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

Telstra (Transition to Full Private Ownership) Bill 2003
[No. 2]

First Reading

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

Second Reading

Mr Williams (Tangney—Minister for Communications, Information Technology and the Arts) (9.01 a.m.)—I move:

That this bill be now read a second time.

The Telstra (Transition to Full Private Ownership) Bill 2003 [No. 2] amends the Telstra Corporation Act 1991 to repeal the provisions that require the Commonwealth to retain 50.1 per cent of its equity in Telstra Corporation Ltd. The bill includes provisions for a framework for future, regular and independent reviews of the adequacy of regional telecommunications services.

The bill also amends the Telecommunications Act 1997 to enable the Minister for Communications, Information Technology and the Arts and the Australian Communications Authority to establish administrative arrangements for the setting of a condition of licence on Telstra for the preparation of local presence plans.

The bill is identical to the bill of the same name that the House of Representatives passed on 21 August 2003 but the Senate failed to pass on 30 October 2003.

It has been longstanding government policy that Telstra should be transferred to full private ownership, subject to an effective regulatory framework that protects consumers and promotes competition. The government’s reform of the telecommunications sector has encouraged greater competition and given Australians access to a wide range of high quality, innovative, and low cost telecommunications services.

While the government is moving to establish the legislation immediately, it has undertaken not to proceed with any further sale of Telstra until it is fully satisfied that arrangements are in place to deliver adequate telecommunications services to all Australians, including maintaining the improvements to existing services. The independent Regional Telecommunications Inquiry report, released in 2002, found that the government had addressed consumer concerns identified by the independent telecommunications services inquiry conducted in 2000.

The bill provides for the timing of the sale to remain open. The government, however, will be seeking to maximise the returns from the sale of its remaining holdings. The bill retains for the Commonwealth flexibility to develop detailed arrangements for the sale process, which will protect and maximise the Commonwealth’s interests. The provisions to facilitate the sale are broadly defined to allow not only conventional single tranche sales but sales effected through a number of tranches, or the use of other market instruments, such as hybrid securities, and authorise any borrowings by government arising from the sale of such securities.

The bill has also been developed in such a manner so that specific obligations that apply to Telstra as a result of its status as a government business enterprise and a Commonwealth-controlled company can be removed as the government divests its holdings in Telstra.

Changes in Telstra’s ownership status, however, will not affect the government’s ability to protect the interests of consumers, competitors and the public generally. Con-
sumer regulatory safeguards such as the universal service obligation, the customer service guarantee, price controls, network reliability framework and the Telecommunications Industry Ombudsman will be maintained into the future.

The bill will also provide additional safeguards for customers in regional Australia.

The first is the ability of the Minister for Communications, Information Technology and the Arts to impose a licence condition requiring Telstra to prepare and implement local presence plans, outlining proposed activities in regional Australia. A provision will be added to the Telecommunications Act to enable the minister or the Australian Communications Authority to establish administrative arrangements for the implementation and monitoring of these plans. This responds to a recommendation in the regional telecommunications inquiry report.

The bill also provides for establishment of a regional telecommunications independent review committee to review telecommunications services in regional Australia within five years of the commencement of the bill.

The bill will provide for the minister to establish a committee comprising a chair and at least two other members, with experience or knowledge of matters affecting regional Australia or telecommunications. The committee will conduct its reviews at intervals of no more than five years after the previous review. The committee will review the adequacy of telecommunications services in regional, rural and remote Australia, and report its findings to the minister.

The government’s policy on foreign ownership of Telstra is unchanged. Telstra will continue to remain an Australian owned and controlled corporation. The maximum aggregate foreign ownership allowed in Telstra will remain at 35 per cent. The maximum individual foreign ownership will remain at five per cent.

The bill has been developed in such a manner so that various directions and reporting provisions associated with majority public ownership can be repealed as the government proceeds with its divestment of Telstra. When the government’s holdings have fallen below 50 per cent, various provisions relating to Telstra’s status as a government business enterprise will be repealed. This includes, for example, the minister’s directions power. When the government’s holdings have fallen below 15 per cent, certain additional reporting requirements that apply to Telstra, because of its status as a government business enterprise, will be repealed.

While the government actively supports privatisation of Telstra and the need to continue to protect the rights of customers, it is also aware of the need to protect the rights of Telstra’s employees and members of the community that have outstanding disputes with Telstra. The bill sets out transitional provisions that will:

(a) require Telstra to continue to deal with any requests under the Freedom of Information Act 1982 and related subordinate legislation for access to a document in the possession of Telstra that have not been finally disposed of when Telstra ceases to be Commonwealth controlled and preserve the rights of persons making such requests under the Administrative Appeals Tribunal Act 1975;

(b) enable the Commonwealth Ombudsman to continue to investigate any complaints in relation to action taken by Telstra that have not been finally disposed of when Telstra ceases to be Commonwealth controlled;

(c) preserve the operation, in respect of events occurring prior to Telstra ceasing to
be Commonwealth controlled, of the Crimes (Superannuation Benefits) Act 1989 and Director of Public Prosecutions Act 1983;

(d) preserve the accrued long service leave benefits of Telstra employees earned under the Long Service Leave (Commonwealth Employees) Act 1976 and related subordinate legislation;

(e) preserve, for up to 12 months, the rights of female Telstra employees to access provisions under the Maternity Leave (Commonwealth Employees) Act 1973 and related subordinate legislation;

(f) ensure that from the cessation of Commonwealth control, Telstra’s liability in respect of injuries suffered by employees prior to 1 July 1989 continues under section 128A of the Safety, Rehabilitation and Compensation Act 1988; and

(g) remove Telstra from the operation of the Occupational Health and Safety (Commonwealth Employment) Act 1991 from the cessation of Commonwealth control.

To sum up, this legislation is part of a package that delivers on the government’s election commitments to ensure that Australia’s telecommunications system combines the best elements of competition and customer service.

It also provides an opportunity for Australians to invest further in Telstra, and allows government to focus on regulating the telecommunications industry.

It supports maintenance of service quality, and protection of existing consumer rights, regardless of Telstra’s ownership.

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

Debate (on motion by Mr Swan) adjourned.
claims delivered to the department electronically.

It was intended that these exemptions would be reviewed and repealed as the procedures for the delivery of electronic claims and documents were developed. It was also intended that the appropriate amendments to the VEA would be made to provide for the electronic communication of claims, applications and other documents.

This bill is designed to achieve two purposes: the unification of all existing lodging provisions in the VEA; and to allow for both the electronic and physical delivery of documents into the Department of Veterans’ Affairs.

The existing provisions require that for a claim, application or other document to be lodged it must have been sent to the department at an approved address or delivered to a designated person. The amendments will include provisions for such documents to be lodged at an approved electronic address.

The need for the amendments to deal specifically with electronic delivery is due to the importance placed by the VEA on the date of lodgment of a document, as this date forms the basis for the calculation of benefits once a claim is accepted.

Because of this, the amendments will require that an electronic document not only must be sent to an approved electronic address but must be received to be regarded as having been lodged on the date that it was sent.

The bill provides the Repatriation Commission with broad powers to determine the methods by which documents can be lodged with the Department of Veterans’ Affairs, including approved electronic addresses.

These amendments are only applicable to the lodgment of claims, applications, requests and other documents under the VEA and will not apply to any other information that is received into the department.

Information provided to the department by telephone will not be subject to the amendments. The VEA contains a number of provisions that refer to the oral communication of information in response to a notice issued by the department. Other provisions allow for the oral withdrawal of various written applications. These are unchanged.

This bill marks the next step in the government’s ongoing program of improvements to the delivery of services to the veteran community. It builds on the commitment to the use of new technologies in veteran service delivery and a successful trial in Tasmania to allow veterans to lodge information electronically.

The passage of this legislation will ensure that the repatriation system keeps pace with the online age and assist veterans who, like many Australians, are moving to e-business as the way to do business into the future.

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

Debate (on motion by Mr Swan) adjourned.

**NORFOLK ISLAND AMENDMENT BILL 2003**

Debate resumed from 3 March.

**Second Reading**

Mrs DE-ANNE KELLY (Dawson—Parliamentary Secretary to the Minister for Transport and Regional Services and Parliamentary Secretary to the Minister for Trade) (9.15 a.m.)—I move:

That this bill be now read a second time.

The purpose of the Norfolk Island Amendment Bill 2003 is to amend the Norfolk Island Act 1979 to align Norfolk Island’s electoral provisions more closely with those of the federal parliament, the parliaments of the
The bill has three important elements. It extends the right to vote in Legislative Assembly elections to all Australian citizens ‘ordinarily resident’ on Norfolk Island for more than six months. It establishes Australian citizenship as a qualification for enrolment and for election to the Legislative Assembly. At the same time, the bill preserves the existing enrolment rights of those who would not otherwise be eligible under the new arrangements.

This means that the proposed changes will not affect the right to vote of any person currently on the electoral roll, regardless of citizenship. However, in the future any person seeking enrolment, and any candidate for election to the Legislative Assembly, would have to be an Australian citizen.

The technical details are set out in the bill’s explanatory memorandum, as is an explanation of the current split of electoral provisions between the Norfolk Island Act 1979 and the Legislative Assembly Act 1979 (Norfolk Island). By way of a general observation, the bill’s inclusion of the electoral provisions applying to the Norfolk Island Legislative Assembly in the territory’s self-government act is consistent with such provisions being in the self-government acts for both the Australian Capital Territory and the Northern Territory.

In March 2000 a bill containing almost identical measures was defeated in the Senate. During the debate, there was a suggestion that there had been insufficient consultation with the Norfolk Island community. While not accepting the merits of that claim, the government referred the electoral proposals to the Joint Standing Committee on the National Capital and External Territories for inquiry.

After extensive consultation, including public hearings both on Norfolk Island and in Canberra, the joint standing committee unanimously recommended the implementation of the very same measures as those included in the original amendment bill.

As with the previous bill, this bill aims to protect the democratic rights of Australians living in a remote part of Australia and ensure that, if they are ordinarily resident there, they will be able to participate in the decision-making processes affecting their day to day lives. The bill is about democracy, justice and a ‘fair go’ for all. What the bill is trying to achieve, democracy at its most basic level, is therefore something every parliamentarian should be passionate about.

The local laws force people to wait for 2½ years before being able to participate in Norfolk Island elections. The government does not believe that this is acceptable in any Australian jurisdiction. The standard qualifying period on the mainland is one month, while in Tasmania it is six months.

The six-month qualifying period proposed for Norfolk Island represents a fair and reasonable compromise. It is meant to address the concerns of those island residents who have argued that many who come to live on the island are effectively there for a working holiday and may not have an understanding of local culture, and this in turn could distort the outcome of elections. The qualifying period also takes into account the island’s historical background. The six-month residency period is not a new qualification for Norfolk Island. From the Declaration of Laws and Regulations in 1857 until the amendment of the electoral laws by the Norfolk Island Council Ordinance 1968, enrolment on the electoral roll was based upon a residency requirement of six months.

The bill also removes the right for non-Australian citizens to enrol and stand for
election to an Australian legislature. There can be no justification for the continuation of such an anomaly. The government does not believe that non-Australian citizens should be able to decide what laws will apply to Australian citizens in an Australian community. The government does not believe that Norfolk Island should, in this respect, be different from all other Australian legislatures. It is a most fundamental aspect of representational government.

High Court decisions and successive federal governments have confirmed that Australian citizenship is the fundamental prerequisite for membership of an Australian legislature. This does not devalue differences in cultural background or country of birth. It simply means that all persons aspiring to federal, state or territory parliaments must demonstrate their commitment to Australia by taking out Australian citizenship before they stand for election.

Successive Australian governments have acknowledged the importance of Norfolk Island to Australia’s national heritage and the value of the traditions and culture of the Pitcairn descendants as part of multicultural Australia. However, while the Norfolk Island community is unique in many ways, so too are other communities throughout Australia—other communities with a distinct cultural heritage and history. Despite such differences, Australian citizenship, with residency of either one month or six months, remains the electoral norm. There is no evidence that such an approach has resulted in damage to local culture and traditions elsewhere in Australia.

In considering the need for electoral reform, it is important to bear in mind that the Australian parliament has an overarching responsibility to protect the rights of its citizens wherever they might live in the Federation. The parliament also has an obligation to ensure that the laws in all Australian jurisdictions are consistent with national obligations under international law. On this point, the previous Attorney-General confirmed that Norfolk Island’s electoral arrangements are not consistent with Australia’s international obligations under the International Covenant on Civil and Political Rights.

In summary, the arguments in favour of electoral reform are compelling. Norfolk Island is part of Australia. Nothing is more fundamental than the right to participate in the democratic process at the local level, whether that is a local council or a legislative assembly. Being forced to wait for 900 days, or 2½ years, to exercise such a right is neither fair nor reasonable. It is also a fundamental and reasonable requirement that members of Australian parliaments be Australian citizens. This bill will remove an undesirable and undemocratic anomaly. I commend the bill to the House and present the explanatory memorandum.

Mr MELHAM (Banks) (9.23 a.m.)—The Norfolk Island Amendment Bill 2003 amends the Norfolk Island Act 1979 to make changes to the electoral arrangements for residents of Norfolk Island. The most significant change is the reinstatement of Australian citizenship as a requirement for enrolment and for election to the Norfolk Island Legislative Assembly. The bill aligns the electoral arrangements on Norfolk Island more closely to those of other Australian jurisdictions. The provisions of the bill seek to extend the right to vote in legislative assembly elections to all Australian citizens ordinarily resident on Norfolk Island for more than six months and establish Australian citizenship as a qualification for enrolment and for election to the Norfolk Island Legislative Assembly. At the same time, the bill preserves the enrolment rights of non-Australian citizens currently on the electoral roll.
While Labor support the bill, we question the failure of the government to take action to support the integrity of electoral processes on Norfolk Island. The government has so far failed to adopt the clear recommendation of the two reports of the Joint Standing Committee on the National Capital and External Territories to amend the Commonwealth Electoral Act 1918 which would guarantee the integrity of electoral processes on Norfolk Island. The current electoral arrangements on Norfolk Island are unique to say the least and, in fact, constitute a serious anomaly with respect to Australian electoral laws. Some Australian citizens are prevented from voting in elections, whilst non-Australian citizens are entitled to vote and stand for election. The territory is part of Australia, and this parliament has an obligation to ensure that laws in all Australian jurisdictions are consistent with our obligations under international law.

Labor acknowledges that the Norfolk Island Amendment Bill 2003 has not been supported by some members of the Norfolk Island community or its government. The Norfolk Island government argues that Norfolk Island has a unique political system and that the practical effect of the Australian citizenship proposal may disenfranchise a considerable part of the population. This point is made by the territory government because about 16 per cent of Norfolk Islanders have New Zealand citizenship. It needs to be said, though, that the purpose of this bill is not the disenfranchisement of existing Norfolk Island enrolees but, rather, the protection of the democratic rights of all islanders, including Australian citizens currently denied the vote.

The bill preserves the right of non-Australian citizens already on the electoral roll. The proposed citizenship requirement will apply only to new enrolees. Non-Australian residents will have the option of taking out Australian citizenship if they choose to play a role in Norfolk Island governance. And New Zealanders may acquire Australian citizenship without renouncing their New Zealand citizenship. While the local legislative assembly has taken some action on electoral reform, those reforms proposed in the local Legislative Assembly Bill 2003 would maintain a serious anomaly in Norfolk Island electoral affairs—an anomaly inconsistent with the provisions of this bill.

In March 2000 an almost identical bill was defeated in the Senate. Labor did not support the 2000 bill, because the government on that occasion failed to adequately consult the Norfolk Island community prior to its introduction. The bill was referred to the Joint Standing Committee on the National Capital and External Territories in March 2000. That committee tabled two reports and unanimously recommended some of the measures contained in this bill. But the committee also recommended that appropriate legislation, including the Commonwealth Electoral Act 1918, be amended to ensure that elections and referenda on Norfolk Island are supervised by the Australian Electoral Commission. Unfortunately, the government has decided to ignore this recommendation, just as it ignored the same recommendation from the same committee in 2002. Such an amendment is necessary to enhance and protect the integrity of the electoral processes on Norfolk Island.

In conducting its hearings, the committee found that some of the islanders were concerned about their personal safety or, at the very least, feared being ostracised. These findings serve to reinforce the strong basis for independent supervision of electoral processes on Norfolk Island. Labor supports open and accountable democracy and believes that all Australians should be entitled to their democratic rights. The residents of Norfolk Island are entitled to the same de-
Democratic freedoms provided to all Australians. It is now time for the government to act and adopt all of the committee’s recommendations without delay in order to ensure real democracy for the residents of Norfolk Island.

I note that there has been no mention whatsoever from this government of their reasons for not accepting these recommendations. As my colleague Senator O’Brien stated in the other place:

A Labor government will ensure that the people of Norfolk Island are provided with the support to allow them to participate fully in decision-making processes for the long-term future of their community.

And Labor will continue to take an active interest in ensuring a truly democratic future for the Norfolk Island community.

While Labor support the passage of this bill, we believe it is appropriate for the Australian Electoral Commission to assume responsibility for the administration of elections and referenda on Norfolk Island. I urge the government to take the appropriate and democratic action required to ensure that this occurs.

Mr CAMERON THOMPSON (Blair) (9.29 a.m.)—It is a pleasure to speak today on the Norfolk Island Amendment Bill 2003. I was interested to hear what the member for Banks had to say about what you might describe as the chequered history of efforts to amend and correct some of the anomalies that apply on Norfolk Island in the way in which Australian citizens on Norfolk Island are given their right to vote and to establish a government and all the protections that Australians expect when they have a democratically elected government under our system.

I am interested in what the opposition had to say. The member for Banks questioned the failure of the government to tighten the integrity of election processes still further. That is something, I think, that will happen in time. As a member of the Joint Standing Committee on the National Capital and External Territories, I was directly involved in the production of its recent report into governance on Norfolk Island, which has a rather difficult to pronounce title that can be interpreted as, ‘Who is to guard the guards themselves?’ This report of the committee came down in December 2003. I am proud to have been part of the committee that produced those findings because, just as the opposition spokesman was suggesting, it is necessary to greatly tighten the integrity of the electoral processes on Norfolk Island and many of the other processes that apply to government on that island.

A whole series of recommendations was produced in that report: a total of 32 recommendations. They go much further than the measures contained within this bill. But you have to realise that our report, which only came down in December, was brought about by the failure of earlier measures in a bill very similar to this one to pass through the Senate in the first place. That bill had a whole series of recommendations, recommendations basically mirroring those that are now being considered.

It is a shame that those measures were not passed at that time because by now we would be on to debating other things. We would be on to some of those other questions, such as the rather quaint Illinois voting system that applies on Norfolk Island, in which voters can have up to four votes for the one candidate and can distribute those votes as they see fit. It is a rather bizarre way to be conducting an election. In Norfolk Island’s most recent effort at an election, the bottom two candidates who were elected actually had fewer people voting for them than the top two, who failed to be elected—the reason being that the top two, who failed to be elected, only got one vote from each
elector whereas the bottom two, who were elected, managed to get two or three or perhaps more from each person. That is obviously a system that has had its day. There is no way we should have a system like that operating in Australia.

Why are we not down to considering these sorts of matters now? Why are we going back through the same process again? We are doing that because the legislation was stopped in the Senate the first time around. Why? The member opposite said that the Labor Party were not satisfied that we had consulted enough with the people on Norfolk Island. They cannot have it both ways: they cannot criticise the government for not proceeding within a couple of months of a recommendation for these further reforms when in fact we are still going through round 2 of trying to get the Labor Party to accept the earlier reforms.

These are important issues. The proposal, for example, that someone moving to Norfolk Island should have to establish themselves for six months before the opportunity to vote arises is a logical and sensible one. Currently, however, the period that applies on Norfolk Island is 900 days, or 2½ years. What we have on Norfolk Island as things stand is the disenfranchisement of those people from their right to vote. They have lost that right to vote.

We have two classes of people on Norfolk Island. One class is the haves, who are those people who have the right to vote and who have the power. They also get to stand as members of the legislative assembly. Then there are the vast numbers of people who have not yet been there for 2½ years and who do not have those rights. They do not have the right to stand in those elections. They are completely disenfranchised. You can describe those two groups in somewhat less flattering terms. For the purposes of this debate we should make sure that we put the best gloss on it, and that is by saying that they have been disenfranchised. Honestly, in Australia these people have the right to have their say in elections, whether or not they hold temporary visas.

The temporary visa system is the system that applies in Norfolk Island. Norfolk Island has a unique immigration system. It actually has control of its own immigration system. Under that system, it can create visas for people. It can allow people entry to work in the hotel industry or in the tourism industry over there. It allows them to do that but those people have none of the rights that people naturally expect when they come to any other place in Australia. We have to stop that. The Parliamentary Secretary to the Minister for Transport and Regional Services, in speaking to the bill this morning, pointed out some of those serious issues.

We now have to move on to the full range of issues that were raised in the joint standing committee report. In the inquiries that were conducted by that committee we unearthed many issues over there. Norfolk Island does not provide people with the usual rights and expectations that they have in every other part of this country.

Those problems flow primarily from the fact that Norfolk Island has a population of about 2,000 people. Yet the Norfolk Island government are trying to fulfil all the roles and responsibilities of a state level of government. They are trying to run hospitals, they are trying to oversee a road network and they are trying to oversee immigration. These issues are complex and demanding. Yet they have to find the resources to do that—the intellectual capacity and the skills—from within a pool of only 2,000 people. It is just not possible for them to get the kind of advice they need to make the
kinds of high-level judgments they are being asked to make.

A recent example of that is the proposal to establish a university on Norfolk Island. I think it was to be an Internet based university. There are issues such as Internet gaming and so on. I am not going to be patronising to the people on Norfolk Island—they have many people who are very skilled—but they have a population base of 2,000 people to undertake these new tasks. We went through some of the engineering types of issues they have to undertake, and some of those, in relation to their road network, the provision of quarrying facilities and those sorts of things, are quite complex. I just do not think it is possible for people to branch off into new issues while covering all the bases and providing to the people of Norfolk Island—as anyone would naturally expect in any other part of Australia—a basic level of services and accountability.

In the report, the committee said that the independence of Norfolk Island is an important issue, and there is a very fiercely held belief among many of the people on the island that they should be independent. They have a very different sort of character from the rest of Australia historically. But that right to independence should in no way overshadow the right of Australian citizens to basic services. They have to be able to provide those basic services. That is why the committee said in the report that we have to provide basic accountability. The whole question of independence on that island has to be contingent on that accountability being given up. We said in the report that we have got to get ICAC scrutiny of some of the processes that have gone on over there, and of some of the processes that will go on in future. We have to get ability for the Ombudsman to probe the kinds of government activities that occur on Norfolk Island, in the same way as those activities would be probed on the mainland. The people over there have no lesser right to that sort of safety, and we need to press on and make sure that they have got that right.

I have touched on some of the issues that the committee spoke about, like the Illinois voting system and the need to be able to apply the Model Criminal Code to Norfolk Island. While we were over there, we found so many examples in which Norfolk Island legislation—remember they have got to pass all the legislation that any state would have to pass under the current arrangement—has fallen way behind in many areas because of the huge legislative workload. If we leave them trying to do all this—and to say, ‘We are going to leave you swimming,’ while they are rapidly sinking towards the bottom of the ocean—we have to get in and make sure that they can do it. People are reliant on their swimming, and continuing to swim, and staying up with the pack, and staying up with the kinds of developments that are happening elsewhere in the world. We have got to make sure that they do that. There is just no other option.

It is important that we enable things like the provision of the Model Criminal Code. Norfolk Islanders should not be working with a code or with sets of laws that are ancient. We should be looking at measures, for example, when it comes to health care, so that people over there have some of the things that the rest of us take for granted. In this place there is lots of debate about Medicare and about the PBS. You do not have that debate on Norfolk Island, because neither of those things exists. You do not have access to those things if you are on Norfolk Island.

The measures in this bill are the very minimum first steps that we need to take to start moving Norfolk Island into the 21st century. They are so far behind that we have got to move them on to bring them up to the
present, and these are the very first incremental small steps. I am sorry that it was not done the first time around. The criticism was that we did not consult with Norfolk Islanders enough. I will tell you: the view among the members of that committee, having been over there and looked about, is that it is not a matter of consultation; it is a matter of rights. It is a matter of what the entitlements of ordinary Australians are. You have to put those things in place. If you want to consult with Norfolk Islanders, do you go over there and consult with the landed gentry, with the people who have the right to vote, with the people who are there all the time, who are not transient and have the opportunity to have their say? Or do you go and consult with the vast mass of people who are working in the hotel industries, who are reliant on Norfolk Island for their income but who do not have those rights? Those people are just as worthy of receiving the attention of this place as anyone else in Australia is, and I think it is very poor that, under the cloak of not having consulted enough, the opposition says, ‘We’ll delay that process.’ They have delayed it by a year or more and put us way back in terms of finding justice for all of the people on Norfolk Island, and not just the ones who currently have the ability to have an input.

People listening to me might say, ‘He is incredibly critical of Norfolk Island.’ I am not. After the visits I have had to Norfolk Island, I think it is a brilliant place. Tourists and other people who want a different experience in Australia can go and visit the Great Barrier Reef to see something special, or they can visit the outback and see something special. If you go to Norfolk Island you certainly do see something special. That is a unique part of the world. There is a dash of convict history and the heritage of that area is really quite unique; and, in some respects, the local community does a brilliant job of keeping those traditions alive. For example, they continue to fight over whether or not they will have a jetty. Many people repel the idea of having a jetty on Norfolk Island. So it is still necessary to bring every single piece of equipment ashore in longboats. You could have the biggest cruise liner in the world pull up off Norfolk Island, with millions of dollars dripping off it everywhere, but if you cannot get the longboats out to it, because the surf is up a bit, it just has to sail on by. The importance that the locals see in that process is that they want to maintain the traditions of bringing all the stuff in on boats. That is the way it has always been, and that is the way they want to see it go.

This does have tourism merit. It does appeal to people. When you see pictures on the wall of two longboats lashed together with a fire engine placed sideways across them coming through the surf, you think, ‘That really is spectacular.’ It is a unique type of existence, and that is the kernel of something we need to protect. I give credit to the Norfolk Island government that they have their eye on that. But all of these things require balance. They cannot make assumptions that are invalid about the rights of Australians. They cannot underrate those rights. People need to have access to good medical care, and people need to have guarantees about the safety of their property.

I talked about bringing fire engines in on the longboats. One of the other issues that came up when we were on Norfolk Island was the fact that now all the homes and things that exist on Norfolk Island are reliant on the airport fire brigade, which is there to protect jets landing at the airport. The fire engines that are supposedly provided by the Norfolk Island government to look after the houses while the jets are landing are out the back of the Norfolk Island government depot on blocks, because they have decided they can rely on the ones at the airport. That, ob-
viously, is really not good enough, because if your house is burning down when a jet is landing you have a problem.

That is not an example of good administration. There needs to be scrutiny of these things. These things need to be put out into the open, and that is why the committee spent so much time talking about integrity measures and accountability measures. All of the pressure that we put on MPs in this country—to be accountable, to have codes of conduct and to declare their pecuniary interests—has to apply on Norfolk Island as it applies in every other part of this country.

I really do commend the steps that are taken within this bill, because we need to ensure that, when it comes to voting, people—whether they move to Longreach, Burnie in Tasmania or Norfolk Island—have their right to have their say. After you have been in a place for six months, you have the right to have your say, whether you are on Norfolk Island or in Timbuktu. Everywhere else the period is much shorter. The fact is that, on the island, we need to come back and look at these rights. We have looked at that period to make sure that it is correct, we have looked at other elements of the system to make sure that they are correct and we need now to progress the agenda still further.

I hope to keep speaking to the minister and to the government about the need for us to extend legislation to other things on Norfolk Island that have been covered by the Joint Standing Committee on the National Capital and External Territories. There is a need to reform the voting system, to bring in ICAC and a code of conduct for MLAs, to provide for measures to be taken in the event of conflicts of interest, to ensure that the Model Criminal Code is applied to Norfolk Island and to review the extent to which federal assistance is necessary to keep the place going. As I said, we cannot let them keep on sinking towards the bottom of the swimming pool. We have to work with them to make sure that does not happen, and we need to have recognisable goals so that this does not become a never-ending piece of string, a bottomless pit into which money is poured and accountability is not given in return. Norfolk Island is a wonderful place. Australia is lucky to have it as part of the Commonwealth. We need to continue to strive to make it a better place. In this place, and in this legislation, we are doing just that. I commend the bill to the House and urge members to support it.

Mr KELVIN THOMSON (Wills) (9.49 a.m.)—I agree with much of what the member for Blair has said on the Norfolk Island Amendment Bill 2003. Listening to his remarks reminded me of my own visit to Norfolk Island in January 2002 and of just what a brilliant and spectacular place it is. I was reminded of its heritage and the story of Bloody Bridge, a bloodcurdling tale which will stick in my memory forever. My recollection is that a prison gang was being forced to build a bridge, when one of them lost it with a particularly brutal and provocative overseer and drove a pick into his head. They realised they had a problem, so they sealed up the overseer in the bridge and completed it as fast as they possibly could. When the replacement overseer showed up and asked what had happened to his predecessor, they said, ‘He went down there swimming and we think he might have drowned.’ Their problem was that they had sealed the bridge up relatively recently and blood started oozing through the mortar, disclosing their crime. Of course, they did not mess around on Norfolk Island, and about a dozen of the prisoners were summarily executed. So Norfolk Island is a place with a rich—that is one way of describing it—convict heritage and, indeed, a rich heritage as the place where many of the
descendants of the mutineers on the *Bounty* ultimately ended up.

The member for Blair was right in characterising Norfolk Island as a wonderful place for its natural and heritage values. I also think he was right in his assessment and concerns about the capacity of Norfolk Islanders—or, indeed, any group of residents so small; the member for Blair talked about there being 2,000 residents on Norfolk Island, although I thought it might be only 1,100—to conduct themselves effectively as if they were a state. That is a matter to which I intend to return.

The Norfolk Island Amendment Bill 2003 amends the Norfolk Island Act to extend the right to vote in Norfolk Island Legislative Assembly elections to all Australian citizens ‘ordinarily resident’ on Norfolk Island. Enrolment rights of non-Australian citizens already on the electoral roll are preserved. It will introduce a qualifying period of six months to be ‘ordinarily resident’ and enrolment rights are protected for persons under the age of 25 who are absent from Norfolk Island for education related purposes. It will establish Australian citizenship as a qualification for enrolment and for election to the legislative assembly.

The current situation under the Norfolk Island Act is that a person can stand for election to the legislative assembly if aged 18 or over and if that person has been resident for five years immediately preceding the date of nomination. The Norfolk Island Legislative Assembly is the only state or territory legislative body in Australia where non-Australian citizens are entitled to vote and stand for election. The present Legislative Assembly Act of Norfolk Island 1979 prescribes that a person is qualified to enrol if they have reached the age of 18 and been present on Norfolk Island for 900 days during the qualifying period of four years immediately preceding the application for enrolment. The member for Blair outlined the shortcomings that he, the opposition and I believe are inherent in that proposal.

In August 2002 the Joint Standing Committee on the National Capital and External Territories recommended amendment of the Norfolk Island Act 1979 to reinstate Australian citizenship as a requirement for enrolment and election to the Norfolk Island Legislative Assembly, with appropriate safeguards for current enrollees. The committee also recommended that the period for which an Australian citizen must reside on Norfolk Island before being eligible to enrol to vote in assembly elections be reduced to six months and that all appropriate legislation, including the Norfolk Island Act 1979 and the Commonwealth Electoral Act 1918, be amended to ensure that elections and referenda on Norfolk Island are supervised by the Australian Electoral Commission.

In December last year the committee tabled the first part of another report on Norfolk Island, restating recommendations related to qualification for enrolment and election to the Norfolk Island Legislative Assembly and supervision of elections. On the question of supervision of elections and referenda, while the Norfolk Island Amendment Bill 2003 addresses some of the key recommendations of the 2002 and 2003 reports of the Joint Standing Committee on the National Capital and External Territories concerning qualification for enrolment and election, it does not ensure that elections and referenda are supervised by the Australian Electoral Commission.

We understand from the office of Senator Campbell, the Minister for Local Government, Territories and Roads, that the Electoral Commission has made a preliminary assessment of costs associated with the supervision of elections and that the govern-
ment is considering this matter. At the tabling of the committee’s latest report the chair, Senator Lightfoot, said:

If history is a teacher, this—

he was referring to what he had described as a vocal, self-interested minority—

group will organise a petition condemning the report and initiate a referendum to demonstrate popular opposition to federal government ‘interference’ in the affairs of Norfolk Island.

It is worth noting that the committee found that some of the islanders appearing before it feared for their personal safety and many wished to have their evidence heard in private. A common theme—this is something I came across in my visit to Norfolk Island—was that witnesses feared being ostracised and believed that they were at risk of reprisal. The committee finding serves to reinforce what the opposition believes is a very strong basis for independent supervision of electoral processes on Norfolk Island. Norfolk Island Legislative Assembly elections are scheduled for late 2004 and the government, quite reasonably, wants this legislation enacted and operational in time for this election.

Labor’s position is that we support the legislation before us but we note that the government has not yet adopted the recommendations of the joint standing committee to ensure that all elections and referenda on Norfolk Island are supervised by the Australian Electoral Commission. We want the government to amend the Commonwealth Electoral Act to ensure that this happens and to enhance and protect the integrity of electoral processes on Norfolk Island.

I believe it is important that the Australian Electoral Commission should assume the role of guaranteeing the integrity of the electoral process. I particularly believe that this is important given the range of powers which the Norfolk Island Legislative Assembly is being given. The particular example I want to talk about is the proposal by the Commonwealth to delegate heritage powers to the Norfolk Island Legislative Assembly. The member for Blair said that we have to move on to a full range of issues and that people on Norfolk Island do not have a full range of rights. He talked about the need for codes of conduct for MLAs and a role for ICAC, and raised the issue of conflicts of interest. These are themes that I have also come across in the context of proposals to transfer the crown lease land on Norfolk Island to the existing leaseholders as freehold land.

In 2000 the former Minister for Regional Services, Territories and Local Government, Senator Ian Macdonald, said that the Commonwealth was proposing to have the Crown withdraw from certain land ownership on Norfolk Island. The land in question involved 135 leaseholders—26 rural, 58 rural-residential and 51 residential. Noting that there was local opposition to land being transferred to the Norfolk Island government, the decision was made to offer freehold titles directly to the leaseholders concerned. For any leaseholders choosing not to convert their titles to freehold, their land would remain under crown leases. The land was not being offered for private sale. The proposed terms of the transfer, which were outlined to leaseholders in March 2002, were based on 10 per cent of the 1996 unimproved capital value of the lease, plus an instrument fee of $200 per transfer.

Subsequently, in May 2001, the department of territories, in accordance with the requirements of the Environment Protection and Biodiversity Conservation Act, commissioned ecological consultants, with the interesting name of Nil Desperandum, to undertake a study assessing what, if any, fauna and flora of national environmental significance might exist on crown leasehold land identified for transfer on Norfolk Island. This re-
port was not made available to the public and, to the best of my knowledge, still has not been made available.

This issue has been the subject of consideration by the relevant parliamentary committee. I understand that the committee wrote to the then minister for territories, Wilson Tuckey, on 26 August 2002, requesting deferral of the proposed transfer of crown leasehold land to freehold title until the committee had had the opportunity to fully consider the matter as part of its annual review. That was a perfectly reasonable request, but the minister responded, in a letter which I think was received in October 2002, that he was not prepared to defer the land transfer while the committee considered the issues at stake.

Before going into these matters in further detail, I want to briefly summarise what is at stake here. Crown leasehold land constitutes around one quarter of Norfolk Island. Because crown leasehold land cannot be subdivided, it has long played an essential role in protecting Norfolk Island’s natural and cultural heritage. A review in 1990 by the Commonwealth government recommended the retention of crown leasehold and the policy of no subdivision. While the government last year commissioned a report on the national environmental significance of leasehold areas, it failed to ask the authors to consider landscape values, which it should have done, and it failed to publicly release the report—which it should do. The other unsatisfactory feature of the Howard government’s process to date is that the Australian Heritage Commission, which has since been transformed into the Australian Heritage Council, has put on hold indefinitely the consideration of nine nominations of Norfolk Island land, including crown lease land, for the Register of the National Estate.

I am concerned that the proposal to sell off this crown land will: firstly, adversely affect the beautiful Norfolk Island coastline with residential subdivision and resort developments—we do not need another Gold Coast there; secondly, impact on seabird life—the crown lease land includes the nesting sites of the rare black noddy tern; and, thirdly, threaten areas of Norfolk Island rainforest. I am also concerned that the asking price for this public asset appears to be extraordinarily low. As I mentioned before, the transfer fee proposed is just 10 per cent of the unimproved capital value as at 1996 plus a $200 government fee. So properties could forever be sold under this arrangement for as little as $2,000 to $3,000. Just imagine any landlord offering that kind of deal to their tenant—yet that is what is being proposed here.

Norfolk Island has remained magnificent for centuries because its earliest inhabitants had the wit and the wisdom to recognise and preserve its beauty. As early as 1794, Superintendent King forbade the cutting of vegetation along the cliff tops, considering it essential to leave a shelter belt around the coastline fringe. A little later on, in 1856, Captain Fremantle read out a proclamation which stated that the whole of the coastline was to be preserved as public property. The Howard government needs to show the same foresight as these men did, or Norfolk Island’s dramatic and beautiful coastline could be irreparably damaged.

Amongst the concerns that Norfolk Islanders expressed to me about transferring rural crown lease to a small community were that the attitude on the island, in some sectors of the community, was ‘not healthy’ and that the policy of some of the local politicians was to get control, irrespective of the environmental outcomes or management capabilities. Indeed, I do not know whether it is still the case, but, certainly when the issue
was being canvassed a year or two ago, members of the Norfolk Island Assembly were themselves holders of crown leases and therefore stood to benefit personally from a transfer to freehold title. Locals have expressed the concern that those who try to uphold proper planning standards will be marginalised and may become inclined not to speak out. It is said that the attitude in the community to individual rights and the misinterpreting of cultural rights will cause the loss of the present environmental and management status of crown lease areas once they are transferred. It is also said that the distinction will be gone and that land speculation and fragmentation will spread and it will be politically impossible to control the values which are still present in those rural areas. Those values include keeping a break from the high-water mark to ensure that the landscape is protected, and protecting remnant vegetation, valuable seabird habitats and landscape values.

Crown lease areas presently provide a buffer, or viewshed, for the national park. The Norfolk Island National Park Advisory Committee has taken the view that, if areas adjacent to the national park are fragmented and additional dense development takes place there, there will be a 'shrinking island effect', which will be detrimental to a relatively small national park of international value and to the adjacent visual landscape. Norfolk Island residents have said to me that they find it hard to get across to federal government ministers that, where too much responsibility is handed over to a small community where self-interest and pecuniary interest prevail, the national interest will be disregarded; and that, in the past, the only constraint and track record of protection is from the Commonwealth’s involvement and the Register of the National Estate.

Similarly, the Australian Conservation Foundation—and particularly Geoff Mosley—have done a tremendous amount of work in protecting Norfolk Island and promoting its natural and cultural heritage values. They are certainly concerned about, and strongly opposed to, the proposal to sell off the crown lease land, for a song, as freehold property. I was very disturbed to see the transcript of the recent Senate estimates hearing where this issue was raised by Labor Senator Penny Wong and the response she received from Senator Ian Macdonald. Bear in mind that Senator Macdonald had been the minister responsible for this initiative in the first place. When the question was raised, he said to that estimates committee:

What we were trying to do was simply regularise the land tenure system. It would not in any way affect town planning arrangements ...

Nothing could be further from the truth. Presently, if it is crown lease land you cannot subdivide it—that is the rule—but if it is freehold land you can subdivide it. That is a dramatic change. Similarly, to the estimates committee he later said:

... every bit of land in Canberra is a Crown leasehold, although everyone treats it as freehold. It is the same on Norfolk Island and what we want to do is just regularise it.

That is nonsense. It is not a question of regularising it; it is a question of changing the rules in ways that could damage Norfolk Island’s priceless heritage.

I call on the Howard government to ensure that the heritage values on Norfolk Island are protected first. That means getting the Australian Heritage Council involved. It means considering those nominations for the Register of the National Estate—which for years it has failed to consider; considering those nominations for the Commonwealth Heritage List; and ensuring that we do not proceed down the road of freeholding or down the road of subdividing without ensuring that we protect the landscapes in the nomination. Those landscapes include much
of the island’s magnificent coastline, which was first protected back in 1794; Australia’s oldest rural landscape, which is still in use for farming; and quality remnants of our original rainforest cover with distinctive wildlife values. The Commonwealth has to consider these applications. It has to stop pussyfooting around and get the Heritage Council involved.

We forced the government to do the right thing on Point Nepean so far as heritage is concerned. We forced the government to do the right thing on Point Cook so far as heritage is concerned. What we need to do is put the pressure on and force the government to do the right thing so far as the heritage of Norfolk Island is concerned and make sure that these important areas are protected for all time and that we do not just see the open-slayer freehold subdivision approach which some seem to prefer. *(Time expired)*

**Mr NEVILLE (Hinkler) (10.09 a.m.)—** I rise to speak on the Norfolk Island Amendment Bill 2003. I have always been strongly of the view that Australia consists of a federal government, six state jurisdictions and three self-governing territories. We hear a lot about the ACT and the Northern Territory, but the forgotten self-governing territory is Norfolk Island. It is an integral and unique part of Australia. I say ‘integral and unique’ but the two concepts are not mutually exclusive. Its uniqueness comes from its colourful and vibrant history, its geographic isolation and its stunning natural beauty. But the fact that its fewer than 3,000 people have self-governing status implies that we need to have the very highest standards of electoral integrity and governance. It is my personal view that Norfolk Island should be seen as a model of a small and integrated self-governing community, not just for other small communities like it around the world but also for the Pacific. To some extent Australia preaches to Pacific communities, albeit with the motivation of assistance and help, but we can hardly do that if our own Pacific territory, Norfolk Island, does not have the highest standards and, equally, if we do not treat it appropriately.

Norfolk Island was first discovered by Captain Cook, not in the days of the *Endeavour* but in the days of the *Resolution*, in 1774, four short years after he discovered Australia. It was named ‘Norfolk’ in honour of the Duchess of Norfolk, who was one of his patrons. Her portrait hangs in the dining room of Government House on Norfolk Island. That connection between the dukes of Norfolk and the island has continued. It is interesting that the Catholic Church on Norfolk Island is named after St Philip Howard, one of the 40 English martyrs. The Duke of Norfolk, before St Philip Howard’s body was finally interred in Great Britain, recently gave a relic of the saint to the island and it reposes in a reliquary in the Church of St Philip Howard. So the island has a unique history in its discovery and it has unique connections through the Pitcairn Islanders, who comprise about half the population of the island.

As we all know, the Pitcairners were the mutineers from the *Bounty*, who, with some Tahitians, went to the Pitcairn Islands, burnt the *Bounty* and hoped to stay free of British intervention. After a period there was the need for a new community for the Pitcairners, and they eventually came to Norfolk Island. Prior to that, in 1788, shortly after the First Fleet landed at Botany Bay, another expedition, which was led by Lieutenant Philip Gidley King—of Vinegar Hill fame today, as it turns out—was sent to establish an outpost or colony. He went there with 22 people, 15 of whom were convicts. That patchy settlement, which did not last long—only about 26 years—was followed by a second colony for convicts. It was set aside for the very worst felons and was developed
between 1825 and 1856. That period sealed the island’s reputation as a harsh and unforgiving prison, which the member for Wills told us about.

A number of convict uprisings ended with some very harsh treatment and hangings. Eventually, the convict colony was closed in the 1850s. At that point, or just after that, the Pitcairners required a new home. Queen Victoria gifted Norfolk Island to the Pitcairners. There is a great deal of dispute about what form that gifting took, but I think it is generally recognised by British and Australian officials that, even though it is now part of the Commonwealth of Australia, there is an implied right to independence in that history.

What we are coming to now is how the islanders—having lived through these tumultuous times and having been forced at various times under the governance of Sydney, Hobart, Wellington, back to Sydney and finally the Commonwealth—should govern themselves into the future. In 1999, the government sought to amend the Norfolk Island Act 1979 to ensure that only Australians could vote or stand in elections for the Legislative Assembly. After the usual parliamentary process, the matter was referred to the external territories committee in March 2000 for inquiry. I am pleased to see the bill before the House today is essentially the same in character and content as previously debated.

Those who know me will tell you that matters of integrity in our enrolment, voting and electoral processes are very close to my heart, and I think we must expect the Norfolk Islanders to not only match the Australian standard but perhaps also show us that they can do even better. This was reinforced throughout the initial inquiry and also last year’s inquiry into matters of governance on Norfolk Island, which resulted in the report *Quis custodiet ipsos custodes?*, which translates literally to ‘Who guards the guards themselves?’ or, if you like, ‘Who guards the guardians?’ That report called for wide-ranging changes to the conduct of governance on Norfolk Island and, hand in hand with the matters we are debating today, set down a whole new era of good government on that island.

Integrity of the electoral process is central to the functioning of our democracy, whether that be on a local, state or national level, and it is even more essential in a small, independent community such as Norfolk Island. The quality and integrity of leadership must be present and must be seen to be present. I believe that this amendment bill seeks to remove discrepancies in that process. As it stands, under the Norfolk Island Act 1979, non-Australian citizens can vote and stand in elections for the Legislative Assembly on the island if they have ordinarily been a resident for five years and are over 18 years of age.

Interestingly, the usual Australian mainland residency requirement of six months was originally in place on Norfolk Island,
under the declaration of laws and regulation introduced in 1857, but was revoked after an amendment of electoral regulations in 1968, which some would argue was a retrograde step. For the Australian states and territories, the enrolment period varies from one month to six months. The committee was of the view that if we remove the stringent 900-day qualification period we should, in recognition of the uniqueness of the Norfolk Island people, impose the most stringent qualification remaining in Australia—that of Tasmania, and that being for six months. I think most Norfolk Islanders will accept that as being a fair and reasonable compromise.

As I have said, citizens from New Zealand and Great Britain have been allowed to vote in Legislative Assembly elections and to be elected to the assembly. This bill will grandfather that right and anyone who was on the roll will retain that right. The island certainly has a close association with Great Britain and New Zealand, and those who are on the roll will be grandfathered in that respect—they will be allowed to stay on the roll. We should also recognise that Australian law does not require a person to renounce any other citizenship—dual citizenship—and that, combined with the grandfather clause, will continue to provide security of voting rights and existing citizenship for all those currently entitled to vote.

One of the things that is argued is that this will intrude into the culture of Norfolk Island. I do not accept that. I think that the grandfather clause allows those who are on the island and on the roll to continue as they have been. I look at this as enhancing and adding to the culture and protecting the way of life of Norfolk Islanders. Currently enrolled residents, no matter what their citizenship, will continue to have a say in matters of governance while also meeting electoral integrity guidelines equal to any of those in Australia. I do not believe that these changes will in any way diminish the island’s self-government profile or its unique culture.

I have an overriding interest in preserving the principle of self-government for Norfolk Island. At times it is all too easy to say, ‘It is only a small island. We will just put it under Australian law, put a local government on it and leave it at that.’ I would vehemently oppose that. I think that that would be an abrogation of our responsibility. It would be a slap in the face of the island’s history. Although the islanders are not, strictly speaking, indigenous, they have a unique history in that their culture is a melding of British and Tahitian interests and the island was granted to them by Queen Victoria in 1856.

