government has agreed to extend the Roads to Recovery Programme for a further four years to 30 June 2009, providing an additional $1.2b over the life of the Programme.

Roads: Funding
(Question No. 2727)

Mr Martin Ferguson asked the Minister for Transport and Regional Services, upon notice, on 5 November 2003:

(1) In respect of the agreement between the Commonwealth Government and the New South Wales Government on the construction of the Western Sydney Orbital, (a) what is the total amount of Commonwealth funding, (b) what payments have been made to date, and (c) when will any outstanding payments be made.

(2) What are the details of the agreement relating to the tolling of the Orbital, in particular, does the agreement provide for (a) different tolls for non-commercial vehicles, buses, motorbikes, trucks, car and trailers, (b) off-peak tolls, (c) adequate entry and exit points to the freeway, and (d) real-time information systems, incident detection systems, video monitoring and the like.

(3) Does the agreement make any reference to the potential limit of public transport along the route.

(4) How will the toll-road operator balance its accountability to its shareholders, the New South Wales Government and its customers.

(5) Does the agreement require that the e-tags operative on the Orbital are operative on other toll-roads in Sydney and vice versa or will motorists have to cope with multiple tags.

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

(1) (a) the total amount of Commonwealth funding is $356.10 million (2000 dollars, indexed); (b) a total of $250,243,064 has been paid up to the end of December 2003; (c) further payments are due to be made in 2003/04, 2004/05 and in 2005/06.

(2) The Memorandum of Understanding (MOU) places responsibility for setting the levels of tolling, and determining the toll period, with the NSW Government, after consulting with the Commonwealth. It also provides for the establishment of tolling systems that are generally electronic and in a format that is compatible and interoperable with all other systems in Australia.

(a)(b)(c)(d) - The MOU makes no reference to these details.

(3) No.
(4) The arrangements covering the accountability of the toll-road operator to its shareholders, the NSW Government and its customers are contractual matters between the NSW Government and the toll-road operator.

(5) See (2) above.

Tourism: International Marketing
(Question No. 2804)

Mr Fitzgibbon asked the Minister for Small Business and Tourism, upon notice, on 1 December 2003:


(2) What is the Government’s expenditure plan for the $126.6 million “boost” for international marketing for the calendar years 2004 to 2008.

(3) What is the breakdown of the specific categories of expenditure for the $45.5 million allocated under the heading “Supporting Domestic Tourism” for the calendar years 2004 to 2008.

(4) Does the $45.5 million include the existing Regional Tourism Program expenditure.

(5) What funding from the $45.5 million is being allocated to “new” initiatives “that will better identify high yield niche markets” in regional Australia and what form will such initiatives take.

(6) Can he provide a detailed breakdown of each category of expenditure of the total $68.9 million allocated under the “Structural Initiatives” heading, for the calendar years 2004 to 2008.

(7) What proportion of the $235 million is funds transferred from the staff and associated costs currently in the Department of Industry, Tourism and Resources to the new organisation, Tourism Australia.

Mr Hockey—The answer to the honourable member’s questions is as follows:

(1) Yes, the White Paper was jointly launched by the Prime Minister and myself on 20 November 2003.

(2) The Government has allocated $120.6 million over the next four and a half years to boost international marketing to attract high yield international tourists to Australia. This will include $12 million for the current financial year, with the balance shared over the four years 2004-05 to 2007-08.

(3) $45.5 million has been allocated to support domestic tourism and regional growth. This will include $2.5 million in the current financial year and $10.2 million in 2004-05, with the balance shared over the three years 2005-06 to 2007-08.

(4) No. The $45.5 million is new expenditure.

(5) The $45.5 million will be used to help stimulate growth in domestic tourism. In addition regional Australia will benefit from a new initiative that will better identify high yield niche markets. The new initiative will entail See Australia working in partnership with individual tourism regions and states and territories to develop strategic market development plans focused on opportunities in particular market segments. The final funding profile and details of the new initiative are currently being determined.

(6) $68.9 million has been allocated for structural initiatives. The breakdown includes funding for:
   - enhanced research and statistics capacity ($21.5 million from 2004-05 to 2007-08),
   - Australian Tourism Development Program ($19 million from 2004-05 to 2007-08), and
   - Indigenous Tourism Business Ready Program ($3.8 million from 2004-05 to 2007-08).
   The final funding profile and details of other initiatives are currently being determined.

(7) None. The $235 million is additional funding.