We sometimes complain as Australians that, with only 20 million people, we get rough treatment on the vast stage of world politics in areas such as treaties. There were some who complained about some of the things that happened in the recent FTA with the Americans, for example. We sometimes feel that we do not get a fair shake in some of these things and that perhaps other international treaties, such as United Nations treaties and the like, impose harsh restrictions on us. We may feel that people do not play the game of trade by the rules—the big nations want everyone else in the world to be pure but they run their own agenda—and we rightly rail against that. But we need to be careful, when we are in the position of imposing our will on other people or other parts of our own Commonwealth, that we do not fall for the same trap; that we do not excessively exercise our dominion over people to the point that we destroy their culture, their independence and their uniqueness in the Australian family. I feel very strongly about that.

The report that I just spoke about, ‘Who guards the guardians?’ raises some challenging matters both for the Commonwealth and
for Norfolk Island. We have to be careful that we do not put layers of bureaucracy in place for an island of 3,000 people such that we destroy the very character of the place and the people. That would be a cultural tragedy of monumental proportions.

When you talk about how financially dependent or independent Norfolk Island is it depends on whose figures you look at and which departments you bring into play. For example, if you bring in the grants from the Department of the Environment and Heritage, you can get a skewed figure. For example, the road to the lookout had to be rebuilt—one that had been there since the Second World War—and there was a large grant from the department. If you put those special things to the side, you could pretty well say that Norfolk Island was 85 per cent self-sufficient. I think it is important to allow that degree of independence as much as possible.

There will be a debate as to the extent that the Commonwealth should intrude into health matters. Should there be one-off grants for the island that enhances its health service, or should it be placed under Medicare? If it is placed under Medicare, what will that do to its non-tax status? There have been times when I think the Commonwealth—and I do not speak of any particular government; not this one or the previous one—could have been more innovative. For example, when the airport was done up, it required barges to take all the equipment there to seal the runway. But while they were there, why did they not fix up the roads? They dragged all the equipment over there, did the runway and left the roads that could easily have been fixed at the same time.

We have to be much more innovative about things that that. I think one-off grants, for a hospital like one that you would expect for a community of 3,000 people in western Queensland or western New South Wales, should be foremost in the government’s mind, regardless of whether these people pay income tax. Like the runway, we should think holistically at how the Commonwealth could assist with a special roads grant along the lines of Roads to Recovery where those roads could periodically be upgraded.

We have to be a bit more tolerant and understanding of these people. It will be to Australia’s enduring shame if we load up Norfolk Island with bureaucracy and layers of rules and regulations so much that we make the lives of these 3,000 independent people miserable. If we turn them into a mendicant society, just dependent on Australia’s social security and Australia’s benevolence, that will be a cultural and social crime of monumental proportions. So my final comments are that as we look at the governance of the island, which is the next step in this process, we should act with care, discretion and concern for the feelings of those people so that they might truly be part of the Commonwealth but retain a uniqueness that enhances our own status as a nation and would serve as a shining example to other South Pacific countries.

Mrs DE-ANNE KELLY (Dawson—Parliamentary Secretary to the Minister for Transport and Regional Services and Parliamentary Secretary to the Minister for Trade) (10.29 a.m.)—In summing up on the Norfolk Island Amendment Bill 2003 I would like to thank those members of the opposition and the government who have spoken today. The member for Banks made the point—I think quite strongly—that there should be an expectation of the same democratic freedoms for all, whether they be in states or territories, who constitute Australia. He also made the point that there had been some brushing aside of the recommendations to use the Australian Electoral Commission. I would make the point that that in fact has not specifically been a matter of consultation with the Nor-

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folk Islanders, although other matters have. The Minister for Local Government, Territories and Roads is however very much intent on consulting with the Norfolk Island people—and I understand that that is going to happen very shortly—and ensuring that their views are taken into account with regard to that particular issue.

I would like to thank the member for Blair. As a member of the Joint Standing Committee on the National Capital and External Territories, he gave a very strong address. He made the point that the electoral processes need to be tightened, and he referred to an Illinois process. He said that Norfolk Island was an absolutely brilliant place but it needed to move into the 21st century with regard to democratic principles. He also made reference to the very unique cultural landscape of Norfolk Island. I would also like to thank the member for Wills and the member for Hinkler for their contributions. The member for Hinkler made the point that there needed to be a balance between the need for democratic principles applying to all Australians on a consistent basis and the need to be sensitive to the particular cultural nuances of various Australians. He referred to the Joint Standing Committee on the National Capital and External Territories report ‘Who guards the guardians?’

These were very valuable contributions from members of parliament. I think it is heartening that all parties support the basic principles that underlie the amendments brought before the House. I note the issues raised by the speakers and I reiterate the minister’s statements that, before further action is undertaken, he will consult fully with the Norfolk Island community and the government there. As I said before, it is my understanding that he plans to travel to the island in the very near future to discuss the findings of the recent report by the joint standing committee. The proposed Australian Electoral Commission involvement in elections will receive, as is appropriate, the same level of consultation and involvement. The minister has already given this commitment and will certainly see that that is fulfilled.

I would emphasise again that the proposal that the Australian Electoral Commission oversee elections was not the subject of extensive consultation, as other aspects of this bill were. The issue of the Electoral Commission arose in subsequent joint standing committee recommendations, and of course that new element is yet to be the subject of extensive consultation. However, because this bill is so very important, the government did not wish to delay because of that particular issue, nor did it wish to have the bill fail because of a lack of consultation.

I would like to very quickly go over the main aspects of the bill. The bill provides that Australian citizens will govern Australian citizens in an Australian territory—a fundamental right expected by all Australians. The bill also reduces to six months the residency period for enrolment to vote—a reasonable compromise which distinguishes the transient worker population, who generally work in the tourism industry for less than six months, and those who have a longer-term commitment to Norfolk Island. The bill also preserves the rights of those currently enrolled to vote, whether Australian citizens or not. So the existing electoral roll will be preserved and the new regime implemented over time.

In the other self-governing territories, the ACT and the Northern Territory, electoral provisions for a one-month waiting period for enrolment to vote and the requirement for Australian citizenship are part of the self-government legislation. These electoral requirements apply in all the states except Tasmania, where the waiting period is six
months. Tasmania’s waiting period is presently under review, and legislation proposing a reduction of that period to one month, in line with the rest of the states, is expected to be introduced later this year.

The previous minister for territories foreshadowed this bill to the Norfolk Islanders in February 2003. Norfolk Island then passed its own legislation with a compromise position of a qualifying period of 12 months and either Australian, New Zealand or UK citizenship. However, the Norfolk Island legislation did not give Australian citizens resident on Norfolk the same rights as citizens living elsewhere in Australia. This bill therefore is consistent with the parliament’s obligation to protect the democratic rights of Australian citizens and to ensure that there are no second-class citizens anywhere in Australia—that all Australians enjoy the benefits and freedoms of our democratic system of government that is so dear to the hearts of all Australians.

Question agreed to.

Bill read a second time.

Third Reading

Mrs DE-ANNE KELLY (Dawson—Parliamentary Secretary to the Minister for Transport and Regional Services and Parliamentary Secretary to the Minister for Trade) (10.36 a.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

NEW INTERNATIONAL TAX ARRANGEMENTS BILL 2003

Second Reading

Debate resumed from 4 December 2003, on motion by Mr Ross Cameron:

That this bill be now read a second time.

Mr COX (Kingston) (10.37 a.m.)—The New International Tax Arrangements Bill 2003 is the outcome of a lengthy process that, when it commenced, held out the prospect of substantial reform of Australia’s international tax regime to meet the challenges of globalisation and international competitiveness. The process started with a consultation paper prepared by Treasury, titled Review of international taxation arrangements. That consultation process was conducted more by the Board of Taxation than by Treasury. Despite the significance of the issue for Australia’s international competitiveness, neither the Treasurer nor the Minister for Revenue seemed to take a particularly active role. Whether they were not interested or they knew the process would not go far is not clear.

I attended consultations run by the Board of Taxation in Sydney and had many other discussions with the funds management industry, investment bankers, their tax advisers, major corporates and former senior officials from the Australian Taxation Office and Treasury. There is an important set of issues for reform here, but the larger ones are not being addressed. Those measures that are being addressed in this bill represent a bare minimum set of changes intended to reduce compliance costs and remove some completely unnecessary impediments, particularly to Australia’s superannuation and funds management industry.

The more significant options—streaming and a tax credit for foreign dividends—were left on the shelf, largely because of the cost, which was estimated by Treasury to be between $520 and $590 million per year. I will have something to say later about the Howard government’s handling of the financial implications of even the very modest changes contained in this bill. Streaming and tax credits for foreign dividends would have made it easier for Australian businesses to expand offshore and made it easier to attract foreign investment to Australia. Those op-
tions would also be easier to integrate with our domestic tax regime than the alternative approach of returning to a classic system of fully taxing dividends in the hands of shareholders but cutting the company tax rate, as has been done in Ireland.

I made a major speech yesterday on the appropriation bills which was critical of the government’s priorities. I have to say that, after eight budgets and a shade under $100 billion of net new policy, the Howard government does not have the financial capacity for major reform in the international tax area. In my opinion, that is a pity. I addressed the Business Coalition for Tax Reform on the morning that an article—which has subsequently turned out to be very accurate—appeared in the Financial Review saying that the RITA reforms would be limited to the sorts of changes we are dealing with today. I have to say I thought the business community was too accepting that this reform would be minimalist, but that is increasingly the case with this government, as we saw with the superannuation reforms last week.

Labor will support this bill. It amends the application of the controlled foreign company and foreign investment fund rules, which were introduced by a Labor government to strengthen the integrity of our tax system. It is an interesting historical note that the current member for Hotham introduced the legislation into the House to enact the CFC rules on 13 September 1990. The purpose of the CFC and FIF rules was to ensure that Australian taxpayers could not leave their money offshore to earn passive income in an attempt to avoid or defer taxation in Australia. Those rules were something of a ‘belt and braces’ approach to dealing with a very serious problem. However, it has been generally accepted for a number of years now that the rules are impeding activity that they were not designed to catch.

This has become a more serious issue as Australia has developed as part of the global economy. Since 1988, Australian investment overseas has grown by over 500 per cent and foreign investment in Australia has grown by over 400 per cent. In a globalised world, it is crucial that our international taxation arrangements are competitive and do not, through their complexity, discourage investment by Australians overseas or by foreigners in Australia. That is not to say that Australia should get into an international discount war on tax rates, provide tax haven type status to attract certain types of activity or tolerate loopholes that erode the tax base.

The Board of Taxation review of international taxation made a number of recommendations. This bill represents the first of three tranches of legislation implementing the government’s response, which was announced in the 2003-04 budget. Schedule 1 of the bill amends the foreign investment fund rules to exempt superannuation funds from the FIF rules, increase the FIF balanced portfolio exemption threshold from five per cent to 10 per cent and remove management of funds from the FIF definition of non-eligible business activities.

Superannuation funds face significant compliance costs in adhering to the FIF rules. To comprehend why eligible superannuation funds should be exempted from the FIF rules, it is crucial to understand what the FIF rules aim to achieve. They are not a revenue raising tool but an important anti-avoidance mechanism. They aim to discourage taxpayers from leaving money offshore to defer or avoid paying tax. The advantages of tax deferral overseas are both the timing of the tax point and the opportunity to enjoy a lower tax rate in other jurisdictions. Eligible superannuation funds, which have a tax rate of 15 per cent on earnings here, do not face the same incentives for this as other
Australian taxpayers. Excluding complying superannuation funds and unit trusts which invest on their behalf from the FIF rules would therefore not create significant risks for the integrity of the tax system and would reduce the compliance costs faced by the superannuation industry.

These amendments will benefit all Australians by reducing the administrative costs of super funds, which will flow on to lower fees and charges and ultimately result in higher retirement incomes. The balanced portfolio exemption exempts taxpayers from the FIF rules where less than five per cent of all of a taxpayer’s interests in FIFs are not exempt from the FIF rules. This recognises that taxpayers with a portfolio of investments may sometimes hold non-exempt FIF interests but that their intention is not to minimise or defer tax. The balanced portfolio exemption ensures that taxpayers in this situation who represent a low tax integrity concern are not caught up by the FIF system.

The proposed amendments would increase the balanced portfolio exemption from five to 10 per cent. However, taxpayers still need to determine whether or not their investments are exempt under the FIF rules. Raising the threshold will therefore do little to reduce compliance costs. While not opposing the measure, Labor will refer it to the Senate Economics Legislation Committee for further examination.

The last measure in schedule 1 will remove funds management from the definition of non-eligible business entities. Currently funds management is considered under the FIF rules to be a non-eligible business activity. The FIF rules are essentially about taxing non-active income. These businesses are providing an active service for their clients. It is therefore not consistent with the intent of the FIF rules to treat these activities as non-eligible.

Schedule 2 of the bill will exempt public and certain other unit trusts from withholding tax on widely held debentures. When a foreign investor purchases widely held debentures directly or through a foreign funds manager, no withholding tax is payable. If they use an Australian fund manager, withholding tax applies. This rate varies, depending on the foreigner’s country of origin, from five to 10 per cent. This inconsistent tax treatment is a major disincentive for foreigners to invest in widely held debentures through Australian funds managers. Without this disincentive, Australian funds managers would have a natural advantage over foreign funds managers due to their superior local knowledge. This exemption will not only provide consistent tax treatment but will also increase employment and income generated by the Australian funds management sector and contribute significantly to increasing Australia’s role as a major financial centre.

Schedule 3 will specifically list the categories of attributable income of controlled foreign companies in broad-exemption listed countries. Currently the CFC rules work by covering all income and then exempting certain income. This involves a costly compliance process as taxpayers determine whether income is exempted from the CFC rules or not. This amendment would simply list in regulations the CFC income which is taxable in those countries, taking taxpayers directly to the end point, significantly reducing compliance costs.

Schedule 4 of the bill will ensure that double taxation does not occur with respect to royalty payments where they have been caught by the transfer pricing rules. When a company pays a royalty to a foreign company, such as for intellectual property, withholding tax applies. A portion of that payment is taxed in Australia. The transfer pricing rules ensure that related companies cannot use transactions between themselves to
move profits overseas to avoid Australian tax. The transfer pricing rules deny a tax deduction to a company for an excessive royalty paid to a related company, thus removing the ability of the company paying the royalty to minimise tax. If withholding tax applies to a royalty payment and a deduction is also denied, then the payment is effectively being taxed twice. This is punitive and inefficient. This amendment will ensure that, where the transfer pricing rules deny a tax deduction, the withholding rules do not apply. This will ensure that the payment is only taxed once.

I want to return now to the question of the government’s handling of the financial implications of its modest international tax reforms. While I can now say that Labor supports the international tax reforms contained in this bill and the previous bill amending the UK-Australia double taxation agreement, I want to raise a very serious issue with their treatment in the budget papers. The description of the international tax budget measure was extremely ambiguous. The budget measure appeared to refer to an unspecified set of review of international taxation arrangements measures and the component of those costs that would be associated with the two new DTAs for the UK and Mexico.

It was also equally capable of being read as referring to the total cost of the two international tax agreements and the total cost of the government’s proposed RITA measures. It was not until the double tax agreements were in the process of being ratified that we were able to establish that it was the latter. What we now find is that the direct cost of the two double tax agreements and the measures in this bill do not add up to $270 million over the budget and forward estimates years as set out in the 2003-04 budget measure. The direct cost of these two bills now totals $465.5 million and we are told that there are two more tranches of RITA reforms to be brought before parliament this year.

Either those measures are going to be revenue positive or there was something seriously wrong with the original budget estimate. If there was something wrong with that budget estimate, the government did not bother to clarify it as it should have when it produced the mid-year economic and fiscal outlook. I have repeatedly requested from the minister’s office a full reconciliation of the international tax measures that have been brought and are to be brought before parliament with the original budget measure, but to no avail. Apparently this is secret Costello or Coonan business and the parliament and the Australian people have no right to know how much the reforms to international tax are actually going to cost.

My office has been informed by Senator Coonan’s staff that this is because the cost of the measures may change before they are introduced into parliament. It is not unreasonable that the costings might change but it is also not unreasonable for the parliament to be told about it, particularly when the cost of the original budget measures appears to have blown out by 72 per cent so far. I am coming to the conclusion that the government are making it up as they go along. Labor has sufficient concern about the state of a budget that we may be within a year of inheriting that we are not going to give open-ended support to reform measures when the government either cannot or refuse to tell us how much they will cost.

What I want to see is a reconciliation of the budget measure with the direct cost of the two double tax agreements, the direct cost of the measures in this bill and the direct cost of the measures in the two proposed subsequent tranches of RITA reforms; that is, as far as they are now known. It would also be helpful if the government provided, as it
did with the UK double tax agreement, some estimates of the indirect tax effects of these measures. In the case of the UK double tax agreement, the government did that in its explanatory memorandum. Those indirect effects were significant, and they were positive, and I do not rule that out as being the case for some of the measures in the wider RITA reforms. I move:

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

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

(1) notes that the international taxation measures contained in the 2003-2004 budget had an aggregate four year cost of $270 million;

(a) the direct cost of measures, including those contained in this bill now total $465.5 million; and

(b) that two more tranches of amendments are scheduled to follow; and

(2) requires that the government provide a full reconciliation of the international taxation changes included in the 2003-2004 budget measure with measures in the previous international tax bill, this international tax bill and future international tax bills prior to the bill being passed by the Senate”.

The DEPUTY SPEAKER (Hon. B.C. Scott)—Is the amendment seconded?

Ms O’Byrne—I second the amendment and reserve my right to speak.

Mr CAMERON THOMPSON (Blair) (10.54 a.m.)—I join this debate with a great deal of relish. It has long been a goal of the coalition government to advance Australia’s competitiveness, and we are doing that in a range of ways. The fact that the economy is performing as well as it is, and has been now for some time, demonstrates the economic rigour that the government applies in framing our budgets. In addition, we have engaged in a series of structural reforms that mean that, from the very bottom to the very top of the business environment in Australia, we have a more effective regime within which businesses can operate and generate wealth, within which people can gain jobs and within which the Australian economy can flourish. So I am very pleased to see the New International Tax Arrangements Bill 2003, which I think is quite a landmark in developing the Australian economy and providing a better environment for businesses.

Ours is a government that has continually worked on advancing the interests of small business. This bill does benefit small business but also provides huge incentives to Australian based multinational companies, in particular, to advance their activities. It also provides greater incentives for internationally based multinational companies to consider Australia as a suitable location for developing a regional headquarters, something which in the past—notably under Labor governments—our country has fallen behind on. There are reforms contained in this bill that have been sought by businesses in Australia since 1990. They have been on and on about this and it is good to see that finally we are providing those important incentives and creating an environment in which business can forge ahead.

These reforms of international tax laws reinforce Australia’s role as a global player. The Treasurer yesterday referred to the days in which the Australian government as it was then compared our performance to Mali. They have compared us at other times to Botswana and Swaziland. But now we are moving to a time when our growth and our economic performance outstrip the best of the OECD. It is in that environment that I am very pleased to see the commentary moving for Australia, because if we continue to compete effectively with those countries we will be attracting the best. We will be attracting the interest of international companies, our opportunities to host the regional headquarters of big multinational companies will be
advanced and the reputation of Australia as a centre for finance and for investment will be enhanced—and that of course is in the interests of all Australians.

If we want to move towards becoming a backwater or a Pacific version of the state of Mali then perhaps we can look to Labor for leadership in that regard, but that is certainly not what Australians want. They want to see greater enhancement of our economy; they want to see a broader range of companies based here; and they want to see more opportunities and more power within the Australian economy to influence our place in the world.

We have opportunities here. It is like the old hammer and nail adage: it is better to be the hammer than the nail. If we put ourselves in a position where we become the location for decision making then we are the ones who will contribute more and more to driving the regional economy. And that is something that I think is very important for all Australians to ponder, because if we become the impact zone—the nail in the debate, the thing that gets driven in—then we are the ones who will suffer. It does not matter whether you are the head of a big corporation located in Sydney and Melbourne or whether you are just some ordinary Joe with a job even in regional Australia; the ramifications of that kind of change of character in the Australian economy are quite significant, and it is better that we choose a direction that leads to the enhancement of the economy rather than its destruction over time.

These changes are aimed at substantially lowering the costs for businesses—in this case, the costs of superannuation funds and trusts. This bill modernises the operating climate for businesses that are operating in a global environment. It makes Australia a more attractive base for our home-grown companies and gives them not only the opportunity but also the encouragement to compete globally. It makes Australia a more attractive base for multinational companies and regional headquarters. This bill substantially lowers compliance costs for companies. It removes the current inhibitors to international business. It is a priority of this government to make the global economy as accessible as possible to all Australian businesses. The government is giving Australian companies and businesses a hand to increase their competitiveness in the international economy.

I referred at the start of my speech to how business has been pursuing these changes since 1990. My source for that is an article on the BRW CFO web site called, ‘Tidying up the tax laws’ written by Bernard Kellerman in 2002. In that, he started off by saying:

Business has been calling for changes to Australia’s international tax legislation for many years, and in the case of the controlled foreign company (CFC) rules, ever since their introduction in 1990. Those controlled foreign company rules have a significant impact on Australian companies because they have overseas offshoots. It is important that our tax scheme does not cause problems for them such as double taxation or require that they undertake very involved, complex and costly arrangements in order to keep up with its requirements. That, sadly, has been the state of affairs until we came up with this proposed legislation in order to deal with it.

The financial services industry in Australia has been the fastest growing contributor to GDP in recent years. If we take the year 1999-2000 we find that the finance and insurance sector contributed 7.2 per cent to Australia’s GDP, up from 6.8 per cent in 1998-99. That is obviously a huge contribution. I am someone who comes from an electorate that I like to characterise as being re-
gional. Even in our urban area in Ipswich we regard ourselves as something of a region, being quite separate from that very large eastern suburb we have called Brisbane. We are a region that contributes a lot. We also have a very strong rural sector. But it is hard from that kind of perspective to recognise just how strong and how important the financial services industry and concepts such as that have become to the Australian economy. When they are contributing 7.2 per cent to GDP, it is something that we must consider and must put very high on our agenda. The head of the Board of Taxation, Dick Warburton, when asked about these changes by Stephen Long in an interview on 14 May 2003 on the ABC, said that under these changes:

There will not be double taxation. But probably even more important, though ... is the fact that in dealing with all of these companies, the compliance costs are enormous because of the administrative bookkeeping that needs to be done for very, very little return to the country, but great cost to the business. In allowing those seven countries to have an exempt status—that was one particular facet he was discussing—it means that all of that complexity is taken out. It's a major change.

Dick Warburton is also the Chairman of Caltex and the Chairman of David Jones. Obviously, his perception on all this is quite significant. I also refer to an article in the Australian Financial Review of 9 May 2003. Talking about the initiatives in relation to controlled foreign companies the article, by Allesandra Fabro, referred to a series of multinational companies in Australia—Brambles, Burns Philp, Westfield, CSR, Amcor, BHP Billiton, Rio Tinto, Telstra, NAB and ANZ—as being companies with significant interests that were going to be affected quite directly by the changes in relation to the controlled foreign companies regime.

Those are companies with interests in the seven key countries which are the focus of the tax break. By looking at those companies you can see just how significant changes to the controlled foreign companies regime would be. Those are companies that are kicking big goals for Australia internationally. BHP Billiton, for example, has scored some significant contracts—things that in a regional sense within Australia are going to mean huge changes and huge opportunities for jobs and wealth creation. Measures to improve the situation for those companies are definitely going to assist our country quite significantly. In that article by Allesandra Fabro there was also a comment which I would like to read out. Quoting companies, it says that the Australian taxation system and the measures that are included within this legislation have been cited as affecting the cost of capital for Australian multinationals and are also one of the driving factors behind a number of companies suggesting that they would move to a dual-listing structure or shift offshore altogether.

I have provided a list of quite significant companies that are very important to the development of this country. The fact that they should give consideration at all to moving offshore is something that should be of grave concern to all Australians. Australians in my electorate and in general often tend to obsess and focus too much on just how many foreign multinational companies are investing in Australia. Sometimes people can get very paranoid about that and very defensive about it. But the reality is that many Australian companies are doing exactly the same thing on the world stage. Our companies have a huge part of foreign investment in the US, for example. Here in Australia we can provide incentives to these companies to go on and improve their business activities. Certainly anything which in the past has caused companies such as James Hardie to move
offshore should be attacked, and that is precisely what is happening in this proposed legislation. There is a quote from the Chief Executive Officer of James Hardie, Peter Macdonald, at the time. He said:

Higher rates of foreign tax are imposed on our foreign income when it is repatriated to Australia to pay dividends to shareholders.

These are things that are of concern to everyone here in the system. The success and viability of an ever-increasing number of our businesses are reliant on their ability to trade globally. This bill is aimed at reducing the burdens on our companies which conduct business internationally. The bill follows the recent enactment of legislation authorising a tax treaty with the UK. The Australian government is ensuring that Australian businesses are operating with the very forefront of tax laws supporting them. This bill will reduce compliance costs, reduce tax on active foreign incomes and modernise the tax treaty network. It will also exempt qualifying superannuation entities and trusts from foreign investment rules; it will increase the foreign investment fund balanced portfolio exemption from five per cent to 10 per cent; it will remove the management of funds from the foreign investment fund blacklist of non-eligible activities; and it will reform the rules on interest withholding tax. It will have a huge impact on business in this country, including the superannuation and managed fund sectors, and it will reduce the cost of obtaining offshore finance for trusts operating in Australia.

Australian companies and our managed funds often seek finance from abroad. We have tax rules about the operation of foreign investment funds, and these prevent tax avoidance which can occur with firms accumulating income overseas and converting it to capital gains. The foreign investment fund tax rules pick up where these practices occur in low-tax countries. Interest withholding tax is paid by Australian companies seeking finance abroad, and part of their interest payments are withheld to the ATO. Companies, but not trusts, can be exempt from the interest withholding tax; because managed funds tend to use trusts, they miss out on the exemption. Some people go so far as to set up companies for this purpose only. Obviously, a uniform treatment to benefit these funds is desirable, and that is precisely what is being undertaken in this legislation.

Another area worthy of reform, which I have canvassed at some length, is in the rules covering controlled foreign companies. These are the offshore offshoots of Australian companies. By operating through these offshoots, Australian companies can seek to impact on their Australian tax liabilities. The rules that apply are complex, and this is another area picked up in this legislation. Transfer pricing is another area of reform in the legislation. We are talking here about the sale by companies with overseas offshoots of property or services backwards and forwards, one to the other. This can be used to increase tax deductions or to reduce income. When claims are disallowed, withholding tax can apply. There can be double taxation. This can be relieved for interest payments but not for royalties; therefore, reform is possible. In all these areas, this legislation provides the opportunity for relief.

One of the major beneficiaries of this legislation are the trusts operating through unit trust structures. The same tax treatment will apply to these trusts as is currently applied to other companies, and this will remove the distortion in favour of companies over trusts that currently exists because of the cost and burden associated with trusts borrowing offshore. I have canvassed some of the media coverage in relation to this legislation. I think that, overwhelmingly, it has been welcomed within the business community in
Australia, and therefore it is something that is welcomed by Australia as a whole.

The member opposite, the member for Kingston, asks about details of the costs of these measures. There are plenty of other things around the place that do cost, but not all of them generate the kinds of benefits that are generated under this program. There are costs associated with housing the Audit Office that should be investigated by members opposite—particularly by the Leader of the Opposition, who has an opportunity to reduce that cost to zero straightaway. That is a cost to government that should not be happening. The Centenary House lease is a rort. The member opposite, who spoke before me, knew that. And yet, what is he talking about: not $39 million worth of costs that his own party has the opportunity to reduce to zero but the costs of something such as this, which will improve the environment for business as a whole. He might be concerned about his business—about the political business of running the Labor Party and making sure that they have got a pipeline to the Mint to give them as much money as they might want, not only for the next little while but for five or 10 years beyond that—but he is concerned about the cost involved with this very valuable piece of legislation. I really think he ought to get his priorities right. Thank you for the opportunity to speak and to contribute to this debate.

Dr Emerson (Rankin) (11.12 a.m.)—
The New International Tax Arrangements Bill 2003 is designed to reduce compliance costs for businesses operating offshore. Labor is all in favour of reducing compliance costs for business. It is a pity the government has not made more progress on this front than it has in the eight years that it has been in government, because it certainly pledged before the 1996 election that it was going to cut red tape by 50 per cent, red tape and compliance costs have gone through the roof under this government.

The Board of Taxation review of international taxation made a number of recommendations, and this bill represents the first of three tranches of legislation implementing the government’s response that was announced in the 2003-04 budget. The bill exempts superannuation funds from foreign investment fund rules, it increases the FIF balanced portfolio exemption threshold from five per cent to 10 per cent, it removes management of funds from the FIF definition of non-eligible business activities, and certain unit trusts will no longer be required to withhold tax on interest payments paid to non-residents on widely held debentures. The bill specifically lists the categories of attributable income of controlled foreign companies in broad exemption listed countries, and it ensures that double taxation does not occur with respect to royalty payments. That sounds pretty complex, and it is. The income tax act is a very complex document which now runs to more than 7,000 pages.

By way of background, the controlled foreign company rules and foreign investment fund rules apply to overseas investments in companies or in trusts. Generally, income generated overseas is not taxed until it is brought back into Australia. The CFC and FIF rules aim to ensure that individuals and businesses are not able to keep money offshore to defer paying Australian tax, thereby getting a present value benefit on that income. They could invest it overseas and, with the time value of money being as it is, there would be an advantage in being able to defer tax. Certainly, one of the avenues for being able to minimise tax is to defer it. This practice generally involves keeping money in an offshore bank account or trust, where the money then earns interest.
The rules contained in this bill are integrity devices, so we support them. We support the integrity of the income tax base, and we support reducing compliance costs. Numerous exemptions apply, including where the investments are in countries with a similar tax system to Australia, such as the United States and Great Britain, and where the investment is considered to be an active investment, such as the selling of goods and services. Investments in countries with a similar tax system to Australia are exempt because the income would be taxed in those countries at a level similar to that in Australia and this removes the possibility of funds being held offshore to avoid tax. Similarly, if the investment is in an active business, then the income is likely to be kept offshore for the running of the business and not for the purpose of deferring the payment of tax. The non-repatriation of income is not related to the deferral or avoidance of tax, and therefore the CFC and FIF rules do not apply in those circumstances.

These exemptions make complying with the CFC and FIF rules very cumbersome for businesses, individuals and superannuation funds. Those entities must determine, through rather complex processes, whether or not each of their foreign investments falls within these rules. The compliance costs, therefore, are generally quite substantial, but they are thought to be worth while due to the tax advantages of not repatriating foreign income to Australia. Businesses consider the compliance costs—they know this process is costly—and, if the tax minimisation advantages outweigh those compliance costs, then they will keep the money offshore, earning interest and deferring the payment of tax in Australia.

I turn to the provisions that exempt certain superannuation fund entities from the FIF rules. Superannuation funds face significant compliance costs from adhering to these rules. Owing to the concessional taxation of superannuation earnings at 15 per cent, there are no real benefits from deferring tax, given that the tax rate is so low. Excluding complying superannuation funds, and unit trusts which invest on their behalf, from the FIF rules would therefore not create significant risks to the revenue and the integrity of the tax system and would at the same time reduce the compliance costs faced by these superannuation funds. That is why we support these measures as being sensible.

These measures will benefit all Australians by reducing the administrative costs of superannuation funds. We would then expect that to flow on to lower fees and charges, something that the Australian people would welcome because they are pretty exasperated about the levels of fees and charges, particularly in the context of the last couple of years, when returns from superannuation investments were generally negative. I would point out that the government has an incredible hostility towards industry funds that involve unions. Those industry funds have much lower administrative costs than the very large superannuation funds, so I think there are some real advantages from those industry funds. Anything that reduces administrative costs, and therefore reduces fees and charges of superannuation funds, should be welcomed. It will not surprise anyone to know that the superannuation industry supports these changes, and so do we. Exempting superannuation funds from the FIF rules would cost about $9 million in 2004-05 and 2005-06 and $10 million in 2006-07.

I turn to the provisions that would increase the FIF balanced portfolio exemption threshold from five per cent to 10 per cent. The proposed amendment would have that effect. It recognises that the nature of overseas investment has changed since the FIF rules were introduced and that a five per cent threshold is no longer appropriate. However,
as companies would still need to work out whether the FIF rules apply to each investment, this will not have a large impact on compliance costs. It does not get a tick in that respect. The revenue associated with this measure is around $36 million over four years. Given that the measure is to reduce tax payable and not compliance costs, Labor will send this measure to a Senate inquiry to look at the merits of it. On the subject of compliance costs, I referred to commitments made by the government before the 1996 election. The Prime Minister said on 30 January 1996:

... I will be establishing a small business deregulation taskforce. That taskforce will have a specific brief from me as Prime Minister, to report within six months of the new Government taking office. Its main responsibility ... will be to advise on ways in which the regulatory and paper burden on small business can be reduced by up to 50%.

That never happened. The task force was established and did report, but there was no reduction by 50 per cent in the paperwork burden on small business. In fact, small business got whacked with an enormous paperwork burden from the so-called streamlined new tax system for a new century through a very cumbersome BAS process. The member for Kingston, who is in the chamber, reported yesterday on the findings of BASs. There is a high level of dissatisfaction within small business about the complexity of the BAS and the amount of time they have to commit to it instead of growing their businesses. This is after a review and changes that were made very early in 2001, when the government were in deep strife. After declaring that the BAS was integral to the streamlining of the new tax system for a new century and that it was the bee’s knees, they went on, under enormous pressure, to refine and simplify the BAS. More than two years after the simplification of the BAS there are very high levels of business dissatisfaction with the complexities of the BAS and also real difficulties in the tax office in the administration of BASs.

Labor developed a proposal, which it has called the ratio method, which would simplify the compliance burden for very small businesses. This measure would dramatically simplify that burden in that the ratio of GST to input tax credits would be calculated on the historical records of small business and then offered as an option to small business for future accounting periods. A small business would simply multiply its GST sales by a predetermined ratio and remit that amount to the tax office. We think it is a pretty good idea but the government does not. When the government says that it is the friend of small business and it is simplifying the paperwork burden, it is patently true that that is not the case. It has not been friendly to small businesses in imposing these heavy requirements upon them, after setting an objective before the 1996 election of cutting red tape by 50 per cent. But that is not all. On 24 March 1997, the Prime Minister said:

The volume of tax legislation has become a tidal wave which threatens to overwhelm small business.

The Prime Minister said that in early 1997 when the tax act was still around 3,500 to 4,000 pages. The tidal wave has now become a tsunami with the tax act now running to more than 7,000 pages. On any objective measure, the government is not cutting red tape by 50 per cent. It has turned a tidal wave into a tsunami and yet it says that it is the friend of business and all in favour of reducing compliance costs. On 14 August 1998 the Prime Minister was asked on the Alan Jones program:

Will the number of pages in the Tax Act be reduced by the introduction of a GST?

The Prime Minister’s response was, ‘Yes, it will.’ It would be reduced by the streamlined new tax system for a new century, replacing
Labor’s tax that they say was modelled on the systems applying in Botswana and Swaziland. Here is a streamlined new tax system for a new century that the Prime Minister said would reduce the number of pages in the income tax act, but by 1998 the size of the act had already grown from 3,500 to probably 5,000 pages and it is now 7,000 pages — after the Prime Minister said that it would be reduced. That obviously has not happened.

On 22 September 1999 the Treasurer got into the act with the same interviewer on the Alan Jones program. I think Alan Jones is pretty keen on the idea of simplifying the income tax act. Alan Jones said:

[The] Tax Act … its unreadable and unintelligible, there’s a massive GST program that’s going to overtake us …

The Treasurer said:

Well I think that’s right. And that’s why we’ve got to get the number of pages of the Tax Act down. That’s what we’re working on right at this moment.

Working on getting it down? The government have got it up to a record number — 7,000 pages. If we need any independent assessment of the government’s performance on the simplification of the tax system in this country, we need go no further than Gary Banks, who is the chairman of Productivity Commission. He made some remarks on this, after conducting his own analysis. He said:

The Income Tax Assessment Act — often taken as a regulatory ‘barometer’ — has grown particularly rapidly since its inception. At nearly 7,000 pages, the ITAA … statutes are now nearly 60 times longer than the paltry 120 pages that did the job when it was first introduced in 1936 …

In 1936 the income tax act was 120 pages and in 2003-04 it is 7,000 pages and growing by the day, with all of the income tax amendment bills which come into this parliament from this Treasurer. The Treasurer promised the Australian people that he would deliver a streamlined new tax system for a new century, the Prime Minister said that he would reduce the size of the income tax act and the government says that it is the friend of small business. It obviously is not when it whacks small business with a huge compliance burden from this very complex GST.

In addition to the income tax act there is also the GST legislation. In the first year of the GST the tax office had to issue 80,000 private binding rulings to explain to taxpayers, in individual cases, how this simplified streamlined new tax system for a new century would work for them. It would be interesting to find out from the tax office how many more private binding rulings have been issued since that time. I am taking steps to do that.

Overall we support this legislation. It improves the integrity of the tax act and does what most other pieces of tax legislation brought into this parliament fail to do — it reduces compliance costs. Virtually all of the other taxation law amendment bills increase compliance costs, the complexity of the tax system and the length of the tax act. The measure to increase the FIF balance portfolio exemption threshold from five per cent to 10 per cent will be sent to a Senate committee. Overall, we support the thrust of this legislation as it is one of the very few bills which reduces compliance costs.

Mr HUNT (Flinders) (11.29 a.m.) — I rise to speak briefly on the New International Tax Arrangements Bill 2003. I note the conclusions of the member for Rankin and the fact that he referred to the essence of this bill as being that it reduces compliance costs and encourages investment. I welcome the bipartisanship on this bill. The bill falls within the context of a certain set of economic outcomes which have real impact and meaning for Australian workers, Australian families and the Australian economy as a whole. We heard only yesterday that in 2003 Australia
achieved an economic growth rate of 4 per cent, which placed it at the head of the OECD. In 2003, Australia was the best performing economy in the entire developed world.

In addition to that growth outcome, we also have less than six per cent unemployment. This is about real jobs for Australian workers whether in Hastings, Rosebud, Somerville, Cowes, Lang Lang, Koo Wee Rup, Dromana or Mount Martha. What is fascinating is the increase in the number of full-time jobs relative to part-time jobs—a very important outcome. We also have lower interest rates, at around the six per cent level, and low inflation. So we have the combination of the highest growth in the Western world, some of the lowest unemployment we have had in the last 30 years, some of the lowest interest rates we have had in the last 30 years—which for homeowners in towns such as Somerville, Mount Martha and Dromana is a real practical outcome—and low inflation.

These are the outcomes against which this bill is presented. But these outcomes only come from certain actions; they are not outcomes that are common throughout the Western world. They are the product of actions and reforms that have been taken by the government—for the most part with opposition from the Labor Party. That is a very interesting thing. There are three core elements of those actions into which this bill fits. Firstly, you must have microeconomic reform to ensure that the productivity of individual firms and sectors is affected. We have been through a process of difficult microeconomic reform. As a result, on our waterfront and in our transport sector—the arteries of the nation’s productive enterprises—there has been a dramatic increase in productivity. We were told that it was impossible; yet, strangely, once these reforms were introduced, productivity increased dramatically. Whether in terms of crane lift rates or other indicators, there are real changes. But all these reforms were opposed.

We also had macroeconomic reform, which affected the taxation system as a whole and the budgetary position. As a result, there has been a dramatic and substantial increase in funds available, because of the decrease in debt. As you retire $60 billion in debt it has an enormous impact, in perpetuity, on the funds that are available each year to the Australian budget and the Australian people. That has an impact on interest rates and, through taxation reforms, on the balance between consumption and investment. All those things have been critical and yet they were all opposed.

Along with microeconomic reform and macroeconomic reform, the other great change has been in the investment climate. This bill addresses exactly that element. The New International Tax Arrangements Bill 2003 ultimately contains the first instalment of changes to Australia’s international tax regime. These changes relate to four areas: the foreign investment fund rules exemption, interest withholding tax exemptions for certain unit trusts, attributable income of controlled foreign companies and double taxation of royalties. This is ultimately about ensuring that compliance for Australian companies is easier and that there is a regime that encourages international investment in Australia. Why does that matter? It matters because it brings jobs into the Australian economy and it ties Australian firms and workers into the global market.

Sometimes we forget about the notion of the global market; it does not have any meaning in ordinary discussion. But we came together as a federation because it was ridiculous that Victorian companies be confined to trading in Victoria or that New South Wales companies be confined to trading in
New South Wales. At times we get the argument that Australia should not participate in the global economy—that to participate in a free trade agreement with the United States is to expose Australia to all sorts of heavy pressure from outside. That is a fundamentally flawed proposition, because you cannot hide from the world—and nor do we want to.

By opening up Australia to participation in the international economy, we are opening up opportunities for Australian firms to compete and participate in markets that are many times larger than Australia’s. This creates jobs and makes us an open and forward looking country and economy rather than a backward and inward looking country and economy; that is the difference, and it is critically important.

In that context, what this bill does is very simple. It has two core purposes: firstly, to modernise the current international tax law regime and, by doing so, encourage investment; and, secondly, to reduce compliance and information costs for taxpayers. This reduction in compliance costs does three things: firstly, it makes Australia a more attractive place for investment; secondly, it encourages the establishment in Australia of regional headquarters for foreign groups; and, thirdly, it helps Australian companies to compete in the global market by allowing them to raise funds. That is extremely important. If companies can raise funds globally, the pool and their own capacity to draw from that pool are massively increased.

In a previous life, when I was an engagement manager with McKinsey and Co., one of the things I did was to look at what may be called ‘regionalisation’. Regionalisation means that large global companies are focusing not just on countries but also on time zones and regions. Within that movement, Australia is competing to be a regional headquarters for different companies. We compete with Singapore and Hong Kong in the Asian region to become a regional headquarters. This bill, through its treatment of overseas entities, makes Australia a more attractive destination. With that, it brings specific jobs, investment and capital. For Australian families that means the combination of jobs, investment and profitability. All those things ultimately flow through to the fact that we have a four per cent rate of growth, and that flows through to the amount of money that families have to spend on their homes, children’s education, health care and all the basics of life. That is the connection between the New International Tax Arrangements Bill 2003 and life in Somerville, in terms of interest rates, jobs and money in the pocket for families. These are big reforms which have an impact, and it is very important to understand those things.

I am delighted to speak in support of the New International Tax Arrangements Bill 2003. I do so knowing that this bill comes in the context of a set of outcomes which have a real impact on people’s lives: four per cent growth; less than six per cent unemployment; interest rates of around six per cent, which for home owners has a dramatic effect; and low inflation. They are the outcomes of microeconomic reform, which increases the capacity to be productive in our day-to-day working life; and of macro economic reform, which reduces the burden of debt on future generations and the interest rate burden on current generations and increases the capacity to attract investment to Australia. That is why this is a good bill. I am delighted to support the New International Tax Arrangements Bill 2003 and I commend it to the House.

Mr ROSS CAMERON (Parramatta—Parliamentary Secretary to the Treasurer) (11.40 a.m.)—It is my pleasure to sum up the debate on the New International Tax Arrangements Bill 2003 and to thank all mem-
bers who have participated, particularly the
member for Flinders, who is one member of
this place who can be relied upon to consis-
tently produce a quality contribution to de-
bates, particularly on tax and finance meas-
ures, some of which are quite complex. I
thank him for his diligence and creativity.

In the 2003 budget the Treasurer an-
nounced the outcome of the review of inter-
national tax arrangements. Over 30 initia-
tives designed to modernise the international
tax system were foreshadowed. The govern-
ment delivered on the first of these reforms
with the signing of a new tax treaty with the
United Kingdom. That treaty was enacted
last year. The design of other major reforms
that will disregard capital gains from the sale
of shares in active foreign subsidiaries, ex-
tend the exemption for foreign non-portfolio
dividends and simplify the controlled foreign
company rules is under way.

This bill, which is the second instalment
of international tax review legislation, ad-
dresses issues facing the superannuation and
managed funds industries. With over $500
billion invested in superannuation, which for
most Australians represents their second
largest asset after the family home, the gov-
ernment wants to ensure that fund members
get the best possible returns. A substantial
part of superannuation fund assets is in for-
ign investments. Superannuation funds in-
vest around $90 billion offshore, most of
which is in foreign equities. Much of this
investment is conducted through Australian
managed funds which operate through trust
structures. The reforms in this bill will im-
prove the international competitiveness of
Australian superannuation funds and man-
aged funds, and improve returns to their in-
vestors. Increasing to 10 per cent the thresh-
old for the balanced portfolio exemption un-
der the foreign investment fund rules will
reduce the compliance costs of Australian
managed funds. Investors will be better able
to diversify their offshore investment portfo-
lios. This will give Australian investors in-
creased opportunities from international in-
vestment.

The bill also removes unnecessary tax
 costs on our superannuation funds in relation
to their offshore investments. Because super-
anuation funds currently have a low tax
rate, their investment decisions are unlikely
to be biased towards the kinds of offshore
investment vehicles that the foreign invest-
ment fund rules are designed to target. Ordi-
ary Australians investing in superannuation
funds should not have returns on their sav-
ings reduced by unnecessary tax compliance
costs. An anomaly by which the foreign in-
vestment fund rules target income from
funds’ management activities is also ad-
dressed by this bill. The provision of funds’
management services and expertise is an ac-
tive business. It is not the kind of passive
asset holding that these rules are designed to
address.

The bill sensibly removes another anom-
aly and reduces compliance costs for man-
gaged funds by extending to widely held unit
trusts the interest withholding tax exemp-
tions that currently are available to compa-
nies. There is no reason why the exemption
currently limited to companies should not
also be available to widely held unit trusts.
The bill also makes a minor modification to
the controlled foreign company rules and
implements a review of business tax recom-
mendation to prevent the double taxation of
royalties in transfer pricing situations. By
sharpening the focus of the foreign invest-
ment fund regime, the government is strip-
ching away unnecessary compliance costs
currently imposed on managed funds and
superannuation funds. These unnecessary
costs result in lower returns to investors, and
we have concluded that these costs can be
reduced without compromising the integrity
of the regime as a whole.
Our internationally focused Australian managed funds which seek foreign investments are also disadvantaged by these costs compared with their foreign competitors. Unnecessary compliance costs should not limit the ability of Australian fund managers in offering their services to the world. The bill seeks to modernise Australia’s international tax system. The future of the Australian economy is fundamentally linked to global prosperity and to Australians being a part of that prosperity. We want our tax system to help, not hinder. The bill deserves the support of the parliament, and I am pleased to see that it appears likely to secure the support of the opposition. I appreciate the recognition by the opposition of the importance of the reduced compliance costs the bill will involve.

I note the opposition is moving an amendment on the second reading, which we will be unable to support, suggesting that the total cost of the measures contained in the bill is some $465.5 million. To date, we have not seen any justification for that figure and believe it to be substantially less. Indeed, as the individual measures are introduced and finalised, the parliament will receive the government’s official costings for those measures. But we believe the figure nominated by the opposition is significantly inflated, and we await any more detailed justification for the nominated figure. For those reasons we will be opposing the amendment, but we appreciate the support of the opposition for the significant reductions in compliance costs and the increased returns to investors that the bill seeks to achieve.

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

Question agreed to.

Original question agreed to.

Bill read a second time.

Third Reading

Mr ROSS CAMERON (Parramatta—Parliamentary Secretary to the Treasurer) (11.47 a.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

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

Second Reading

Debate resumed from 19 February, on motion by Mr Ross Cameron:

That this bill be now read a second time.

Mr COX (Kingston) (11.48 a.m.)—The Tax Laws Amendment (2004 Measures No. 1) Bill 2004 is an omnibus bill, introducing a range of measures. Labor will support the bill in the House, but will refer schedules 7, 10 and 11 to a Senate committee for further consideration. These schedules deal with charities, and Labor is concerned about their impact on the charitable sector and the integrity of the tax system. Schedule 1 of the bill extends eligibility for the medical expenses tax offset to include the cost of maintaining properly trained dogs for guiding or assisting people with a disability. The medical expenses offset provides a tax offset of 20 per cent of eligible medical expenses over a $1,500 threshold. The costs of maintaining guide-dogs for the blind are already eligible, but this amendment will extend eligibility to hearing and other disability guide-dogs.

Schedule 2 of the bill will provide an income tax deduction for certain expenses incurred in travel between workplaces. Prior to a decision of the High Court in 2001—
The amendments will ensure that where an employee is travelling directly between two workplaces, the cost of that travel is deductible—for example, in travel directly from a full-time job during the day to a part-time job in the evening.

Schedule 3 of the bill will ensure that small businesses do not become ineligible for the small business capital gains tax concessions because deductible gift recipients are beneficiaries of a discretionary trust controlled by that small business. Under the new capital gains tax rules, small businesses must have assets of less than $5 million to be eligible for concessional treatment, including the 50 per cent active asset reduction, the 15-year asset exemption, the retirement exemption and rollover relief. This asset test includes the assets of trusts which are deemed to be controlled by the small business. If a discretionary trust lists a charity or deductible gift recipient as a beneficiary, they are viewed as controlling that charity, and assets of the charity are included in the assets of the small business, possibly denying the business access to the capital gains tax concessions. The proposed amendments will ensure that the assets of a charity or deductible gift recipient which is a beneficiary of a discretionary trust are not included in the asset test to determine eligibility for a small business CGT concession. In addition, the amendments will ensure that the determination of whether a trust is controlled by a small business is based on actual distributions, not on simply being a beneficiary.

Schedule 4 of the bill makes changes to the transitional arrangements in place for the move from the Diesel Fuel Rebate Scheme and the Diesel and Alternative Fuels Grants Scheme to the new Energy Grants (Credits) Scheme. On 1 July 2003, the Energy Grants (Credits) Scheme replaced the Diesel Fuel Rebate Scheme and the Diesel and Alternative Fuels Grants Scheme. This was part of the government’s agreement with the Democrats for passage of the GST. To ease the transition to the EGCS, fuel purchases in the three years prior to its introduction could be claimed under it rather than the previous scheme. As a consequence, some entitlements have been created under the EGCS that did not exist under the previous scheme. For example, the use of diesel to generate electricity in a retail or hospitality business without access to grid power became eligible under the DFRS on 1 July 2002. Under the transitional EGCS, such activity would be eligible from 1 July 2000. The proposed amendment will ensure that fuel purchases are only eligible under the transitional EGCS arrangements where they were also eligible under either the DFRS or DAFGS. This will include the recovery of claims lodged before the amendment is passed.

Schedule 5 of this bill deals with the cost base of assets for capital gains tax purposes and the impact of the GST. Capital gains and losses are calculated with reference to the cost of the asset when it is acquired—the cost base. The cost base also takes into account any subsequent expenditure or alterations to the asset which have the net effect of increasing or decreasing the value of the asset—for example, renovating a rental property. Due to oversights in amendments to the capital gains tax provisions at the time the new tax system was introduced, the value of net input tax credits are included in the cost base of assets in certain circumstances—for example, to renovations post September 1999. This inflates the cost base of assets, minimising capital gains and maximising capital losses. The proposed amendment would ensure that net input tax credits are
never included in the cost base of an asset, which will make sure taxpayers do not receive a windfall gain from this oversight.

Schedule 6 will allow Australian business numbers to be disclosed to the heads of Commonwealth agencies and state and territory departments in respect of all agency and department functions. Regulations already allow for this, but it is unclear whether these regulations would hold up to scrutiny by the courts. The provisions will simplify compliance for business as they will not have to provide their ABN to every government department they have dealings with.

Schedule 7 provides a new deduction for contributions related to fund-raising events. The proposal would give individuals an income tax deduction for contributions to deductible gift recipients. For example, individuals could claim a deduction for the cost of attending a charity dinner. This will not apply to political parties, which are not deductible gift recipients. Under the current law, and consistent with general tax principles, no deduction is allowed where the individual receives any personal benefit.

This amendment will allow donors a tax deduction for contributions to charities where they receive a benefit in return. While this amendment may increase the ability of charities to use special fund-raising events to attract donations, it will certainly benefit affluent donors. The deduction will be allowed for contributions of cash over $250, where the benefit received is no more than $100 or 10 per cent of the value of the contribution. In the case of property, it must be valued at more than $250—or $5000 if purchased 12 months prior to the contribution being made. In both cases, the value of the benefit received must be no more than $100 or 10 per cent of the value of the contribution. The government initially claimed that this measure would have no cost; they now say that it will cost taxpayers $3 million a year. I am a little dubious that that is not a significant underestimate.

This amendment seriously undermines basic tax principles. Firstly, where an individual receives a personal benefit, no deduction is allowed. Secondly, it creates an artificial distinction between the market value of something and what an individual actually pays for it. There must be major concern that this measure will be open to abuse with people undervaluing the size of the benefit that they receive in return for their so-called contribution. Arguably, the market value of a charity dinner and therefore the individual benefit is the price of the ticket, otherwise—as is allowed under the tax law—charities could charge a price for entry into a charity function and then ask for a donation. The fact that this is not possible implies that the personal benefit to the individual of attending the dinner is what they are prepared to pay. Labor is aware that charities are likely to benefit from this measure. However, these serious issues require some further scrutiny, which is why Labor will refer the matter to the Senate Economics Committee.

Schedule 8 of the bill deals with distributions to certain entities. When the Board of Taxation conveniently recommended that the government not proceed with its promise to tax trusts like companies, it also recommended amendments to section 109UB of the Income Tax Assessment Act 1936. These amendments are an integrity measure which aims to ensure that a trustee cannot shelter income in a discretionary trust at the company tax rate through creating a present entitlement to a private company without paying that entitlement and then distributing the underlying cash to a beneficiary, usually through a loan payment or forgiven debt. This practice means that the income is only ever taxed at the company tax rate and not the beneficiary’s marginal tax rate. The cur-
rent law deems that loans in these circumstances are treated as dividends. This means that they are taxed in the hands of the beneficiary at their marginal tax rate. The proposed changes would include a payment from the trust or forgiven debt in the same way as loans are currently treated. While the amendment will tighten up integrity rules with regard to trusts, it will also ensure that when companies are not up to mischief, such as where the loan is on a commercial basis or repaid, that the deemed dividend rules do not apply.

The House should note that this amendment is only necessary because of the complete lack of backbone of the Howard government, and the Treasurer in particular, in tackling tax minimisation issues. After promising to end a rort that both sides of the House admitted had gone on for too long, the government would not follow through. This was another 2001 election backflip. The Treasurer had given a signed undertaking to implement certain measures contained in the review of business taxation, which would have made the government’s business tax reforms revenue neutral. These particular measures were based on the very good tax principle that people in similar circumstances should pay the same amount of tax. So while average Australians continue to pay the right amount of tax, affluent Australians that do not want to, do not have to.

Section 46FA of the Income Tax Assessment Act 1936 provides certain resident companies a deduction for on-payment of certain unfranked or partly franked non-portfolio dividends to their wholly-owned foreign parents. Schedule 9 simply reinstates this deduction because it was inadvertently made inoperative when the inter-corporate dividend rebate was repealed as part of the consolidation reforms.

Schedule 10 requires public benevolent institutions and health promotion charities to be endorsed by the Commissioner of Taxation to access relevant tax concessions. The amendments are in response to recommendations of the Report of the inquiry into the definition of charities and related organisations. The amendments will require public benevolent institutions and health promotion charities to be endorsed by the commissioner in order to access all relevant taxation concessions, such as income tax, GST and FBT relief. The organisation will be required to display its charitable status on the Australian Business Register. The amendments will affect a number of concessions, particularly fringe benefits tax concessions, for some organisations—especially those which are deemed to be under ministerial control, particularly of a state government.

This is already occurring, with thousands of employees in South Australia alone set to lose fringe benefits concessions from 1 April 2004. This is having a big impact on a number of low-paid workers—workers who rely upon salary packaging arrangements with fringe benefits tax concessions to simply get by. The Australian Taxation Office is conducting a clean sweep of organisations prior to the passage of this bill, leaving distressed employees in critical sectors, such as medical research and care for the disabled. I am concerned about the complete lack of a transitional period for this measure and for organisations which lose their PBI status. As such, we will be referring this measure to the Senate Economics Committee for further examination.

Schedule 11 of the bill seeks to specifically list three organisations in the tax law as deductible gift recipients. Donations and contributions for deductible gift recipients over $2 provide the donor with an income tax deduction. Organisations that do not meet the general requirements in the tax law can
be specifically listed as deductible gift recipients. Schedule 11 of the bill seeks to specifically list in legislation the following organisations as DGRs: Dunn and Lewis Youth Development Foundation Ltd from 10 November 2003 to 9 November 2005; Crime Stoppers South Australia Inc. from 19 September 2003; and the Country Education Foundation of Australia Ltd from 20 August 2003. In addition, the specific listing of the Bowral Vietnam Memorial Walk Trust will be extended until 16 August 2005. Labor is concerned that the conduit nature of the Country Education Foundation means that it could be used to provide parents with income tax deductions for their children’s educational expenses that are not available to other taxpayers. Labor will refer the specific listing of this organisation to a Senate committee for investigation.

This bill also represents an opportunity for me to express Labor’s support for the Australian Timor-Leste Embassy Fund to be granted tax deductible gift recipient status through a general listing or a specific listing in the Income Tax Assessment Act 1997. East Timor is a country with a long and rich connection to Australia—from the support that the East Timorese gave to Australian soldiers in the Second World War to Australia’s involvement in East Timor’s independence. The establishment of an East Timorese embassy in Australia is practically and culturally very important, given the long history shared by the two countries, the number of East Timorese living in Australia and the number of Australians who are living in East Timor. Providing the Australian Timor-Leste Embassy Fund with deductible gift recipient status would give all Australians an opportunity to participate in the evolution of the relationship between the two countries. It would also mean that the reality of an East Timorese embassy could be realised sooner rather than later. I call on the government to move quickly to grant the Timor embassy fund DGR status. I move:

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

 whilst not declining to give the bill a second reading, the House notes that the amendments dealing with distributions to certain entities will act as safeguards against certain abuses of trusts by individuals, the effect of these measures falls short of the Treasurer’s commitment to ensure that the outcome of the Review of Business Taxation was revenue neutral”.

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

Mr Murphy—I second the amendment.

Mrs MOYLAN (Pearce) (12.05 p.m.)—The Tax Laws Amendment (2004 Measures No. 1) Bill 2004 incorporates a number of taxation measures, as has already been outlined by the minister and by my colleague just now. Some of these measures do involve charities and will be beneficial. Today I want to concentrate a bit on the Myer report, because it was the Myer report that was the catalyst for the amendment with respect to deductions for contributions relating to fundraising events.

I am pleased that the government has agreed to make this change, because it will encourage philanthropy by addressing community concerns regarding fundraising. The amendment addresses issues raised by the Report of the contemporary visual arts and craft inquiry—the Myer report. This was a report into the contemporary visual arts and crafts sector. I have a particular interest and passion for the arts, so I want to focus on that a little today.

I believe the arts are a reflection of our society and, in a large measure, define and continue to forge our unique Australian identity. I see the arts as having a very special place in our society, and this should be acknowledged and recognised in this House. The measures in this bill begin to recognise
that as well. For a country that has a small population base, our outstanding reputation both domestically and internationally in all forms of the arts is remarkable. The arts really deserve to be supported. That is not to say they should not be encouraged to stand on their own two feet. In summing up, in the chairman’s report on this inquiry, Rupert Myer said:

In reflecting upon the value of this sector, it is appropriate to be mindful that economic value and cultural value are two distinct concepts. Culture will be seriously misunderstood if analysed only as economic value. Whilst there is little question the data discussed in this Report confirms that this sector makes a significant and, importantly, strategic contribution to the nation’s economy, it is its cultural contribution which is paramount. At the heart of the strategic interventions proposed in this report is a desire to promote a greater recognition of the value of the contemporary visual arts and craft sector and of artists in our community.

The cultural values of the arts were expressed in this parliament late last year by the President of the People’s Republic of China, President Hu Jintao, when he said:

Cultural exchanges have long served as important bridges for enhanced understanding and deepened friendship between our two peoples.

He went on to remind us of the exchanges in the arts that took place during the celebration of the 30th year of diplomatic relations between our countries and Celebrate Australia 2002, which delighted Shanghai citizens, and the Chinese performing artists that had their debut in the famous Sydney Opera House. President Hu said that these exchanges had a fuller role to play as the bridge and bond in building friendship between our countries and people.

Who can deny that, when language and cultural differences throw up seemingly impenetrable barriers to understanding, they can very easily be broken down through music, dance, theatre, visual arts and craft. I agree with Rupert Myer that we must look beyond the economic value and recognise the cultural benefits that bind and bring people together, both within our local communities and internationally.

At home, according to the survey by the Australian Bureau of Statistics of the 12 months to April 1999, almost 3.2 million Australians—or 21 per cent of Australian adults—attended an art gallery; three million attended a museum; 3.8 million attended popular music performances; and almost 10 million attended cinemas. An Australia Council survey found that 31 per cent of respondents had visited a contemporary visual arts or craft venue in the previous two years. According to the report:

The terms of reference required the Inquiry to examine the role of governments, across the three tiers, in supporting the contemporary visual arts and craft sector, and the effectiveness of this support in achieving cultural objectives for both individual artists and arts organisations. The inquiry has estimated from data collected that support from all governments for the sector totalled $588 million in 99/2000. Support increased by about 12% over the period from 1994. The total value of the Commonwealth support for the contemporary visual arts and craft sector in 99/2000 was about $18.3 million.

This is quite a respectable investment by government on behalf of taxpayers. However, the report went on to say:

Only a small proportion of philanthropic donations and sponsorship funding is directed towards the visual arts and craft. An even smaller percentage of the funding for visual arts and craft is directed towards contemporary visual arts, and a smaller percentage again is directed to supporting contemporary craft. The inquiry believes that a modest amount of additional support would have a demonstrable and significant impact ...

The report then went on to discuss ways to improve incentives for philanthropy, which
gets to the heart of this amendment. The report said:

The inquiry believes a stimulus to philanthropy in the contemporary visual arts and craft sector is needed and it should take the form of higher tax incentives …

The chairman, in the preamble to the report, reminded us of the benefits that accrued to the country from the film industry when he said:

In imagining the future, it is relevant to consider the development of the Australian film industry, particularly over the last decade. After many years of strategic investment and planning, that industry is reaping the benefits of a healthy slate of local feature films, television drama and other productions.

I recently had the pleasure of going to a pre-view of the new Australian film *Peaches* which was arranged by our minister for the arts, Senator the Hon. Rod Kemp. We can be really proud of our continually high level of production and the performances of our local actors. We can also feel very pleased that the government continues to support such entities as Film Finance Corporation Australia— which is resourced to assist the production of such films—and that the federal government continues to provide the refundable tax film offsets. That helps us to keep drawing back such talented Australian actors as Hugo Weaving, who takes the lead in this particular film, and to develop new Australian talent, which we saw in the two supporting roles in the film. Rupert Myer went on to say:

Few now question the value of the public investment that has supported and continues to support this creative industry. We celebrate the success of both the industry and the individuals whose roles have contributed to the essence of our nation’s culture … they emphasise the importance of their professional training, access to opportunities to display their talents and the role of publicly funded investment as the key elements of this industry’s development. The associated activity, tourism developments and the nurturing of our nation’s creative talents are widely discussed. The key to these observations are relevant across the whole of the creative arts sector.

… … …

With well targeted cooperative public investment and a supportive legislative environment, the contemporary visual arts and craft sector can move rapidly to consolidate its current position and further evolve to become bolder and more inventive …

The Myer report has set a very high standard, and it is invaluable to guide government as to future taxation measures that will continue to build on the amendment in this bill to encourage philanthropy in the arts. I understand that both the minister for the arts and the Assistant Treasurer continue to discuss and examine the options outlined in the Myer report, and I know that the Board of Taxation is also considering some measures at present. From my perspective, this is an important aspect of this amendment.

I will touch on a couple of other aspects of the bill without going into great detail. Another important amendment—the medical expenses tax offset measure—is designed to ensure that benefits that are currently available to blind people for guide dogs will be extended to assist people who have other disabilities. This is a small move. It does not involve a lot of people but it is very important because, under the existing law, only people who are blind can benefit from a tax offset to expenses for guide dogs. Under these provisions the list of eligible medical expenses will include payments made in maintaining a properly trained dog for guiding or assisting people with other types of disabilities.

The measure will affect about 200 people. It is not a lot of people, but they are an important group within our community and we can be measured to some large degree on our compassion for these quite small groups
within the community who get on with life despite their disabilities and do some amazing things. I think it is great that they will be able to claim expenses offsets for hearing dogs and service or assistance dogs. This amendment will be very welcome, I am sure, to the estimated 200 people who currently depend on these dogs so that they can get on with their lives and live more independently. The measure also incorporates the deduction for transport between workplaces, which basically provides greater clarity to the existing law.

The small business capital gains tax relief and discretionary trusts measure ensures that small businesses will continue to include charities as beneficiaries. The Howard government set out soon after taking office to strengthen and encourage philanthropy. The contribution made by many businesses underpins numerous charitable organisations within our community. These amendments have been recommended by industry to ensure that the many small businesses that operate through discretionary trusts and include charitable organisations as beneficiaries are not prevented from accessing the capital gains tax concessions.

There is a technical correction to the Energy Grants Credits Scheme transitional arrangements. The measures involving net input tax credits and capital gains tax ensure that the goods and services tax which is later recovered does not count as part of the cost of an asset when calculating capital gains tax. The measures regarding the confidentiality of Australian business number information clarify the circumstances under which the registrar of the Australian Business Register can disclose ABN information to Commonwealth, state and territory agencies and department heads.

Other measures in the bill include amendments to the distribution of certain entities, addressing problems identified by the Board of Taxation in its report Taxation of discretionary trusts. The bill also deals with the deduction for dividends that are on-paid to non-resident owners, which amends an anomaly in relation to resident companies deducting payments of certain unfranked dividends to their wholly owned foreign parent. Finally, there is the endorsement of charities to access tax concessions, which will require charities, public benevolent institutions and health promotion charities to be endorsed by the Commissioner of Taxation before they can access relevant taxation concessions.

As I said, many of these measures are beneficial to charitable organisations and to others in the community, and I strongly support these measures. I look forward to seeing the Assistant Treasurer and the minister for the arts working together closely to continue to encourage philanthropy within the arts, particularly within the contemporary arts sector, as outlined in the excellent inquiry chaired by Mr Myer. I thank the House.

Mr ROSS CAMERON (Parramatta—Parliamentary Secretary to the Treasurer) (12.19 p.m.)—It is my pleasure to sum up the debate on the Tax Laws Amendment (2004 Measures No. 1) Bill 2004. I particularly want to thank the member for Pearce for her contribution. The bill has allowed her to advocate for the interests of three groups which are not always popular or receiving the attention they deserve but which are nonetheless of great importance to the community. She has been a very sustained and committed advocate for Australians with disabilities by trying to improve the deal that they get. She has also been prepared to sponsor causes which have not always been popular, such as the needs of refugees and asylum seekers, and in this bill her support for the arts and for philanthropic endeavour is noted and appreciated.
The bill makes amendments to the income tax law and other laws to give effect to several taxation measures. Firstly, the 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 offer taxpayers with hearing dogs and assistance or 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, the bill provides an income tax deduction for transport expenses incurred in travel between workplaces. For example, the expenses of travelling directly from one job to a second job will be deductible. The expenses incurred in travelling between two places of unrelated income earning activity were previously allowed as deductions under a longstanding interpretation expressed in published taxation rulings and in Tax Pack. However, a High Court decision known as Payne’s case overturned the former interpretation and held that expenses incurred in travelling between two places of unrelated income earning activity were not deductible under the general deduction provisions. The amendment inserts a specific provision to the income tax law to ensure that the deductibility of such expenses is reinstated.

The third measure 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. These concessions are available only to those businesses that control assets of less than $5 million. In working out the assets controlled by a small business test, the assets of any potential beneficiaries are included. This means that, where a small business trust has a charity as a potential beneficiary, the trust inappropriately includes the assets of that charity in determining access to the capital gains tax concessions. The changes will ensure those businesses are not prevented from accessing the capital gains tax concessions simply because of the assets held by a charitable beneficiary.

Schedule 4 amends the Energy Grants Credits Scheme (Consequential Amendments) Act 2003. The Energy Grants Credits Scheme replaced the Diesel Fuel Rebate Scheme and the Diesel and Alternative Fuels Grants Scheme from 1 July 2003 by providing a credit for the use of diesel and specified alternative fuels in certain on-road and off-road activities. This amendment will clarify the application of the transitional provisions 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 in the three years before 1 July 2003. The amendment will ensure that no entitlements have inadvertently been created under the Energy Grants Credits Scheme that did not exist under the previous schemes.

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. The outcome under the existing law is inappropriate because taxpayers who make a capital gain on the disposal of a capital gains tax asset can include GST net input tax credits in the cost base of the asset in many circumstances, even though the relevant GST expenditure is effectively recouped. Consequently, the amount of capital gain on disposal of the asset is inappropriately reduced by the amount of the GST net input tax credits. Similarly, taxpayers who make a capital loss on the disposal of a CGT asset can include GST net input tax credits in
the reduced cost base of the asset, even though the relevant GST expenditure is effectively recouped. Consequently the amount of capital loss on disposal of the asset is inappropriately inflated by the amount of the GST net input tax credits. These amendments insert a new general rule which ensures that input tax credits do not distort the calculation of capital gains tax in these ways.

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 laws is allowed only 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, a tax deduction will be available based on the value of the contribution minus the value of the minor benefit. This measure will not apply to fundraising events held by political parties, which are not deductible gift recipients. It will extend tax deductions to contributions made at fundraising events where the contributor receives a minor benefit and will cover two fundraising scenarios: where a contribution is made to attend a fundraising event, such as buying a ticket to attend a dinner, and the purchase by successful bidding of goods and services at fundraising auctions. So the measure will not cover every fundraising scenario but will broaden the range of tax concessions available to assist the fundraising efforts of deductible gift recipients.

Schedule 8 inserts certain integrity rules dealing with payments, loans and forgiven debts made by a trustee to a private company shareholder or shareholder's associate. These amendments address issues concerning the effectiveness and fairness of certain antiavoidance provisions contained in the current law. 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 the current law to ensure that deductions for onpayments of certain unfranked non-portfolio dividends by a resident company to its wholly owned non-resident parent company will continue to be available to certain resident companies. Non-resident companies that receive unfranked dividends are generally subject to dividend withholding tax. Where a non-resident company invests in Australia through a resident holding company, a special deduction to that holding company ensures that it does not pay tax on dividends received but that the foreign parent company is subject to dividend withholding tax—otherwise there would be a disincentive for foreign companies to invest in Australia through holding companies. However, with the introduction of consolidation, this deduction was inadvertently turned off. This meas-
ure will ensure that this deduction will again be available to Australian resident holding companies wholly owned by a foreign parent company.

Schedule 10 will require charities, public benevolent institutions and health promotion charities to be endorsed by the Commissioner of Taxation in order to access 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, the bill updates the list 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.

The member for Kingston suggested that the circulation of the explanatory memorandum to the bill involved some duplicity or deception on the part of the government. I feel duty bound to correct the record in that regard. A small number of errors were found in the explanatory memorandum to this bill. A correction to the explanatory memorandum has been circulated and the shadow minister’s office was advised that these corrections were being made.

The only error of substance was the reported financial impact of the measure which provides a deduction for contributions relating to fundraising events. The financial impact for this measure was incorrectly published in the original explanatory memorandum as being nil when the estimated cost is $3 million per annum. This cost of $3 million was in fact previously published by the government in the Mid-Year Economic and Fiscal Outlook. I just wanted to assure the shadow minister that there was no intended deception.

Mr Cox—I did not think you were being duplicitous but I still think it is an underestimate of the real figure.

Mr ROSS CAMERON—Other errors are minor and relate to the terminology used to describe the Australian Business Register and the Australian Business Registrar. I note that the shadow minister interjected that it had not been his intention to imply deliberate duplicity but to say that the figure was an underestimate of the actual cost. We can happily have an argument over its cost. I simply note the substantial point that the bill involves a generous contribution by the government in relation to the attraction of charitable gift making and benevolence in this country. It is the strength of our fiscal outlook—the fact that we have such low levels of government indebtedness; the fact that we are maintaining low interest rates while having high levels of employment and economic growth—that allows the government to introduce bills such as this, which on so many fronts offer a better deal to Australian taxpayers. I commend the bill to the House.
Third Reading
Mr ROSS CAMERON (Parramatta—Parliamentary Secretary to the Treasurer) (12.33 p.m.)—by leave—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

APPROPRIATION BILL (No. 3) 2003-2004
Report from Main Committee
Bill returned from Main Committee without amendment; certified copy of the bill presented.
Ordered that this bill be considered forthwith.
Bill agreed to.

Third Reading
Ms WORTH (Adelaide—Parliamentary Secretary to the Minister for Health and Ageing) (12.34 p.m.)—by leave—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

APPROPRIATION BILL (NO. 4) 2003-2004
Report from Main Committee
Bill returned from Main Committee without amendment; certified copy of the bill presented.
Ordered that this bill be considered forthwith.
Bill agreed to.

Third Reading
Ms WORTH (Adelaide—Parliamentary Secretary to the Minister for Health and Ageing) (12.36 p.m.)—by leave—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

HEALTH AND AGEING LEGISLATION AMENDMENT BILL 2003
Debate resumed from 26 June 2003.

Second Reading
Ms WORTH (Adelaide—Parliamentary Secretary to the Minister for Health and Ageing) (12.36 p.m.)—I move:
That this bill be now read a second time.
The Pharmaceutical Benefits Advisory Committee (PBAC) is a committee of experts that makes recommendations to the minister as to the drugs and medicinal preparations that are to be subsidised through the Pharmaceutical Benefits Scheme (PBS). The PBAC must give consideration to the effectiveness and cost of drugs and medicinal preparations and their comparison with alternative therapies, including non-drug therapies.

The PBAC currently consists of a chairperson and 11 other members. Eight members must be selected from the following groups: consumers, health economists, practising community pharmacists, general practitioners, clinical pharmacologists, and spe-
cialists—with at least one member selected from each of these groups. Members from these groups must be appointed from nominations made from bodies prescribed by the regulations. The minister appoints the remaining members based on qualifications and/or experience in a field relevant to the functions of the PBAC that would enable them to contribute meaningfully to its deliberations.

These amendments provide for the PBAC membership to be increased by up to four persons, in order to cope more effectively with the current situation, whereby the minority of medical specialists on the committee have experienced a substantially increased workload. The membership will consist of a chairperson, with not less than 11 and not more than 15 other members. In order to retain the current ratio of the number of members nominated by external organisations to the number of members appointed by the minister, these amendments also provide that not less than two-thirds of the total number of members be selected from nominations by the prescribed organisations.

The bill also makes a number of other minor amendments in relation to the PBS.

(a) Under normal PBS supply arrangements, most medicines are supplied by community pharmacies on the prescription of a medical practitioner. However, section 100 of the National Health Act 1953 has for many years provided an important mechanism to enable special distribution arrangements for medicines where, in particular circumstances, the normal PBS supply arrangements are not convenient or efficient. The amendments in this bill will make it clear that special supply arrangements can be used for the funding of particular medicines that are not available through the normal operation of the PBS.

(b) A pharmacist must obtain approval to supply pharmaceutical benefits from particular premises, and thus must obtain a new approval before relocating to other premises. Occasionally a pharmacist relocates without applying for approval and cannot be paid for any pharmaceutical benefits supplied from those unapproved premises.

In these circumstances the pharmacist has been asked to apply for approval at the relocated pharmacy and, if the application is approved, the pharmacist has then requested and received an act of grace payment and/or waiver of recovery for 90 per cent of the value of the benefits supplied from the unapproved pharmacy. These amendments will give the pharmacist an entitlement to receive the 90 per cent payment or waiver once the relocation is approved.

(c) Amendments in this bill will allow an agent to make and sign an application for a PBS safety net concession or entitlement card, or for an additional or replacement card on behalf of an applicant where a person who has qualified for the card is unable to sign the application.

(d) This bill also provides that determinations of forms, strengths and brands of PBS medicines and their maximum quantities and repeats will apply to the supply of pharmaceutical benefits by hospitals in the same way as they do to pharmaceutical benefits supplied by pharmacies. This has become necessary due to the introduction of arrangements with some states for the supply of pharmaceutical benefits by public hospitals to out-patients, day admitted patients and admitted patients on discharge.

(e) The bill will also make clear that the decision maker (be it the secretary or the minister) has the discretion whether or not to cancel an approval to supply pharmaceutical benefits.
Simplified claiming

Where a service is provided as part of a Medical Purchaser Provider Agreement (MPPA) the National Health Act 1953 requires that the provider of medical services forward all accounts to the health fund. If this provision is not complied with, the health fund is prevented from paying benefits in excess of 25 per cent of the MBS fee.

This requirement creates an anomaly between MPPA arrangements and other gap cover arrangements, to the detriment of consumers. The health fund is prohibited from extending coverage to any gap that may exist, and the member is left with an unexpected out-of-pocket expense. The bill removes this anomaly.

The proposal is in line with the HIC’s electronic commerce strategic direction and the Commonwealth government’s online strategy, and will include stringent confidentiality and privacy requirements. The new arrangements will facilitate the checking of a patient’s Medicare and health fund benefits eligibility prior to service provision and consequently will greatly assist and enhance the provision of informed financial consent from the consumer to providers of medical services.

Specialist recognition

This bill amends the Health Insurance Act 1973 (the Act) to restore specialist recognition status, for the purpose of ensuring access to Medicare benefits at the specialist rebate level, correcting an unintended consequence of earlier legislation.

Overseas doctors

An unintended consequence of the Health Legislation Amendment (Medical Practitioners’ Qualifications and Other Measures) Act 2001 allowed all overseas trained doctors to receive Medicare benefits for assistance at operations in areas that are not districts of workforce shortage.

This proposed amendment to section 19AB of the act clarifies the intent of government policy regarding maldistribution in the Australian medical workforce and the resulting difficulties experienced by some rural communities in accessing general practitioner services. Overseas trained doctors who are undertaking a bona fide training program and have an occupational trainee visa will continue to be able to claim Medicare benefits when they assist at operations as part of their training program. This will allow the government to continue to facilitate the exchange of medical knowledge between Australia and other countries. However, all other overseas trained doctors must commit to provide services in districts of workforce shortage if they wish to access Medicare.

Technical amendments

Schedule 5 does not seek to make substantive changes but seeks to correct typographical errors, punctuation errors, incorrect cross-references and other minor consequential changes in the Aged Care Act 1997 and the Health Insurance Act 1973. There are no policy changes. No amendment will result in any change to the substance of the law. The quality of the text of some sections of the acts will be improved, making the law more accessible, but this schedule will not result in any change to the substance of the law.

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

Ms GILLARD (Lalor) (12.45 p.m.)—The Health and Ageing Legislation Amendment Bill 2003 deals with a number of amendments to various acts within the health and ageing portfolio, along with a consequential amendment to the Veterans’ Entitlements Act. The bill deals with a number of issues,
and I will take the House through them briefly.

The bill deals with a simplified claiming process. Where a medical service is provided as part of a medical purchaser-provider agreement with a private health insurance fund, the National Health Act 1953 requires the medical service provider to forward all accounts to the fund. If this provision is not complied with, the health fund is prevented from paying benefits in excess of 25 per cent of the MBS fee. This creates an anomaly between the medical purchaser-provider agreement arrangements and other gap cover arrangements, to the detriment of consumers. The health fund is prohibited from extending coverage to any gap that may exist, and the member is left with an unexpected out-of-pocket expense. This bill removes this anomaly.

The bill makes a number of provisions to correct unintended consequences of earlier legislation. The Health Insurance Act 1973 is amended to restore specialist recognition status for the purpose of ensuring access to Medicare benefits at the specialist rebate level. This status was unintentionally removed. Previous legislation had also unintentionally allowed all overseas trained doctors to receive Medicare benefits for assistance at operations in areas that are not districts of work force shortage. This amendment clarifies the intent of government policy regarding maldistribution in the Australian medical work force and the resulting difficulties experienced by some rural communities in accessing general practitioner services. Finally, in terms of the minor parts of the bill, a number of typographical errors, punctuation errors and incorrect cross-references are corrected, with other minor consequential changes.

But, as the Parliamentary Secretary to the Minister for Health and Ageing indicated, the bill also deals with the membership of the Pharmaceutical Benefits Advisory Committee and increases the membership by four persons, from 11 to 15. This measure is being undertaken in order to cope more effectively with the increasing workload of the committee. The PBAC is at the centre of our Pharmaceutical Benefits Scheme, which has been the envy of the world in that it has delivered medicines to Australian citizens at world’s best prices and enabled those medicines to be affordable for Australians. If we look around the rest of the world—and I think many Australians know this from watching television, from having friends who live overseas or from having travelled overseas themselves and having had to deal with a health condition when they were over there—we see that our access to affordable medicines fundamentally relies on the Pharmaceutical Benefits Scheme. That scheme delivers medicines to Australian consumers at incredibly cheap prices by world standards. The PBS is the successor of a scheme put in place by the Chifley government—another Labor initiative in the health area.

The PBAC, which is at the heart of this process, has its membership expanded by this bill. The composition of the PBAC has been a political issue for some time. Generally, we on this side of the House believe that the PBAC does a great job under difficult circumstances. But it should be noted that during the last term of the Howard government there were serious concerns that the then Minister for Health and Aged Care, Minister Wooldridge, was manipulating appointments to the PBAC in a way that would undermine the independence of the committee and diminish consumer representation in the process. Fortunately, none of those kinds of concerns are raised by this bill, which deals simply with the expansion of membership.
The bill also makes a number of other minor amendments in relation to the PBS. It clarifies the scope of section 100 of the National Health Act 1953, which provides a mechanism for special distribution arrangements for highly specialised medicines where normal PBS distribution arrangements are inappropriate. Medicines currently available under section 100 include immunosuppressive agents which prevent transplant rejection, drugs used to counter the side effects of chemotherapy, anti-HIV-AIDS drugs, drugs for the treatment of hepatitis and others.

The bill makes better arrangements for the reimbursement of pharmacists in circumstances where a pharmacist has relocated without applying for approval and cannot lawfully be paid for any pharmaceutical benefits supplied from as yet unapproved premises. It will allow an agent to make and sign an application for a PBS safety net concession or entitlement card, or for an additional or replacement card, on behalf of a person who is qualified for a card but is unable to sign the application in person. It provides for consistency between pharmacy and hospital supply in the determination of forms, strengths, brands, maximum quantities and repeats of PBS medicines. It also clarifies the provisions for cancelling an approval to supply pharmaceutical benefits.

Given the nature of these changes, the attitude of the Labor Party to this bill is that this is a series of necessary and generally technical amendments, and it is our intention to support the bill. However, today of all days, dealing with the bill in this House has the sense about it of fiddling while Rome burns. I am referring to the as yet unknown but highly contentious changes that the US free trade agreement appears to be making to the Pharmaceutical Benefits Scheme.

Before I deal with some of those changes—the matters on which I am about to address the House are comprehended in a second reading amendment which I will move at the conclusion of this contribution—I point out that, in the course of the negotiations with the United States about the free trade agreement, time after time Howard government ministers, whilst using on many occasions what we thought were weasel words, assured Australians that the US free trade agreement would not in any way undermine the functioning of the Pharmaceutical Benefits Scheme. We on this side of the House were always deeply suspicious. You do not need to be a trade negotiator to know that one of the things most sought by the United States out of the free trade agreement arrangements was better access, from its point of view, to the Australian market for its drug companies. We are all aware that many of the leading drug companies of the world are US based. So you do not need to be a trade negotiator to know that one of the biggest things on the table from the point of view of the United States was better access for its drug companies to the Australian market.

**Mr Cox**—I think the problems were over-ridden by people who were not trade negotiators.

**Ms GILLARD**—My colleague the member for Kingston reminds me that perhaps where all of this went off the rails was that the real trade negotiators in the piece were overridden by people acting on other agendas. We will probably get to the bottom of that over the coming few days. My point is that we always knew that there would be pressure from the United States side to make changes to the Pharmaceutical Benefits Scheme. We always knew that those changes would have two motivations.
Of course US drug companies are interested in the Australian market and in selling their products here at the best possible price. That is an understandable objective for an organisation that, by its very nature, is seeking to maximise profit. There was pressure from the United States drug companies about the free trade agreement and its implications for the PBS, but we were also aware that these companies had a bigger agenda. One of the things that most disturbs them about the Australian Pharmaceutical Benefits Scheme is its demonstration effect. The PBS demonstrates that a national government can manage a supply scheme of medicines to its citizens and keep prices down. Other nations around the world are known to ask American drug companies why drugs cannot be supplied to their citizens at the same price those drugs are being made available in Australia—hence the issue of demonstration effect.

The agenda for the US drug companies was bigger than the capacity to do more in the Australian market. It was also the question of the demonstration effect and how that skews, or has the potential to skew, prices for them in other markets. We were always deeply suspicious that the nature of the assurances—when you get assurances from this government you are necessarily suspicious—given by the Howard government were not good enough. We were always deeply concerned about matters associated with the PBS which would be detrimental to its functioning and, at the end of the day, would impact on price for Australian takers of medicines or on the amount Australian taxpayers pay to subsidise the PBS. Changes to the scheme would mean that, one way or another, Australian consumers of drugs or Australian taxpayers, who support the PBS, would lose out.

I had a very brief opportunity this morning to look at the free trade agreement. As you would be aware, Madam Deputy Speaker Gambaro, after a few days of inexplicable delay, the FTA has been made available and bits of it can be downloaded. The FTA is a very lengthy and complex document. When you go to the sections which deal with pharmaceuticals, what started off as a very deep suspicion seems to be more and more factually based. Given the timeframe in which these documents became available to us—they became available only this morning, after a media statement by the Minister for Trade—I am not in a position to offer to the House a complete analysis of what has gone on here.

From my examination of the documents, I have a series of questions that I think it is incumbent on the Howard government—the Prime Minister, the trade minister or the health minister—to answer. My challenge to them is to answer these questions and, if they are able to do so, reassure Australians who rely on the PBS in times of illness that the impact of this trade agreement on the PBS will not end up lumped onto Australian consumers or taxpayers as increased costs.

The first of the issues I raise in that regard comes out of the annex which deals with pharmaceuticals. As I have indicated, this is a complex document with a number of annexures, one of which deals with pharmaceuticals. The annexure has agreed principles. The parties to the agreement have put down their agreed principles in the area. The parties say that there is an important role played by innovative pharmaceutical products in delivering high quality health care. They go on to talk about the importance of research and development in the pharmaceutical industry and about appropriate government support, through intellectual property protection and other policies; deal with the need to provide timely and affordable access to innovative pharmaceuticals through transparent, expeditious and accountable procedures; and recognise the value of innovative phar-
maceuticals through the operation of competitive markets or by adopting or maintaining procedures which appropriately value the objectively demonstrated therapeutic significance of a pharmaceutical.

On the surface, you might ask what is wrong with that. What is wrong with it is that of course our processes—starting off as they do with the Therapeutic Goods Administration and then going through the PBS stages, including the work of the Pharmaceutical Benefits Advisory Committee—are assessing whether or not drugs are safe or clinically effective for the purposes for which they are said to be effective. There are two thresholds there. The first is: is it safe? Is it going to do you harm if you take it? The second threshold is: is it going to do you some good? Is it clinically effective in dealing with the condition that the drug companies say it has been designed to combat?

The third and essential arm of the Pharmaceutical Benefits Scheme, which is not anywhere in these agreed principles, concerns the question of cost effectiveness. It is most imperative to assess the question of cost effectiveness when one is dealing with innovative pharmaceuticals, because drug companies necessarily, all the time, come up with new products dealing with conditions that are currently dealt with by older drugs. In our PBS system we say that it is fine and good if there is an innovative product, but we ask whether it is cost effective compared with the older drug and whether the older drug—which is necessarily cheaper and often generic—does the same work. If the older drug does the same work then we do not just purchase the new one for the sake of being seen to purchase an innovative pharmaceutical; we ask what the health outcome is that we are looking for here and we go down the track of asking how we can get that health outcome with cost effectiveness. I am deeply concerned that in failing to deal with the issue of cost effectiveness up front in the agreed principles there has been a shift on that emphasis in our PBS. If that were to shift it could only mean one thing, and that would be more expensive medicines or more taxpayers’ money supporting the PBS.

Then there is the heading of ‘Transparency’, which is ironic. We are well used to ironic headings for documents in this place, having seen the Workplace Relations Legislation Amendment (More Jobs, Better Pay) Bill 1999, the so-called A Fairer Medicare package and all the rest. In what is another ironic heading in a series being used by the Howard government, under the heading of ‘Transparency’ we have a series of guidelines about the process in which drug companies engage to get their product on the Pharmaceutical Benefits Scheme. At the end of that, it says:

(f) make available an independent review process that may be invoked at the request of an applicant directly affected by a recommendation or determination.

What is being suggested here is that, if the Pharmaceutical Benefits Advisory Committee—the expert committee—have said, ‘We do not think your drug is worthy of a listing on the PBS,’ there is going to be some independent review process beyond that so that a drug company whose drug has been knocked off will be able to have a further review.

I have said that that is under the ironic heading of ‘Transparency’, but the irony comes from the fact that the Minister for Health and Ageing, Minister Abbott, is refusing to rule out this process happening in secret behind closed doors. So under the heading of ‘Transparency’ we are going to have a way for drug companies to appeal against the current expert committee that runs the PBS, and in the name of transparency that process could well occur behind closed doors—and the Australian consumers of medicine and
the Australian taxpayers who end up paying the price for medicine will have no idea what happens behind those closed doors.

Presumably, what will happen is that a drug that has been knocked off by the expert Pharmaceutical Benefits Advisory Committee could go into this black-box arrangement behind closed doors in a secret room and a new decision could come out the other side: ‘Yes, it is going to go on the PBS.’ There will be an extra cost for Australian taxpayers and an extra cost for people who buy medicines. None of this money is ever the Howard government’s money—it is only the custodian of Australian taxpayers’ money. Australian taxpayers’ money could end up being spent on drugs, with money going to American drug companies, and we the taxpayers would have no idea what happened behind those closed doors. If Minister Abbott has a truly transparent process in mind then you would think it would be a pretty simple thing to say at a media conference, ‘I absolutely rule out any suggestion that this process is going to happen behind closed doors.’ He has certainly done the complete opposite of ruling it out. That is a question that needs to be dealt with by the Howard government.

The documents do not actually answer the sixty-four dollar question, which is not just about where this process is going to happen—whether this is going to happen openly or secretly—but about what the process consists of. All we are told is that it is going to be an independent review process. We are not told by whom it is to be conducted, who gets to go there, what they will say, what the standard of proof is or whether cost effectiveness is going to be an issue. All of those things are left unsaid.

There are only three logical possibilities, I suppose, as to why they are left unsaid. It could be that the Howard government has agreed to them and does not want us to know what they are—that is logical possibility No.1. Logical possibility No.2 is that the Howard government has not agreed to them and has no idea what they are. If the Howard government has not agreed to them and has no idea what they are then, given the significance of this process to the functioning of our Pharmaceutical Benefits Scheme, you would have to say that what we have today is not enough to tell us what the FTA has done to the PBS.

A subsequent question arises: if they have no idea what these processes are, then who is going to work it out? In all of this documentation, the only likely suspect is the newly established Medicines Working Group. Once again, this is Orwellian talk here—you can tell that people connected with the Howard government had a hand in drafting this. The objective of the Medicines Working Group, which is going to comprise American and Australian officials, shall be:

... to promote discussion and mutual understanding of issues relating to this Annex ...

I do not know how much more vaguely you could draft it than that. Presumably, after they have talked about the philosophical questions of good and evil and war and peace, then they will start promoting ‘discussion and mutual understanding of issues relating to this annex’. It is just a drafting absurdity. But, in all of this documentation, this group is the only logical starter for working out how this review process is going to work if the review process is not currently agreed.

My challenge to the Howard government is this: have you agreed upon a review process, and, if you have, what is it? It is our PBS, not your PBS; it is our taxpayers’ dollars, not your taxpayers’ dollars. We have a right to know. And, if you have not agreed upon the process, then who is going to agree upon it? Will it be this group and, if so, who
is going to be in this group, because we do not know that? In what time frame is that agreement going to be made? Are the people who take medicines, who pay for medicines and who are the taxpayers—the people who fund all of this—going to get a say in how all of that is set up? All of those questions are unanswered at the moment and are fundamental to the functioning of our PBS.

Thirdly, this annex deals with the question of the direct dissemination of what is called health information about the functioning of pharmaceuticals to consumers over the Internet. We are concerned, and remain concerned, that this is the thin end of the wedge approach to reaching the situation that prevails in the United States where drug companies directly market pharmaceuticals to consumers—where you can turn on your TV and see an ad for a drug. We know that leads to people watching the TV and thinking, ‘I think that is what’s wrong with me,’ and, ‘I think I might be a bit better if I take that drug.’ They go to the doctor and they say, ‘I want that prescribed to me.’ So it distorts prescribing practices—and it is meant to distort prescribing practices. People only advertise products if they want you to buy them. Toyota does not put ads on TV just for the fun of it; it puts ads on TV because it quite likes people to buy Toyotas. If drug companies were putting ads on TV, they would not be doing it just for the fun of it; they would be doing it because they would quite like people to buy their drugs. Is that where we are going? Is the Internet the starting point to direct-to-consumer marketing of pharmaceuticals? This can have highly negative health consequences, with people effectively self-diagnosing, and certainly highly negative cost consequences, because people go to their doctors and demand and get drugs they do not need. That is a very big issue.

Then, as you work your way through the morass of this package, you get to an associated exchange of letters. There were many letters exchanged back and forth in cementing this free trade agreement, but one exchange of letters is on the PBS. It deals again with this independent review process about which I have spoken. Disturbingly, in section 4 in this exchange of letters between our Minister for Trade and Mr Robert Zoellick, the United States Trade Representative, it says:

Australia shall provide opportunities to apply for an adjustment to a reimbursement amount.

I do not know what sort of language you needed to study at school to be able to decipher that, but it clearly was not one that was taught to me. The only meaning one can suggest for it is that there is some question of reimbursement funding being available flowing from Australia to America—or to Americans or American companies—arising out of the arrangements that have been struck around the PBS. What is that about? That will be taxpayers’ dollars, so we have a right to know. I ask the Minister for Trade—or, in the likely event that he cannot explain it, the Minister for Health and Ageing—to come into the House and explain to us what that means.

There is another letter annexed to the free trade agreement about which I am very concerned. This goes to the question of blood products. As people would probably be aware, CSL deals with blood fractionation in Australia, and we have a national health policy that we only use Australian blood. So people donate blood, the necessary processes are undertaken in relation to that blood and people receive blood—and it is all Australian blood. This document commits Australia to reviewing its arrangements for the supply of blood fractionation services, and that review needs to be concluded no later than 1 January 2007—so we are already committed to a review. It has the Commonwealth committed to recommending to the Australian states and
territories that future arrangements for the supply of such services be done through tendering processes—so we are talking about tendering arrangements. But what deeply concerns me about this section of the document is that it says what appears to me to be two quite contradictory things. It says:

A Party may require that blood plasma products for use in its territory be derived from blood plasma collected in the territory of that Party ...

That would seem, on the surface, to imply that Australia could insist that we use only blood plasma products generated from Australian blood. But it then goes on to say:

Australia confirms that it will not apply any requirement for an applicant for approval of the marketing and distribution of a U.S. blood plasma product to demonstrate significant clinical advantage over Australian-produced products.

So it is clearly contemplating a supply arrangement relating to blood where we would not be able to refuse the US product on the basis that we were claiming that there was a significant clinical advantage. Once again, we have only had these documents very briefly.

My question, and it is a very serious one, to the Howard government is: what does that mean for the longstanding policy that Australia be self-sufficient for blood products—that Australians receive blood products derived and produced from Australian blood? To me, that seems to be a fundamental question that the Howard government needs to answer. Clearly, the questions are of such significance that they need to be dealt with and ought to be dealt with in the context of this debate today. To ensure that that can occur, I now move the second reading amendment standing in my name:

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

“whilst not declining to give the bill a second reading, the House condemns the government for:

(1) planning to cover up bulk billing figures by electorate until after the next election;
(2) causing a bulk billing crisis;
(3) trying to divert attention from its plans to destroy Medicare by introducing so-called ‘safety net’ arrangements which will make 98% of Australians worse off and which will waste $72 million of precious health dollars on administration; and
(4) consistently ignoring the advice of the Pharmaceutical Benefits Advisory Committee thus depriving many sick Australians of affordable access to cost-effective medications while agreeing to a Free Trade Agreement with the USA which:

(a) has the potential to undermine the Pharmaceutical Benefits Scheme over time through the establishment of an ongoing Australia/USA Medicines Working Group;
(b) has ensured US Pharmaceutical companies can challenge the decisions of the expert committees that advise government on PBS listing and price;
(c) may force changes to the current Australian blood plasma fractionation arrangements with consequences for the safety of blood products; and
(d) may result in job losses in Australian firms which manufacture generic medicines as a result of changes to patents and intellectual property protection”.

The DEPUTY SPEAKER (Ms Gambbaro)—Is the amendment seconded?

Mr Stephen Smith—I second the amendment.

Mr HUNT (Flinders) (1.17 p.m.)—I rise to speak on the Health and Ageing Legislation Amendment Bill 2003. I believe that there are two critical things upon which to focus: firstly, this bill is part of a consistent package of initiatives that are ultimately about dealing with perhaps the single greatest social and demographic challenge that Australia faces, and that is the question of Australia’s ageing population; and, secondly,
it is about delivering practical benefits. So it is about the long term and the short term. In looking at the long-term question of Australia’s ageing population, there are two components which we need to address.

The first element concerns the direct question of the care and treatment of people within the older demographic—those for whom there is a direct requirement to be offered care, whether it is in the home, in low-care facilities or in high-care facilities. A specific proposal, through the Hogan report, is being worked out for consideration by the government, and that is critical if we are going to make sure that we make provisions for our ageing population and for future generations. We have to be aware of a tendency that we have seen: engagement in intergenerational theft. Intergenerational theft is where one generation say, ‘We will not take the necessary steps to protect future generations from, and inoculate them against, the costs and challenges of an ageing population. We will let other generations bear that cost.’ In that situation we have to take a long-term view and take steps now to help Australia prepare for 20, 30 and 40 years hence in our provision of aged care facilities, both high-care and low-care, for people throughout Australia.

The second element, which is directly addressed by this bill, concerns the question of the medicines that we need to have in place to have the capacity to treat people. So it is not just the care regime but also the capacity to provide the medicines and the materials—to allow people to live a comfortable life and to allow their illnesses, their ailments and their conditions to be treated—which are ultimately directly linked to quality of life. In that context, the Pharmaceutical Benefits Scheme has played a very important role. It is one of the world’s outstanding schemes. We find that it was introduced more than 55 years ago and it is one of the leading health care systems in the world. In one respect it ensures access to high-quality and affordable medicines, but it is the fastest growing area of expenditure in Australia. Current expenditure is approximately $4½ billion, and that is increasing at an almost exponential rate. Why is that the case? It is because of two factors: firstly, the ageing population as a proportion of our total national group demanding access to these products is increasing—that is, the over-70s population is increasing at a real and proportionate level within our society, and they have greater needs; and, secondly, the number of drugs available to treat ailments which were previously untreatable has also expanded, and that is a consequence of our technological society.

Those two elements combined mean that we have had an increase in the demand and an increase in the capacity. Together, they create what has become known as the massive increase in the Pharmaceutical Benefits Scheme’s cost. In many ways it is a good thing for society. It has an impact on people’s lives—it has an impact on their ability to live free of pain. But it also draws upon our resources as a whole society, so we have to manage those things. In that situation this bill is about helping to prepare for the long term—20, 30 and 40 years hence—as well as taking steps for today and tomorrow. We also see that there have been practical benefits which flow through from the changes in the health system.

I will point to three of those benefits in my electorate of Flinders. The first is the provision of doctors. New doctors have been received in Koo Wee Rup, Pearcedale, Somerville and Sorrento under a combination of the outer metropolitan and regional schemes. They are real doctors who have made an impact on people’s lives in those towns. Secondly, only last week we had a Medicare centre approved for Rosebud. This
will have a very significant impact in Dro- 
mana, Rosebud and Rye on the ageing popu-
lation’s ability to receive cash payments back 
immediately and not have to travel as far as 
Mornington. Thirdly, we have had a dramatic 
increase in aged care beds within the elector-
ate of Flinders—both those which have come 
on line and those which have been approved. 
Over 615 have either come on line or been 
approved for future development in the last 
couple of years. In practice, that means 140 
beds at Mount Martha; 100 beds opened in 
Somerville; 65 beds opened in Safety Beach; 
an additional 30 beds opened in Rosebud; an 
additional 15 beds opened in Hastings, with 
30 more beds to come; 30 more in Shore-
ham; another hundred in Phillip Island; and 
up to 200 in Cranbourne. Those are real and 
practical effects.

How does this bill fit into that package? 
Ultimately, the bill has four principal pur-
poses. Firstly, it seeks to improve and amend 
the Pharmaceutical Benefits Scheme, and it 
does this by increasing the number of Phar-
maceutical Benefits Advisory Committee 
members. It increases the pool of people 
available to provide advice, to give counsel 
and insight and to ensure that the Pharma-
cutical Benefits Scheme operates in a way 
which provides maximum benefit to the 
maximum number of Australians. As part of 
that improvement of the Pharmaceutical 
Benefits Scheme, it also provides clarifica-
tion on the usage of special supply arrange-
ments. In addition, the bill allows for relo-
cated pharmacists to claim entitlement after 
the relocation application is approved. It 
amends the safety net provisions, and all of 
those things together go towards providing 
an improved and amended Pharmaceutical 
Benefits Scheme.

The second purpose of this bill is to sim-
plify billing arrangements. Medical practi-
tioners will be able to forward claims di-
rectly to the HIC instead of to health funds.

It is necessary for the implementation of 
electronic commerce solutions within the 
Health Insurance Commission. For individu-
als in towns such as Rosebud, Rye, Dro-
mana, Hastings, Crib Point and Shoreham, 
this means that they will effectively be able 
to swipe their cards and have their payments 
automatically refunded within 24 hours, thus 
overcoming the cash flow shortage, which is 
the result of a system where not just the gap 
but the whole amount has to be paid up front.

It is a shame that the opposition blocked 
the changes to the HIC system that would 
have meant that the refund could immedi-
ately be done and people would not have to 
pay out of their own pockets. Every time 
people reach into their own pockets it is im-
portant to remember that that was not neces-
sary under the initial provisions proposed by 
the government. These amendments, which 
have to be made to deal with the political 
realities of the Senate, ensure that at the very 
least people will be able to visit the doctor, 
make their payment, swipe their card and 
have their payment back either automatically 
or within 24 to 48 hours. This is a real 
change in the lives of young families and 
others who might otherwise have a cash flow 
crisis and have to wait.

The third of the critical purposes within 
this bill is that it restores the specialist status, 
which was an unintended consequence of 
earlier legislation. In doing that, it helps to 
provide for better conditions for medical 
specialists. Fourthly—and this is quite an 
important issue in an electorate such as mine 
of Flinders—the bill addresses the issue of 
access of overseas doctors to Medicare bene-
fits. It will ensure that overseas trained doc-
tors are able to provide a service in a work 
force shortage area if they wish to access 
Medicare. I specifically refer to the town of 
Kooweerup. We worked for a considerable 
time to ensure that there was access to a doc-
tor in Kooweerup, which is an area of work
force shortage. Clear arrangements were made with the office of the previous health minister, which led to the provision of an overseas trained doctor for Kooweerup. It has made a real difference to the people of Kooweerup to have access to an additional doctor in that town on top of the very good work of Dr Sandy Chandranath. Together, these two new doctors have been able to work to provide a service to the people of Kooweerup. So I specifically understand the way in which that proposal has an impact on outer metropolitan and rural and regional communities throughout Australia. It is a critical proposal.

With those four purposes, there are two key outcomes. The first of those outcomes is the notion of an improved health system for Australian families. That improved health system comes through three effects. The first is simpler billing arrangements, which could potentially lead to a relief of pressure on private health insurance premiums. In addition, it leads to savings from improved efficiency and the reduction of the operational costs of health funds. Those go to the cost and affordability of the health system. Secondly, under the question of improved health systems for Australian families, we find that there is potential to address any maldistribution of the Australian medical work force—a point which I know is important to you, Madam Deputy Speaker Gambaro, in your own electorate. We have had these discussions previously. It is about getting doctors into those outer metropolitan and semi-rural and regional areas. That has a real and practical effect: an increase in general practitioner services in the rural region. It is critical to people who have moved to and live in those areas and who rely on their doctors for direct health care, security and peace of mind. Thirdly, under the question of improving health systems for Australian families, we see through this bill the capacity to increase the ease with which the safety net concession card can be obtained. So the agent could sign on an applicant’s behalf and, ultimately, it is the aged and the elderly who benefit from those provisions.

The second great outcome of this bill is the improvement of the operation of the health industry and its practitioners. So the first outcome is a direct benefit to Australian health consumers and the second goes to the efficiency of the health system. It improves that efficiency in two ways: firstly, by providing a faster turnaround on new drug applications—and that, of course, is very important to the process of development and research and, ultimately, to implementation for patients throughout Australia; and, secondly, by improving the efficiency of the private health industry itself. This results from the savings from the HIC’s adoption of electronic commerce, which, as I mentioned, has a consumer benefit and an industry benefit. Those two things are very important to improving the efficiency of the health system.

Sometimes when people hear the words ‘the efficiency of the health system’ they worry. There is a reason why it is in fact critical that we do this. When you look at the economy as a whole, microeconomic reform means in essence doing more with less. It is about the process of productivity in any sector or society. If we shy away from that in the health sector, which is one of the largest and most critical sectors of our society, what we are saying is that we accept that we should be doing less than we could be and that we are producing less in the way of outcomes because we are afraid to take steps which are about Australia being a modern and efficient economy. Efficiency ultimately is about providing the most resources for the greatest number of people. That is what economic efficiency is. It is not some dry con-
cept. The opposite of efficiency is inefficiency, and we sometimes forget that.

Within that situation, I want to address the question of the operation of some of these provisions. In particular, I want to see the way in which the bill improves the current PBS system. It does this by increasing the number of Pharmaceutical Benefits Advisory Committee members by up to four members. This leads to a higher level of efficiency and it also provides a higher level of expertise. Those are key and important steps. In addition to that, as I mentioned earlier, it simplifies the billing arrangements. How does it actually do that? The medical services provider will be able to forward claims to the Health Insurance Commission directly and not just to health funds. The use of electronic commerce in this element is just a critical, natural and important step forward. It is what we do with our private health insurance system. Anybody who has private health insurance will find, through the HICAP system, that they go, swipe their card, pay the gap, resolve the issue and go on. They have neither the cash flow wait nor do they have the inefficiency.

As I mentioned before, the third great push within this bill is to restore specialist recognition. This bill encompasses those changes. Fourthly, it is about addressing overseas doctors’ access to Medicare benefits. These benefits ultimately are about alleviating any gaps in the distribution of medical practitioners in areas such as Kooweerup, Baxter, Pearcedale, Phillip Island, Lang Lang and Grantville. They are very important steps forward. Given all of those changes, the importance of this bill is that it improves the current arrangements for the Pharmaceutical Benefits Scheme; it improves and simplifies billing arrangements; and, it addresses the maldistribution of the Australian medical workforce by providing a way forward. Under those circumstances, I am delighted to support it and I commend to the House the Health and Ageing Legislation Amendment Bill 2003.

Debate (on motion by Mr Ruddock) adjourned.

CRIMINAL CODE AMENDMENT (TERRORIST ORGANISATIONS) BILL 2003

Consideration of Senate Message

Bill returned from the Senate with amendments.

Ordered that the amendments be considered forthwith.

Senate’s amendments—

(1) Schedule 1, item 1, page 3 (after line 13), after subsection (2), insert:

(2A) Before the Governor-General makes a regulation specifying an organisation for the purposes of paragraph (b) of the definition of terrorist organisation in this section, the Minister must arrange for the Leader of the Opposition in the House of Representatives to be briefed in relation to the proposed regulation.

(2) Schedule 1, page 4 (after line 3), at the end of the Schedule, add:

3 The Schedule (at the end of section 102.1 of the Criminal Code)

Add:

(17) If:

(a) an organisation (the listed organisation) is specified in regulations made for the purposes of paragraph (b), (c), (d) or (e) of the definition of terrorist organisation in this section; and

(b) an individual or an organisation (which may be the listed organisation) makes an application (the de-listing application) to the Minister for a declaration under subsection (4), (9), (10A) or (10C), as the case requires, in relation to the listed organisation; and
(c) the de-listing application is made on the grounds that there is no basis for the Minister to be satisfied that the listed organisation is directly or indirectly engaged in, preparing, planning, assisting in or fostering the doing of a terrorist act (whether or not the terrorist act has occurred or will occur);

the Minister must consider the de-listing application.

(18) Subsection (17) does not limit the matters that may be considered by the Minister for the purposes of subsections (4), (9), (10A) and (10C).

4 The Schedule (after section 102.1 of the Criminal Code)

Insert:

102.1A Reviews by Parliamentary Joint Committee on ASIO, ASIS and DSD

Review of listing regulation

(1) If a regulation made after the commencement of this section specifies an organisation for the purposes of paragraph (b) of the definition of terrorist organisation in section 102.1, the Parliamentary Joint Committee on ASIO, ASIS and DSD may:

(a) review the regulation as soon as possible after the making of the regulation; and

(b) report the Committee’s comments and recommendations to each House of the Parliament before the end of the applicable disallowance period for that House.

Review of listing regulation

(2) The Parliamentary Joint Committee on ASIO, ASIS and DSD has the following functions:

(a) to review, as soon as possible after the third anniversary of the commencement of this section, the operation, effectiveness and implications of subsections 102.1(2), (2A), (4), (5), (6), (17) and (18) as in force after the commencement of this section;

(b) to report the Committee’s comments and recommendations to each House of the Parliament and to the Minister.

Review of listing regulation—extension of applicable disallowance period

(3) If the Committee’s report on a review of a regulation is tabled in a House of the Parliament:

(a) during the applicable disallowance period for that House; and

(b) on or after the eighth sitting day of the applicable disallowance period;

then whichever of the following provisions is applicable:

(c) subsections 48(4), (5) and (5A) and section 48B of the Acts Interpretation Act 1901;

(d) Part 5 of the Legislative Instruments Act 2003;

have or has effect, in relation to that regulation and that House, as if each period of 15 sitting days referred to in those provisions were extended in accordance with the table:

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<tr>
<th>Extension of applicable disallowance period</th>
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CHAMBER
### Extension of applicable disallowance period

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#### Applicable disallowance period

(4) For the purposes of the application of this section to a regulation, the *applicable disallowance period* for a House of the Parliament means the period of 15 sitting days of that House after the regulation, or a copy of the regulation, was laid before that House in accordance with whichever of the following provisions was applicable:

(a) paragraph 48(1)(c) of the *Acts Interpretation Act 1901*;

(b) section 38 of the *Legislative Instruments Act 2003*.

Mr RUDDOCK (Berowra—Attorney-General) (1.34 p.m.)—I move:

That the amendments be agreed to.

At the outset, I would like to thank the opposition for supporting the government amendments that will allow this important piece of legislation to be passed. The government has moved amendments to the *Criminal Code Amendment (Terrorist Organisations) Bill 2003* that are a result of negotiations—long negotiations, I might say—with the opposition, designed to achieve the passage of the legislation without compromising its purpose.

The government’s ability to respond quickly to advice from the intelligence community, identifying organisations that pose a threat to the safety of Australia and Australians, has been constrained by the requirement that the organisation be first identified by the United Nations Security Council. This is because the Security Council list is limited to organisations with links to al-Qaeda and the Taliban. However, there are organisations of equal or greater concern to our security here in Australia that do not appear on the UN Security Council list. It is these organisations to which this bill is directed.

Our experience last year in relation to the listing of the Hezbollah external security organisation, the military wing of Hamas and Lashkar-e-Taiba laid bare the problem that linking our ability to list organisations posing a threat to Australia to the UN Security Council list poses. None of these three organisations are listed with United Nations Security. Our intelligence agencies, however, have assessed these organisations as posing a threat to Australians or Australia’s interests.
In order to protect Australians the government was forced to introduce specific legislation on two separate occasions to have these organisations listed as terrorist organisations. With further organisations posing a threat to Australia but not identified by the UN Security Council this is cumbersome and slow and the process is untenable. The purpose of the Criminal Code Amendment (Terrorist Organisations) Bill 2003 is to correct this significant anomaly to our counterterrorism legislation.

In relation to these amendments, the opposition is making much of the fact that it pressured the government into amending the bill by providing better safeguards. I would simply like to point out the nature of these safeguards, because the government was quite happy to make these amendments. They largely reflect the existing regime. What the opposition in fact imposed upon us was very unnecessary delay and distraction from important matters of national security in order to point score in relation to this issue.

Let us look at the government amendments to identify what additional safeguards Labor has succeeded in obtaining. The first amendment provides for the Leader of the Opposition to be briefed. Section 21 of the ASIO Act already provides for the Director-General of ASIO to consult regularly with the Leader of the Opposition and keep him informed in relation to matters of security. I am told that the listing of terrorist organisations would meet the threshold for matters relating to security. In other words, there is a longstanding practice of briefing the Leader of the Opposition. Putting it in this bill is not an additional safeguard—it always would have been there.

The second amendment provides that the minister can de-list an organisation that does not meet the criteria for listing. The bill that was introduced last year included a de-listing provision, so de-listing is not new. What we have is that an individual or an organisation can now make an application for de-listing—again, that is not new. Under the original formulation the minister was obliged to de-list an organisation if he or she was no longer satisfied that the organisation met the criteria for a terrorist organisation. The minister could have arrived at that decision on independent advice from intelligence agencies, his own initiative or an application from an organisation or an individual.

The third amendment provides for the review of listing provisions by the joint committee on ASIO. The requirement for listing provisions being reviewed is consistent with the general scheme for reviewing regulations. There can be parliamentary committees at any time that consider these matters. Simply specifying which committee might do it is not a movement of particular significance. The amendments do provide for the extension of the disallowance period if a committee tables its report late, but this bill does not create the right to disallow listings—that right has always been there.

To take credit for particular safeguards that have largely been in place ill behoves the opposition in relation to these matters. I simply conclude by saying the importance of this legislation cannot be underestimated. It is important and in the national interest. I commend the bill as amended by the Senate to the House and hope it will have a speedy passage.

Mr McCLELLAND (Barton) (1.40 p.m.)—The opposition supports the motion on the Criminal Code Amendment (Terrorist Organisations) Bill 2003. Contrary to the Attorney-General’s point of view—and we believe it is not a matter to play politics with—these safeguards are of significance. They are certainly safeguards that did not exist under the parliamentary proscription.
model that applied in respect of the organisations such as Hezbollah and Lashkar-e-Taiba, where the parliament potentially proscribed those organisations without any mechanism for review or consideration of the primary material.

The obligation of consultation with the Leader of the Opposition on the specific question of proscription is significant. It is far more direct than the more broad provision of section 21 of the ASIO Act. As part of the agreement between the opposition and the government there is also the confirmation that the government will consult with all state and territory leaders. That is vitally important. The fight against terrorism is one that is a national fight. Indeed it is probably the case that the constitutional underpinning for this legislation requires reference of power from those states. That is significant.

The review by the Parliamentary Joint Committee on ASIO, ASIS and DSD is significant. That committee has a long and distinguished service to this parliament and indeed has specific powers of review. We have seen their work more recently in the inquiry in respect of weapons of mass destruction prior to the decision being made to send Australian troops into Iraq. Clearly their expertise and powers have been respected by the parliament. It is disingenuous of the Attorney-General not to recognise that it will be of significant benefit to members and senators to have this expert advice before being required to make a decision as to whether or not a listing decision is disallowed. Without the benefit of the expert advice from the committee, members and senators are required to act on mere hearsay—what their respective party leaders, minister or shadow minister advise them is appropriate. That is significant and should not be overlooked.

The ability to correct a misnamed organisation is a provision which is contained in foreign legislation. Appropriately, we believe it should also be specifically provided for in Australia. We note that these safeguards will be included in what we concede is a very significant safeguard already contained in the existing legislation—that is, the ability for individuals to have access to judicial review in the Federal Court of Australia under the ADJR Act, which we acknowledge was in the existing provision.

There are many in the community who have genuine concerns about proscription. Indeed, I have with me an article published in the *Quadrant* in August 1994 written by the current Prime Minister, who was then simply the member for Bennelong, in which he said:

The Liberal Party's civil liberties record is not without blemish. It disobeyed Voltaire's famous injunction when it attempted to legally proscribe the Communist Party in the early 1950s.

The famous injunction that I understand the then member for Bennelong—and the current member for Bennelong—was referring to was the issue of the separation of powers and that, if penalties are being imposed, it is dangerous for there not to be the checks and balances of the respective arms of government: the parliament, the executive and the judicial branch. Indeed, if you look at the concerns expressed by the High Court of Australia in the early 1950s in considering the Communist Party Dissolution Bill, you see very real concerns by very distinguished judges—I might say, on the whole, quite conservative judges—as to the potential dangers of the misuse of executive powers. *(Extension of time granted)*

The High Court, even at the height of the Cold War and in the context of the Korean War, expressed these concerns about the potential for misuse of executive power. That is why the Labor Party has been so determined to ensure that there are adequate safeguards in place. We think, despite belittling the measures, the safe-
guards are significant: consultation with the Leader of the Opposition mandated; consultation with the state leaders and territory leaders mandated. Review by an expert committee of the parliament, with parliament having ultimate say on an informed basis to disallow these provisions, gives parliament ultimate control over this proscription regime. We think those safeguards are significant and, of course, were instrumental in the opposition agreeing to this legislation passing expeditiously through the parliament this week.

We do recognise that the regime of proscription that we are talking about is not the same regime as was contemplated by the High Court of Australia in the 1950s. There we were talking about proscribing a domestic political organisation. What we are talking about in terms of the proscription included in these powers is proscription that is, if you like, at the behest of resolutions of the United Nations requiring all signatories to cut off both the funding base and the resource base—the personnel base, the training base and so forth—of terrorist organisations.

The reality is that terrorism today is international. It requires an international effort, and those in the community who will continue to be concerned about the issue of proscription should be alive to the fact that it was a decision of the United Nations that called upon signatories to so proscribe or, at least, outlaw terrorist organisations. Powers equivalent to those that this parliament is passing exist in New Zealand, Canada, the United States and Great Britain. Obviously, in formulating propositions that we have put to the government in negotiations, we have had regard to safeguards that exist in those countries. We believe that the combination of the measures that will now be included in the bill—those safeguards again are consultation, review, disallowance and access to judicial review—give this proscription regime greater safeguards than exist in any comparable jurisdiction in the world.

Again, we say that national security is too important to play politics with. We have explained the reasons why we have been concerned and determined to ensure that safeguards are in place. In fairness to the Attorney-General, those negotiations have been held in good faith. We are satisfied that the safeguards are now such that the parliament can pass this proscription regime.

Mr RUDDOCK (Berowra—Attorney-General) (1.49 p.m.)—I regard these issues as questions of national interest. Terrorism, more than anything else, needs to be combated because of its insidious nature. I have made the point in a number of speeches I have given recently that terrorism is in fact worse than war. Where war is conducted between nation states, at least there are rules of engagement and there are Geneva conventions that operate for its conduct. Here we are dealing with people who have no regard to any code of behaviour or any sense of reasonableness. They target civilians and use all of the protections that we seek to offer to our own citizens to advantage themselves and their sinister objectives. That is the reason that, in this area of dealing with counter-terrorism, we are doing some things that in the ordinary course of the rules that we would want for a civilised society we would not want to compromise. I think governments do have a fundamental right that they have to protect—that is, the right of their citizens to be able to live in safety and security. It is in that context that I want to deal with these issues briefly. I think in the national interest this measure should have been in place two years ago. It has taken a long time to get here.

Mr McClelland interjecting—

Mr RUDDOCK—The shadow minister makes the point—and I would not want to
reflect upon any of his colleagues—that he has only fairly recently been in the role. That may demonstrate that he is eminently reasonable to deal with and others did not have the same flexibility. That may demonstrate that. The point I was making is that it has taken us two years to get here. My view was this measure was necessary.

Mr Stephen Smith—Maybe it was Daryl.

Mr RUDDOCK—I cannot imagine that my predecessor would be considered less flexible than me. Having said that, I want to make this point: in relation to matters before the parliament and having a parliamentary committee review specific bills, that of course occurred because the procedures for passing legislation would have enabled, in relation to Hamas, Hezbollah, Lashkar-e-Taiba, the opposition to have parliamentary committees in that respect. They came to a judgment that it would not be in their interest to have it. They could have reviewed it; they could have delayed it; that could have happened. The fact is that we have provided for a parliamentary committee to look at this decision after the government has taken it and it has been implemented—that is, after the regulation has been made, the proclamation has occurred and the proscription has occurred. It is a post facto decision that is being reviewed. You may come to a view that there has been an error and you want to see it looked at. You may want to disallow—that is what disallowance is all about—but it is post facto.

This new procedure means the parliament is in a position to authorise the government to proscribe an organisation immediately and then all the procedures for review thereafter still operate. The only other matter I did not cover earlier was that of consultation with the states and territories. I believe the intergovernmental agreement dealing with reference of power is a public document and made it clear that the government was going to consult with the states and territories, so we are under an obligation to do that. Putting it into the bill is fine, but it does not affect the fact that we were going to, and were required to, consult. All of the measures are not additional safeguards but simply reflect arrangements that had already been implemented. Even the provision for judicial review was something we had initially included, as the shadow minister acknowledged. I welcome the support; I think it is in the national interest, and the national interest is too important to play politics with. I accept that and I agree. I am just disappointed, and I do not blame the shadow minister, that it took us two years to get here.

Question agreed to.

PRIVACY AMENDMENT BILL 2003

Report from Main Committee

Bill returned from Main Committee with an amendment; certified copy of the bill presented.

Ordered that this bill be considered forthwith.

Main Committee’s amendment—

(1) Schedule 1, page 6 (after line 27), at the end of the Schedule, add:

Part 5—Additional audit function for Privacy Commissioner

1 After paragraph 27(1)(h)

Insert:

(ha) to conduct audits of particular acts done, and particular practices engaged in, by agencies in relation to personal information, if those acts and practices, and those agencies, are prescribed by regulations made for the purposes of this paragraph;

2 Subsection 32(1)

After “(h),” insert “(ha),”.

The SPEAKER—The question is that the amendment be agreed to.
Question agreed to.
Bill, as amended, agreed to.

Third Reading

Mr Ruddock (Berowra—Attorney-General) (1.55 p.m.)—by leave—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

Health and Ageing Legislation Amendment Bill 2003

Second Reading

Debate resumed.

Ms Jann McFarlane (Stirling) (1.56 p.m.)—I rise today to speak on the Health and Ageing Legislation Amendment Bill 2003. Firstly, I will cover some technical aspects followed by some community concerns. This amendment bill is important as it will increase the number of members on the Pharmaceutical Benefits Advisory Committee, more commonly known as the PBAC, make some changes to the pharmaceutical supply arrangements and also make changes to the National Health Act and other legislation related to the Health and Ageing portfolio. Labor is supportive of most aspects of this bill. However, Labor has concerns about some of the weaknesses and seeks to have the following amendment incorporated into the motion for the second reading:

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

“whilst not declining to give the bill a second reading, the House condemns the government for:

(1) planning to cover up bulk billing figures by electorate until after the next election;
(2) causing a bulk billing crisis;
(3) trying to divert attention from its plans to destroy Medicare by introducing so-called ‘safety net’ arrangements which will make 98% of Australians worse off and which will waste $72 million of precious health dollars on administration; and
(4) consistently ignoring the advice of the Pharmaceutical Benefits Advisory Committee thus depriving many sick Australians of affordable access to cost-effective medications while agreeing to a Free Trade Agreement with the USA which:

(a) has the potential to undermine the Pharmaceutical Benefits Scheme over time through the establishment of an ongoing Australia/USA Medicines Working Group;
(b) has ensured US Pharmaceutical companies can challenge the decisions of the expert committees that advise government on PBS listing and price;
(c) may force changes to the current Australian blood plasma fractionation arrangements with consequences for the safety of blood products; and
(d) may result in job losses in Australian firms which manufacture generic medicines as a result of changes to patents and intellectual property protection”.

So we are supportive of this bill but note its weaknesses. The PBAC is a very important committee as its role is to consider the effectiveness and costs of medications. It therefore has an impact on the lives of most Australians. The current PBAC has 12 people and covers a range of expertise. It includes eight members from various interest areas or professions, including consumers, health economists, practising community pharmacists, general practitioners, clinical pharmacologists and medical specialists. The other four members are appointed by the minister and must have qualifications and experience in the field related to the function of the PBAC.

The increase in membership and changing composition will bring a PBAC with a chairperson and not less than 11 and not more
than 15 members. Two-thirds of these members must be selected from nominations of prescribed external organisations. These changes are of benefit because they will spread the workload amongst the members and broaden the range of expertise available within the committee. These changes will strengthen the committee and the regime and, as we have analysed, will perhaps bring more timely and effective processing of applications to the committee.

The SPEAKER—Order! It being 2 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 Stirling will have leave to continue speaking when the debate is resumed.

QUESTIONS WITHOUT NOTICE

Rural and Regional Australia: Health Services

Mr LATHAM (2.00 p.m.)—My question is to the Deputy Prime Minister and Minister for Transport and Regional Services. Is the minister aware of the collapse in bulk-billing rates in non-metropolitan Australia, falling by 10 per cent over the past three years to just 54 per cent? Why, then, is the government budgeting to spend more than $600 million on consultants and lawyers for the full sale of Telstra instead of using this money to back Labor’s plan to save Medicare: training more doctors and nurses, putting Medicare teams into regional Australia and offering large incentive payments for bulk-billing doctors in rural and regional areas? Minister, why pay lawyers and consultants more than $600 million when the money could be used to give families in country Australia access to decent Medicare services and bulk-billing?

Mr ANDERSON—I thank the Leader of the Opposition for his question. The key problem in relation to health delivery in rural and regional Australia is, frankly, a shortage of doctors and specialists. As a matter of fact, the Leader of the Opposition knows this. I am indebted to that august journal, the *Northern Daily Leader*, for telling me this. The *Northern Daily Leader* tells me a great deal more about Labor Party policy than do the Labor Party’s policy statements and websites. The Leader of the Opposition was in the New England region recently and he learned that, in an attempt to attract the doctors and specialists that are needed in country areas, some country communities are going to great lengths—including building surgeries, providing houses and so forth—in an attempt to induce people to come to their areas. The Leader of the Opposition expressed surprise at this—he had not heard of it—and, in casting around for a solution, he came up with one. He said: ‘Bringing them in from overseas is probably not such a good idea. I know what we ought to be doing: we ought to be training more of them.’

We have known for decades that the key to having sufficient doctors, nurses and specialists in rural areas is to train enough country kids in medicine; that is how you get them. We have known for years that, to get the supply of doctors that is needed in country areas, you have to make certain that the medical intake of country kids is around 25 per cent. But when the Labor Party left office in 1996, the intake of country kids into our medical schools in Australia stood at eight per cent. We need 25 per cent. Thanks to the government’s specific measures, it is now over 25 per cent.

Defence: Intelligence

Mr CAMERON THOMPSON (2.03 p.m.)—My question is to the Prime Minister. Will the Prime Minister inform the House of what action the government has taken in response to the recommendations in the report...
of the parliamentary joint committee on pre-war intelligence?

Mr HOWARD—I thank the member for Blair for his question. I indicated to the Australian public, when the committee report was tabled on Monday, that the government would accept the recommendations in relation to an inquiry. I am now able to announce that the government has appointed Mr Philip Flood, a former departmental secretary and a former Director-General of the Office of National Assessments. In fact, he was appointed to that position by my predecessor, Mr Keating. Mr Flood has been asked to report on the matters recommended in the parliamentary report itself. I can inform the House that I have asked Mr Flood to report to the government by 30 June this year. I will table a copy of my letter to Mr Flood and also the short press statement that I have issued in relation to his appointment.

I take this opportunity to strongly reaffirm the government’s support for Australia’s intelligence agencies. In the time that I have been Prime Minister, I have had a great deal of advice from our intelligence agencies. Like all agencies of that kind, they operate under very great pressure. They are crucial to the fight against terrorism. It behoves everybody on this side of the House—and, indeed, on the other side of the House—to respect and support the intelligence agencies in the vital work that they do on behalf of the Australian people. In an age of having to cope with terrorism, nothing is more important than timely, professional intelligence.

As far as the government is concerned, Mr Flood will be invited, as the terms of reference suggest, to examine the matters recommended by the committee. Ministers will be available to speak to Mr Flood, if that is his wish. I remind the parliament that he is not only a former Director-General of the Australian International Development Assistance Bureau, a former Director-General of ONA and a former Secretary of the Department of Foreign Affairs and Trade but also a former Ambassador to Indonesia and a former High Commissioner to the United Kingdom. In other words, he is a person who is eminently qualified and who has served, with distinction, both sides of this parliament during his professional career. I am certain that he will carry out the task in a very effective way and one which will build further support and confidence in Australia’s intelligence services. But let me finish by saying again that the intelligence agencies of this country are entitled to support from both sides of this parliament—and I hope they receive it.

Point Nepean: Commercial Development

Mr KELVIN THOMSON (2.07 p.m.)—My question is to the Prime Minister. Is the Prime Minister aware of the deep concerns now being expressed by the Point Nepean Community Group Trust—which has till now supported the government on this issue—about comments made by Mr Simon McKeon, chairman of the government’s proposed charitable trust for Point Nepean, in which he contradicts government assertions that there will be no commercial development on the site? In the light of these disclosures, what assurances can the Prime Minister give that there will be no commercial development at Point Nepean?

Mr HOWARD—The answer to the first part of the question is: no, I have not. But let me take the opportunity to say that what has been announced on behalf of the government by the relevant minister will be adhered to in full.

Mr Kelvin Thomson—Mr Speaker, to assist the Prime Minister, I seek leave to table a letter from the Point Nepean Community Group Trust to the Parliamentary Secretary to the Minister for Defence, dated 2 March.

Leave granted.
Commonwealth-State Financial Arrangements

Mr NAIRN (2.08 p.m.)—My question is addressed to the Prime Minister. Is the Prime Minister aware of comments made following the release of the Commonwealth Grants Commission report yesterday? Would the Prime Minister inform the House of the extent to which the states and territories are benefiting from the revised Commonwealth-state financing arrangements from 1 July 2000?

Mr HOWARD—I thank the member for Eden-Monaro for his question. My attention has been drawn to some remarks made by the New South Wales Premier following the release of the latest report of the Commonwealth Grants Commission on relativities. Rather than attach my own description to what the Premier said, let me draw on some words from Professor Ken Wiltshire, a graduate of the London School of Economics, who is a member of the Commonwealth Grants Commission. He said that the Premier of New South Wales is being ‘irrational’ in the comments that he has made. Professor Wiltshire said:

They don’t miss out, everybody gains. This is the GST revenue and health grants revenue and it increases every year.

So NSW will be getting a lot of extra money this year. It just won’t be relatively getting perhaps as much as some of the other states.

Let me remind the House that the Commonwealth Grants Commission, which was established in 1933, is designed to help achieve an objective that I would hope everybody in this parliament shares, and that is the equality of services for all Australians, irrespective of where they live. Frankly, that goal transcends any kind of state parochialism or any kind of state borders.

I notice that the Premier of New South Wales said that his disappointed expectations were entirely due to the fact that the federal government have ripped money out of New South Wales. The truth is that, if the Premier of New South Wales has a complaint, he ought to take up that complaint with each of his state and territory Labor colleagues. What has happened is that the Grants Commission, the independent umpire, which is not influenced by the federal government and is operating according to a charter that has been accepted more or less in the same form since 1933, has determined some new relativities.

But the interesting thing is that if you apply the new Grants Commission relativities to the latest estimates of GST revenue and health care funding this is what you find in relation to each of the states: New South Wales receives $244 million more in the coming year; Victoria, $371 million more; Queensland, $735 million more; Western Australia, $453 million more; South Australia, $131 million more; Tasmania, $20 million more; the ACT, $20 million more; and the Northern Territory, $36 million more. What that indicates is something that this government has asserted, and which of course is the reality: since the introduction of the GST the states and territories are all better off. They have never had it so good as far as revenue is concerned. They are rolling in money, courtesy of a reform that was introduced by this government in the teeth of the hostility and the opposition of the Australian Labor Party.

I would say to the New South Wales Premier: if you have a complaint, instead of trying to create a diversion from the way in which your rail system and your health system are collapsing around your ears, you ought to be hopping on a plane or perhaps motoring down and getting your mate from Victoria, going over to Western Australia and then going up to Queensland and saying: ‘Hey, Geoff, hey, Peter, will you please give
us a dollar? We need it.' He does not have a complaint. We have provided all of them with more money. If they want to have a squabble about how to divide up the cake, let them go away from the federal government and have their own little argument in some kind of political enclave. We provide the cake. It is a bigger cake. It is up to them to agree on how to slice it up.

**Howard Government: Leadership**

*Mr McMULLAN* (2.13 p.m.)—My question is to the Treasurer. I refer the Treasurer to his meeting with the Prime Minister last year in which he told the Prime Minister that he believed it would be in the best interests of the Liberal Party and the country if the Prime Minister resigned.

*Dr Southcott*—Mr Speaker, I raise a point of order. Past Speakers have ruled out questions which relate to discussions within party rooms, within party committees and so on—that is, relating to a conversation which was a private one. The preamble to this question should be ruled out of order.

*Mr Zahra* interjecting—

*The SPEAKER*—I warn the member for McMillan!

*Mr Pyne*—Mr Speaker, I rise on a point of order. I refer you to standing order 142, which says:

Questions may be put to a Minister relating to public affairs with which the Minister is officially connected ...

I put it to you that the member for Fraser’s question has nothing to do with the public affairs with which the Treasurer is connected.

*The SPEAKER*—The member for Fraser is conscious—I know him well enough—that his preamble is inappropriate. The member for Fraser will come to his question.

*Mr McMULLAN*—I ask: is this still the Treasurer’s view and, if so, is that why on Melbourne radio today he refused three times to rule out a leadership challenge?

*Mr Lloyd*—Mr Speaker, I rise on a point of order. Under the standing orders, that question clearly asked for an opinion and should be ruled out of order.

*Mrs Bronwyn Bishop*—Mr Speaker, I rise on a point of order. The member for Sturt correctly drew your attention to standing order 142. That question is not to do with the business of state with which the Treasurer is connected. Furthermore, I refer you to page 529 of the *House of Representatives Practice*, where it says:

While short introductory words may be tolerated, the use of prefices is to be avoided ...

It also says that comment relating to an answer and other extraneous matter should be ruled out of order. I put it to you that the whole question was extraneous matter and should be totally ruled out of order.

*Mr McMULLAN*—On the point of order, Mr Speaker—

*Honourable members interjecting*—

*The SPEAKER*—The member for Fraser will be heard in silence, and I will deal with anyone who interrupts—

*Mrs Irwin* interjecting—

*The SPEAKER*—including the member for Fowler!

*Mr McMULLAN*—The member for Sturt correctly read but wrongly interpreted standing order 142. Standing order 142 in its first two lines says:

Questions may be put to a Minister relating to public affairs with which the Minister is officially connected ...

There is nothing more fundamental to the role of a minister than their capacity to operate as a minister in the government. It goes on to talk about any matter of administration for which the minister is responsible. It is clearly saying that there are two dif-
different points—there are matters of administration for which they are responsible and there are public matters with which they are connected, of which this is clearly an example.

Mrs Bronwyn Bishop—On the point of order, Mr Speaker: I put it to you that the member for Fraser has just shown himself to be vexatious in pursuing this issue and should be ruled out of order.

Mr Gibbons interjecting—

The Speaker—The member for Bendigo is warned! Let me acquaint the House and the member for Fraser that what matters is not the member for Sturt’s interpretation of standing order 142; it is the chair’s interpretation of standing order 142. Under standing order 142, I do not believe the question should stand, and I rule it out of order.

Trade: Free Trade Agreement

Mr Hartsuyker (2.19 p.m.)—My question is addressed to the Minister for Trade. Would the minister inform the House of the latest developments with the Australia-United States free trade agreement? Is there widespread support for the free trade agreement?

Mr Vaile—I thank the honourable member for Cowper for his question and recognise his involvement in and support of our negotiations for the free trade agreement with America and his recognition of the benefits that will accrue to exporters in his electorate. I am pleased today to be able to table the legal text of the Australia-US free trade agreement in the House and to be able to inform the House that the full text is available on the DFAT web site: www.dfat.gov.au—for the benefit of members opposite if they want to go to that web site and download what is almost 1,000 pages of an outstanding agreement.

As of today, the Australian public will have the opportunity to review this ground-breaking agreement. The Australian public will be able to see for themselves that this is a good agreement for Australia and one in the national interest. The Australian public will also be able to see that, so far, the Australian Labor Party have been playing politics with what is a good agreement and one in the national interest. The text will be referred to the Joint Standing Committee on Treaties for parliamentary and public scrutiny. JSCOT will provide a direct avenue for the public and parliament to make known their views on the FTA. There will be public hearings in all states and territories to afford that opportunity.

It was interesting to note yesterday some comments from a prominent Labour leader who supports this agreement and supports what we have done and what we have achieved here. I was pleased to hear that there is a prominent Labour leader who sees the merit of linking our economy with the largest and most dynamic economy in the world. Unfortunately, it is not the member for Werriwa—the leader of the Labor Party and Leader of the Opposition in this place. It was in fact the Prime Minister of New Zealand on her visit here yesterday, when she said:

We each have our own FTA priorities running and I congratulate you again on your success, particularly in the presidential election year in the US with the agreement with that great economy.

We need to ask: how come the Prime Minister of, and leader of the Labour Party in, New Zealand can recognise the benefit and merit of this agreement for the Australian economy, yet the Australian Labor Party cannot?

DISTINGUISHED VISITORS

The Speaker (2.23 p.m.)—I recognise former cabinet minister the Hon. Andrew
Peacock, who is in the gallery, and on behalf of all members of the House extend to him a warm welcome.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Trade: Free Trade Agreement

Ms GILLARD (2.23 p.m.)—My question is to the Minister for Trade. I refer the minister to the detail of the free trade agreement and the Pharmaceutical Benefits Scheme review mechanism contained in it. Does the minister still stand by his statement in the House on 11 February this year when asked if he would guarantee that the new review mechanism would not increase the cost of drugs to patients or to Australian taxpayers, and he answered ‘yes’?

Mr VAILE—The answer to the opposition health spokeswoman’s question is yes. I have seen public comments by her today, and I should make a couple of points on this matter. There is a provision in the side letter of the free trade agreement that states that Australia will provide an opportunity for adjustments to the price of pharmaceuticals. This reflects current practice. It is the status quo. There has also been speculation that the review process contained in the free trade agreement will be linked to price reviews and increases. This is incorrect. The review process will only consider PBAC recommendations not to list a drug on the PBS, and not the price of the pharmaceuticals on the PBS.

Trade: Free Trade Agreement

Mr WAKELIN (2.24 p.m.)—My question is addressed to the Minister for Foreign Affairs. Will the minister inform the House of the strategic benefits to Australia from free trade agreements? Is the minister aware of any other views?

Mr DOWNER—I thank the honourable member for his question, and I know that the constituents of Grey, an electorate very close to my own, are very excited about the enormous benefits they are going to gain from the free trade agreement with the United States. It is also nice to have in the gallery the former Ambassador to the United States, Andrew Peacock, because he was one of the people who did so much work to build the foundations for this agreement, and I think the House should be grateful to him for the good work he did.

The Minister for Trade has tabled today the full text of the agreement. Obviously, there are enormous benefits in this agreement for Australia, such as immediate duty-free access for over 97 per cent of our merchandise exports, and legal protection for services, trade and Australian investment in the United States so that our firms can compete on equal terms with American firms in the world’s biggest services economy. There is open access for Australian companies to bid in the $200 billion market for federal government procurement in the United States. This is an enormously beneficial agreement to Australian business and to Australian industry. It also means, importantly, that we are able to compete in the United States market with countries that also have free trade agreements with the United States—for example, Canada, Mexico and Chile—on a basis that we could never have if we did not have such an agreement.

This complements the free trade agreements that we have with Singapore and New Zealand and the incoming free trade agreement with Thailand. They are all part of a web of the strategic bilateral and regional linkages which are enhancing our economic opportunities as a country. Frankly, I think that these links add to the environment of international peace and stability. The honourable member asked me if there were other views. There used not to be. For example, the member for Member for Fraser, when he
was the Minister for Trade, wrote an article for the *Australian* newspaper in which he said:

Preferential trade agreement arrangements are not just a fetish of the 1990s, they are here to say. They reflect the globalisation and deeper integration of international commerce.

He was a supporter of free trade agreements when he was the Minister for Trade. Now he joins a list of those who are clearly opposing a free trade agreement with the United States. So, too, was the person who said in parliament in 1999 on 20 September:

We have alliances and shared interests in key parts of the Asia Pacific... Our foreign policy needs to further integrate these interests. This is best achieved through free trade and investment.

He went on to say—

... shared economic interests are the best defence of Australia’s strategic interests. This strengthens the case for a free trade agreement between Australia, New Zealand, Singapore, the United States and Canada...

That was the member for Werriwa, the now Leader of the Opposition. So in 1999 he was a great fan of a free trade agreement with the United States; in 2004, he has become an opponent of a free trade agreement with the United States—though in the last a few days he said he was not really quite so sure. But I notice from the questions and comments of Labor’s spokespeople today that it is pretty clear that they still remain opposed to the agreement. It is part of a pattern under the Leader of the Opposition. They have no idea what direction they are heading in.

**Trade: Free Trade Agreement**

**Mr GAVAN O’CONNOR (2.28 p.m.)**—My question is to the Minister for Trade. Given Australia’s long-standing position that our quarantine arrangements are based on science, and science alone, why did the government sign off on a free trade agreement that has put trade representatives on key committees for resolving sanitary and phytosanitary disputes? If our quarantine arrangements are there solely to protect our agricultural industries and our native flora and fauna from exotic pests and diseases, have you not compromised the integrity of Australia’s quarantine arrangements by mixing trade with science in these matters?

**The SPEAKER**—I point out to the member for Corio that his question will stand but, if he looks at it, it should have been directed through the chair and not directly to the minister.

**Mr VAILE**—I thank the honourable member for his question. I can assure him that the FTA will not compromise Australia’s quarantine regime. Australia’s right to protect animal, plant and human health and life is fully preserved under the FTA. As a part of the agreement, both Australia and the United States have reaffirmed that decisions on matters affecting quarantine and food safety will be based on science. Those decisions will be taken by the two relevant organisations within the two countries: Biosecurity Australia and APHIS in the United States.

**Finance: Housing**

**Mr JOHNSON (2.30 p.m.)**—My question is addressed to the Treasurer. Would the Treasurer inform the parliament and the Ryan electorate of the latest data relating to the housing market? What do these results indicate about future levels of activity?

**Mr COSTELLO**—I thank the honourable member for Ryan for his question. The Australian Bureau of Statistics today released their house price index, showing that established house prices increased by six per cent in the December quarter, with price rises recorded in all capital cities, and Brisbane recording the strongest growth. No doubt some of that would be in the Ryan electorate, from what I know of that electorate. The ABS noted, though, that the number of transactions of properties at the middle to
actions of properties at the middle to upper end of the market increased in the December quarter, inflating the recorded growth. So it could well be that you had a great deal of movement at the upper end, which moved the overall index. House prices have been supported by strong employment growth, strong consumer sentiment and low interest rates for the last six to eight years.

But, looking at more forward indicators, building approvals for the month of January came out today showing that building approvals fell by 3.3 per cent—the fourth consecutive monthly decline—with the total number of building approvals in January being 12.3 per cent lower than they were four months ago. This reflected a 5.6 per cent fall in building approvals for houses. This is consistent with other forward indicators which show a slowing in relation to the housing market. Housing finance for occupiers declined 0.8 per cent in December and 3.9 per cent in November. Investors are also withdrawing from the market, with total investor housing finance falling 5.6 per cent in November and four per cent in December. And there are reports that auction clearing rates are lower than they were at this time last year.

These forward indicators indicate that there is a slowing in the housing market going on. The government has forecast a slowing in its budget forecasts. We would expect that to slow being consistent with the housing market plateauing. After the strong rises that we have seen over recent years, a plateauing in the housing market may not be an altogether bad thing.

Medicare Reform: Rural and Regional Australia

Mr GIBBONS (2.33 p.m.)—My question is directed to the Minister for Health and Ageing. I refer the minister to the government’s plan to get more doctors into rural areas by requiring medical students to spend more time in rural locations. Is the minister aware that the Melbourne University School of Rural Health in Shepparton has been unable to find GPs to take their students and that GPs say they do not have the time, the space or the resources to manage students for a practice incentive program that pays only $50 a session? Isn’t the minister’s plan failing because it requires GPs, who are already under pressure, to spend precious time supervising students for little or no remuneration?

Mr ABBOTT—I think the GPs of Bendigo are out of step with the GPs in other parts of Australia, because the Australian Divisions of General Practice warmly welcomed the MedicarePlus package. The MedicarePlus package will inject more money into general practice. There is $1 billion worth of increased income for general practitioners. We also inject $1 billion into improving the work force. So I very much reject the assertion that was put to me by the member for Bendigo.

Roads: Scoresby Freeway

Mr PEARCE (2.35 p.m.)—My question is addressed to the Treasurer. Would the Treasurer inform the House of the federal budget allocation for road funding in the eastern suburbs of Melbourne? Are there any obstacles to this funding being used to build road infrastructure? What avenues are available to the citizens of Melbourne to receive the infrastructure they were promised?

Mr COSTELLO—I thank the honourable member for Aston for his question. My mind goes back to his election. I think it was 14 July 2001—a day of great of importance. The French Revolution, the fall of the Bastille and Chris Pearce in Aston—all on 14 July. I can inform the hero of Aston that the government has set aside $445 million as its
portion, together with the Victorian government, to build the Scoresby Freeway. Sixty-three million dollars was set aside this financial year, $63 million next, $50 million in 2005-06, $87 million in 2006-07 and $155.9 million in 2007-08 so that the Scoresby Freeway could be finished on time and on budget for the people of the outer eastern suburbs and finished on time and on budget in accordance with the ‘Scoresby transport corridor: Agreement between the Commonwealth of Australia and the government of Victoria’ which, at clause 3(d), says:

Victoria undertakes to ensure users of the Scoresby Freeway will not be required to pay a direct toll.

I am doing a breakfast in the Aston electorate tomorrow with the member for Pearce, and I have given great thought to the topic of my talk. The topic of my talk tomorrow is: what part of the word ‘freeway’ do you not understand? The word ‘freeway’ is made up of ‘free’ and ‘way’. Either the Bracks government does not understand ‘way’ or it does not understand ‘free’. A letter was sent out by Mr Bracks before the 2002 election. I think I really should table this. It is something that tells you all about the Labor Party: ‘Bracks listens and acts.’ Before the Victorian election, this letter was signed by Steve Bracks and sent to the electors of the outer east of Melbourne. It says: ‘Labor will build the Scoresby Freeway on time and on budget. These are not just election time promises, they are my firm commitments to you and your family and they will be honoured.’ All the citizens of the outer east of Melbourne want to do is climb the ladder of opportunity, and they find there is a toll on the ladder as they are going up. The toll has been put there by the Australian Labor Party. Steve Bracks listened and he acted.

My attendance at the breakfast tomorrow will be nothing on the breakfast down at the Bayswater Hotel, 780 Mountain Highway, Bayswater. There are only 21 sleeps to go. The Australian Labor Party will be having its breakfast under the heading ‘Tolls are good: prove us wrong’. Minister for transport Peter Batchelor will be there. He is also be talking on these topics: how tolls are good, how drought is good for farmers, how unions are good for business and how Labor is good for economic management.

I do want to say that there is one member of the Labor frontbench who has some integrity. He knows who he is. He is smiling. He knows what is coming. I could well have killed his career today. There is one Labor member who has a conscience. He is the member for Batman—it is true. The member for Batman told his Victorian colleagues, as reported by the Sunday Age, that he would not be doing a Bracks government in relation to the Geelong Road. He is nodding in agreement. No-one would ever want to be accused of doing a Bracks government, would they?

Mr Ferguson told the Geelong Advertiser, ‘It is about time all politicians were honest with the electorate’, referring to the Bracks government’s 2002 election promise not to bring in tolls.

We say to the member for Batman: you had the courage to stand up to the Bracks government, which we endorse. What worries me about all of this is that Martin Ferguson is one of the few among so many. There are so many on the Labor front bench who maintain their silence when it comes to the Scoresby Freeway. There is no greater silence than that of the member for Werriwa, who went to the outer east of Melbourne. He was asked whether or not federal Labor would build the Scoresby Freeway, and he was not able to answer the question. He said it was a state matter. He said $445 million of Commonwealth money and a signed agreement—a pledge—were just a state matter.
We say to the Bracks government: listen and act. We say to the member for Werriwa: have the courage of your convictions like the member for Batman. We say to Peter Batchelor: you are going to have a great meeting down there telling people how good tolls are when they were promised a freeway. I want to finish by saying that the Scoresby freeway land was set aside for the building of a freeway in 1961. It has been in the Melways directory ever since. Nineteen sixty-one was the year of the birth of the member for Werriwa. Wouldn’t it be a present if he could stand up for those people climbing the ladder of opportunity in the eastern suburbs of Melbourne? What part of the word ‘freeway’ don’t you understand?

Medicare: Bulk-Billing

Ms KING (2.43 p.m.)—My question is to the Minister for Health and Ageing. Can the minister confirm that, since the Howard government came to power, bulk-billing rates in my electorate have dropped by almost 25 per cent? Is the minister also aware that my electorate is currently facing a shortage of doctors, with many GPs having to close their books to new patients? Given these major health issues facing my constituents, does the minister stand by the comments of his spokeswoman, as reported in the Ballarat Courier on Tuesday, 24 February, that the government would offer relief for doctors in Shepparton and Albury-Wodonga, but Ballarat and Bendigo would miss out?

Mr ABBOTT—I am not going to deny that bulk-billing rates have fallen. They have fallen modestly. But two out of three GP consultations are bulk-billed. Under the MedicarePlus package, $2.4 billion is being invested in further strengthening and protecting Medicare, including $1 billion for doctors’ incomes; the $5 bulk-billing incentive for children and concession card holders; and $1 billion for work force measures to ensure that by 2007 we have 1,500 extra GPs and 1,600 extra nurses in general practice.

Environment: Kyoto Protocol

Mr NEVILLE (2.45 p.m.)—My question is addressed to the Minister for the Environment and Heritage. Has the minister seen any recent media reports about the future of the Kyoto protocol? What is the response of the Howard government to this treaty? Are there any alternative views?

Dr KEMP—I thank the member for Hindley for his question. As the House will be aware, the Howard government has already allocated almost $1 billion to reducing greenhouse gas emissions, and as a result we are now on track to reach our internationally negotiated target. We have done this—and this is the important thing—without imposing excessive additional costs on Australian industry. We put in place a strategy that will preserve Australian jobs and at the same time move us towards our greenhouse gas reduction target.

There is an alternative view being outlined. That is the view of the Labor Party, which wants to commit Australia to ratifying the flawed Kyoto protocol—a treaty that is not in Australia’s national interests and that will impose all kinds of unnecessary costs on our industries, which will destroy jobs and drive investment offshore. The Leader of the Opposition was actually the spokesperson for several alternative views on the Kyoto protocol. To give him his due, in the Canberra Times on Saturday he admitted that when it comes to leadership he has not turned his mind to the environment. This, of course, has not stopped him from talking about the Kyoto protocol. During the Cunningham by-election two years ago he told the voters in very definite terms, ‘You would be endorsing a Green candidate who wants to reduce greenhouse gases by 60 per cent, which would wipe out whole industries and cause
the closure of BHP in the Illawarra.’ In the same radio interview, he said, ‘I think to reduce it by 60 per cent, that’s just an extremist policy.’ That is now the policy of the Australian Labor Party, characterised by the Leader of the Opposition as an extremist policy.

Fast-forward to Monday morning this week, when the Leader of the Opposition woke up with that glow only honeymooners have and appeared on ABC Central Queensland radio. He tried to convince the listeners in Gladstone, who are constituents of the member for Hinkler, that not only would the Kyoto protocol be good for them—this is a town where there is great dependence on the aluminium and alumina industries: high energy users—but that the domestic carbon trading system that he was advocating would also be good for them. That is just like telling them that two broken arms are better than one, because both of those would deliver a double whammy to the people of Gladstone. The member for Werriwa needs to understand that a carbon trading system imposes costs, especially on heavy energy users. The industries there are export based. Under Labor they would simply become basket cases.

Mr Fitzgibbon—Your review recommended it!

The SPEAKER—The member for Hunter!

Dr Kemp—Australia is on track to reach its target without these job destroying policies, and they do not need the policies of the Labor Party and the Leader of the Opposition.

I do not want to imply that I am charging the Leader of the Opposition with consistency on this matter. He is not consistent and I would not want to misrepresent him. A fortnight ago at the National Press Club he took a different view about environmental policy. Then he said:

But my starting point’s obviously that I want to do things that are helpful in protecting Australia’s natural environment. But the other compelling starting point, and this really is for me the origin of my perspective, you can’t hurt working class communities by wiping out jobs.

Yet that is precisely what the policies he was advocating when he went to Gladstone would do. So where does the member for Werriwa’s heart really lie? With the Europeans and Kyoto or with working-class Australians who have jobs? This is a man professing true love to one and flirting with another—a man who is still on his honeymoon and yet he is cheating with somebody else.

National Competition Council

Mr Windsor—My question is to the Treasurer. Does the final decision on accepting or rejecting a recommendation from the National Competition Council to withhold tranche payments from the states rest with the Treasurer? If so, would the Treasurer give some examples of circumstances where the council has been overruled?

Mr Costello—Can I say I cannot recall any occasion when the council has been overruled, and that is for this reason: the competition agreement was signed by all of the states and the Commonwealth. The states did not trust the Commonwealth in relation to allocating payments to them, so they insisted that there be an independent council. The independent council is the National Competition Council, and the people appointed to that council are appointed on the votes of a majority of the states. The Commonwealth does not even have a vote. The people that make the decision are appointed by a majority vote of the states. It is just like the ACCC.

Mr Tanner interjecting—

The SPEAKER—I warn the member for Melbourne!
Mr COSTELLO—Mr Speaker, you will recall the difficulty we went through in relation to the chairman of the ACCC, where the states were in deadlock: the Commonwealth did not even have a vote. The National Competition Council is the same. In fact, the chairman of the National Competition Council is Dr Wendy Craik, the former executive director of the National Farmers Federation and somebody who, I think, would know the situation in rural Australia quite well.

While I am on my feet: I noticed that one of the state premiers, Premier Carr, in attacking the Commonwealth Grants Commission yesterday, said very colourful things about the members of the Commonwealth Grants Commission—this is different to the National Competition Council, of course. He called them a little ‘priesthood of economists’ in Canberra. He said, ‘I can’t believe that we’ve got retired bureaucrats, the former Mayor of Woollahra, a few minor academics in a grant commission in candlelight picking over obscure formulas.’ The Prime Minister has made the point that Professor Ken Wiltshire, described as a ‘minor academic’, is a graduate of the London School of Economics. Can I just add that I did check, and the former Mayor of Woollahra who is on the Commonwealth Grants Commission, Hylda Rolfe, was recommended for appointment to the Commonwealth Grants Commission by the New South Wales Treasury.

Health: Organ Donation

Mrs DRAPER (2.53 p.m.)—My question is addressed to the Minister for Health and Ageing. Would the minister inform the House of the level of organ donation in Australia? What action is the government taking to increase the number of Australians willing to become organ donors?

Mr ABBOTT—I thank the member for Makin for her question. I know how concerned she is about this issue, and I should acknowledge that South Australia actually does better in this area than any other state of Australia. Let me make the point that in a quite literal sense organ donation can mean that early death need not be just a waste. I regret to say that, while Australia has the world’s best record in organ transplantation, we have the world’s worst record in organ donation. In 2002, 107 people died on the organ donor waiting list. In 2003, 140 people died on the organ donor waiting list. There are currently 2,000 people waiting for donor organs. Those people deserve the chance to have a new start in life, but they will only get that if we get our organ donation rates up. At present Australia’s organ donation rate is just 9.4 donations per million people; that compares to 13 in the United Kingdom, 22 in the United States and 34 in Spain.

Last week was Organ Donor Awareness Week. I am pleased to say that 5,000 people joined the Organ Donor Register last week. That is up from just 250 in an average week. Unfortunately, there are still 15 million Australians who are not on the Organ Donor Register. Then there is the problem of ensuring that relatives give consent. I am working with the states now to try to ensure that people’s wishes about organ donation are more consistently respected.

I should point out to the House that, thanks to David Hookes’s family’s respect for his wish to be an organ donor, 10 people have been given the gift of life. I should also point out to the House the good work that is now being done in David Hookes’s memory by the David Hookes Foundation, which is waging a continuous campaign to get more Australians to sign up as organ donors under the slogan ‘Sign up to save a life’. I commend that to all members and, through all members, to every Australian.

Health and Ageing: Nursing Homes
Ms CORCORAN (2.56 p.m.)—My question is to the Minister for Ageing. Is the minister aware that Chelsea Private Nursing Home in my electorate failed just one out of 44 accreditation standards in September 2003? Is the minister aware that this facility was inspected again just two months later, following the death of a patient—allegedly caused by an attack by another patient—and it then failed 19 out of 44 standards? Can the minister explain how the government’s accreditation agency can deliver such inconsistent reports over such a short time period?

Ms JULIE BISHOP—I thank the member for her question. This is an example of how the accreditation system that was introduced by the Howard government in 1996-97 is working. Practices that result in poor care are never acceptable. But under Labor, when there was no national quality assessment at all, these sorts of incidents would not have come to light. As for the home in question, the department has imposed sanctions on the approved provider of Chelsea Private Nursing Home.

The accreditation agency, an agency that was put in place by this government to ensure that there was quality of care across the nursing home sector subsidised by the Commonwealth government, conducted a number of support contacts and reviews. The department has kept all residents informed and from time to time the department has attended meetings conducted by the approved provider to ensure that residents and their families are aware of the action being taken by the approved provider to address the issues that have been brought to their attention. The agency has continued to undertake reviews and contacts. During the week of 23 February the agency made another visit to ensure that progress was being made in addressing the areas of noncompliance. The home’s accreditation period has also been looked at.

I can assure all members that the department and the agency will continue to monitor the services provided by all aged care facilities that are subsidised by the federal government, for the care and safety of all residents in these homes remains our top priority. But, of course, under Labor there was no national quality assessment at all of aged care homes. All that happened was that the Labor government gave aged care a bad name in this country. What the Howard government has done is ensure that there is quality, that there are high standards, that there is equity in access and that the care provided to all Australians is the care they need and the care they deserve.

Education: University Funding

Mr TICEHURST (2.59 p.m.)—My question is addressed to the Minister for Education, Science and Training. Would the minister advise the House of the additional taxpayer funds which have begun to flow into Australia’s universities thanks to the government’s higher education reform package which was passed last year? Is the government aware of other policies which would damage our universities and place at risk their international reputations?

Dr NELSON—I thank the member for Dobell for his question and for standing up for the 70 per cent of kids who do not go directly from school to university and who instead go into apprenticeships and training as much as he does for the 30 per cent who do. The government last year passed ground-breaking reforms to Australian universities. The reforms include an additional $2.6 billion of extra public money, as a minimum, for universities in the first five years alone, including 34,000 extra HECS places—including some for the University of Newcastle—regional loading for regional campuses and universities, scholarships for stu-
dents and access to performance based funding pools.

I am also asked about other policies. The Labor Party, after the release of the government’s own reform program for universities, released its own policy. It was entitled Aim Higher, which is basically the only thing which it chose to take from the Blair government. The Labor Party’s policy was costed, at least from its point of view, at about $2.4 billion. So the Commonwealth Department of Education, Science and Training and the Department of Finance and Administration both carefully analysed the Labor Party’s costings of its higher education policy. Firstly, there is a $470 million tax on mining companies in Australia. Apparently the Labor Party believes that workers in the mining industry should lose their jobs so people training to be lawyers and dentists do not have to pay $1,600 back on their HECS. The Labor Party also said that it would fund $160 million by abolishing tax incentives for foreign workers. In fact, that is a program that does not even exist. The department of finance and the department of education have both pointed out that that particular initiative and that $160 million do not even exist.

The Leader of the Opposition told Alan Jones on 30 January on Radio 2GB in Sydney that one of the ways Labor would fund its education policy would be to reintroduce a loans scheme that this government has just scrapped. Work this out: it would save $160 million by running a loans scheme to some of the poorest students in the country that is sending both them and the Australian taxpayer broke. The Leader of the Opposition could not even explain it to Alan Jones, let alone to his own caucus. In addition to that, the department of finance costed any reduction in HECS for 84,000 science and maths students at $262 million. The Labor Party budgets $43 million. So there is a $219 million black hole, not just according to the government but according to the federal department of finance. What the department of finance said was, ‘When we looked for the money, it was not there at all.’ I thought to myself: I have heard that before somewhere.

Where is the Labor Party’s economic logic coming from? The Leader of the Opposition is obviously trying to send us a message in relation to economic management and is exhorting us all to read to our children—and we would all naturally agree with that. We have a $540 million black hole in Labor’s education costings according to the department of finance. Then I thought: ‘It’s magic. That’s how they do it. It’s absolute magic.’ In fact, it is Possum Magic. When the department of finance said that they could not find it all, I thought I had read that before somewhere. So I went to page 15 of Possum Magic, which I highly commend to the House and to all children. With apologies to Mem Fox, what you will find on page 15 is: ‘There was money for this and money for that; money for tall and money for small. But the money they were looking for wasn’t there at all.’

On a very serious note, there is no magic in it whatsoever. If you want to have an economy that is growing at four per cent it requires leadership; it requires sound economic management. If you want to make sure our kids can go from schools into jobs and if you want to make sure Australian families do not lose their houses it requires no magic; it requires leadership and solid economic management, which is what the country has.

Health and Ageing: Aged Care

Ms HALL (3.05 p.m.)—My question is to the Minister for Health and Ageing. Is the minister aware that the critical shortage of GPs in the Wyong area, which has been aggravated by the fact that some doctors are
currently on leave, means that the Wyong aged care facility has empty beds but is unable to accept patients from local hospitals because there is no GP to provide care? Given that the Wyong area has only one GP for every 2,000 people and the ‘Medicare-Minus’ package has done nothing to address the issue—

The SPEAKER—The member for Shortland will come to her question.

Ms HALL—of getting more GPs to the areas of shortage, what will the minister do to attract doctors to service the community of the Central Coast?

Mr ABBOTT—Not only does the MedicarePlus package aim to get 1,500 more doctors and 1,600 more nurses into general practice by 2007 but the MedicarePlus package does a great deal to improve medical practitioners’ entry into nursing homes. There is a brand-new MBS item to cover medical assessments in nursing homes, and, thanks to MedicarePlus, there will be 700 new visiting medical officers appointed to the nursing homes of Australia.

Ms Hall—Where are they coming from?

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

Mr ABBOTT—We certainly cannot solve every problem. No government ever can.

Ms Hall—We’d just like one more doctor!

The SPEAKER—The member for Shortland is warned!

Mr ABBOTT—What we can do is put programs into place to deal with them, and that is precisely what the MedicarePlus package does.

Australian Labor Party: Centenary House

Mrs BRONWYN BISHOP (3.07 p.m.)—My question is addressed to the Minister for Health and Ageing, representing the Special Minister of State. Would the minister inform the House what further evidence exists that the Centenary House lease deal unduly benefited an organisation registered under the Electoral Act? What is the government doing to rectify any unfairness to the Australian taxpayer?

Mr ABBOTT—I thank the member for Mackellar for her question and I congratulate her on her 10-year campaign to end this scandalous rent rort—because that is exactly what it is. Yesterday, the Leader of the Opposition would not say whether a future Labor government would renew the rent rort deal. He would not say whether he would end the rent rort now. According to the Labor Party web site, the Leader of the Opposition has not said anything since last Friday except for a couple of questions in this House, which have been written for him by someone else. Here he is: he is ‘Trappist Mark’, and he is running away from questions about Centenary House because the evidence about the rent rort rip-off just mounts every day. He is happy to read stories to kids, but he will not answer questions about Centenary House.

In yesterday’s Financial Review, an advertisement appeared on page 4 which revealed the real leasing costs of high-quality office space in Canberra. The space in question, some 5,000 square metres not far from Centenary House, is currently let to the Australian Government Solicitor at a net rental of $290 per square metre. The building in question is called, funnily enough, Lionel Murphy House. Let me say: Lionel Murphy was not nearly as good to the Labor Party as Centenary House is. The Australian Government Solicitor is paying $290 per square metre in Lionel Murphy House. The commercial tenant is paying $314 per square metre to the Audit Office in Centenary House, but the Audit Office is paying $871 per square metre to the Labor Party in Centenary House. This is the essence of the rent rort rip-off which
the Leader of the Opposition will not do anything about. It just is not going to go away.

Today the Senate passed a resolution calling for a judicial inquiry to review the findings of the royal commission of inquiry into Centenary House in the light of later evidence, particularly with regard to movements and trends in commercial rates and leasing arrangements since 1994. It is interesting: the Senate passed that resolution without a division, on the voices, because members opposite were too ashamed to back the Leader of the Opposition in his scandalous defence of the Centenary House rent rort. I call on the directors of John Curtin House, I call on the people who are directly responsible for this—former Labor Premier Michael Field, former Labor minister Gerry Hand, former Labor Party national secretary Geoff Walsh and current Labor Party national secretary Tim Gartrell—to end the rip-off now. If they will not do it, if the Leader of the Opposition had any commitment at all to ethics in politics he would tell them to end the rip-off now.

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

QUESTIONS WITHOUT NOTICE:
ADDITIONAL ANSWERS

Government: VIP Aircraft

Mr Howard—Mr Speaker, I seek the indulgence of the chair to add to an answer.

The Speaker—The Prime Minister may proceed.

Mr Howard—Yesterday, the member for Rankin asked me a question, and the thrust of that question was: would I end what he claimed to be an extravagant waste of taxpayers’ money constituted by ministers using a VIP flight from Melbourne to Canberra. I have been informed that the use of that aircraft, overwhelmingly with a number of flights by Victorian based ministers and others—and, on at least one occasion, the others included members of the Australian Labor Party in this House—was in accordance with established procedures and was authorised by the Minister for Defence. I have been informed that the effect of this usage, far from wasting taxpayers’ money, has in fact been to save taxpayers’ money. I have been informed that if you looked at the reported costs in the schedule, which is tabled—

Dr Emerson—Which are wrong.

Mr Howard—Oh, they are wrong?

The Speaker—The member for Rankin! The Prime Minister has the call.

Mr Howard—If you looked at these, which are above the fixed costs of lease and support contracts—which would be incurred irrespective of whether the aircraft is used—you would see that the additional cost charged at the hourly rate of $1,621 covers those costs. I have taken, for the purpose of comparison, two flight legs from the list published yesterday by the opposition. One of them is the use of a BBJ737 and the other is a Challenger 604. The costs of the empty repositioning leg have been included in both examples that have been provided.

I take, in relation to the BBJ, a flight from Canberra to Melbourne on 15 May 2003. The total cost reported by Defence was $2,432. The commercial costs are $7,695, which is based on eight business class fares, for six members and senators and two senior advisors—no, I am sorry; that is for 10 business class and 15 economy class fares. If you take the flight from Melbourne to Canberra on 16 June 2003, using a Challenger, you find the saving is less but there is, nonetheless, a saving. The total reported by Defence was $2,594 and the commercial costs are $3,096, with a saving of $502.

I do not believe that this represents an extravagant waste of money. I regard the prac-
tice that has been followed as being proper and in accordance with procedures. I do not intend to instruct the Treasurer or any of my other colleagues to end the practice, because I think it is justified and sensible. While I am on my feet, I might also say that there is a practice of putting on what is called a ‘cabinet special’ from Western Australia, which often picks up members in Adelaide and was described this morning by the member for Cowan as being a fair thing to do—and I agree with him, given the enormous distances. But I am not going to, Solomon-like, sit in judgment on whether such a practice, which will clearly save money, can be accepted in relation to Perth and Adelaide but cannot be accepted in relation to Melbourne.

I think the use of VIP aircraft in a country as big as Australia is a perfectly legitimate thing. Over the years, people on both sides of the House have used the aircraft in a sensible and reasonable fashion. In my recollection, except for some instances in the middle to late 1960s, this has not been a matter of enormous controversy. I will not be giving instructions to any of my colleagues to alter the current practice, as I do not regard it as unreasonable. I want to say, on behalf of my colleagues, that we reject any suggestion that taxpayers’ money has been wasted. If the member for Rankin had any gumption, he would apologise to the Treasurer.

PERSONAL EXPLANATIONS

Mr TRUSS (Wide Bay—Minister for Agriculture, Fisheries and Forestry) (3.18 p.m.)—Mr Speaker, I wish to make a personal explanation.

The SPEAKER—Does the minister claim to have been misrepresented?

Mr TRUSS—I do, Mr Speaker

The SPEAKER—Please proceed.

Mr TRUSS—Yesterday in the Senate, Senator Cherry made a number of comments in relation to my response to a Senate resolution on 4 December 2003 regarding genetically modified crops and related issues. In these comments he asserted that I had misled the Senate in relation to a number of matters, that an officer of my department had provided a statement to the Senate estimates committee that was simply not true and that I had allowed this officer to mislead the Senate estimates committee. There were a number of allegations and it would take a lot of the time of the House for me to refute them in detail, so I will simply table a statement dealing with each one of these allegations and where they are false.

QUESTIONS TO THE SPEAKER

News Clipping Service

Mr PRICE (3.19 p.m.)—Mr Speaker, last year I asked a number of questions about the press clipping service. On 18 August you kindly replied in writing. Let me just refresh your memory of one part of that letter. It reads:

The Department has been discussing with the other parliamentary departments possible improved information services to the parliament including investigation of the possible provision of an on-line press clipping service.

Mr Speaker, could you advise the House of how those discussions are progressing and what, if any, outcome has arisen?

The SPEAKER—Let me indicate to the member for Chifley that I am unable to offer additional advice off the cuff. I appreciate the fact that he did send me a note during question time to indicate that he was going to ask this question, but I have no additional information. If there is additional information, I will report in the first instance to him and then to the House.

PAPERS

Mr ABBOTT (Warringah—Leader of the House) (3.20 p.m.)—Papers are tabled as listed in the schedule circulated to honour-
able members. Details of the papers will be recorded in the Votes and Proceedings.

MATTERS OF PUBLIC IMPORTANCE

Medicare: Bulk-Billing

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

The Government’s failure in this parliamentary week to address the bulk billing crisis.

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

Ms GILLARD (Lalor) (3.21 p.m.)—At the end of the parliamentary week, we are going to give the Minister for Health and Ageing the opportunity to talk about health. It is going to be a new experience for him. We want to talk about the bulk-billing crisis that every member on this side of the House knows is affecting their communities but has not been responded to in any proper way by this government. When the last bulk-billing statistics were released, bulk-billing nationally had slumped to 66.5 per cent, the lowest rate in 15 years. How did the government respond to the lowest bulk-billing rate in Australia? They responded by saying, ‘That’s the last set of bulk-billing statistics we’ll put out by electorate this side of the election.’

When you cannot fix a problem or you are not prepared to fix it, the next best thing is to cover it up. The response to a 66.5 per cent bulk-billing rate—the lowest bulk-billing rate in 15 years—has been a cover-up. We are going to fight the cover-up and make sure that there are more bulk-billing rates by electorate. I want to tell the minister this: we do not need the statistics coming out every quarter to tell us how bad it is. We can get out into the community and have constituents tell us directly.

I did that last week, when I visited the federal electorate of Indi. I went to Albury and Wodonga and spoke to locals. That might seem an odd place to take myself to but I thought that, given the lack of representation of their needs in this chamber, someone ought to go and talk to people in that community to find out what they think about having the lowest bulk-billing rate in Australia. They have won the race that no-one should want to win: bulk-billing at, believe it or not, 29.8 per cent. It has dropped 23.9 per cent since 2000.

If you were the representative in this parliament of an electorate that had seen a catastrophic fall in bulk-billing to the lowest in Australia—29.8 per cent, which means there is no way in the world that all the concession card holders are being bulk-billed and there is no way that low-income families are being bulk-billed—you would have thought that every day at every opportunity you would be on your feet talking about bulk-billing.

The reason I went to the electorate of Indi is that I realised that the current representative had uttered the words ‘Medicare’ and ‘bulk-billing’ once in the whole period she has been there. That was in the course of congratulating the Howard government about the so-called A Fairer Medicare package. The only time she managed to say ‘Medicare’ and ‘bulk-billing’ was in congratulating the government about a package which was such a spectacular failure that they withdrew it and executed the health minister. That is the only time she has managed to use those words in this place.

When I got to the electorate of Indi, I found a community desperately concerned about bulk-billing. Perhaps more interesting than anything else, I found that the Wodonga
hospital was so desperate to try and deal with the GP patient case load presenting in its emergency department that, in the absence of any policy assistance or understanding from this government, it had got on and created its own Medicare team. That local response by a hospital under stress created the solution Labor has been advocating—a Medicare team. How did it do that? It created a GP clinic in a building on the hospital premises. I spoke to doctors working in that clinic and they told me that they would not be working as GPs if the salaried opportunities to work in that clinic were not available to them. Doctors who would have been lost to the medical work force are re-engaged in the medical work force, providing GP care on the hospital premises and taking the load off the emergency department. That is exactly Labor’s plan for health hot spots in Australia. One hundred places around Australia have that kind of assistance. We would help 25 health hot spots to get that kind of assistance. This poor hospital is doing it itself. This hospital wants the minister for health to do something. I am wondering whether he is going there to do it tomorrow. There is something about my travel itinerary: wherever I go, the minister for health is often behind me. I am not sure why that is. It has caused me some moments of reflection, I have to say.

I was in the federal electorate of Indi last week—and who is going to be there tomorrow but the minister for health? Do you know what I think the minister for health is going to announce when he is in the federal electorate tomorrow? I think he is going to announce that the doctors in the GP clinic at this hospital will be able to access the Medicare rebate for their consultations. The grand irony of all of this is not only is the minister for health following me to Indi; he is going there to announce the equivalent of a Labor Medicare team. I do not mind the minister for health doing that. Someone has to sort out health policy in this country. If we wait for the current minister for health to have a policy idea, we will be waiting a very long time. My challenge, Minister, is that, if you are going to go to the federal electorate of Indi tomorrow to announce a Medicare team, what if I sit down with you and we will work out where the other 99 go? We can implement Labor’s policy from opposition. It would be the only good health policy implemented during this term of the Howard government. Let me know when you are ready and we will work through where the other 99 are to go, after you have announced the first of them tomorrow.

Apart from the issue of Medicare teams needed to support communities facing the bulk-billing crisis, what else has been the health issue this week? It has been the fate of the minister’s ‘MedicareMinus’ package, the sham safety net. What is amazing me more than anything else about this sham safety net is that we know it was a forced response to Labor’s bulk-billing campaign. In this term of the Howard government, they were not going to do anything in health. They were just going to sit quietly and watch Medicare die as bulk-billing rates fell and hope no-one noticed.

Labor noticed and started the bulk-billing campaign, which led to the so-called A Fairer Medicare package. Does anybody here, apart from perhaps the Minister for Health and Ageing, who is sitting at the table, and his friend in the back row, seriously believe that the Howard government would have announced the so-called A Fairer Medicare package if it had not been for Labor’s bulk-
billing campaign? Of course not. It was a spectacularly bad response which was chucked out. Out went the old minister for health and in came the current minister for health. He was sent in for the political fix, so he cooked up the new package ‘Medicare-Minus’. We would never have seen that either, if it had not been for Labor’s bulk-billing campaign.

‘MedicareMinus’ is not a health policy. It is not about fixing health problems; it is about a political fix for this government, with its perceived electoral problem on the health issue. The Howard government does not deal with health problems, it deals with political problems. It perceived health to be a political problem so it cooked up ‘MedicareMinus’

What is more amazing than anything else about ‘MedicareMinus’ is the $266 million sham safety net that is before the Senate. I will come to that in a moment.

According to the newspapers, the minister for health is so desperate to get a $266 million plan through the Senate that he is wandering around with $400 million that he is prepared to give away to Democrat and Independent senators to get a $266 million plan through. Minister, are you going to spend $400 million in bribes—on things that you obviously do not think are health priorities, otherwise you would already have come up with them yourself—to get a $266 million plan through? That is good economics from a government that likes to lecture about fiscal discipline: spend $400 million so that you can spend $266 million—inflate the cost of a program from $266 million to over half a billion dollars by giveaways. That is pretty good fiscal discipline, Minister; you should be proud of that.

When we actually look at the sham safety net arrangement, it becomes even more bizarre. Even before implementation, this is the ‘mysterious disappearing safety net’.

Mr Albanese—It’s got holes in it.

Ms GILLARD—It is more ‘hole’ than anything else, and the holes are getting bigger. The government’s original claim for this safety net was that it was going to benefit 220,000 ‘units’, as they nicely put it—meaning Australian families or individuals. When I was at a conference with the minister last week—we often end up in the same place or with me there slightly in front of him—the new figure for how many ‘units’ are going to be assisted by the safety net is 178,000. So the incredible disappearing safety net, which was going to look after 220,000 families or individuals, is now down to 178,000 families and individuals—and the difference has not been explained. When you look at the real details of it, what you find is that, even if it was going to help 220,000 families—and I am figuring this off the old 220,000 figure; this is what we did our maths on, because the new figure only came out last week—97 per cent of Australians will not ever get anywhere near the sham safety net.

But do you know what will happen to them? They will still be suffering from the bulk-billing crisis and suffering even more from the price inflation in doctors’ fees and specialists’ costs, which every health economist will tell you will be a consequence that will flow from the introduction of the sham safety net. In and of itself, the introduction of the sham safety net will feed into doctors’ and specialists’ expectations about where they can put their prices, so prices will go up. The 97 per cent of Australians who never get anywhere near the sham safety net will be worse off; they will be nowhere near the sham safety net, they will still have the bulk-billing crisis and doctors’ fees will have gone up.

This minister wants to spend $266 million, plus the giveaways, to make 97 per cent...
of Australians worse off; and Professor Deeble, the architect of Medicare, says that half of the remaining three per cent who will notionally be better off are actually better off under the current arrangements. So 97 per cent of Australians will be worse off; and half of the three per cent that will notionally be better off are, in truth, better off under the current arrangements. This minister wants to spend $266 million, plus $400 million in giveaways, to benefit, even in the smallest sense, 1.5 per cent of Australians, whilst making 97 per cent of them worse off. Surely, when health dollars are so precious—when, around the country, people are facing the bulk-billing crisis; when, around the country, emergency departments in hospitals are under siege from people looking for GP style care; when, around the country, frail aged people are left to languish in acute care hospital beds because there is nowhere else for them to go; when, around the country, mothers and fathers are putting gold coins in jars and hoping that it adds up to enough to pay for their newborn babies’ pneumococcal vaccinations; when, around the country, all that is happening—wouldn’t you think there would be a better use for what is going to add up to $266 million being spent on a sham safety net and $400 million on giveaways?

Minister, we have already pointed to the better plan, and you know it is better—that is, Labor’s $1.9 billion plan to get doctors bulk-billing again. You are sliding your way into adopting Labor’s Medicare teams—and there will be more health policy from us for you to look at. But we know that you would prefer to stick with your sham safety net, because it is about having an excuse to continue the winding down of Medicare; it is about your being able to say, when challenged about the death of Medicare: ‘Don’t worry about that; I’ve got a sham safety net.’

Minister, let me assure you that, out in the community, where I have been in the last week and where you are going tomorrow, you will find that no-one is fooled by your sham safety net or by your rhetoric around Medicare; they know that you are up to the same old game of killing Medicare off. (Time expired)

The DEPUTY SPEAKER (Hon. I.R. Causley)—I encourage the member for Lalor to have a close look at her speech and the use of the word ‘you’.

Mr ABBOTT (Warringah—Minister for Health and Ageing) (3.36 p.m.)—Perhaps if the member for Lalor wrote her own scripts she would be more parliamentary than she is when reading scripts which her officers have prepared for her. To put the member for Lalor out of her misery—and it must be deep misery, judging by today’s speech—yes, I am going to Wodonga tomorrow. In Wodonga I will be visiting a newly opened bulk-billing clinic, thanks to the MedicarePlus initiative and the $5 bulk-billing incentive payment made available by the Howard government under MedicarePlus. We have just listened to a long, bilious rant from the member for Lalor, which I have to say does not do her justice.

The member for Lalor, a former partner of the plaintiff law firm Slater Gordon, should be better than this. But no, in order to climb the ladder of political opportunism constructed by the Leader of the Opposition, what we get is a long bilious rant. The Leader of the Opposition, in his truthful days, had a term for the kind of conduct that we have seen today from the member for Lalor. He called it ‘scab lifting’. In a speech he gave to the Melbourne institute, the Leader of the Opposition said that there are two types of opposition parties. He said:

The first represents what I call scab lifting. This is an opposition which sees its role as exploiting the change process. It tries to feed off the
discomfort governments inevitably encounter in having to manage the consequences of economic and social change. It constantly tries to lift the scab off the wounds of change ... Since 1996—said the Leader of the Opposition—federal Labor has been in scab-lifter mode.

What we saw today was nothing else but madam scab lifter come into the parliament and—

The DEPUTY SPEAKER (Hon. I.R. Causley)—The minister will withdraw that.

Mr ABBOTT—I withdraw—do exactly what the Leader of the Opposition said Labor has been doing constantly since 1996. Let me get this very straight for the member for Lalor and other members opposite: there is no crisis in bulk-billing. Trying to scare Australians in some way by saying that there is no doctor and that they will be bankrupt if they visit the doctor is simply scab lifting. There is no crisis in bulk-billing. The bulk-billing rate has dropped. It has dropped modestly to the same level as in the 1980s under the former Labor government. If there is a crisis in bulk-billing now, there was a crisis in bulk-billing throughout the 1980s under the former Labor government. Two out of three GP consultations in this country are bulk-billed. They are bulk-billed and there is no crisis in bulk-billing.

Bulk-billing is important. It is an important part of our Medicare system. Bulk-billing should be available; it should not be automatic. Bulk-billing is important but it is not the heart of Medicare. The government’s view on bulk-billing is identical to that of the Hawke and Keating governments. Lest members opposite doubt me, let me read from Labor’s new health plan, which was published just prior to the 1983 election. It states:

It is expected under Medicare that doctors will use this bulk-billing procedure for pensioners, low-income patients, the chronically ill and those in need.

Well said, Neal Blewett—it exactly encapsulates the position of the Howard government. And Neal Blewett did not change as the years went by. In 1987 he said:

What we have mostly in this country is compassionate doctors ... using the bulk-billing facility to treat pensioners, the disadvantaged and others who are not well off or who are in great need of medical services, which was always the intention. That view of bulk-billing was not just an oddity of Neal Blewett. In 1991 Brian Howe, the then minister for health, had this to say:

I must stress that the Government does not control or determine doctors’ charges or whether they bulk bill or raise an account to the patient. These things are determined by the competitive forces of the marketplace.

Bulk-billing should be available but it should not be automatic, and it is quite wrong and quite dishonest of members opposite to suggest otherwise.

Perhaps members opposite want to say that that is all ancient history. We know that members opposite think that the world began only on 2 December 2003. A current front-bencher, the member for Perth—in fact it was after the new world began; it was on 4 December 2003, year zero of the reign of Gough Whitlam II—said:

Labor has never believed nor asserted nor intended that bulk-billing would apply to everyone. Why is that? Because you cannot force doctors to do what they do not want to do.

The utter dishonesty at the heart of the member for Lalor’s speech today is exposed by the member for Perth. The member for Lalor comes into this House and pretends that everyone should be bulk-billed. That is what she pretends.

Ms Gillard—that’s not true.

Mr ABBOTT—How many should be bulk-billed?
Ms Gillard—Eighty per cent of the national average, Tony.

Mr Abbott—And what about the specialists? What about MRIs and what about CTs? I think she is losing it.

Ms Gillard—You know that what you just said is not true.

The Deputy Speaker—The member for Lalor had 20 minutes—Mr Adams interjecting—

The Deputy Speaker—The member for Lyons will be put out of this chamber if he does not show some respect for the chair. The member for Lalor spoke for 20 minutes without interruption. She should show the same courtesy to the member who is now speaking.

Mr Abbott—The dishonesty of members opposite is exposed by the member for Perth. They should not—must not—if they are to have any credibility, run around the countryside trying to pretend that everyone should always be bulk-billed under all circumstances, which is precisely what they are doing.

Let me turn to other issues. This government has been a very good friend of the Australian health system, first under Minister Wooldridge, then under Minister Patterson and now. The figures tell the story. In 1996, health spending was just 14 per cent of the federal budget. Today, health spending is 20 per cent of the federal budget. In 1996, federal health spending constituted 3.7 per cent of Australia’s gross domestic product. Today, federal health spending constitutes 4.3 per cent of Australia’s gross domestic product—a 0.6 per cent of GDP increase. In the same time, the states’ health spending has remained virtually static at just two per cent of Australia’s gross domestic product.

This federal government which, according to the member for Lalor, is rapidly killing Medicare—this federal government which, according to the member for Lalor, wants to grind the health and welfare of Australians into the dust—is spending $38 billion a year on health care. To put that into perspective, the federal government is spending more on health than the New South Wales government spends on everything. The federal government’s health spending is greater than the GDP of 65 per cent of the world’s countries. Every year, just on health, the federal government spends six times the fortune of Australia’s richest man. So do not let anyone say for a second that this government is not interested in health. We are passionately interested in health, and we are investing more and more all the time to secure the best possible outcomes for the Australian people. What we are not doing is resting on our laurels.

As members opposite should now know, the MedicarePlus package is a $2.4 billion investment in strengthening and protecting Medicare. It has four key elements: patient convenience through the Health Insurance Commission online initiative, which when fully rolled out will mean that patients will be able to claim their rebate online from doctors’ surgeries; the workforce initiatives, in which the government is investing $1 billion and which should mean 1,500 more doctors and 1,600 more nurses in general practice by 2007; the bulk-billing initiative, involving an additional $5 payment for bulk-billed GP consultations with concession card holders and children under 16, which is already resulting in new bulk-billing clinics opening, such as the one in Wodonga which I will be visiting tomorrow; and, of course, the brand-new MedicarePlus safety net, which is an important improvement and structural change to our Medicare system and which fills a significant gap in the Medicare system as it stands.
I know the member for Lalor likes to mock and deride the MedicarePlus safety net, but 200,000 individuals and families a year, on average over the current quadrennium, will benefit from the MedicarePlus safety net—and their medical expenses are not a joke, as the member for Lalor tries to pretend. In January, some 1,100 people submitted claims to Medicare indicating that they had faced out-of-pocket medical expenses in excess of $500. That is just in January. That number will grow exponentially as the year goes on—and they are the people who members opposite are condemning to much higher out-of-pocket costs than they should be facing.

The member for Lalor says that Labor has a plan, because Labor will get GP bulk-billing rates back up to 80 per cent. This assumes that you can just wave a magic wand and control doctors’ behaviour—something which no former Labor health minister has ever assumed. But let us suppose, for a moment, that the ALP could get bulk-billing for GPs back up to 80 per cent. What about specialists? Specialists’ bulk-billing rates have never been more than 40 per cent, and the average gap for specialists is $28 per visit. What about MRIs? They are almost never bulk-billed, and the average gap is $104. What about CT scans? They are almost never bulk-billed, and the average gap is $83. What about pregnancy ultrasounds? The average gap for those is $56. What about MRIs? They are almost never bulk-billed, and the average gap is $104. What about CT scans? They are almost never bulk-billed, and the average gap is $83. What about pregnancy ultrasounds? The average gap for those is $56. The so-called plan—the sham plan—of the member for Lalor does absolutely nothing for the real medical out-of-pocket costs that far too many Australians face.

Two hundred thousand people will benefit from the MedicarePlus safety net, but all 20 million Australians will benefit from the peace of mind that it brings. As members opposite would be aware, this government is very committed to the MedicarePlus safety net. We want to get this safety net through.

We are having discussions with the independents and minor parties. I regret to say there have been discussions but no deal. We want it passed. We do not want it passed at any price, and if no fair compromise can be reached over the weekend, this legislation will be put into the Senate and it will be voted upon, and may the people of Australia judge harshly those who have tried to deny them the safety net they need. (Time expired)

Mr ADAMS (Lyons) (3.51 p.m.)—It was very interesting that the minister was quoting the GDP and the increases that have occurred in the health figures. I thought that this debate would be about outcomes and what was going towards the consumers of health products in this country. This matter of public importance today, on health and ‘Medicare-Minus’, is one that does affect the whole country of Australia. The health of our citizens is of paramount importance. I know members on this side are greatly concerned about the direction in which Medicare is going.

I have been reading the newspapers over the last few days and have seen it indicated that the health minister, who spoke previously, is running between the Independents, the Greens and the Democrats—

Mr Hatton—He has run out of the chamber.

Mr ADAMS—He probably ran out to have a chat to some of them to try to score some additional support to put through his safety net legislation.

The DEPUTY SPEAKER (Hon. I.R. Causley)—The member for Lyons does not need any help from the member for Blaxland.

Mr ADAMS—That is just a flare. He is trying to make silk out of an old sow’s ear. It is not a safety net; it is just another way of putting a bandaid on an open sore. It will not last very long and the sore will be worse at
the end of it. Our side of the parliament is committed to saving Medicare. Labor wants to save and enhance Medicare because we believe it is the only way to offer universal health care to all Australians. Medicare is vital to the health system and it is the one thing that we cannot compromise on, and I do not believe that we will. People are already suffering from the lack of assistance. The government has admitted this with the so-called ‘patch’ or safety net they are proposing. Why else would they try this sham on the nation? Only 220,000 people will get anything out of it at all, and it still will not make them feel any better or more secure because, as soon as they rise just above the threshold, the benefits are wiped out.

This government is determined to force people into poverty traps. I, like many of my colleagues, undertook a survey in the Lyons electorate. We were getting the same answers around the country: bulk-billing is becoming a thing of the past for anyone who is not a pensioner. Low-income families are struggling more and more to be able to afford to live. The common issues that came out of my survey were the inability to afford health care and the difficulty of accessing medical services of any sort, let alone those that bulk-bill. The cost of private health insurance is leading people to give up and leave the system. They cannot see how they can afford to pay any more, particularly as the benefits they receive from private health insurance do not match the cost of it.

In the responses to the survey, access to bulk-billing in most country practices featured strongly. I received one response from a pensioner in Tasmania who was trying to keep their private health insurance going as well as having Medicare. They said:

The high cost to visit a Doctor and the very little return from Medicare and private health. The gap is getting bigger making it harder for us pensioners already trying to do the right thing.

They were probably somebody who has some confusion about the need for private health care and who has probably been forced and frightened into paying a large private health insurance option. Another response from the survey was:

I cannot understand why GPs do not bulk-bill, while optometrists and other eye specialists do.

The cost of health care is increasing; bulk-billing is declining. This means that many patients are forced to pay the full cost at the time of consultation of any medical treatment before claiming it back in a Medicare refund. This, coupled with the fact that in the country many people have to send away for their refunds, eats into low-income budgets. They just cannot go down to a Medicare office and receive their refund on the spot; they have to send it off. Many regional communities are experiencing longer than expected delays in receiving refunds, which further compounds the constant financial juggling for people on low and middle incomes. It is another cost for them to struggle to meet—this came out loud and clear in my survey.

This is another quote from the survey, from a worried family man in northern Tasmania:

What hope have we got! We struggle to pay for skyrocketing costs to educate our children, we struggle to pay for rising costs of rudimentary household services and now we struggle to pay for basic health care. I hope someone will take responsibility when I need to choose between food and health. I’m an average wage earner. God help those on low incomes and God help any Government who fails the people they represent. What an indictment on this minister and on this government.

An unhappy woman from southern Tasmania said:

I am a disability pensioner, an extra $10 per doctors visit is more than I can afford, I shouldn’t need to go into debt for basic health care.
One of the questions in the survey sought to find out whether cost has prevented people from seeking medical services. The survey shows that basic health care from a GP is below the financial reach of 42 per cent of those surveyed and another 2 per cent of the responses were from people who may need to reassess their situation in the future.

People will elect to go to their local hospitals for seemingly minor ailments, putting further pressure on the public health system. By avoiding going to their own doctor, they are putting more pressure on the state hospital system.

Another problem is the chronic shortage of doctors in country areas. This is something that has been going on for ages, and the answer has been to pull in some overseas trained doctors to fill the gap. Tasmania has enormous difficulties in attracting doctors because it is on the periphery. We are not close enough to the attractions of specialist career paths for people to consider us as a good place to practise. Therefore our doctors are growing older, are semiretired, probably prefer to practise close to the city or are overseas trained.

We have had many instances lately of overseas-trained doctors who have come and spent time, have got on well with their isolated communities and have wanted to stay in Tasmania. But when the time has come to take exams to become fully registered, they have been unable to deal with the exams as they have had no mentoring nor time to study and therefore have not passed. If they do not pass these rather subjective exams, their temporary visas are cancelled and they are able to stay only if they get sponsored. This has happened twice in the last year in Tasmania: once in Zeehan and once in St Mary’s, which are both in the Lyons electorate. Both doctors were forced to leave their very disappointed communities, and this has led to a huge gap in the medical facilities of those regions. The Australian Doctor explained:

All states and territories require OTD’s—that is, overseas-trained doctors—approved to work in general practice to be supervised, though the standards of supervision vary from state to state.

Very much so. In Tasmania, I doubt the OTDs have much supervision at all because of the critical shortage of doctors there.

(Time expired)

Mrs DRAPER (Makin) (4.01 p.m.)—I would like to thank the honourable member for Lalor—whose electorate’s bulk-billing rate is, I believe, around the 80 per cent mark—for the opportunity to outline for members of the House and, in fact, for all Australians, the extraordinary achievements and gains in the area of health we have made since the Howard government came to office in 1996.

However, it beggars belief beyond all measure that yesterday we had an MPI by the member for Hotham, the former Leader of the Opposition. The member for Hotham was of course the Leader of the Opposition before the member for Werriwa—that is, the old Mark—took up that position. But he is not the old Mark anymore. That Mark has gone and we now have the new Mark: Mark II. What was the MPI that was moved by the member for Hotham, Simon Crean—who, by the way, I think is very nice? He is a very nice man. He has a lovely sense of humour and very nice manners. So it was really, really sweet of the Labor Party to let Simon out yesterday. They have kept him hidden for a very long time—since before Christmas, just after the new world began on 2 December 2003 under the reign of Mark II Latham.

The DEPUTY SPEAKER (Hon. I.R. Causley)—The member for Makin will—
Mrs DRAPER—Sorry, Mr Deputy Speaker—the Leader of the Opposition, the member for Werriwa. As I was saying, it was very nice to see Simon, the member for Hotham, as the shadow Treasurer, being allowed to ask a couple of questions and have an MPI all on the one day. They must be so confident in the polls now that they are letting Simon out in public again. It is really nice to see.

I can inform the member for Higgins, the Treasurer, that the Labor Party have moved on. They have moved on from Lateline to lunchtime policy making to lunchtime to lunchtime policy making. As I was saying, as I sat in the chamber yesterday, the MPI by the member for Hotham—bless him—was that the federal government under John Howard and Treasurer Peter Costello were spending too much money and that we were somehow being fiscally irresponsible.

Mr Hatton interjecting—

The DEPUTY SPEAKER—The member for Blaxland is warned.

Mrs DRAPER—This was from a Labor Party which, when it was in government, ran successive budget deficits year after year to the total of $85 billion. When we came into government in 1996 not only was the cupboard bare, after Keating promised to bring home the bacon—and the pork barrels—there was also a black hole of $10 million underneath the empty cupboard.

Yesterday, we had the MPI from the lovely Simon, the member for Hotham, which said we are spending too much—and today the MPI from the member for Lalor says that we are not spending enough. Yes, as I said before to the member for Higgins, the Treasurer, policy making has evolved under the new world that started on 2 December under the new Mark Latham leadership—

The DEPUTY SPEAKER—The member for Makin will refer to the Leader of the Opposition.

Mrs DRAPER—Under the Leader of the Opposition, the member for Werriwa, policy making has evolved from Lateline to lunchtime to—wait for it—lunchtime to lunchtime; from yesterday to today, it has changed completely. The opposition have backflipped again. But let there be no mistake: the opposition are playing with the emotions of the Australian people with their policy making adventure. Labor want the Australian people to feel scared. They want them to be wracked with worry about visiting their GP, because a frightened constituency serves their political ends. Not for the first time can we say that this Labor Party will do and say anything to get elected. It serves Labor’s purpose to create the scene for a crisis.

If the opposition were really concerned about rates of bulk-billing, they would not be raising this MPI today—only one month after the introduction of the government’s $935 million MedicarePlus bulk-billing incentive. A responsible opposition would wait and see the outcome of this incentive program which provides a $5 rebate to GPs for every Commonwealth concession card holder and child under 16 whom they bulk bill. For a standard bulk-billed consultation with a concession card holder or child under 16, GPs now receive $30.70 rather than the $25.70 they received previously. A typical GP will receive an extra $15,500 per year from this measure. This is indeed quite an attractive incentive to bulk bill. I know, from talking to doctors in my electorate, that it will serve to support the rate of bulk-billing.

This action was taken by a government that supports bulk-billing. Surely it would be reasonable to expect some support from an opposition that claims that it too supports bulk-billing. Surely, at the very least, it
would be prudent to wait and see—but this opposition will not. The member for Wer-
riwa’s opposition love to create the percep-
tion of a crisis where none exists because it serves their political purpose.

Let us reflect for a moment on where the real crisis is and who is responsible for it. I re-
present a fairly typical outer metropolitan electorate in the suburbs of Adelaide. My con-
stituents in Makin know they can come to me with their concerns, whatever they may be, and I will do my best to help them. When it comes to matters relating to health—and members opposite must be experiencing the same thing themselves, although it has not been mentioned yet—the concerns of many constituents centre on our public hospitals. We all know whose responsibility public hospitals are: the state governments’ It just so happens that every state and territory gov-
ernment, bar none, is of the Labor persua-
sion. This provides us with a window into what life would be like under a Labor government. Those Australians who might believe that a federal Labor government would be good for our health system should take another look at the way they are running our public hospi-
tals. How do the people of New South Wales feel about the way Premier Carr is operating their hospitals? I know how the people of my electorate and the general population of South Australia feel about the Rann Labor government’s management of health in my home state. It can be summed up in one word: disappointed. They are disappointed because, far from resolving the issues, the Rann Labor government has made matters worse for public hospitals in South Australia.

Before those members opposite try to create yet another urban myth, such as the one that the Whitlam government was good for this country or that the new Mark Latham is the real Mark Latham, let us shine a torch on their record in the states and territories. If they were honest, they would but cower in embarrassment, for it is a poor record indeed. Another thing they should be embarrassed about is their failure to pass the Medicare-
Plus safety net legislation currently being blocked in the Senate. Here we have the so-
called party for the workers, the battlers, de-
nying support for low-income families. How utterly hypocritical. Since the start of this year, more than 11,000 Australians have reached the safety net threshold, but they are missing out on the payment of 80 per cent of their MBS gap payments for the rest of the year because Labor will not pass the gov-
ernment’s legislation. Without the new safety net, there is no additional financial support for these people.

Let the people of Australia be the judges of whether it is the coalition or Labor that does a better job of providing them with their health needs. The coalition wants to intro-
duce a safety net under which the govern-
ment would pay 80 per cent of the MBS gap for all Commonwealth concession card holders and families receiving family tax benefit A. This would cover some 60 per cent of the population, instead of the minuscule three per cent that the member for Lalor was talking about earlier. For the remaining 40 per cent of the population, the government will pay 80 per cent of the MBS gap above $1,000.

This year, it is expected that 130,000 families or individuals with a concession card or receiving family tax benefit A will reach the $500 safety net. A further 40,000 families and individuals will have medical expenses of more than $1,000. Labor would deny these families this support. Where is the ladder of opportunity in this case, unless, of course, it was always the same old ladder of political opportunity? Pass our legislation. (Time expired)
The DEPUTY SPEAKER—I remind the member for Makin of her responsibility in this chamber to refer to members by their seats or by their titles. The discussion is now concluded.

HEALTH AND AGEING LEGISLATION AMENDMENT BILL 2003
Second Reading
Debate resumed.
The DEPUTY SPEAKER (Hon. I.R. Causley)—The original question was that this bill be now read a second time. To this the honourable member for Lalor has moved as an amendment that all words after ‘That’ be omitted with a view to substituting other words. The question now is that the words proposed to be omitted stand part of the question.

Ms JANN McFARLANE (Stirling) (4.12 p.m.)—In resuming my remarks on the Health and Ageing Legislation Amendment Bill 2003 I want to briefly skip through some technical aspects of the National Health Act 1953, relating to the Pharmaceutical Benefits Advisory Committee. This amendment will clarify the scope of section 100 of the act, which provides a mechanism to enable special distribution arrangements for medicines where the normal PBS supply arrangements are not convenient or efficient. This will bring some happiness to community pharmacies, as it is an amendment that they have particularly looked for. It will also make better arrangements for the reimbursement of pharmacists in circumstances in which the pharmacist has relocated without applying for approval and cannot lawfully be paid for any pharmaceutical benefits supplied from those unapproved premises. This is another aspect that the community pharmacists will be pleased with.

The amendment will allow an agent to make and sign an application for a PBS safety net concession or entitlement card or for an additional or replacement card on behalf of an applicant where a person who has qualified for a card is unable to sign the application. Again, this will make life better for pharmacists and for people who have this difficulty. It is a commonsense amendment. It provides that determinations of forms, strengths and brands of PBS medicines and their maximum quantities and repeats will apply to the supply of pharmaceutical benefits by hospitals in the same way as they do to pharmaceutical benefits supplied by pharmacies. It clarifies that the decision maker will have the discretion to cancel an approval to supply pharmaceutical benefits. There are some other technical aspects of the amendment which will be helpful in the running of the health services. These include simplified claiming, specialist recognition, overseas doctors and some other technical amendments.

I want to move on from that and say that the Australian Consumer Association supports these changes, especially their outcome, which will see the decisions made in a more timely way. One of the concerns that is commonly brought to members of parliament, especially backbenchers, by peak bodies such as the major drug bodies is that the PBS process is often a bit opaque and not timely, and they sometimes wonder why certain medications are not placed on the list.

Moving on from that, I want to look now at community concerns, specifically relating to my electorate of Stirling. In my electorate, as the House will be aware due to my having mentioned it a number of times in this place, is Osborne Park Hospital. The big issue for Osborne Park Hospital is what to do with aged people who can no longer stay in hospital but cannot find a place in an aged care facility, such as a hostel or a nursing home. This hospital has done a tremendous job in trying to find a local solution. Osborne Park Hospital is taking aged care cases as in-
patients because there are not enough aged care places in the Stirling area or the broader northern suburbs. This is having a huge impact on the hospital, its staff and our community. Members of our community are having to wait for medical services. They do not feel that the aged people should be displaced, but there is that tension between people’s need for medical services and the need in the community to provide a roof over the heads of aged people who do not have a facility to go to.

Despite the best professional efforts of the staff, aged people in the hospital are not getting the care they deserve. The hospital is lovely, in a low-key setting with lots of trees and windows and a very light, airy atmosphere, but it is still a hospital; it is not a place which is easy for family and friends to visit. This situation is putting pressure on families and, obviously, on hospital staff and community resources. What we need in Stirling is for the government to come up with a well-resourced aged care facility so that Stirling seniors can get the best care—the care they deserve—and can get care close to their families. As I have said in this place before, families do not want to find their aged family members in a facility well out of Perth at Mandurah, Northam or Toodyay. Even though they are beautiful places and tourist destinations, they are a long way away from family members, and families want to be able to visit their mums or dads or their aunts or uncles within a reasonable travel distance. Having your aged family member at Mandurah, Toodyay or Northam is not close and handy.

When the opposition leader, Mark Latham, visited the hospital in December 2003, he saw the problem first-hand. I am glad he is aware that it is such a big problem for our community. I wish the government were more aware of the problems of aged care in Stirling. A Labor government would be best able to deal with this pressing issue for the constituents of Stirling, so I look forward to having a Labor government. It is under Labor that aged care policies, funding and resources were built up, and waiting lists were very low in those days. Labor believes in looking after the aged and seniors in our community and has put the resources into that. We need to be back in government so we can do it again, because this government will not address the issue of the lack of a capital grants program; it will not address the issue of the long waiting lists; and it will not address the issue of the lack of new or needed facilities in the metropolitan area.

Yes, rural people are benefiting from the capital grants program, which is only targeted at rural and remote communities, but that is not helpful to the majority of people, who live in cities. We are an urban society—a society where people live in cities. We do not begrudge that rural people have facilities; what we begrudge is that city people have to go to rural areas for access to facilities. This is not sensible, it is not practical and it is not what people want.

While on the subject of Osborne Park Hospital, I would like to acknowledge and affirm the superb job they do, particularly people like Dr Mark Salmon, who is the head of medical services. He has been in a very difficult situation in having to juggle decisions as to where hospital resources should go. I know it is not popular in this place to praise Labor governments, but let me tell you Dr Gallop and the Western Australian Labor government have done a tremendous job. I think currently they have 250-plus aged people in the public hospital system being supported by the state government and state funds when they should be supported out of federal government funds.

I would like to read for the House part of an editorial that appeared in the West Austra-
lian on Monday, 16 February 2004, headed ‘Testing time for Bishop on aged care’. It reads:

Aged Care Minister Julie Bishop has a fight on her hands before the Federal election if she is to convince Australia’s ageing population that its future needs will be met.

The decision by the Salvation Army to sell part of its aged care network, including two centres in WA, has created more uncertainty in a sector already under pressure.

That is what is happening. I think the Salvation Army have done a tremendous job and I want to praise them because they are keeping some of their facilities going, but they are going to put out to tender the other facilities because they cannot afford the capital upgrades and maintenance on the older buildings. They have done their best, but they have just found that these places are becoming financially unviable. Rather than face a situation where they would close or go into bankruptcy, they have tried to come up with a solution to keep two centres and sell the rest.

I have seen the angst that the Salvation Army have gone through in making this decision. My heart goes out to them, but these should not be the kinds of decisions they have to make. The money should be there to do the capital upgrades so they can keep the facilities in their hands. People do not like facilities to change hands; they get very worried that after a change of hands the facilities may not get the resources they need and that the new operators may not have an understanding of how the place is run. They are concerned about how their aged family member is being looked after and that there may be a reduction in service. This may not happen, but it is about people’s concerns and fears of what is going to happen. The editorial goes on to say:

Speakers at a conference on ageing last week suggested that an immediate cash injection of $500 million was needed to bring the industry up to standard. The Federal Government needed to budget for another $10 for each person in care, an increase of 10 per cent, if it was to stave off bed closures and a declining level of care.

So it is not just a situation that Labor is using as a chance to beat up the government. For the West Australian to do an editorial on this issue means they have accepted that there is a serious situation there. This editorial is very much putting the ball in the government’s court, saying: ‘What are you going to do about it?’ The editorial continues:

Ms Bishop will be pinning her faith on the long-awaited Hogan report, due out soon, to show that the Government has a strategy for dealing with a situation which appears to be getting steadily worse.

But that report may cause her discomfort, too. Prepared by economist Warren Hogan, it is predicted to revisit the contentious idea of bonds being required to secure high-care accommodation.

So here is the West Australian on the case, pursuing the government and saying, ‘What are you going to do about it?’ We all have aged family members, we all want the best of care and we all want the best of facilities. Families with a relative in aged care want certainty; they want surety. In bringing this to the attention of the government again, I ask: what is going to happen about this? When is the Hogan report going to come down? As for the Hogan report, I might add that in a media release put out by the shadow minister for ageing, Annette Ellis, she said:

In an attempt to defend the Government’s record, the Minister—referring to the Minister for Ageing, the member for Curtin—stated that the Government election commitment of 2001 to commission an Aged Care Pricing Review has been delivered.

But why did it take two years until March 2003 to begin that Review? And how much longer do we
now have to wait to see the result of that Review - the ‘Hogan Report’?

We have been waiting over 2½ years for that review and the Hogan report to hit the table in the parliament, and we are still waiting. As it was an independent review, we are aware that it will be a very hard analysis of need, it will be a hard analysis of some possible solutions and it will have recommendations that the government will be required to look at. I hope it is not another report where the recommendations are never implemented or they are sent off for review at another parliamentary level of inquiry and it goes on for another year or so. The editorial in the West Australian makes this point too:

The issue of aged care cannot be seen in isolation. A shortage of aged-care beds puts more pressure on the beleaguered public hospitals already battling to meet demand.

That means the Western Australian public hospital system, which needs to be there for the people who need acute medical care, not as a support and respite care service for people who should be in community based facilities. The editorial goes on:

Ms Bishop’s challenge is twofold. She must offer operators some hope in the next Budget and she must use the Hogan report to create a blueprint for aged care which will remove uncertainty and allow Australians to approach their old age with confidence.

I too would like to see that. As members on all sides of this House have said, a society that looks after its aged, a society that looks after its seniors, is a society that is worth while and on the right path.

Every time someone comes into my office and is upset because they cannot even get their family member onto a waiting list in half the facilities in the Stirling electorate—and, if they do, they have a very long wait—if I stand back from that situation, I find myself again trying to give some comfort and some practical help to people. My practical help always seems to guide them to some rural area, and they have to go and explore waiting lists down there. Then, when they come back to me nine months or 12 months later and their family member has gone into a remote or rural area facility, they are usually happy that they have found somewhere but unhappy when they discover the reality of travelling to those places.

I have brought up these community concerns while speaking to this bill because it is an opportunity to lay them at the door of the government and say to the government: you have the $7 billion budget surplus; you have the money; and you have the ability to fix the problem and overcome the capital grants shortage in the aged care sector—but when are you going to get the political will; when are you going to take a commonsense approach and actually do something practical and address the community’s concerns, particularly those of my constituents in Stirling? I have made my contribution to this debate. I commend the government on the positive aspects of the bill, but there are some weaknesses. I have also brought to the parliament’s attention the community needs that need to be addressed now, and I call on the government to do so.

Mr BALDWIN (Paterson) (4.26 p.m.)—In the just over three minutes left in the debate tonight, I will make some introductory comments. The Health and Ageing Legislation Amendment Bill 2003 provides for medical benefits to be available to the broader community and in particular addresses areas such as the Pharmaceutical Benefits Scheme; reforms such as the electronic passage of information between doctors’ surgeries and the Health Insurance Commission; and the situation with doctor provider numbers.

Critically, in this bill there are important issues about drugs, particularly in relation to
the Pharmaceutical Benefits Scheme. The Pharmaceutical Benefits Scheme, we must remember, was introduced in 1953 by the then Robert Menzies government. It gives Australians access to the best available medicines at very affordable rates. Over the past four years, the cost of the PBS has risen by around 60 per cent, from around $1 billion in 1990 to almost $5 billion today. What is frightening and has been highlighted by our Treasurer is that the cost of the PBS in the year 2040 will blow out to some $60 billion. That has been exacerbated by the fact that new drugs are coming on stream and they are all expensive. But the type of community and government we are means that these drugs are subsidised—massively subsidised. Today people pay either $23.70 or, if in receipt of a health concession card, $3.70.

I would like to give some examples of drug prices. Three hundred milligrams of a drug called Paclitaxel, which treats breast and ovarian cancer, actually costs some $2,350, but because of our scheme it is $23.70 or $3.70. Another drug called Interferon beta, which is used to treat multiple sclerosis, costs $1,178. On 1 November last year, five new drugs were included on the PBS, which would help many families around Australia facing large medical expenses. These included Avandia and Actos, which are drugs for the treatment of type 2 diabetes; they enable patients to continue on tablets instead of having to switch to insulin injections. The PBS cost is around $1,200 per patient per year, and an estimated 50,000 people with diabetes will benefit from that.

The anti-cancer drug Glivec, which costs around $45,000 per patient per year, is now under the PBS. This will help around 700 people a year who have chronic myeloid leukaemia. I am proud of a government that subsidises drugs and provides affordable health care to those in our community who are unfortunately taken ill. But it is important to understand that it all comes at a cost. I will continue this debate next week in this chamber as I can see the time has now run out for me.

Debate interrupted.

ADJOURNMENT

The DEPUTY SPEAKER (Hon. I.R. Causley)—Order! It being 4.30 p.m., I propose the question:

That the House do now adjourn.

Trajkovski, President Boris

Mr SERCOMBE (Maribyrnong) (4.30 p.m.)—On 26 February, Boris Trajkovski, the President of Macedonia—along with a number of other people in his party—was killed tragically in an air crash in Bosnia. Along with my colleague the member for Cowan, today I attended the Macedonian embassy here in Canberra to sign the condolence book. I am pleased that the Charge d’Affaires, Mr Konstantin Dorakovski, is in the gallery.

I met Boris Trajkovski on several occasions. In 1999 in Skopje, when he was the deputy foreign minister, I had the opportunity to meet him. This was at the time of the Kosovo crisis, which raised very serious challenges indeed for Macedonia. In the year 2000, President Trajkovski was the first President of Macedonia to visit Australia, on that occasion in the context of the 2000 Sydney Olympics. He was also involved in the launch of the direct satellite television link between Australia and Macedonia.

President Trajkovski played a hugely important role not just in the life of Macedonia but in the whole of the region. In 1999, hundreds of thousands of Kosovar refugees had fled to Macedonia. This presented a major humanitarian crisis. This was a crisis that then Deputy Foreign Minister Trajkovski certainly rose to the occasion for, and his role
in relation to this matter was internationally acknowledged.

During 2001, Macedonia faced realistically the prospect of civil war, which would have been profoundly destabilising not just for Macedonia but for indeed the whole region. The prospect arose in the situation of a conflict between ethnic Albanians and the Macedonian authorities. President Trajkovski played a true leadership role there in developing a wide-ranging peace plan which led to the signing of the Ohrid peace agreements in August 2001. President Trajkovski’s skilful role there and the huge respect in which he was held by leaders of most nations, particularly Western nations, certainly created the preconditions for Macedonia to progress towards membership of the European Union. Indeed, on the very day on which President Trajkovski was tragically killed Macedonia’s application for membership to the European Union was to be presented.

Now, in a slightly unusual effort, Mr Speaker, which I hope you will forgive me for, I wish to try to say a few words in very poor Macedonian, which I then propose to translate. Here we go: Bi sakal da ispratam socustvo kon Makedoncite sirum svetot, a narocito Makedonskata Zaednica vo Avstralija, i vo mojot okrug Maribyrnong, vo vrska so tragicnata smrt na Pretsedatelot na Makedonija, Boris Trajkovski. Neka Gospod Bog go prosti, neka mu e vecna slavata. What I have attempted to say to my Macedonian constituents is this: I would like to send my condolences to the Macedonian people worldwide and especially to the Macedonian community in Australia and my electorate of Maribyrnong in relation to the tragic death of the President of Macedonia, Boris Trajkovski. May God have mercy on his soul. May he rest in peace.

In addition to sending condolences to all people of Macedonian origin, wherever they may be, I also particularly want to refer to those who have experienced the most loss in this tragedy—that the late President’s his wife, Vilma, whom I had the great pleasure to meet when she accompanied President Trajkovski to Australia in 2000, and his daughter, Sara, and his son, Stefan. This is indeed a sad loss for the whole international community and particularly, obviously, for Macedonia and the region of Europe in which President Trajkovski provided such skilful and intelligent and decisive leadership. But it is indeed a tragedy for all of us. I particularly extend my condolences to those many thousands of Macedonian Australians who are certainly very proud Australians and who are also proud of their culture and their heritage. I send my condolences.

Education: Funding

Mr TICEHURST (Dobell) (4.35 p.m.)—I rise tonight to speak for the many Central Coast parents in my electorate of Dobell who are being unfairly deceived by the ongoing scare tactics of the Australian Education Union, the New South Wales Teachers Federation and the Australian Labor Party. The Central Coast community deserves honesty, not half-truths. They also deserve the right to choose which school their child goes to.

Any fair comparison of funding of education in this country would acknowledge that 50 per cent of all of the money that state governments raise in this country comes from the federal government. An honest appraisal of the public funding of schools would consider that: firstly, under the Australian Constitution, state schools are the responsibility of state and territory governments; secondly, the state governments own the state schools, manage them and have the major financial responsibility for them; and, thirdly, since 1985, Australian governments—Labor and coalition—have been the primary source of funds for the Catholic and
independent schools. The fact is that 68 per cent of all school students attend state schools and receive 76 per cent of total public funding for schools. Yes, every child in a Catholic or independent school receives less public funding than they would in a public state school.

An article on page 5 of the Central Coast insert of today’s Daily Telegraph clearly portrays the half-truths that have recently emanated in relation to Australia’s education system. The article begins: ‘Local private schools have received a massive boost in Federal Government funding over the past three years, while public schools have continued to receive paltry sums, new figures show.’ It then goes on to say: ‘The statistics, from the NSW Teachers Federation show that since 2001, Central Coast Grammar School’s funding has been increased by 160.6%, bringing the contribution form the Howard Government to nearly $4 million.’

The truth is that this year the Central Coast Grammar School at Erina will receive $4.4 million in public funds; however, Lisarow High School, which has a similar number of students and which the New South Wales government owns, manages and has a major responsibility for, will receive $12.5 million in recurrent funding—nearly three times as much. That is not mentioned in the newspaper article. Our Lady of the Rosary Primary School in Wyoming will receive $1.7 million in public funding this year, while Wyoming Public School, with a similar number of students, will receive over $3 million in public funding.

In 2002, I was present for the capital funding allocations to state public schools. Wadalba school got $13 million, Chittaway Public School got over $700,000, and The Entrance primary school got over $600,000. The article in the newspaper stated that the New South Wales P&C representatives felt that it was a disgrace that taxpayers on the coast were subsidising Catholic and independent schools. The article fails to mention that every time parents on the Central Coast decide to send their children to what the opposition pleases itself by calling an ‘elite’ private school—although many of the parents of children at private schools are anything but elite in terms of their income levels—they are effectively saving the Australian taxpayer around $10,000 annually.

The argument fails to consider that, if state and territory governments had increased their funding to their schools at the same rate as the federal government increases in the 2003 budget, there would have been an additional $667.8 million available for state government schools across Australia this year. The AEU, the Teachers Federation and the Labor Party are very good at distracting attention from the fact that the state governments are underfunding their state schools—for which they have primary responsibility for management, regulation and funding.

In conclusion, the many fine Catholic, independent and state schools in Dobell are rich in variety and are all committed to working for a bright future for their children. They all offer high standards of teaching and excellent partnerships between teachers, students and parents. As a parent and grandparent, I know how important these partnerships are in a quality education. Whether parents choose to send their children to a state, Catholic or independent school, the Howard government wants to continue to support parents for making the choice that they believe is best for their children. Every parent, having paid their taxes, deserves some level of public assistance to support the education of their child—regardless of which school the child attends.
Ms GEORGE (Throsby) (4.40 p.m.)—I wish to raise an issue that was brought to my attention by Greenacres Association, which has a long and distinguished period of involvement in the Illawarra with people with disabilities. I had a letter from Neil Preston, the Chief Executive Officer of Greenacres Association on 15 January, and he expressed his concerns in the following words:

Dear Jennie,

It is with some interest, and a great deal of concern, that I note the announcement this week by the Commonwealth Government for a pilot project to assist people with a disability locate Award Wage employment.

My concern at the announcement is that one of our divisions, Greenacres Workwise, already locates Award wage employment for people with a disability and has been doing so for 10 years. We are also funded by the Commonwealth to provide this valuable service but we have recently been capped by Legislation as to how many people we can help into a job. Why duplicate an existing and proven employment system across Australia?

If the Commonwealth were really committed to providing additional employment opportunities for people with a disability all they had to do was remove the Legislated cap from our funding program. This would provide immediate access for a greater number of people with a disability to a professional and Disability Standards Quality Assured employment service. There would be no need to provide a duplicated and confusing system across Australia.

When Neil wrote to me—and I know how passionate and committed he and his staff are to the interests of people with a disability—the penny did not drop straightaway. I thought that what I should do, and what I proceeded to do, was to submit questions on notice to the minister. It was not until parliament resumed—and thanks to the efforts of my colleague the member for Grayndler—that the penny did drop, and everything is now so much clearer. What we know has arisen is that Job Network mark 3 is in a huge financial crisis and mess, a crisis that we believe is of the government’s own making. It seems that people with disabilities are now being directed into the failing Job Network not because their interests are at the heart of the government’s concern but to plug the hole of a system in crisis.

How did they get to this situation? First of all, it is now very clear, based on figures that we were able to obtain through freedom of information, that this government grossly overestimated the number of job seekers that would be available to the system and therefore the level of paying work available to Job Network providers. The minister originally estimated the number of people going through the system at somewhere around 780,000, whereas we now believe that 500,000 is probably much closer to the mark. It is no surprise that providers in rural and regional Australia are really feeling the pinch. Some have closed and others tell us that they are on the verge of maybe having to close their doors unless the government can provide yet another top-up on top of the two bailouts that have already been provided.

It seems appalling that this situation has occurred despite the industry telling the government, through their national body, of all of these problems many months ago. I am pleased that, following the urgings of our shadow minister, the Australian National Audit Office has now decided to intervene and conduct an audit of the operations of the Job Network. As part of that audit, I hope that they will also investigate the rationale which underpinned the awarding of contracts under Job Network mark 3.

I raise this issue because I think that people with a disability are being used in a very callous manner. They are being used to plug the hole in an ailing system, and it makes no sense to me. Illawarra Workwise, along with
many specialist organisations in this area, have been finding open employment for people with disabilities for a long time. It seems that the government would be much better directed to boosting their resources instead of trying to use people with a disability to cover up the problems of their failing Job Network.

Kalgoorlie Electorate: Child Care

Mr HAASE (Kalgoorlie) (4.45 p.m.)—I rise to bring to the attention of the House the Child Care Links program. The Hon. Larry Anthony, the Minister for Children and Youth Affairs, has very kindly considered the facts and approved $143,000 for the Fitzroy Crossing Family Centre, under the stewardship of Jodie Bell, and $143,000 for the Rose Nowers Child Care Centre in South Hedland. The manager there is none other than Kate Nowers.

Those two funded programs are going to make a major difference in those areas, because the Child Care Links program will enable those child-care centres to employ the resources to get out into the communities and spread the word about what can be achieved by appropriate, high-quality child care. The program also includes information on and teaching of parenting skills. For many of the young, often single, parents who have children and unfortunately have little or no concept of modern parenting skills, this is a very necessary area that needs to be developed by their communities. It has fallen, in this case, to those two child-care centres to do the job.

The advantages that will be found in those communities over the long term are enormous. Along with the development of parenting skills, the outcome will be healthier, more well-balanced children. If those children have been introduced to child care in an appropriate situation at an early age, they will be a little more inclined to attend a Western style education system. That fact alone is very poorly attended to in many of the communities across the Kalgoorlie electorate. When you realise that the average attendance at primary schools on a regular basis across my electorate is some 23 per cent, you see there is a long way to go.

We talk about lack of leadership in Aboriginal communities and the consequences that result from that lack of leadership. We need to address the problem. That is common; everyone realises that. But what we do not realise, often, is some of the reasons for that lack of leadership. It is so often about a lack of full understanding of the imperatives of a Western system of funding and a Western system of local governance. That whole situation could be improved if we could lift the level of education in those communities. I am suggesting that, through these Child Care Links programs, we will be able to introduce parents and their children to the concept of education at a very early age. This will lead to an improvement in attendance and a resulting improvement in primary school performance, which we hope will lead to secondary school attendance.

As we watch carefully that improved performance in secondary school, we are at the same time doing all we can to elevate graduates of secondary colleges into tertiary institutions. I am very pleased to report some further funding from the Dr Brendan Nelson’s portfolio into Purnululu school at Frog Hollow in the Kimberley—a very colourful independent school that has an outstanding track record of creating secondary graduates. A number of those secondary graduates attend boarding college in Sydney and have done so over a number of years. Purnululu school is about to get $112,000 in further funding to provide some accommodation for teaching staff.

I am pleased to comment in a positive way about the achievements in education in Aboriginal communities throughout my elector-
ate, because education makes a difference and prepares people for any jobs that are available. We know that jobs are in short supply, and currently when there are jobs they are being filled by Western people from outside the community. That really is a waste of opportunity. We need to address the issue of base education so that every advantage can be taken when a job does become available within a community. With that, we will get financial independence and a whole new future.

Shortland Electorate: Mentoring Programs

Ms HALL (Shortland) (4.49 p.m.)—Earlier this week I brought to the attention of the House the excellent mentoring programs that are run through Alcazar, the school community centre at Windale in the electorate of Shortland, and the success of these programs in developing and building the strength of that community. Tonight I would like to bring to the attention of the House other mentoring programs that are running in the Hunter that address the needs of men in our community.

Mentoring can be either on a one-to-one or a group basis. It can be an informal system. The important thing about mentoring is that it needs to be designed to meet the needs of the individuals and the community. It is through mentoring that we can do a lot to build social capital within our communities and the strengths of our communities.

I talked earlier this week about the great successes of the school community centre at Alcazar, but tonight I would like to refer to the issue of older men and their wellbeing. Matt Doherty, who is a social work student in Newcastle, put together five factors that determine the quality of an older man’s retirement. They are: socioeconomic factors, perceived health issues, attitudes and beliefs, social connectiveness, and purpose and meaning to life. It is social connectiveness that can be really influenced by mentoring. We all know that the group in our community that has the highest proportional suicide rate is older men, and I think that really links in to a lack of social connectiveness.

In the Hunter there is a program called Older Men’s Wellbeing, which has been set up by Richard Morrison. He has done some wonderful work in connecting men to their community and running mentor projects. In addition to that, a program called OMNI has been set up—Older Men New Ideas. The purpose of this group is to give support to older men who have retired. As one of the participants of OMNI said, when somebody is preparing for retirement, the whole emphasis of all the advice, all the seminars and all the information they are given is directed towards their financial wellbeing. Most older men, when they retire, think, ‘What’s the purpose in my life? How do I connect to the society I’ve been so active in for so many years?’ OMNI gives men support and helps them connect to their community. It has been very successful.

Also in the Hunter we are fortunate to have the Family Action Centre, which operates out of the University of Newcastle. That centre has done some wonderful work, particularly in bringing mentoring programs to the schools, and in involving men. I pay credit to Richard Fletcher, who has been involved in the Engaging Fathers Program. The program operates in Alcazar, Windale, at the school and community centre and has been very successful. It takes fathers into schools and gets them involved in school life. Quite often in disadvantaged schools you will find that there are a number of single parent families. These men are role models to young children in primary schools who do not have a connection with a father or a man to relate to in their lives.
Craig Darcy is introducing a new mentoring program through the Newcastle University for first fathers and young fathers, helping them to cope and being there to give them advice and the fatherly and grandfatherly support needed. These mentoring programs demonstrate what can be delivered in a community. They build on the strength of a community, support families and men and women within our communities and develop great outcomes for our society.

Ryan Electorate: Kenmore State High School

Mr JOHNSON (Ryan) (4.55 p.m.)—Last Wednesday, 25 February, I had the great pleasure of hosting the Speaker of the House of Representatives, the Hon. Neil Andrew, in my electorate of Ryan. He visited a very large, successful and popular school in my electorate, the Kenmore State High School, and spoke about his role as the Speaker of the House of Representatives. He had the opportunity to speak of the history of the parliament, his position as Speaker of the House of Representatives, the nature of government and opposition and to enlighten a very enthusiastic group of year 9 students about the purpose of the national parliament. It was a great delight to have you there, Mr Speaker, on that very warm day. The year 9 students equally enjoyed having you there and hearing from you. Some 300 Kenmore year 9 students heard your presentation.

I take this opportunity to thank the school captains of Kenmore State High School, Alison Kelly from the suburb of Bellbowrie in the electorate of Ryan and David Fisher, from Westlake in Ryan, for their warm welcome on the day. They looked after us very well. I also thank the principal of Kenmore State High School, Mr Wade Haynes, and his deputy, Ms Nadia Hudson, for their tremendous cooperation with my office and in making the visit possible. I offered the year 9 students the opportunity to participate in a youth leadership forum that I am hosting on Saturday, 17 April. That is something that all the schools in my electorate will be told about and invited to participate in.

I thank Tony Gill, the year 9 coordinator, for his warm welcome. I acknowledge his contribution to the year 9 students of Kenmore State High School. The students in year 9 are fortunate to have Tony as their coordinator. He and my office have a very good working association and I look forward to that continuing in the year ahead.

Mr Speaker, this was not the first occasion on which you have visited the Ryan electorate. You have previously visited some very good schools there—Indooroopilly State High School, Toowong College and the Gap State High School. All these schools are very popular and successful schools. I take this opportunity in the national parliament to salute the work of the teachers and all the administration staff of these schools. They really make the place tick. As the federal member representing schools in my electorate, I acknowledge and congratulate them for what they do for our young students, who are of course young Australians.

As I said, on 17 April I will be hosting a large leadership forum which is to be called the Ryan Youth Leadership and Development Forum. This will bring together some 400 students from the various schools in the Ryan electorate, ranging from year 9 to year 12. This will be an opportunity for students from all these schools to talk about things that are important to them: career options and TAFE and tertiary options. It will be an opportunity for them to discuss some of the big picture issues in our country that they are perhaps concerned about, particularly the year 12 students. Students in my electorate write to
me quite often because they have a strong interest in the affairs of their country.

There will be some tremendous speakers who will inspire and motivate the students—not that they need much motivation. These are young Australians who have great futures ahead of them. As one of the younger members of the federal parliament, I say to them that I look forward to their contribution to and involvement in the forum and to their playing an active role in our society in the years ahead, when they leave school.

In conclusion, I again thank the Kenmore State High School for their warm welcome and for looking after us on our visit to their school last week. I will be offering two of the year 9 students the opportunity to come to Canberra to see Parliament House and the work that members of parliament do. (Time expired)

The SPEAKER—I thank the member for Ryan for his generous remarks but reassure the member for Macarthur that I was quite unaware of the content of the member for Ryan’s speech before I recognised him. I thank him for his patience. I reassure all members, and the member for Cowan, that I am happy to address schools in his electorate or the schools in the electorate of any member of the parliament.

It being 5.00 p.m., the debate is interrupted.

House adjourned at 5.00 p.m.
Mr SWAN (Lilley) (9.40 a.m.)—Last week I was talking to the parent of a disability support pensioner whose daughter has a mild and moderate intellectual disability. She is extremely concerned about the government’s current campaign against disability support pensioners and, in particular, government proposals to change eligibility rules for a capacity to work from 30 hours per week to 15 hours per week. She had earlier attended the government’s consultations run by the department. She said in a letter:

We assume the objective is to abolish the Disability Support Pension at least for people capable of some sort of employment—hence a ‘safety net’.

My daughter Kate works at the Holy Cross Laundry and has done so for 20 years. She does simple tasks in the Central Sterilising Dept ... She ... receives $89.90 per week for 35 hours.

According to a member of the management staff, she would probably be assessed under new guidelines at earning 70% of award wages ...

... ... ...

The organization has always encouraged those in their care to make full use of their capacities and work with them to achieve these ends.

I have, over many years, paid for private tuition for my daughter in areas where she has the greatest problems—time and money management, simple mathematics e.g. counting; coping with public transport ...

Loss of a DSP would no doubt mean loss of allied benefits—rent allowance, mobility allowance (in spite of courses, Kate cannot master public transport ...).

This government’s new rules would have a traumatic effect on people like Kate. They currently have proposals in the Senate to cut the disability support pension of 100,000 Australians by $70 per fortnight. If those rules were to apply to Kate, she would be cut. That is why we now have this campaign of vilification by the Treasurer against those who are on benefits. In his intergenerational statement last week, he claimed that just one-sixth of 2.6 million people on working age payments are active. Kate is one of those 2.6 million people. He brands her a passive noncontributor, despite the fact that she works. He conveniently ignores 350,000 people on Youth Allowance and Austudy who are studying so that they can take their place in the country. They are branded passive noncontributors. He conveniently ignores 400,000 parents, widows and mature aged and disabled people who work anyway—people like Kate—despite it currently not being a requirement of their benefit. He conveniently ignores 170,000 female age pensioners who are of work force age, because they qualified before turning 65. Finally, he conveniently ignores the remaining 300,000 parents receiving income support payments to help them raise their children—the next generation of workers.

The average Australian does not want their retirement funded by an attack on the most vulnerable in our community. We do believe there are constructive steps that can be taken to reform the disability support pension, but the sorts of measures that the government has at the
moment are not constructive; they are simply measures to punish these people. No Prime
Minister in Australian history has done more to create battlers— *(Time expired)*

**Small Business: Women Mentoring Women Program**

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) *(9.43 a.m.)*—It was my great pleasure last week, along with the Minister for Small Business and Tourism, to congratulate the participants of a very important program in the Sunshine Coast hinterland. The Women Mentoring Women program was formed after the Local Economic and Enterprise Development Cooperative Society received a federal government grant of $40,100 last year. Since then, 20 women right across the Sunshine Coast hinterland have benefited from the program, which has assisted them in a wide variety of small businesses, including holistic nursing services, a bed and breakfast and a bus service, and has assisted artists, natural therapists, a psychologist, a dog trainer and many more.

The funding for this program, provided through the federal government’s Small Business Enterprise Culture Program, is clearly money very well spent, allowing new small business women to benefit from the experience of other more experienced businesswomen in the Sunshine Coast hinterland. I was particularly impressed with the quality of the participants and also of the mentors. The Small Business Enterprise Culture Program, run by AusIndustry to improve the capacity of small business owners and managers to access skills development and mentoring services, provides funding to more than 160 organisations throughout the country. It is just one part of the Howard government’s $60 million Small Business Assistance Program, which is paying dividends in boosting small business development around Australia and especially in regional areas like the Sunshine Coast. This is proof that the Howard government has recognised the significance of Australia’s 1.1 million small businesses to our economy.

Significantly, I think it is important to note that 35 per cent of small businesses are located in regional areas, so programs like the one being operated from Maleny by LEED are vital. There were so many fantastic stories when we presented the group with an achievement certificate last week. One single mother, Rebecca Nolan, took the plunge and bought a bus and a school bus route. Ms Nolan had the bus modified to accommodate a child safety seat for her seven-month-old, Megan, and off she went. That was in 2000, just four years ago. Now Becs Buses has four regular school bus routes and a charter bus service that Rebecca runs between bus routes and on weekends.

Mary Alford, who operates Aldeford Care, a holistic nursing service, also has a wonderful story. When she joined the program she had been considering bankruptcy after her first attempt at running a small business. Now, with the assistance and encouragement she has received through the program, she says she is building her business from a much stronger foundation. Ms Alford was so grateful for the help she has received through the service that she wrote a letter of support. She said:

I have also had the opportunity to build a strong network of like-minded people who have business skills in other areas. This has allowed me to deepen my knowledge of business practice and enabled me to plan an expansion of my business.

Again, I would like to congratulate the organisers of and participants in this program, which is based in Maleny—an area which, I am pleased to say, after the recent electoral redistribution
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has returned to the electorate of Fisher from the electorate of Longman. It is of course part of the best state in the best country on earth. *(Time expired)*

**Immigration: Migrant Services**

**Dr Emerson (Rankin)** (9.46 a.m.)—I want to pay tribute today to the wonderful work that is done by ACCES Services in Logan City. ACCES provides support for newly arrived migrants. It also provides information about and referral to government agencies and other local services. ACCES creates a community where people can share skills and resources to develop a sense of responsibility for themselves and for others. ACCES encourages and educates migrants to instil in them and to help develop in them the fortitude, the courage, to shape their own futures. It recognises that when migrants arrive in Logan City they are pretty uncertain about their future. ACCES provides a lot of support for those migrants.

The Logan and Beenleigh Migrant Resource Centre assists migrants and refugees to settle in Australia and integrates humanitarian settlement strategies. This is a very important service, because refugees do come to Logan City in significant numbers. We welcome refugees who come to our area and we are always keen to ensure that they are integrated into the community and given the confidence and contacts to develop a new life in Logan City.

The Migrant Employment Support Program helps new migrants with employment and training. There is a personal support program that helps long-term unemployed, and the life skills program assists multicultural families with life skills support and information. There is also a Cambodian Community Settlement Project that looks after the needs of Cambodian migrants. I am very proud to be associated with the Cambodian community in Logan City. I point out that there is a Harmony Day celebration on 21 March, which will involve a march through Logan City to Logan Gardens to join the festival. There will be food, games, family activities, choirs and music. The public is welcome. Last year about 400 people attended. There is also an inaugural poetry competition for school students and the public, where the theme is harmony.

Measured by the number of different homelands from which people come, Logan City is the most diverse, most multicultural area in Australia. It is a model and a shining example for the rest of Australia as to how we can support people from all over the world and how they get on well together. It is a tribute to Logan City, and the services that are provided by ACCES Services are very important in creating that harmony. I am very proud to be able to support them here in parliament today.

**Atkinson, Dr Mary Josephine**

**Dr Stone (Murray—Parliamentary Secretary to the Minister for the Environment and Heritage)** (9.49 a.m.)—I wish to put on the record of the national parliament a tribute to a great Australian and a highly respected Wiradjuri-Bangerang elder. Sadly, Dr Mary Josephine Atkinson passed away on 10 February 2004. Mary was born at Condobolin, New South Wales, in 1937. She was one of 14 children born to Esmeralda ‘Lulla’ Bamblett and Alf Bamblett. She grew up in Narrandra and left school at a very young age to help work and support the large family. At 17 Mary became a Christian and lived a life full of commitment and faith.

Mary married Mr Kevin Atkinson when she was just 19, a marriage of love and devotion that lasted for 48 years. Kevin and Mary were blessed with five children: Kevin, Marlene, Jane, Max and Vicki. Two foster children, Steve and Rodney, were also part of their big fami-
Mary and Kevin lived in Cummeragunja, the great settlement on the banks of the Murray River that had been a mission in the early days, from the time they were married in 1956. In the 1960s Mary fought alongside Kevin to get the Cummeragunja land back for the Indigenous peoples, and they were successful. Mary and Kevin moved to Shepparton in 1977 but, during the many years they lived there, their hearts remained in Cummeragunja, where Mary was finally laid to rest in a huge service during which her loved ones mourned her loss but acknowledged her life’s work.

Mary’s life of voluntary work, dedication to achieving equality for Aboriginal and Torres Strait Islander people and involvement in Aboriginal affairs started when she was only 17, when she, with her sisters, organised a concert to raise money for Koori children. For the rest of her life she continued to work with Aboriginal organisations at the local, state and national level. She was a tireless fighter for the rights of Aboriginal people. She was an important part of the 1967 referendum team who fought to see those questions put to the Australian public.

When she moved to Shepparton in 1977, when I first met Mary and she became a sincere friend and adviser, Mary was employed as the hospital liaison officer with the Goulburn Valley Base Hospital to try to bring about better relationships with the Indigenous community. She there established the first antenatal care program, and many babies are the healthier because of Mary’s work. In 1978 she took up, in particular, the issue of Aboriginal education, even though her own children had by then left school. She saw the need for Aboriginal children to achieve through having the opportunities that she saw all around her for others. As part of her work, she was a driving force behind the Goulburn Valley Aboriginal Education Consultative Group and was instrumental in establishing the Lidje Child Care Centre, Minimbah Aboriginal adult education program, the Koorie TAFE Unit, Manega Aboriginal school annex and so on.

In the year 2000, the University of Ballarat conferred an honorary doctorate on Mary Atkinson in recognition of her enormous contribution to Indigenous education. During that year she also received the NAIDOC elder of the year award. I commend to you the life of a great Australian woman who, despite difficulties and injustices, showed us humanity can overcome and triumph. (Time expired)

**Education: Funding**

Mr RIPOLL (Oxley) (9.52 a.m.)—This week we saw the Prime Minister make an announcement concerning funding for Catholic schools. The Prime Minister committed the government to spending $362 million over the next four years on Catholic schools throughout the entire country. In brief, this will affect 1,698 schools and around 600,000 students, which equates to 19.9 per cent of the student population. This additional funding for Catholic schools is good news. I welcome the move and so does the ALP. I am sure it is welcomed by the Catholic schools in and around my electorate of Oxley.

It is welcome because it will provide much needed assistance to many schools in Ipswich and Brisbane. There are 14 Catholic secondary and primary schools in and around the electorate of Oxley: Our Lady of Fatima Primary School at Acacia Ridge, Sacred Heart School at Booval, the Darra-Jindalee Catholic School at Darra, St Francis Xavier School at Goodna, St Mark’s School at Inala, St Mary’s College at Ipswich, St Mary’s Primary School at Ipswich, St Edmund’s College at Ipswich, St Joseph’s Primary School at Corinda, Immaculate Heart
School at Leichhardt, St Augustine’s College at Springfield, St Joseph’s at North Ipswich, St Peter Claver College at Riverview and St Pius X at Salisbury.

I hope that this funding for these schools will go a long way to ease the burden of education costs for many families in my electorate and will mean greater affordability for those families wanting to choose a Catholic education. I hope that it will also reverse the trend that was revealed in a report commissioned by the Catholic Education Commission of Victoria recently which showed that some families are being forced to leave the Catholic education system simply because they cannot afford it.

While I have said that this move by the government is welcome, I would like to make a few other salient points. Perhaps it is the cynic in me, but I find it curious that we have had to wait so many years for this vital education funding, to have the announcement made in an election year. I also note that the announcement overlooked the needs of many other government and non-government schools that also require additional funds to provide quality programs to meet our children’s educational needs.

Government school students, for instance, make up nearly 70 per cent of the school student population, and these students and their families also need assistance with education services and costs. The Howard government continues to ignore these other needy government and non-government schools and is doing nothing to address the gross inequities in the funding system that gives the wealthiest non-government schools the largest funding increases. To give you an idea of the differences in increases, Geelong Grammar in Victoria got from the Howard government an increase over the last four years of 240 per cent, while the local government schools have only got an increase from the Howard government of 20 per cent. You can see the very warped priorities that the Howard government has when it comes to funding schools. It gives huge increases to Geelong Grammar and very basic increases to needy government schools.

A Latham Labor government would see that all the schools in the Oxley electorate received the funding they need to deliver the best outcomes for all children in our education system. Labor will introduce a schools policy that will address the needs of all needy government and non-government schools. Under Labor, all schools will be funded to meet a national resource standard. This is the standard that should be applied. All our children should get the very best possible education we can afford—not just the ones that are preferred by the government. (Time expired)

Cowper Electorate: Tourism

Mr HARTSUYKER (Cowper) (9.55 a.m.)—The tourism industry is a vital industry for regional Australia. I welcome the government’s $235 million commitment to tourism announced by the Minister for Small Business and Tourism, Joe Hockey, particularly with respect to its focus on regional tourism. My electorate, the electorate of Cowper, is highly dependent on tourism. Certainly the tourism manager for Coffs Harbour City Council, Mr Rob Cleary, has been doing a great job of promoting not only the city of Coffs Harbour but also the wider Coffs coast region. The slogan ‘Discover our green, gold and blue’ is one that is being seen more and more in tourism journals and publications. It is about the green of our rainforest, the gold of our beaches and the blue of our beautiful ocean.
Sports tourism has been an important part of that strategy. On 29 February the Novotel Pacific Bay Resort Ocean Swims event was held in the harbour at Coffs Harbour. It takes place each year. It has been running for some five years. There is a 600-metre swim and a two-kilometre swim. I have competed in this event before, but regrettably I was unable to do so this year because of other commitments. Certainly, one of the disadvantages of being a member of this House is that one perhaps does not get the opportunity to do as much exercise as one should. A two-kilometre swim can be quite a distance. The ocean swim event this year has been the largest to date, with some 300 competitors in the event. Some $18,000 was raised for local charities. The event consists firstly of a 600-metre swim around the immediate area of the Coffs Harbour jetty, followed shortly afterwards by a two-kilometre swim. Some of the more athletic members of the community do a great job in competing in both and supporting the event. It has certainly been a well-recognised event, one which has been growing and growing.

At this year’s event, the women’s division was won by Kate Cherry from Brisbane, followed shortly thereafter by Alee Sharpe from Emerald Beach. In the men’s division, Jarrad Kemp from Kempsey won, with Geoff Eastwood from Urunga following close behind. I have to congratulate all those competitors who made the event such a great occasion, particularly some of our great evergreen performers from the Coffs Harbour region such as Jeff Porter, Tim Cotsell, Neil Power, Neil Charles, Glen Price and Councillor Bill Palmer, who at the age of 73 still continues to compete in the event.

My special congratulations go to the event organisers, Mick and Wendy Maley, for the great job they do in putting on what is a tremendous event for our region, bringing many tourists to the area as part of the sports tourism philosophy that we have. Over 50 per cent of the entrants came from outside our area, which is great for tourism and local businesses. Mick has been doing a great job in running this event. Prior to that, he was the organiser of the Banana Coast Life Education Centre triathlon, another fabulously successful event in the local area. I commend all the organisers of the Coffs Harbour ocean swim, and I commend all the competitors on their commitment to making it a great event indeed. (Time expired)

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

APPROPRIATION BILL (No. 3) 2003-2004

Cognate bills:

APPROPRIATION BILL (No. 4) 2003-2004

APPROPRIATION (PARLIAMENTARY DEPARTMENTS) BILL (No. 2) 2003-2004

Second Reading

Debate resumed from 3 March, on motion by Mr Slipper:

That this bill be now read a second time.

upon which Mr McMullan moved by way of amendment:

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

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

Mr GIBBONS (Bendigo) (9.59 a.m.)—As I was saying yesterday, a computer student who finishes a three-year course this year and is then employed at $35,000 a year would owe the federal government around $16,500 in deferred fees and would take some eight years to repay it. Because of the 25 per cent fee increase, a computing student starting the same course next year would face a total debt of $20,650 and take 10 years to repay it.

It is vital that we change the government to a Labor government. Labor will reverse the Howard government’s 25 per cent HECS hike. Labor will also provide universities with an extra $312 million in indexation to meet rising costs, including $11 million for La Trobe University. The vast majority of the university’s 4,000 students undertake HECS liable courses, with 3,054 students—representing 83.76 per cent of those taking these courses—deferring their payments. They cannot afford to pay up front. They become tertiary educated debtors to the federal government. These fees and debts penalise young people who want to get ahead and they put the dead hand of the Howard government on their earnings for years afterwards.

The Howard government has been milking the HECS system and putting the financial squeeze on universities like La Trobe Bendigo. Their university strategy is to make students and parents bear more and more of the costs of higher education and to show preference for well-heeled queue jumpers who can afford the government’s rip-off up-front fees. The Howard government’s agenda is to privatise higher education and make universities playgrounds for the privileged. Bendigo students have been burdened for years with the punishing millstone of debt tied around their necks by the Howard government. Now they have to cop an additional and massive 25 per cent HECS increase because of the Howard government’s ‘education for the privileged’ funding system.

The Bendigo, Murray and Mallee electoral regions, which provide the majority of enrolments at La Trobe Bendigo, have among Australia’s lowest median weekly family incomes, at just $736, $813 and $755 per week respectively. By comparison, the electorate of Bradfield—that of the federal education minister, Dr Nelson—has a median weekly family income of $1,759 per week, more than double the Central Victorian Murray and Mallee figures. The Prime Minister’s electorate of Bennelong and the Treasurer’s electorate of Higgins also have median weekly family incomes of more than double those in La Trobe Bendigo’s catchment area. The Howard government is only interested in the affluent leafy suburbs of the capital cities and ignores regional Australia. Labor will reverse the Howard government’s 25 per cent HECS hike. Labor will also provide universities with an extra $312 million, as I have said, and that means another $11 million for La Trobe University.

I come now to the second-class treatment this government has dished out to Central Victoria by scrapping all funding to the Calder Highway. The federal government is denying the Calder Highway the nation-building infrastructure funds it had poured into constructing the Alice Springs to Darwin railway line. The Calder has now become the never, ever highway of
the Howard government. I do not begrudge South Australia and the Territory the new railway line, but why isn’t there also federal money to complete the Calder?

The federal government were popping champagne bottles at the Adelaide opening of the railway line a few weeks ago, but they have written Central Victoria off their map of Australia and they have pulled the plug on funding the Calder Highway at Kyneton. The Howard government are only interested in big picture, glamour projects. Victoria north of Kyneton has been left out of the picture and the Bendigo region no longer exists, as far as they are concerned. The Howard government have refused to commit the $70 million they owe to upgrade the Calder from Kyneton to Ravenswood. But while they have been stalling on the Calder, they have poured a massive $191.4 million into building a rail line through the big end. They have been claiming that they cannot afford the Calder, yet they had plenty to fund the Territory line. The $100 million of federal funds that they pumped into the Northern Territory railway line was money from the Federation Fund. They amassed this from the privatisation of Telstra, an asset belonging to all Australians, but not one cent of this money or of the nation-building fund went into the Calder Highway.

The Howard government have boasted they have fully honoured their 1997 promise to help fund the Alice Springs to Darwin line with the South Australian and Northern Territory governments. In fact, they completed the project five months ahead of schedule. However, they have totally abandoned the promise they gave Bendigo in the last election, not just to jointly fund the Calder but also to complete the duplication by the year 2006. They have betrayed the Victorian government and have put up only $25 million for the Calder for the Carlsruhe section, compared with the $95 million put up by the Bracks government since it came to office. They now state that they had no obligation to fund the Calder. They, including the Prime Minister himself, now claim that they have met their commitment in full. They claim they were only ever committed to duplication of the Calder as far as Kyneton. This is a lie. It is a falsification of the promise to Bendigo and to Central Victoria. The reality is that the federal government’s RONI commitment was to duplicate the highway from Melbourne to Bendigo, not to pull out at Kyneton.

Recently we had another National Party charade over the Calder, this time involving Senator McGauran. It is yet another pretence that they actually do want to fund the Calder. It is a re-run of a throwaway promise by the Minister for Transport and Regional Services, John Anderson, in Bendigo almost exactly two years ago to fund the highway in the subsequent budget. The 2002 budget, the government’s first after its re-election, reneged on a direct promise of Mr Anderson in Bendigo that February to ‘match any state government allocations for future highway upgrades’. Mr Anderson told Bendigo at the time that the government was close to completing plans for further upgrade works, but not a single new cent has come from the federal government for the Calder Highway since then.

The National Party’s Senator Julian McGauran has completely wrecked the government’s claim that it cannot fund the Calder because its money is tied up for the Scoresby Freeway. This was always just another bogus excuse for holding out on the Calder. What he told Bendigo a few weeks back completely shafted the government’s dodgy excuse for starving the Calder. He told Bendigo that the federal government no longer had to pay its share of the Scoresby Freeway because the road is to be a tollway and therefore the government now has the money to put into funding the Calder. So Senator McGauran is saying that the federal
government is sitting on $450 million earmarked since the last federal budget for the Scoresby Freeway. He is saying that the government does not have to spend it on the Scoresby project and furthermore he is saying that the government knows it does not have to spend it on the Scoresby. I say the government should immediately provide the Calder with the $165 million it owes to finish John Howard’s Calder ‘Lie-way’.

Mr GIBBONS—I withdraw it. I notice that the Labor MLA for Bendigo East, Jacinta Allan, has dubbed the section of the Calder Highway that the government has abandoned—from Kyneton to Bendigo—‘John Howard’s snail trail’. It is a road stalled on bumper-to-bumper coalition lies. The only work being done on it is work funded by the Bracks government.

The DEPUTY SPEAKER (Hon. I.R. Causley)—I remind the member for Bendigo that the word ‘lie’ is very sensitive to the chair. Whether it refers to an individual or to the coalition it is not acceptable as parliamentary language.

Mr GIBBONS—I withdraw it and replace it with ‘untruths’.

The DEPUTY SPEAKER—That is exactly the same thing, I am sorry.

Mr GIBBONS—Central Victorians demand to see the federal government’s money being spent right now on the road they want. They want the full $165 million that Canberra owes to finish it and they want a non-rubbery completion date. The money is there, waiting to go. Of course, what Senator McGauran has also done with his recent statement in Bendigo is to amplify the untruth of the Howard government’s claim that they insist on funding the Scoresby Freeway. They do not want to fund it. They never did want to fund it originally and they have already decided that they will not fund it.

The coalition government are now in a pre-election panic. They could go through the fraud of putting just enough in the budget to say, ‘We are funding it,’ but not enough to really get on with the duplication and complete it. Nobody would be surprised if all they promised in this budget was half of the $25 million the Bracks government is spending on the two sections of the stalled highway. The Howard government panicked before the last election and had to be dragged, kicking and screaming, to pay for the Carslruhe section towards Kyneton. Since then they have paid nothing else for the whole of their second term—an appalling record.

The other issue I want to raise is the fact that Central Victoria does not have an MRI capability—or a Commonwealth licensed MRI capability. Magnetic resonance imaging provides an unparalleled view inside the human body. It is non-invasive, with none of the known effects that are associated with X-ray examinations. The level of detail that can be seen is extraordinary compared to what can be seen with X-ray equipment. This is obviously of enormous benefit in diagnosing a wide range of illnesses very early in their development, and therefore MRI services have the potential to save many lives.

Bendigo and Central Victoria represent one of the major health care regions in Australia and certainly the largest in Victoria without MRI services. As a result, patients requiring MRI services must travel to a major health facility elsewhere in the state, either Melbourne or Ballarat, to access this service. The Bracks state government has committed $3 million for the building and equipping of an MRI unit, but only on the basis that it is licensed by the Com-
monwealth government. A licence will allow the bulk of the costs per consultation to be claimed from Medicare. An unlicensed MRI facility would mean that those requiring the service would have to pay in excess of $600 per consultation.

Labor believes that an MRI service should be available to all who need it, not just those who can afford it. The Howard government have so far not demonstrated any interest in providing a licence for the equipment proposed by the Bracks state government. The federal government would incur virtually no extra cost if they approved the licence for the Bendigo Health Care Group to operate MRI equipment tomorrow. A spokesperson for the Minister for Health and Ageing, Mr Abbott, said recently that the federal government would announce later this year that four regions throughout Australia—just four regions—could apply for a licence for MRI services. This is just another case of the federal government giving the Bendigo region the run-around. All the government are saying is that four unnamed regions can make a request, but they do not say that they will allow Bendigo to make a bid or that it would be successful if it did. The federal government would incur no capital or running costs for the proposed MRI service, as the Bracks government has already committed to fund the establishment of the building and equipment and the Bendigo Health Care Group would staff and operate the unit.

People do not have MRI scans just for fun; they have to be referred by their doctor to a service in Ballarat, Melbourne or elsewhere, and it makes no difference whatsoever to the federal government where that service is provided. The federal government, through Medicare, already pays most of the cost for Medicare card holders from Bendigo and central Victoria when they access MRI services in other health regions. This mean-spirited coalition government would not have to pay one extra dollar to provide a licence for the Bendigo Health Care Group to operate MRI services. All that is happening at present is that Bendigo region people are suffering stress and footing extra bills to travel to Melbourne or Ballarat to get MRI services that should be available in Central Victoria.

As I said earlier, the state government had committed $3 million in 2002 to develop the MRI facility at the Bendigo Health Care Group site. This funding is now in danger, because the Liberal Party in Bendigo now states that the facility does not necessarily have to be at the hospital. This is the first time the Liberals—in Canberra, Melbourne or Bendigo—have publicly signalled that they do not support the hospital as the site for the new MRI machine. The hospital wants an MRI at the hospital. The state government wants it at the hospital. A petition I took up last year with 7,000 district signatures called for the federal government to license an MRI machine at the hospital. Even the state Liberals, in the 2002 election, promised Bendigo $2.5 million in public funds for an MRI facility, and they made the announcement at the Bendigo Hospital. So why is it that the Liberal Party in Bendigo will not back their own hospital and support an MRI machine and licence for the region right now?

Of course, this is not the first Liberal sell-out of Bendigo. They have short-changed Bendigo with their Calder Highway cop-out. We remember their pre-election promise in 1996 not to privatise ADI in Bendigo—which they just went ahead and did, with the loss of many jobs. We also remember their promise in 1996 to provide $2 million to help redevelop the Bendigo Art Gallery. The money was supposed to be in the post at one stage. It never arrived for the gallery, which was finished without it and had to find money from elsewhere to con-
continue. So it is still waiting, at the moment, to be spent on cut-price cosmetic renovations at the Capital Theatre.

I will conclude my remarks shortly, but I will have a lot more to say about those very important issues that affect Bendigo in my electorate. Not least of these is a deputation I will be taking to the Minister for Defence, Senator Hill, very shortly, to put the case to keep the Geospatial Analysis Centre at Fortuna Villa in Bendigo. There is a plan by the Department of Defence to rationalise that service and transfer part or all of it to Canberra. This would result in some 148 jobs being lost in Bendigo, and that would translate into a further loss of other jobs, totalling some 323. It also means a loss of just on $40 million of economic activity, so it is a service that Bendigo can ill afford to do without. I am confident that the minister will give us a good hearing, and I am sure that the right decision will be made—to retain those jobs and all of that economic activity in Bendigo.

Mr CIOBO (Moncrieff) (10.10 a.m.)—It is indeed a pleasure for me to rise to speak on Appropriation Bill (No. 3) 2003-2004, Appropriation Bill (No. 4) 2003-2004 and Appropriation (Parliamentary Departments) Bill (No. 2) 2003-2004. It is an opportunity for us, as members of the government, to highlight the way in which this Howard government has delivered the miracle economy of the world. It is not just my spin saying that; the Economist magazine has dubbed the Australian economy the miracle economy. When you compare and contrast the past years of the Howard government’s economic management with the abysmal failure of the Labor Party before it, that provides a very clear distinction between the benefits that accrue to all Australians under careful, considerate economic management and the kind of profligate spending that we saw the Labor Party indulging in.

The reality is that the coalition government achieves balance. It achieves balance between the need to tax and the need to spend that money wisely—the need to ensure that money is not just expended, but rather invested. Certainly, from my perspective, the reality is that Australians have enjoyed unparalleled economic sunshine as a consequence of careful economic management.

I would like to highlight for the people of Moncrieff and the people on the Gold Coast some of the benefits that have flown as a consequence of careful economic management. That is not to say that it is all government; rather, it is a partnership between community and government. But government certainly plays a very important role in ensuring that economic conditions provide the right breeding ground for good social conditions, good employment growth, low inflation, strong capital investment and, as a consequence of all of that, a better community in which we all live.

When you look at the coalition achievement with respect to the budgetary positions of the Australian government over the past years, you can see clear distinctions between the approach adopted by the Howard government and the past track record of the Labor Party. This coalition government has achieved six surpluses since 1996 which have restored the budget position and paid off debt. In comparison, Labor’s record was $69 billion of deficits in Labor’s last five budgets. In present day terms, the Labor Party left Australia with a $92 billion public debt. So, despite the notions we heard coming from the Labor Party yesterday during the MPI, the reality is that Labor’s actions certainly do not match their rhetoric.

In reality, if it had not been for the careful economic drives that the coalition government has implemented, we would not have been able to pay off nearly $85 billion of Labor’s $92
billion debt. This translates into very significant cost savings to all Australians, with the next
generation of Australians no longer having to repay that $92 billion of public debt that was
left by the Labor Party. In fact, Labor’s $92 billion net debt has now been reduced and has
fallen to less than 3.9 per cent of GDP as of 30 June 2003. This translates into savings to the
Australian economy of around $5 billion each year in interest costs. This is $5 billion each
and every year that we can now take from taxpayers and invest back into the Australian econ-
omy—money that historically the Labor Party would have had to pay in interest charges
alone.

When the Labor Party was in government debt peaked at nearly 20 per cent of the gross
domestic product of this country. That is a near record high when it comes to debt as a per-
centage of GDP. It spent more on interest payments in the year 1995-96 than it did on educa-
tion. The choice at the next election is very clear Australians can continue to have the strong
stewardship of the Howard government, through the careful consideration and planning of the
economy by the Treasurer, Peter Costello, or they can choose to adopt the Labor Party, which
is happy to tax and spend Australia’s way into trouble in the future.

One of the other benefits that has arisen due to the careful economic management of the
Howard government has been the restoration of Australia’s AAA credit rating with Moody’s
and Standard and Poor’s—something that was downgraded twice under the Labor Party, from
AAA in 1996 to AA2 in 1989, as a consequence of Labor’s economic mismanagement. There
are also other benefits that flow from this economic management. The unemployment rate is
down to 5.6 per cent—1.3 million new jobs have been created by this coalition government.
Compare and contrast that to the Labor Party’s record: unemployment was at 8.6 per cent
when Labor left office. And let us never forget that, under the Labor Party, unemployment
peaked at 10.9 per cent in December 1992. That saw dole queues in this country longer than
they had been for decades and all Australians paid the price for Labor’s tax and spend attitude.
Inflation under this government has been controlled and is now averaging between two and
three per cent, well within the Reserve Bank’s target. Again, contrast that with the Labor
Party’s record, which saw inflation averaging at 5.2 per cent.

Mortgage rates are down—they are currently sitting at approximately 7.1 per cent. Austra-
lians on average are now saving around $6½ thousand per annum on a $190,000 loan com-
pared with when the coalition came to government in March 1996. That is $6½ thousand
more that Australians can spend in discretionary spending, on education and on their children
than they had the opportunity to do under the Labor Party because of Labor Party economic
mismanagement. In fact, interest rates when Labor left office were at 10½ per cent. Mortgage
rates peaked under Labor in 1990 at 17.1 per cent. That is when this country saw record bank-
rupcies occurring in the small business sector. That is when Australians saw record unem-
ployment queues. That is when all Australians paid the price for Labor’s attitude when it
comes to economic mismanagement. Despite the talk, the reality is that the Labor Party has
no credibility when it comes to economic management. All it does is cause social chaos as a
consequence of its tax and spend attitude to economic management.

We have now seen the small business rate cut so that the overdraft rate is now averaging at
8.85 per cent. Again, compare that to the Labor Party when the overdraft rate peaked in 1989
at 20.5 per cent. The difference could not be starker. Again, we saw as recently as yesterday
the strong growth forecast for this country under the coalition government. We had 2.8 per
cent growth in 2002-03 despite the fact that this was a country plagued by drought and de-
pressed in terms of our ability to trade with a world economy that was largely in recession. 
Since the coalition government came to office in March 1996, economic growth has averaged 
at 3.6 per cent each year since this government was elected. Compare that to Labor’s attitude. 
Who could forget the immortal words of Paul Keating—’It’s the recession we had to have’—
when Labor caused a recession in 1990 and 1991. Again, it was a trigger that saw record un-
employment queues, high interest rates and Australians generally despondent about their fu-
ture lot in life.

As a consequence of good economic management, household net wealth has increased by 
76.6 per cent in real terms since March 1996 and it has been growing at an average of 8.2 per 
cent per annum. Households now, under the coalition government, have $6 in assets for every 
$1 that they have in debt—a consequence of the partnership formed between careful eco-
nomic management under the Howard government and a community that is buoyed by the 
fact that we are creating the right kinds of conditions for them to invest. Under the last seven 
years of Labor, to draw a comparison again, real household net wealth increased by only 2.8 
per cent per annum.

I say to the people of the Gold Coast: when the next election rolls around have your choice 
between a coalition which is delivering an average increase of 8.2 per cent per annum and a 
Labor Party government whose track record was only 2.8 per cent. Have your choice between 
record unemployment lines and a coalition government which has seen unemployment rates 
drop to their lowest level in nearly 25 years. Have your choice between a coalition govern-
ment that has seen interest rates kept at record lows—in fact, at the lowest levels they have 
been at in approximately 30 years—and the Labor Party when mortgage rates peaked at 17.1 
per cent. Australians will never be confused about the choices they have at the next election.

I turn now to the local impact of this coalition government in the Gold Coast—an impact 
that all on the Gold Coast benefit from as a consequence of economic management and good 
social change that this government is encouraging. The reality is that, as I said, it is about a 
partnership between a federal coalition government and the local community. It is about in-
vestment and not simply expenditure. The highlight for me was the fact that recently the 
Prime Minister announced $600 million worth of additional funding towards the tourism in-
dustry. It was the largest package, in fact, since the early eighties when the Howard govern-
ment created the Australian Tourist Commission.

Under Joe Hockey, the Minister for Small Business and Tourism, we have seen a record 
amount of input and development of good policy under the tourism white paper. It is in fact a 
roadmap that will ensure that the tourism industry goes from strength to strength. As a repre-
sentative for the Gold Coast, a city that is Australia’s premier tourism destination, I am de-
lighted that we were able to secure such a strong investment by this government. It is a clear 
recognition of the fact that the Howard government sees tourism as our second largest export, 
it is a clear recognition of the fact that the Howard government is willing to back winners and 
it is a clear recognition of the fact that this government puts taxpayers’ dollars towards ensur-
ing that we generate additional export income and putting a vote of confidence in the tourism 
industry. It also means that those tens of thousands of small businesses and those 550,000-odd 
people across Australia who are employed in the tourism industry are all beneficiaries of this 
very strong investment of some $600 million over the next four years.

MAIN COMMITTEE
I now turn to the tertiary education sector. The reality is that the Howard government has
delivered windfall gains to Griffith University and Bond University on the Gold Coast. Grif-
fith University stands to gain from the $2.4 billion higher education package that flowed from
the Crossroads review that the Minister for Education, Science and Training, Dr Brendan Nel-
son, undertook. I have had Dr Brendan Nelson to my electorate many times to sit at the table
with Griffith University and to talk about ways in which this government can continue to meet
the demands for higher education on the Gold Coast that are growing out of our city. It is a
very good story to tell when it comes to higher education. I am looking forward to the day
when the Gold Coast campus of Griffith University becomes the administrative campus and
the key campus of that very fine institution.

We have also invested in a new medical school at Griffith University. I have listened to the
people of Moncrieff and the people on the Gold Coast and have heard their concerns about the
fact that in such a rapidly growing city there is not enough access to doctors. The Howard
government have ensured that we are meeting the demands in that way. We have developed a
new medical school and have said to Griffith University that, once they achieve Australian
Medical Council approval, a new medical school and 50 publicly funded medical school
places will be made available.

We have invested in IT. We have invested capital in Griffith University’s buildings as well
to ensure that the Gold Coast campus and the new medical school will provide the very finest
opportunities for those students who choose to undertake their studies in medicine at that
campus. What that means for the Gold Coast is that in the future no longer will we need to
rely upon bandaid measures and safety nets to ensure that we have access to enough doctors
but we will have a source of new doctors in our own city. That means that despite having the
fastest growing population in the country there will be a supply of doctors graduating locally.
Local kids will be able to undertake their medical studies at the Griffith University campus.

In addition to that, we have invested in higher education at Griffith University through the
allocation of thousands of new places. The reality is that when I campaigned in 2001 I under-
stood that Griffith University had a deficit of some 3,500 students in comparison to the na-
tional average. The Howard government have worked hard to ensure that that deficit is de-
creasing, despite the fact that, as I said, it is the fastest growing city in the country. We have
ensured that under the Backing Australia’s Ability program Griffith University received the
second highest allocation in the country of additional tertiary education places. That is an in-
jection of new places into our city and a vote of confidence in our city.

Under the new $2.4 billion higher education package, thousands of new places have been
made available to Queensland. I call upon the Queensland state government to recognise the
crucial role that they will play in determining the formula for the allocation of additional
places to Queensland. I call upon the state Labor members on the Gold Coast to put aside the
petty politics and to recognise that they can now, through their state government, play a cru-
cial role in ensuring that the Griffith University Gold Coast campus receives the lion’s share
of new places. I have already spoken to the education minister about this issue many times
and I will continue to put pressure on the state Labor government and say to them: ‘Give a
vote of confidence to the Gold Coast and ensure that the lion’s share of new places available
under the higher education package flows to the Gold Coast campus of Griffith University.’
This government has contributed in a very real way to the Gold Coast through the Roads to Recovery program. The high population growth in our city means that our major roads and arterial roads are choked. Like all cities across this country, we need a significant investment—real dollars—to ensure that our road system is extended. We need to make sure that there is more opportunity for the creation of good roads that satisfy the demand on the Gold Coast. Again, the Howard government is delivering directly, through a record amount of funding under the Roads to Recovery program, to the Gold Coast City Council. I know that important roads, such as the Surfers Paradise Traffic Management Scheme, the Tugun bypass and the Ross Street duplication are all now able to be funded in large part because of the federal government’s commitment to this area.

Take, for example, the Tugun bypass. John Anderson and Margaret May had the pleasure of announcing $120 million of federal government funding for what is a state road. We are now calling upon the state government to put aside the petty politics that it is having with the New South Wales Labor government and get this road built. It is money that the Commonwealth government has invested in the Gold Coast to ensure that our citizens have access to the most important arterial roads that they need and to ensure that we tackle head-on some of the major problems that have arisen as a consequence of our fast-growing population.

I am very pleased that we have seen significant investment in education on the Gold Coast. Despite the scaremongering campaign by the Australian Education Union, I know that parents understand that on the Gold Coast there is a very strong investment in both public and private schools. The reality is that, in comparing Southport State High School and the Southport School, for example—one a premier public school and one a premier private school—there is far more money invested into the public school than there is into the private school. In fact, when it comes to Southport State High School, more than double the amount of public funding flows to that school than does to TSS, the Southport School. Despite the scare campaign, despite the campaign of deceit and despite the campaign of misinformation that the Labor Party and the education unions have been engaging in, the reality is that the Howard government is fundamentally committed to ensuring investment in a quality education for young Australians in both the public and the private school system.

Of course, we need to deal with the issue that education should not be values neutral. The Prime Minister has raised this point in the past, and I know many parents feel the same way and agree with what the Prime Minister has said. That is the reason why, on a per capital basis on the Gold Coast, we have the highest number of children attending private schools. It is not a reflection necessarily on our public schools. I have some great public schools in my electorate and I have a very good relationship with a number of my public school principals, but it is a recognition that parents are looking for values and discipline, and that is why they are making the decision to send their children to private schools. The sad reality is that these parents are not only paying their taxes towards education but reaching into their pockets, once again, to ensure that their children receive the education that they want.

The Howard government has provided Queensland with a real increase of some 20 per cent for health care funding, and a large proportion of that flows to our public hospitals. It stands in stark contrast to the Beattie Labor government, which, despite the fact that it is receiving over $10½ billion in Commonwealth funding, is unable to provide the kinds of basic services that Gold Coasters are demanding. I put the pressure back on the state government and say,
'All I’m asking is for you to match the level of the commitment from the Howard government.’ All I am asking of Peter Beattie and the state Labor members on the Gold Coast is to recognise the benchmark that the federal government has met and ensure that they match it. That is the only request that I have.

I conclude by saying that Gold Coast people and the people of Moncrieff have benefited from the economic sunshine of the Howard government. They have benefited from the Howard government’s strong commitment to our region. And that translates into regular visits, it translates into listening posts and it translates into an ongoing consultation between me and members of the executive with the people of the Gold Coast. I urge them to consider very strongly the bad path that they would take should they decide to support the Labor Party at the next election and to compare and contrast the Howard government’s record with that of the years of economic wreckage that arose as a consequence of Labor Party mismanagement.

Mr DUTTON (Dickson) (10.33 a.m.)—I want to start today by congratulating my good friend the member for Moncrieff on his contribution to this appropriations debate. He is certainly a great advocate for the Gold Coast and Moncrieff in particular. He has been a great supporter of the federal government’s initiative in relation to the Tugun bypass. He stands in stark contrast to the state Labor members on the Gold Coast and their inadequate representation of their constituents. He highlights at every opportunity—and today was another example—just how deficient those members on the Gold Coast are in representing the people of that fine city. I congratulate him on his contribution in the debate today and for the ongoing representation that he so excellently provides to the people on the Gold Coast.

I take this opportunity to relate to the House some of the key concerns of my constituents in the electorate of Dickson on issues that are affected by the passage of these appropriation bills. These issues include health, economic management, employment, family issues, defence and border protection. Firstly, on the issue of health, and specifically the issue of doctors, Australians living in outer metropolitan areas like my electorate of Dickson now have better access to doctors as a result of the government’s relocation program. During the past year, 115 doctors have agreed to relocate to areas where doctors are in short supply. Under one part of the More Doctors for Outer Metropolitan Areas program, doctors can apply for grants of up to $30,000 to establish a new practice or up to $20,000 to join an existing practice in an area of doctor shortage. When the program was announced in January 2003, we were hoping to get 150 doctors to relocate to areas of greatest need over a four-year period. The target has almost been reached within the first year.

The relocation incentive grant was to have been available until the end of 2003. However, because GPs and specialists have responded so enthusiastically to the program, the government has decided to extend the grant scheme for a further 12 months. The government will spend $1.6 million this year on grants to attract an additional 80 doctors to set up new practices in areas of greatest need. The government’s MedicarePlus package will also build on the success of this program through measures to increase the medical work force in outer urban areas. This package includes $432.5 million worth of initiatives to attract and retain overseas trained doctors, many of whom will work in areas where doctors are in short supply.

MedicarePlus offers higher Medicare rebates for GPs who were practising before vocational registration was introduced in 1996 and did not take up registration and who then move to areas of doctor shortage. MedicarePlus offers $70.3 million of short-term placements for
medical graduates to work as junior doctors with GPs in outer urban or rural areas. The government is offering $64.2 million in grants for general practices in outer urban areas to employ GP practice nurses. In relation to bulk-billing, the government is passionately committed to retaining and building Medicare to ensure that all Australians have the opportunity to receive world-class health care.

On 1 February the MedicarePlus bulk-billing initiative came into operation. From last month, every bulk-billing consultation with a concession card holder or child under 16 is eligible for an additional $5 rebate. This is a huge incentive for every doctor to bulk-bill those who need it most. The average doctor’s Medicare income will rise by more than $15,000 thanks to this incentive. In 2003 the government spent more than $8.25 billion on Medicare rebates, up 2.8 per cent—or a staggering $223 million—on the year before. Additionally, the MedicarePlus safety net will benefit about 200,000 individuals and families once it is put in place and will give all 20 million Australians the security of knowing they are covered in the event of doctors bills.

We as a government renew our call today to the Independents and the Democrats in the Senate, who are all engaged in negotiations with the Minister for Health and Ageing, Tony Abbott, at the moment, to act responsibly to deliver the government’s safety net to 20 million Australians, particularly to those people who are most in need of it. It is irresponsible of the Labor Party to have ruled out altogether support for this important measure. The government now have to rely on the minor parties and Independents in the Senate to provide some sort of responsible approach to this matter which the Labor Party, as we well know and as is well documented, has been incapable of doing. The Australian government have spent over $2 billion on Medicare payments over the past three months, or $104 for every Australian. This is an increase of 4.3 per cent or almost $85 million compared to the same period last year.

A very important issue to the people in my electorate is the provision of health care services provided in public hospitals. Pine Rivers Shire has staggering growth and it is unbelievable—inconceivable—that we do not have plans in place to provide services to the people of Pine Rivers over the coming decades. It really is inconceivable to the people of Pine Rivers that the present demand for the Caboolture and Redcliffe hospitals to our north and east will be soaked up by the developments through areas like North Lakes and will really leave a big gap, particularly for older Australians living in Pine Rivers, who will be unable to access adequate services from those two hospitals. So many people in my electorate are left with the option of travelling—generally by public transport if they are older Australians or through an inadequate road structure otherwise—from areas such as Samford and Dayboro, from Kallangur and other suburbs in the north of my electorate, to the Royal Brisbane Hospital or the Prince Charles Hospital at Chermside. That is an untenable long-term position for the people in my electorate.

We have already started discussions on the issue of the Pine Rivers Hospital. I renew my call today on the new Queensland health minister to supply the information that we have requested from the former health minister, the member for Mount Coot-tha, Mrs Edmond, who flatly refused to provide us with the details that we need to advance this argument. I renew my call today on the Beattie government to provide the details that are needed to start the investigation and the process that we need to undertake to be able to make a proper call for a public hospital in Pine Rivers.
In Queensland the Beattie government receives an estimated $6.2 billion in GST revenue this year from the federal government. Every cent of the GST goes to the state governments. It is not something that we hear about too often from Labor governments. They are very happy to receive the GST revenue, but it needs to be spent responsibly, which is not being done at the moment.

I want to relay a story about a constituent who visited my office late last year, concerned that she would have to transport her small son to a public hospital more than half an hour away to have a tonsillectomy. She told me that she was worried that when she had to bring him home the next day the people who treated him would be more than half an hour away. She wanted to know how she was supposed to get timely help for her toddler if he had post-operative complications. Where was this resident supposed to go in an emergency when a public hospital was more than half an hour away? But health care is not a priority for Labor; we know that. The need in Queensland for a new $280 million sports stadium or a $20 million pedestrian bridge has far greater priority for them than the need for my constituents to have a public hospital in our local area. For that reason I have been running a campaign in my electorate to get the public hospital that the people of Dickson deserve.

I recently sent out a survey to residents of Dickson asking for their opinions on this very issue. I am pleased to report to this House that I received more than 8,000 replies, almost 99 per cent of whom responded that they believed that there was a definite and real need for a public hospital in Pine Rivers. They are sick and tired of having to travel long distances and of not having access to services because Labor cannot allocate any of its billions of dollars in GST revenue for an adequate state public hospital system. I have contacted the Queensland minister and I repeat my call today for cooperation on this issue. I am staggered by the fact that, to date, I have received no response.

One of the other hallmarks of this government is that of economic management. One of the proudest aspects of the government’s achievements over the last eight years has been in relation to interest rates. This government, make no mistake about it, continues to maintain a sure and firm grip on Australia’s economic reins. This government has repaid more than $63 billion of the $96 billion Labor debt that we inherited when we came into government in 1996. Debt repayment has helped take pressure off interest rates. The Australian people need to know that, when the federal government enters into the money market, supply and demand forces mean that that creates upward pressure on interest rates. This government, in stark contrast to the way in which Labor managed the economy, has not done that. The cash rate is currently 5¼ per cent, down from 17½ per cent under Labor in 1990. This means that Australians are typically paying historically low interest rates of less than seven per cent to pay off their homes.

If Labor were to win government and home loan interest rates were to return to the levels they were at when this government took office in 1996, Australians might have to find an extra $493 a month—almost $500 a month or $6,000 a year—to keep their homes. That needs to be realised by all Australians, particularly young families in electorates such as mine. They need to ask themselves where, if the Labor Party were to win the upcoming federal election, they would find an extra $500 a month to meet their mortgage repayments alone. We know that not just the federal Labor Party but the state Labor governments right around this country
have proven time and time again over past decades that they are incapable of managing the economic circumstances and decisions of this country.

This government’s management of the Australian economy has also allowed us to give money back to taxpayers through the tax cuts delivered from last July. For low-income earners the tax offset was increased; for other taxpayers income tax thresholds were lifted. This means that taxpayers earning between $20,000 and $27,475 now get the benefit of both increased thresholds and increased tax offset. Some have received tax savings of 10.7 per cent in their current tax bills. The measures announced by the Treasurer in the 2003-04 budget cut income tax for nine million Australians and will save the residents in my Dickson electorate more than $17 million.

It is a similar story with respect to unemployment. Since the government came to office more than 1.1 million new jobs have been created—and I understand it is now more than that; with 1.3 million new jobs having been created. I am delighted to be able to report that strong economic management by this government has resulted in low unemployment figures in my electorate of Dickson. The September quarter report of small area labour markets, released in December, showed dramatic decreases in unemployment in many areas of my electorate. The residents in Albany Creek are delighted that unemployment rates have fallen in the area to only 1.7 per cent. Importantly, other decreases were recorded in areas like Bray Park, where unemployment fell by almost a third, to 4.6 per cent; Hills District, where unemployment fell from 3.6 per cent to 3.2 per cent; Petrie—another very important area of my electorate—where unemployment fell from 5.2 per cent to 4.3 per cent; and Ferny Grove, where it fell from 4.8 per cent to 3.2 per cent, a staggering fall.

Another proud achievement of this federal government is in the area of new apprenticeships. This government remains committed to providing a range of training avenues for young people entering the work force. The education minister recently visited my electorate to recognise Australia’s 400,000th new apprentice, Matthew Glen, from Eaton’s Hill in my electorate. He spoke about the benefits of the New Apprenticeships program and what that offers to young Australians. Programs like New Apprenticeships give young people an opportunity to pursue their passion and receive on-the-job training and educational opportunities outside the university system.

While Labor are hung up on the university debate, the government are about providing choices for young people. We say to young people in electorates like Dickson—and of course right across Australia—that, if you do not receive the marks to enter a university, that does not signal that you are a failure to your family or this country; it signals that your talents may well lie elsewhere. While Labor do not believe in providing opportunities to these young people, the government are very definite in their determination to provide opportunities of choice to all young Australians so that they know we support their decision to go to university or enter vocational training or to move directly into the work force or indeed into apprenticeships. We need young Australians to continue to take up that choice and that definite opportunity that is provided to them.

One very important discussion at the moment is in relation to social policy and families—about balancing work and family life, and indeed about family breakdown, which is a tragedy in this country. The family unit is at the heart of Australian society. This government remains committed to providing support for families, particularly for our children. This was demon-
strated through the Prime Minister’s commitment to an inquiry into child custody, conducted through the family and community affairs committee earlier this year.

I take this opportunity to thank all local people who have contacted me in past months about this inquiry. As a member of the committee, I heard stories telling of an adversarial family law system that pitches one parent against the other. The committee heard how the system creates winners and losers and how it can cost them tens of thousands of dollars in legal fees. We also heard about parents who do not pay their child support and about parents who use their children as bargaining chips by refusing contact with the non-resident parent or, worse still, with the grandparents.

After 21 days of public hearings around Australia and a record 1,700 submissions, the committee has recommended major changes to the current system, including the removal of child custody matters from the Family Court in favour of a new family tribunal—a tribunal where lawyers are excluded and the focus would be on conciliation and arbitration in the best interests of the child. The committee also recommended increased contact with non-resident parents and for these parents to have a greater involvement in decision making. We also recommended that the rights of grandparents be recognised to a greater degree to prevent them from being blocked from seeing their grandchildren and from enjoying a loving relationship with their grandchildren that many of them have established over many years. Finally, we recommended an overhaul of the Child Support Agency, including a two-stage process incorporating immediate changes to the system and long-term radical reform. This reform includes an overhaul of the very unfair child support system and the way it operates at the moment.

One of the proudest achievements of this government has been in defence, national security and border protection. Make no mistake: the coalition has delivered the biggest increase in defence funding for more than 20 years. This government has committed an extra $1.8 billion over six years to continue the upgrade of our domestic security arrangements and special forces. It is the Howard government that has doubled our counter-terrorism capabilities with a second tactical assault group able to respond to terrorist incidents and an incident response regiment able to respond to chemical, biological, radiological, nuclear or explosives attacks. Special Operations Command will deliver an extra 330 highly trained combat personnel and associated support personnel to supplement Australia’s existing special forces. It will also provide direct support to the Special Forces Training Centre, which trains all members of the special forces. This will significantly increase Australia’s ability to respond to terrorist acts or threats at home and abroad.

The government remains committed to protecting our borders from illegal drugs. The government’s $1 billion-plus Tough on Drugs plan is the single largest national initiative ever undertaken to fight the drug problem. The results show that it has been a fantastic program of benefit to all Australians. That is in distinct comparison to Labor’s policy and record on defence. Despite its shrill claims to have a tough approach to border protection issues, Labor is still weak when it comes to illegal arrivals. Nobody in this country can tell you definitively where the Labor Party stands on border protection. This government has put in place a policy which has worked, which has provided a deterrent to those evil people-smugglers and which has seen a decrease in the number of arrivals on Australian shores. The people of Australia need to know—and I think they are starting to recognise—that the Leader of the Opposition and the Labor Party say one thing in public and another thing in private, and in particular to
the left wing of the Labor Party, to try to appease some of their concerns. The Australian Labor Party remains a fraud on the Australian people, and the people of Australia have the capacity to determine that at the end of this year.

Mr NEVILLE (Hinkler) (10.54 a.m.)—I would like to use the occasion of the appropriations debate to talk about sugar.

Mr Randall—You’re joking!

Mr NEVILLE—I am not joking, because it is a very important issue. In primary industry today in Australia it is the seminal issue. It is also the seminal issue for state and federal governments. The sugar industry is not an industry that is well understood. Whereas many other primary products—be they wool, grains or certain forms of stockfeed and the like—can be stored in silos for use at a later date, sugar cane must be processed at a mill within about 36 hours of it being cut. Not many options are available other than the quick processing of that product. What flows from that is a dependence of grower on miller and miller on grower—and I will touch on that later in my address.

According to figures from the latest season for which they are available, there are 6,200 cane growers in Queensland. About 2,250 of those are in North Queensland, about 825 in the Burdekin, about 1,700 in the Mackay-Proserpine area and about 1,360 in the south Queensland area. There are four mills in my area—Fairymead, Bingera, Millaquin and Isis Central Mill—and 25 mills spread throughout the state. Based on the figures for 2002, they process 35 million tonnes of cane, which results in 5.1 million tonnes of sugar. There are distilleries at Sarina, Rocky Point and Bundaberg. Of course, the Bundaberg one is famous for the great Aussie spirit Bundaberg Rum. We also have the production of molasses, not only an important ingredient in the rum-making process but also an essential stockfeed, especially in times of drought. We have seven bulk sugar terminals along the Queensland coast—huge edifices designed for the storage and export of raw sugar. We have 4,200 kilometres of narrow-gauge—sometimes referred to as cane gauge—railways going through the cane fields in many of the 25 mill districts I have just referred to.

But this year the average cane farmer will make no money. We heard in the House yesterday that the average income of a primary producer is around $12,000. That is frightening enough, but it becomes even more frightening when you put it in the context of a cane grower who is at the mercy not only of international prices but also of corrupted international prices. An Australian cane grower at present—I am not talking about 2002 now—could expect somewhere between US$5½c and US$6c a pound for his or her sugar. The American counterpart farmer receives US$21c a pound and the corresponding European farmer receives US$28½c a pound. Ninety-three per cent of the sugar traded in the world today is corrupt.

This puts the Australian grower at a huge disadvantage and it implies that the government of the day must do something to protect the industry, not just for its own sake but for the sake of the social fabric of the communities in which those 25 mills are located. We are now coming to a crisis. Because growers can no longer earn an income, there is a general view that some will not grow cane this year. You might say that that is just a decision that any farmer takes at any time, but it is not quite as simple as that. Most of those mills that I have referred to require, as a minimum, 1½ million tonnes of cane going through them to remain viable—1¼ million tonnes perhaps if you want to stretch it. When you have got mills that are going to be down to around 800,000 or 900,000 tonnes instead of that 1¼ million tonnes, you are then
coming to a point of marginality for the mill. If there is not sufficient cane going through the
mill, the mill closes. If the mill closes, there is nowhere else for the remaining farmers to send
their cane, no matter how efficient or profitable they are.

This is particularly so in areas where you have a single mill—Rocky Point, Maryborough,
Childers, Proserpine, Tully, Ingham and Mossman. Once the mill goes there is nowhere for
the farmers to send their cane. You generally cannot transport cane more than about 40 kilo-
metres, and so when the mill dies the farming community dies and the broader community of
that township dies. It is not much better where you have clusters of mills, because it means
the closure of mills and the sacking of staff. As I said, there are 1,360-odd cane growers or
farmers in south Queensland, and I imagine that in the four mills in my area there would
probably be 800 or 900 workers and subcontractors. When you start adding that up and you
add on to that cane harvesters, haul-out drivers, people who work at the distilleries and the
refineries and people who work in transporting the sugar to the port and in the bulk sugar ter-

nals and the like, you have a very intricate fabric woven around that community which is
dependent on that community and its mills and, in turn, the community is dependent on it.

I have a great concern this year that a lot of farmers will not wish to grow cane. If that hap-
pens, as I explained earlier, some of the mills will be in danger of closing. Quite apart from
that, the fact that farmers have no income has put many of them in a precarious situation.
Farmers, like everyone else, need a lifestyle. They need to be able to feed and clothe their
children. They need to be able to maintain their farms in good condition. All those things are
at risk.

We have had a number of sugar packages over the years. Some would argue that the cane
industry itself has not been sufficiently focused on restructuring itself. I do not altogether
share that view. Others would say that governments have not been sufficiently focused on
finding alternatives for cane. We all tend to think of sugar cane in terms of a sweetener and
not look at it in terms of what other products could be made from it. There are doubtless op-
portunities for ethanol, but that is subject to the size of the plant and the extent to which etha-
nol is mandated in petroleum. It also depends on being certain that mandating will extend for
10 or 12 years. In the absence of that, you will find it very hard to get investors interested in
ethanol. Certainly, there is a market for bioplastics, but I imagine it will require some seed
funding to get one or two of those plants up.

We also need to be looking at innovative ways of marketing the by-products of cane. I no-
ticed that last night on the 7.30 Report it was reported that a farmer in the Burdekin is taking
the leafy material off the tops of the cane and cutting it up into a stock food which he exports
to Asia. That is very innovative.

Mr Slipper—Is it nutritious?

Mr NEVILLE—Yes, it is very nutritious cattle food. Even the drier stuff in drought can be
bundled up and sent to drought-affected areas. It is not the best or most nutritious food in that
form, but in combination with molasses it can maintain a herd for a long time.

I just want to come back to these by-products. We talk about ethanol and bioplastics, but
the one that I strongly favour is paper pulp. There is a huge market for paper pulp in the world
today. It is 40 to 60 times the market for sugar. That might be something that we need to look
at in the coming months and years. In the meantime, we have the problem of maintaining the
farmers on the land. If we do not maintain those farmers over the next two or three years until other things can be put in place, not only will we have the farmers refusing to grow or leaving their land and mills closing but also we will have lost the opportunity to find other outlets for sugar cane. Another area that can be investigated—but which, I suppose, does not directly use cane except as a heating agent—is the cogeneration of electricity.

I tend to favour using cane for paper pulp. That was the basis of a project that was examined in Bundaberg at the turn of this recent century with the B2K project—B2K stood for Bundaberg 2000. That envisaged a paper pulp mill attached to a sugar mill. It did not work for a number of reasons, one of which was the lack of water in the Bundaberg district. Construction on the Paradise Dam has just started now. It was promised by the Borbidge government. It would have been put in place by them, I am quite certain, had they continued. But the dam is still not there. It has been promised by the Beattie government at three different elections. To their credit, they are working on it now. But water was one opportunity lost. Because there was no water, you could not guarantee 4 1/2 million tonnes of cane, which was the base amount of cane required to run that plant. So a possibility exists there.

I would just like to canvass with the Main Committee today some of the things that I think could be done to help the sugar industry. I think there needs to be a generational package. By that I mean a farm transfer package whereby a father can hand on his farm to his sons or sons-in-law—that is, gift it—and, in so doing, still be eligible for the pension. As you know, if you gift more than $10,000 a year you lose the right to a pension for five years. That rule has been waived once or twice in the agricultural industry over the years and I think this is a time when it should be waived.

I think there needs to be a package—as was announced the day before yesterday by the Prime Minister—to help people simply to live, for viable farmers who just have no cash flow. An amount equal to the Newstart allowance will be available to farmers providing they are producing, they do not have an off-farm income and their spouse’s or partner’s income is not above a certain level. That will provide bread and butter, clothes, petrol and a car—just the essentials to help them through this very difficult period.

The other thing I would like to see is an exit package for those who are either in receivership or in some form of controlled management or mortgagee in possession that would allow them to vacate the industry, perhaps with a grant of around $100,000 corralled from the receivers. That would allow someone to buy a car, put a deposit on a home or start a small business—in other words, to start up again.

The fourth area I would like to see is a scheme, whether by way of purchase or lease, whereby a farmer next to a smaller farmer could offer to take over that property and integrate it into his farm and, by so doing, allow the smaller farmer to get out with dignity and the other farmer to increase the efficiency and the economies of scale on the larger farm. That would require a system of soft loans or perhaps grants and a suspension of interest payments, I would imagine, for two or three years given the current condition of the industry. There would not be many farmers who could buy out their neighbours at present—there would be very few of them.

The other thing I think we have to look at is that a lot of cane is stood over. For those who are not familiar with sugar cane, you can grow cane and, if you do not want to water it and there is just enough water for the cane to keep growing, you can hold it over for the next year,
then water it and fertilise it and it comes on again. I think we need to have a fertiliser subsidy to bring that crop on. It will help a lot of farmers. I think we also need to have a system of farm counselling or facilitation, because a lot of hard decisions are going to have to be made in the industry over the next two or three years. I think that could be achieved through a special cane counselling system, where we get not just psychological counsellors but also former bank managers and people who understand the economics of the cane industry and who are available to guide people through these very difficult decision-making periods—because a lot of people are at the end of their tether.

Sugar has been a controlled industry for more than 80 years. It was put in place because of the inequities that were around in the twenties. One of the sad things is that it stayed controlled right up until recently. A lot of the farmers have been in this industry for three, four, even five generations, so it is very difficult to break out and do new things. As I said, it is not just a matter of putting in a new crop. What we must do in all the programs I have just discussed with you is to maintain the gross production of cane, because if we do not do that we will have the double whammy of the mills falling over as well.

The big ask is: what do you do to consolidate the industry for the next two or three years? There are two options. One is to have some form of production subsidy, which is not particularly WTO friendly. Nevertheless, I think it might be the way out of this dilemma, to consolidate the industry for two or three years. The other one is to have a growing subsidy made up of perhaps $300 an acre. On cane farms you are growing only a quarter or a fifth each year. You rotate. You return the crop, you cut it off and it will re-sprout for four years. But every fifth year you have to replace a fifth or a quarter of the farm, depending on which area of the state you are in. To replant cane, to fertilise it and to use the various sprays and chemicals to control grubs and the like costs about $300 an acre. So that might be another way for government to consolidate the industry for the future.

It is a very difficult time for this industry. The social and economic effects of this industry falling over along the Queensland and northern New South Wales coastline would be horrendous. It transcends political boundaries. It would be a social dislocation of a monumental nature. It would be like having the National Textiles debacle in every one of those towns along the coast—not that I am suggesting the circumstances would be similar. So I appeal to the government in this appropriation debate today to think kindly and generously about this industry and to make sure that it continues into the future, for the welfare of the families, the mill workers, the associated workers and the communities that depend on it.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (11.13 a.m.)—On behalf of the government, I would like to thank all the honourable members who participated in this long and wide-ranging debate on the appropriation bills. The House has been debating the additional estimates appropriation bills: Appropriation Bill (No. 4) 2003-2004, Appropriation (Parliamentary Departments) Bill (No. 2) 2003-2004 and this bill, Appropriation Bill (No. 3) 2003-2004. As is the case whenever these bills are presented, speakers are able to discuss a wide range of issues from the general state of the economy and the specific appropriations the government proposes in these bills through to the administration of a range of government programs—and, I suppose you could say, just about anything at all.
It has been the usual wide-ranging debate, typified by a degree of criticism, some positive suggestions and a focus on the particular interests of individual members. We have heard from the members for Hinkler, Moncrieff and Dickson. They were prime examples of members talking about areas of particular interest. It is fair to say that individual honourable members have raised matters close to their hearts and issues of concern to all Australians. I would like to thank members for the spirit in which they have contributed to the debate currently before the chamber. Having said that, given the time constraints upon me it is simply not possible for me to respond to all of the sweeping statements made by those honourable members opposite.

The additional estimates bills embody the continuing commitment of the government to sound financial management of the Commonwealth. They request a total of $1,430.7 million. The $1.24 billion in expenses includes $295 million for payments to the states, the majority of which consists of drought assistance payments, and $191 million in non-operating expenses. The 2003-04 additional estimates support the 2003-04 budget, which addresses the key national priorities of the government, including Australia’s defence and national security, investing in education; providing accessible and affordable health care; maintaining the government’s record of reducing debt; and keeping a focus on economic conditions which continue low levels of unemployment, low inflation and low interest rates. These bills also request funding for important activities such as the commitments of the government to the Solomons and Papua New Guinea, drought assistance and the MedicarePlus package.

The economic record of this government remains one of our proudest achievements. Since 1996 when the Keating government was thrown from office the Australian economy has had a long record of sustained strong growth. The Australian economy is forecast to grow by 3¼ per cent in 2003-04, stronger than forecast at the time when the budget for that year was brought down. During this long expansion, the unemployment rate has been reduced, inflation has been kept low and interest rates have remained close to historical lows. The official interest rate has fallen from 7½ per cent in March 1996 to 5.25 per cent currently—a far cry from the peak of over 18 per cent under the previous Labor government.

Employment is forecast to grow by 1½ per cent during 2003-04 and the unemployment rate is forecast to average around 5¾ per cent—quite astounding performances. Unemployment remains at around its lowest level since the peak of 10.9 per cent in December 1992 under Labor. At a current rate of 5.7 per cent it is well below the unemployment rate of 8.2 per cent in March 1996 that the Howard government inherited from Labor. Inflation is forecast to decline to around 2¼ per cent through the year to the June quarter of 2004.

Despite the dampening effects of the drought, the Australian economy has been one of the developed world’s top performing economies in recent years. The OECD’s economic outlook of November last year forecast that Australia will remain one of the fastest growing economies in the OECD, with growth accelerating to 3.7 per cent and four per cent in 2004 and 2005 respectively. With the exception of the United States of America, in 2004 Australia is expected to see stronger growth than the G7 countries, which are the largest in the OECD.

Reflecting the ongoing recovery of the farm sector from drought, exports of rural goods increased in January 2004 by $263 million, an increase of 14 per cent in the month. The current account deficit improved marginally by $81 million in the December quarter to $12 billion, reflecting a narrowing in the trade deficit. The value of goods and services exports rose by $551 million in the December quarter, with export volumes up by 3.3 per cent.
This government has a strong record of economic management. In November 2003 the OECD endorsed Australia’s fiscal policy record and framework, recommending that the government should maintain its fiscal objective of keeping the budget balanced over the economic cycle. Out of 27 countries in the OECD, Australia is one of only 10 expected to have a positive budget balance in 2003-04. With the exception of Canada, the G7 countries are expected to run substantial deficits.

During 2003-04 the government is forecast to record a budget cash surplus of 0.6 per cent of GDP. By comparison, the United States is expected to record a deficit of 3.5 per cent of GDP in 2003, which is expected to increase further to 4.2 per cent of GDP in 2004. The United Kingdom is expected to record a budget deficit of 1.7 per cent of GDP in 2003-04 and 0.7 per cent in 2004-05. Last year, the IMF Article IV Staff Report said that the Australian economy’s ability to generate strong growth outcomes in a difficult international environment is due to its sound macroeconomic policies and the continued implementation of structural reforms.

The government’s responsible economic management has ensured that the Australian economy has remained robust and buoyant in the face of a challenging international environment, such as with the Asian economic crisis of 1997-98 and the more recent global economic downturn. The government has reformed fiscal management to ensure sustainable government finances with fiscal responsibility enshrined in the Charter of Budget Honesty legislation introduced by this government. It has achieved budget cash surpluses every year since 1997-98 except for a small deficit in 2001-02. In addition, the 2003-04 Mid-Year Economic and Fiscal Outlook forecasts a cash surplus in 2003-04 of $4.6 billion and solid surpluses in each of the out years.

Since inheriting Labor’s $10 billion deficit in 1996, the government has turned the budgetary situation around, accumulating $31 billion in surpluses over its last six budgets since 1997-98. In contrast, Labor’s last six budgets saw a cumulative deficit of $68.6 billion. The government is continuing to reduce the debt burden. As at the release of the Mid-Year Economic and Fiscal Outlook, net debt is forecast to continue to fall in 2003-04 to around $23.3 billion. This represents a reduction in net debt of around $73 billion from Labor’s peak of $96 billion. This means that the Australian government’s general government net debt position is amongst the lowest in the OECD. For example, as a share of GDP, net debt is well below that of the United Kingdom, Canada, the United States and New Zealand. Australian government net debt has fallen from 19.1 per cent of GDP in 1995-96 to an estimated 2.9 per cent by the end of 2003-04. The continued decline in net debt means that net interest payments are expected to fall to $3.1 billion in 2003-04 from a peak of $8.4 billion in 1996-97. The government’s disciplined financial management has contributed to maintaining investor confidence and lower interest rates, which encourage strong and stable economic growth.

It is regrettable that I do not have sufficient time to deal with all the individual matters raised by honourable members but, to set the record straight in the time available to me, I do wish to comment on some of the matters raised by members opposite. With respect to Medicare and bulk-billing, many opposition members—the members for Fraser, Shortland, Hasluck, Ballarat, Burke, Chisholm, Franklin, Port Adelaide and Hotham—criticised the government’s initiatives in health, especially in relation to the MedicarePlus safety nets and the impact of government policies on bulk-billing. General practitioners have been and will continue...
to be free to charge fees above the Medicare rebate. MedicarePlus does not change this fact and introduces nothing that should cause doctors to increase their fees. MedicarePlus provides financial and other incentives for GPs to provide medical care at no cost to patients covered by a Commonwealth concession card and to children under 16. Future changes in GP charges for patients without concession cards will be market driven, and GPs who seek to increase their fees may lose patients.

With respect to aged care, during the debate, members opposite—the members for Shortland, Hasluck, Ballarat and Franklin—also criticised the government’s aged care policies, focusing on what the member for Shortland called ‘phantom beds’. Since coming to office, the Australian government has made aged care a priority. This has been done through doubling annual funding for aged care from $3 billion in 1995-96 to $6 billion this year; allocating more than 52,700 extra aged care places over the past five years; increasing funding by 300 per cent for aged care in the home, through community aged care packages to meet the desire of older Australians needing care to live at home; and introducing national care standards enforced by more than 4,000 spot checks, site visits and review audits. As at 30 June last year, the number of subsidised aged care places allocated was some 197,400 places, of which 178,600 were operational. The difference represents places that have not yet been developed. They are not ‘phantom beds’; the funding is allocated and ready for the places when they are operational.

A number of members, including the members for Port Adelaide, Chisholm, Charlton and Ballarat joined with the member for Fraser in his second reading amendment to criticise the government’s policy on dental services. The provision of dental care, as we all know, is a responsibility of the state and territory governments. The state governments have failed to direct funding into dental care despite a record level of hospital funding from the Australian government. One ought to also remember that they also receive every last cent of the GST.

A number of members—the members for Shortland, Chisholm, Hasluck, Burke and Ballarat—also echoed the member for Fraser’s second reading amendment in claiming that the government is providing inadequate funding and imposing higher fees for students seeking access to higher education. The Our Universities: Backing Australia’s Future package announced in the 2003-04 budget provides approximately $2.6 billion in additional funding to be invested in higher education over the next five years, with more than $800 million in additional funding from 2009. Over the next 10 years, the government will provide more than $10 billion in new support for higher education, including an estimated $6.9 billion in additional funding to the sector and approximately $3.7 billion in assistance to students through new student loans. The government is continuing to invest in tertiary education.

Other members, including the members for Ballarat, Oxley and Hasluck, criticised the government’s administration of the family tax benefit. Members opposite should realise that the family tax benefit was not designed as an income support payment. Family tax benefit entitlement is based on actual annual income. This approach is used because the family tax benefit is designed to assist the vast bulk of Australian families in meeting their ongoing family needs. To enable family tax benefit to be paid when parents need it, an estimate of family household income must be made at the start of the financial year. While it is true that this process has involved a significant number of people incurring an overpayment, and to a lesser extent an underpayment requiring a top-up at the end of the year, this arises because recipi-
ents’ actual income is higher than they estimated at the start of the year. It is important to treat families equitably in receiving family tax benefit. The member for Ballarat doubted that the government has increased payments by $2 billion. The government has increased expenditure on family payments by $2 billion. This is a real increase in payments made to families. The level of debt does not mean that there has been a reduction in the entitlement to family assistance.

Members opposite—the members for Hotham, Burke, Fraser, Rankin, Ballarat and Port Adelaide—criticised the government’s tax policies with a few claiming that this is the highest taxing government on record. In fact, the Commonwealth tax burden as a proportion of GDP is falling. Commonwealth general government sector taxation receipts as a proportion of GDP have declined from 23.7 per cent in 1996-97 to 21.4 per cent in 2002-03 and are estimated to fall to 20.7 per cent in 2003-04. This contrasts with the record 24.6 per cent tax to GDP ratio in 1986-87. In 2003-04 and the forward years, the Commonwealth tax share as a proportion of GDP is projected to remain below the minimum level reached in the five years preceding the introduction of A New Tax System. The proportion of personal income tax is also falling and is estimated to be 11.9 per cent of GDP in 2003-04 compared to 12.7 per cent in 1996-97 and a peak of 14.2 per cent in 1986-87. In addition to decreasing the tax share, this government has placed the Commonwealth’s public finances on a sustainable basis by predominantly running budget surpluses. Governments can achieve low tax to GDP ratios by running large budget deficits, as Labor did during its period in government with cumulative tax deficits of around $68.6 billion over its last six budgets. However, low tax ratios in these circumstances are unsustainable as the debts need to be financed, usually through higher taxes in the future. The reduction in the Commonwealth’s tax share reported in the budget papers reflects the impact of A New Tax System introduced on 1 July 2000. Under the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations, all GST revenue is paid directly to the states and territories. GST revenue is not available for expenditure by the Commonwealth. Consequently, the government considers the GST to be a state tax with the Commonwealth acting as a collection agent for the states. Also the government has committed itself to the principle that once priorities such as defence, security, health care, pharmaceutical benefits, aged pensions and balancing the budget have been addressed, then it is appropriate to try and reduce taxes. This has enabled the government to announce in the 2003-04 budget personal income tax cuts worth $10.7 billion over the four years from 1 July 2003.

The member for Fraser made a number of remarks about the sale of Telstra. He contended that the government, in its calculation of the financial impacts of the sale, has ignored key factors such as the current dividend revenue stream. Labor’s claim that they could make a one-off saving of over $500 million by not selling Telstra highlights the lack of substance in their proposed savings. The impact on the budget of selling Telstra depends upon five variables: the share price, the level of dividends, the interest rate the Australian government is repaying on debt, the sale costs and the sale structure. Given that the sale will not occur until at least 2005-06, it is impossible to accurately state here and now what any of these variables are going to be in two years time. The government has consistently stated that it will only proceed with the sale when market conditions are conducive to taxpayers receiving an appropriate return from the sale. The government will examine all these issues in detail when making a decision to proceed with the sale.
The member for Fraser states that the opposition based its projections on the views of two reputable major stockbroking firms and applied the more conservative view. However, a key element of their projections is a continued increase in revenue from Telstra’s fixed network and continued cost reductions. At the same time the member for Fraser’s colleagues are saying that they will reduce charges for access to the fixed network and will put a stop to initiatives that save costs. They simply cannot have it both ways. Financial market analysts believe that the opposition’s policy of forcing Telstra to divest its stake in Foxtel and placing new restrictions on monthly rentals could rip $500 million out of the company’s revenue over the next two years. Yet the member for Fraser says that he wants additional dividends from Telstra in order to fund his election promises. Again, he cannot have it both ways.

The members for Fraser, Hotham and Cunningham criticised the government’s priorities in defence. There was the claim that, despite record high revenues, services are declining and the government is not investing in the future. The government’s priority is to build a strong base for the long term. We are continuing in that endeavour. At this time last year I explained that the government was examining policies to address the issue identified in the Intergenerational Report of the implications of demographic change and other pressures over the next 40 years. The recent important announcements by the Treasurer on superannuation are one result of that effort.

Throughout the government’s term of office it has implemented policies and programs that reflect the priorities, values and aspirations of the Australian people. The benefits that have come from this approach, national security, strong and sustained economic growth, lower interest rates and inflation, declining public debt, falling levels of unemployment and high rates of investment are the foundations for social progress. They are crucial for building that strong base for the long term. I disagree with the view of the member for Cunningham that the government is devoting too many of our resources towards defence. Defence and national security are vital priorities that the government cannot afford to put at risk. Further, the government is not ignoring its other priorities as shown by, for example, the $57 billion per annum the government spends on welfare payments to individuals.

On the issue of superannuation, the member for Rankin criticised the government’s policy claiming that the government was hostile to the notion of superannuation for ordinary Australians. In fact, the government has made a significant commitment to assisting all Australians to build financial self-reliance in retirement through the implementation of the package of measures contained in A Better Superannuation System. From 1 July 2002 the attractiveness of superannuation was enhanced by the government’s initiative to increase the limit on full deductibility of superannuation contributions by self-employed persons. Progress is also well advanced on a number of measures to increase the attractiveness of superannuation that will enable workers to have the freedom to choose who manages their superannuation and to allow couples the ability to split their superannuation contributions. The government has also secured passage of an enhanced government superannuation co-contribution for qualifying low-income earners. We do not accept the opposition amendment. I have covered the matters raised by the opposition in this speech. We are particularly proud of these bills and I wish to commend them to the chamber.

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

Question agreed to.
Original question agreed to.
Bill read a second time.
Ordered that the bill be reported to the House without amendment.

APPROPRIATION BILL (No. 4) 2003-2004
Second Reading
Debate resumed from 3 March, on motion by Mr Slipper:
That this bill be now read a second time.
Question agreed to.
Bill read a second time.
Ordered that the bill be reported to the House without amendment.

APPROPRIATION (PARLIAMENTARY DEPARTMENTS) BILL (No. 2) 2003-2004
Second Reading
Debate resumed from 3 March, on motion by Mr Slipper:
That this bill be now read a second time.
Question agreed to.
Bill read a second time.
Ordered that the bill be reported to the House without amendment.

PRIVACY AMENDMENT BILL 2003
Second Reading
Debate resumed from 3 December 2003, on motion by Mr Ruddock:
That this bill be now read a second time.

Ms ROXON (Gellibrand) (11.36 a.m.)—I am keen to raise a matter with the parliamentary secretary before he leaves because, after that thorough presentation, unfortunately he has still not addressed the issues that I raised in the appropriations debate, so I look forward to an answer from the government about whether or not the money is going to be spent on the domestic violence campaign in this coming year. I look forward to him addressing that in some other forum.

I rise today to speak on the Privacy Amendment Bill 2003 that the government has presented to the House. Labor support the bill because we see it as a relatively noncontroversial matter in an area which is often very controversial. In the main, the amendments being proposed are a tidying up procedure, and the advice that we have from the Attorney-General’s Department and the Privacy Commissioner is that there is broad support for these technical amendments to be made.

Labor also see that these measures do contain further protection for Australian citizens and noncitizens visiting this country in regard to the privacy of their personal information. However, I will be using the opportunity to raise some of our views, particularly as they relate to
the capacity of the Office of the Federal Privacy Commissioner to take on new tasks and that office’s ability to put into practice some of the measures included in these amendments without any commitment of extra resources from the government.

Privacy legislation is an issue that usually attracts a lot of attention and can sometimes be pretty controversial within the community. I think that all of us — both public and private citizens — are very aware of the increasing threats to the use of our private and personal information in the contemporary environment where so much information is available, collected and shared. It is nice to be speaking on bill in which the five measures included essentially deal with ways to help protect our privacy and ensure that information is not stored and used unnecessarily. As I have mentioned, in large part they are tidying up measures that remove some unintended gaps in the existing privacy laws and also address gaps that have been highlighted, particularly by the Europeans, during international discussions and after entering into agreements with them.

The first two measures fall into that category. They are clarifications that came about following reservations expressed by the European Union about the level to which our laws here protect the personal information of Europeans or non-Australians. Firstly, these changes will ensure that information about an individual will be passed on to a foreign country only if that country has adequate privacy protections as well. Of course, the general restrictions on how information can be passed on will be regulated by the act. Secondly, they will allow noncitizens or residents to complain to the Privacy Commissioner about breaches of access or correction rights under the act. Obviously, that second amendment falls into the category of extra duties that have been given to the Privacy Commissioner without any adjustment being made to the resources that the commissioner would have available to deal with complaints that might come from noncitizens or residents under this change.

The third amendment relates to the coverage of privacy legislation in the business community: it allows businesses to adopt a privacy code to cover all issues, whether exempted or not, within one privacy policy. That can be approved by the commissioner, provided the commissioner is satisfied that through this system businesses will be giving equivalent protection to their customers and others that they are handling or storing information for, as is otherwise covered by the act. Labor has not been able to find any evidence of any great push from the business community for this amendment, but it will no doubt be well received by the private sector as a sensible move to remove some of the duplication that does exist and the administration costs involved in the current arrangements.

We would also like to take this opportunity to encourage businesses to set up proper privacy regimes for the handling of the information that they collect and store and for the handling of customer information. The fact that very few have done this comprehensively to date may relate to this tidying up measure, but I suspect it relates more to there not being as much of a push as we would like to encourage businesses to make sure they set up a proper regime for the handling of information. So I hope that this change will make it slightly easier for businesses to do that. I urge businesses to take the opportunity to get their regimes set up properly and in order, with the assistance of the Privacy Commissioner if required.

The fourth measure affects Commonwealth public servants in relation to their superannuation. As we understand it, the amendment ensures that the identification of a public servant for the purposes of making a payment into their superannuation fund does not breach privacy
provisions. This provision is designed to ensure that superannuation services that want to share personal identifiers for the purposes of providing these services to Commonwealth employees can have regulations made without the minister having to be satisfied of the more onerous provisions of the existing section 100 of the Privacy Act. Otherwise, of course, we could see the crazy position that the Commonwealth, in telling a superannuation fund—or if a super fund changes over time—and in identifying a payment made on behalf of a particular employee, might technically be in breach of the act. Obviously that would be a nonsense situation. We do know that there is a changing environment in the super field and it seems to us to be sensible to have this provision to allow material to be handed over in these circumstances.

The minister will still be required to consult with the Privacy Commissioner about the actual regulations that will deliver this outcome, but it is no longer required to either consult with the individual agencies concerned or ensure that those agencies have consulted with the Privacy Commissioner. We will be interested in being consulted when these regulations are drafted to ensure that the intentions that have been described to us are implemented within the regulatory regime. Labor has no problem with any of those provisions outlined already and welcomes the government initiative in tidying up the legislation. We do hope, though, that this tidying process clears the way for a more substantial review of the Privacy Act, which the government has committed to and is due to commence this year.

An additional amendment was added after this bill was presented in the chamber. It has slightly more far-reaching implications, not because of the measure itself which, on the face of it, also goes to strengthening privacy protections for individuals, but because it does impose a further specific obligation on the Office of the Privacy Commissioner, an agency that we know is already seriously stretched by its workload and limited resources. This measure provides the federal Privacy Commissioner with a new audit function, amending the Privacy Act to enable the Privacy Commissioner to audit acts and practices of Commonwealth agencies in relation to personal information which is specified in the regulations. This function is additional to the Privacy Commissioner’s existing function of auditing where records are maintained by Commonwealth agencies in accordance with information privacy principles.

As a measure to identify high-risk individuals that might be travelling into Australia and to better improve border security, in the government’s view, the government has set up an arrangement where Customs have established different arrangements to access passenger name records held by international air carriers. The passenger name records data is personal information that is collected by the airlines for the purposes of a person’s travel and is contained in the reservation and check-in components of an airline’s computer system. Apparently a number of airlines, including European airlines, have raised concerns about handing this information to Customs and are concerned that it may breach the 1995 European Union data protection directive, which prohibits the export of personal information such as this outside the EU unless, again, the union is satisfied that there is adequate privacy protection in the jurisdiction where the information is being passed on to.

To resolve this, the European Commission has been conducting a formal adequacy process or negotiations or discussions with Australia about the arrangements that are in place for the handling of passenger name records. We are advised that one concern that European Commission officials have raised is the circumstances in which Customs might actually retain the in-
formation that is being collected under the system. We are advised that Customs have assured the European Commission that they do not intend to retain the vast majority of this data at all and that longer term retention would occur only in a very small number of cases. Apparently the European Commission officials have indicated that they accept this assurance but would prefer more formal mechanisms. Ongoing discussions have come up with a solution that we see reflected in this last amendment, which is to give the Privacy Commissioner a specific new audit power to be able to check, if you like, that Customs are not retaining this information beyond what has been agreed. These discussions and this proposal apparently are a solution that the European Commission is happy with and I understand is what has led to this later amendment being put to us by the Attorney-General.

The Privacy Act presently provides that the Privacy Commissioner can audit records that are maintained by Commonwealth agencies in accordance with the information privacy principles, but they are silent on the issue of not retaining personal information. The Privacy Commissioner does not currently have audit powers outside the scope of the information privacy principles. We understand that this change is required to be able to give the Privacy Commissioner a legislative base to undertake what the government has committed to do and committed the Privacy Commissioner to do on its behalf.

We support the sentiments and the objectives of this amendment—in fact, we support the amendment—but we cannot let the opportunity pass without outlining our serious concerns that giving the federal Privacy Commissioner an additional audit function will create greater pressures on the commissioner’s office. If it does not create greater pressures, then I am not sure that proposing this as an extra strength, if you like, in our privacy regime is realistic. If the office is going to be given the power but is not going to be able to effectively conduct an audit, it does not seem like a very adequate protection. We understand that the intention is to ensure that the Privacy Commissioner has those powers—and it is not in the debate on this bill that we need to resolve the ultimate issue of funding—but I think it must be flagged, and the Attorney-General needs to be aware, that we cannot keep making proposals for office holders to take on extra duties without giving them the capacity to be able to undertake those duties. A review of the Privacy Act and the functions of the commissioner is apparently in the pipeline, although we are yet to hear formally about the terms of reference for or the timing of this review. Labor would like to see, as part of this review, some serious analysis of the adequacy of the current resourcing of the Privacy Commissioner. I think I have already set out the reasons why we think this is important.

In the latest annual report, the Office of the Federal Privacy Commissioner referred to the fact that they are now dealing with a substantially increased number of inquiries and complaints, from both individuals and businesses. Complaints have actually increased by a factor of five and the number of inquiries by a factor of three. Existing staff resources have already been shifted within the office to meet this unexpected increase in the front-line workload or complaints handling, and many complainants are now waiting up to six months for their matters to be dealt with. So this is a serious issue that will need to be addressed. It has led to the consequence that key personnel have been taken from some other functions of the Privacy Commission. It is clear that any further workload like that which might be encompassed by these amendments will reduce their capacity to undertake important policy development work and community education functions—two areas where Labor sees there is still a key role for
the Privacy Commissioner to be playing in promoting the objectives of the act in the community.

They are the key issues that we needed to cover in this debate. We are concerned to make sure that the review of the Privacy Act and the terms of reference for that review are made available soon and that we are involved in the issues that will be brought to the fore dealing not just with resourcing but with how the privacy principles are being implemented across the community at large. These amendments deal with some very specific provisions and particular problems, but I look forward to the opportunity for Labor to participate actively in any review that comes up to deal with the issue of privacy in general in the community and to the substantial debates that we often have around these areas. In the meantime the opposition will be watching with interest the federal budget and any commitments that are made in the budget to the Office of the Federal Privacy Commissioner. By implication we will also be watching to ensure that the government’s commitment to the measures in this bill will be supported by adequate resourcing for the office.

Mr DUTTON (Dickson) (11.50 a.m.)—I rise today to speak on the Privacy Amendment Bill 2003. This is an important bill that aims to make four predominant changes to the Privacy Act 1988. Firstly, the purpose of this bill is to ensure that the protections afforded in the Privacy Act 1988 are available to all, irrespective of a person’s nationality. It also provides organisations within the private sector with a greater degree of flexibility in their privacy codes. In particular, the bill will ensure that private sector privacy codes will be able to cover more than the specified areas nominated for coverage in the current act. Furthermore, the bill allows for the creation of regulations which cover Commonwealth superannuation schemes as a block, rather than requiring individual consultations regarding the regulations. Finally, the government will add a measure to the current legislation which provides the Privacy Commissioner with a new audit function. The Privacy Commissioner will be permitted to audit acts and practices of Commonwealth agencies in relation to personal information specified in the regulations.

I propose to deal with these amendments in turn. Firstly, I will deal with the application to nonresidents. National Privacy Principle 9, or NPP 9, limits the transborder flow of information to circumstances in which the organisation offering the information can be satisfied of certain conditions. Some of these conditions include, firstly, that the relevant person consents to the transfer of information and, secondly, that the organisation getting the information is subject to effectively the same regulatory scheme which will uphold principles for the fair handling of information. However, the Attorney-General has highlighted in his second reading speech that the extraterritorial provisions of the Privacy Act state that the act applies to offshore acts and practices only if they affect the personal information of Australian citizens and residents. Hence, it is possible that these provisions may be interpreted as limiting the protections of NPP 9 to Australia only. This has never been the government’s intention and this bill aims to rectify that doubt. Furthermore, the act currently forbids the Privacy Commissioner from investigating complaints about possible breaches of access and correction rights if the complainants are not Australian citizens or residents. There is no reason why this situation should be retained, and this bill moves to have this limitation removed.

It is notable that the Department of Immigration and Multicultural and Indigenous Affairs already treats most information regarding noncitizens as if it were covered by the Privacy Act.
The Bills Digest highlights that this is apparent from a letter sent by the Acting Director of Public Affairs at DIMIA. In this letter, the acting director quoted the Privacy Act as a reason why they should not publish photos of recently arrived asylum seekers. This principle is also evident on the DIMIA web site.

In relation to reducing the regulatory burden on business, item 6 of the bill makes provisions for privacy codes for private corporations to cover a broader range of issues than previously allowed. As highlighted by the Attorney in his second reading speech:

At present, business is limited in the matters which may be covered by a privacy code, specifically the matters nominated by the act as exempt acts and practices which cannot be covered.

The government proposes to remove these limitations in order to provide business and industry with maximum flexibility. In doing so, the Attorney has said that this will not oblige code creators to deal with exempt acts and practices in their privacy codes, and nor will it lessen the levels of privacy protection for individuals.

Part 4 of the bill operates to ensure that where superannuation services want to share identifying information for the purposes of providing superannuation services to Commonwealth employees, these services can have regulations made without the minister having to be satisfied of the requirements detailed in section 100 of the act. These requirements include: firstly, to consult the individual agencies concerned; secondly, to ensure that they have consulted with the Privacy Commissioner; and, thirdly, to ensure that use of the identifier can only be for the benefit of the individual concerned. This bill will ensure that the minister must still consult the Privacy Commissioner about such proposed regulations but will not be required to satisfy the requirements of section 100.

In relation to PNR audits, the government has proposed amendments to the Privacy Amendment Bill 2003 whereby the Privacy Commissioner will be provided with a new audit function to audit acts and practices of Commonwealth agencies in relation to personal information specified in the regulations. Why is the amendment necessary? That is a very good question. In order to identify high-risk individuals travelling to Australia and to improve border security, the Australian Customs Service has established arrangements to access PNR data held by international air carriers. PNR data is personal information that is collected by airlines for the purposes of a person’s travel, such as reservations and check-in data that is lodged in the airline’s computer system. Various European airlines have raised concerns that the providing of PNR data to Customs may in fact breach the 1995 European Union data protection directive, which prohibits the export of personal information outside the EU unless the data is given adequate privacy protection.

One of the major concerns has been the circumstances in which the private information will be retained by Customs. Customs have responded by saying that they do not intend to retain the vast majority of PNR data and that longer-term retention would occur only in a small percentage of cases. The European Commission have accepted this; however, they would prefer that the government implement formalised mechanisms for this procedure. Australian and European Commission officials have identified a mutually acceptable solution of having audits of Customs’ nonretention being conducted by the Privacy Commissioner. The amendments enable the Privacy Commissioner to audit certain acts and practices of Commonwealth agencies: those in relation to personal information which is not otherwise covered by the information privacy principles but which are to be prescribed in the regulations. It is
important to recognise that access to PNR data will improve the quality of Australia’s border protection and security, and these amendments will assist in the EU providing that information. It is also important to recognise that this audit function will enhance Australia’s privacy regime by ensuring that the PNR data is kept only for proper purposes. These proposed amendments are expected to have no impact on Commonwealth expenditure or revenue.

As part of this debate, and given these amendments focus on increased border protection, it is only prudent to discuss this government’s border security record. It is a great opportunity to contrast that which Labor offers with that which the coalition government provides. My good friend the member for Burke knows well the deficiencies that the Labor Party policy has. At every opportunity, we need to highlight the stark differences between the Labor Party and the Howard government, which provides very definite and strong direction. At the last federal election, the Australian people strongly supported the coalition’s clear policy on border protection. In the 2002-03 budget, the coalition implemented the initiatives outlined in its comprehensive policy on protecting our borders. The coalition’s policy on protecting our borders committed the coalition to fighting the dangers of disease, illegal fishing and crime, drug trafficking, people-smuggling, terrorism and sophisticated cybercrime.

Coalition priorities for border protection—and it is important for those opposite to listen and learn—are, firstly, to ensure that our borders are not easy targets for the importers of illicit drugs, guns and other contraband. The coalition has significantly strengthened law enforcement agencies through the better use of technology and intelligence to stop the entry of illegal drugs and other contraband. I knew that would get the attention of those opposite, because to them it is new policy—it is new to their ears and something they do not hear in their caucus too often at all. Our priorities are also about further strengthening coastal surveillance and intelligence gathering to crack down on people smugglers as opposed to Labor’s two-bob policy of the coastguard, or the ‘coastguide’ as the Minister for Foreign Affairs quite regularly and rightly calls it.

We are also about continuing to maintain efficient passenger processing and continuing to monitor the implementation of new antidumping procedures that reduce the investigation period for antidumping complaints to a maximum period of 155 days. We are also about introducing a cargo management system that facilitates speedier movement of goods across the border, while at the same time providing better targeting of drugs and other prohibited imports. Customs will continue to put substantial effort into improving intelligence gathering and cooperation with all law enforcement agencies to attack the supply of illicit drugs, people-smuggling, and illegal imports. Customs will also work with industry to facilitate trade while maintaining effective border management.

In conclusion, the amendments proposed in this bill are relatively minor and, according to media reports, relatively uncontroversial. However, they are vitally important in improving border security capacities while also ensuring that individual privacy is respected. That is what this government has been all about over the last eight years—acting in the national interest and providing for certainty wherever possible for the Australian people, and this area of policy is no different. On that basis, I commend this bill to the House.

Mr GRIFFIN (Bruce) (12.02 p.m.)—I note, based on what the previous speaker said, that we have actually got a fair bit of flexibility about talking around these issues. I note also that the member for Sturt is there yapping away in the background as usual, and we always know
that when he is doing that there is a bit of scope to be able to raise issues. I would like to pick up briefly on one issue. In introducing these amendments—and, as the previous speaker said, doing all these great things—this government has not put in one single dollar. The fact of the matter is that, once again, it is loading up the Privacy Commissioner with extra activities, with not one single dollar to do it. It is like so much this government does—great rhetoric but, when it comes to the crunch, no money to do the job.

A series of amendments to the Privacy Act are being dealt with under the Privacy Amendment Bill 2003. Two of the measures are clarifications that have come about following reservations expressed by the European Union about the level to which Australian law protects the information of Europeans. The third amendment concerns businesses adopting privacy codes and their approval by the Privacy Commissioner. The fourth measure affects Commonwealth public servants in relation to their superannuation. The amendment ensures that identifying a public servant for the purposes of making payments into a superannuation fund on their behalf does not breach privacy provisions.

The last amendment is the one I will spend the most time on. This amendment will enable the Privacy Commissioner to audit acts and practices of Commonwealth Agencies such as Customs in relation to the personal information that they hold. This information includes travellers’ personal information that is held by international air carriers. To improve border security, Customs has established arrangements to be able to access this information. However, the European Commission has raised privacy concerns with this holding of information. Of particular concern to EC officials are the circumstances in which this data will be retained by Customs. Australian and EC officials have identified an acceptable solution of having audits of Customs holding and using this information.

While we support this amendment, we have real concerns about the government’s commitment to properly resource the Office of the Federal Privacy Commissioner to undertake the audits which are to be part of the amendment that I just outlined. The OFPC has been told it will receive no additional funding as a result of the legislation. The OFPC believes that there are clear cost implications and that the decision not to fund it was unfortunate. The OFPC has raised the issue with the Attorney-General’s Department, but to date it has not received a sympathetic hearing.

Estimating the cost in this area is problematic to some extent. For example, if you had just one audit a year, the OFPC believe that it might take only two to four weeks of staff time. But given how stretched they currently are, they will probably need a whole new position, as they cannot afford to take someone out of another part of the OFPC. The problems with marginal costings in these situations are significant. You need to not only fund the wages but also cover the travel costs, administrative support and training. This problem of a lack of resources would be made worse if the Privacy Commission were required to audit the airlines as well. The OFPC also believe that hiring a consultant to do the audits would not be suitable as they would need specialised training.

This overall issue about the Privacy Commission and where they are up to has had some recent publicity as a result of the study published in Choice magazine on credit reports. That study discovered that some 34 per cent of respondents to the report had found that when they asked for their credit report from the private sector company that held it there was in fact a range of errors. If you have a problem with your credit report, and this could impact on some-
thing like 13 million Australians, then you have the right to go to the OFPC, as they are the principal complaint agency in this area, and ask them to take some action—except that there is a real problem there. The problem relates to the overall operation of the OFPC, to their funding and the time it takes for them to currently deal with problems—even now, before there is actually an increase in their duties as a result of this legislation.

We are talking, across-the-board, of something like a six-month delay in complaints being looked at, and that has real implications. This issue relates to the overall operation of the OFPC, which is very central to this legislation. There have been a couple of interviews on ABC radio in the last few weeks that I would like to quote from. The first was on ABC 666 in Canberra, on Thursday, 5 February, where Chris Uhlmann spoke to Malcolm Crompton, the federal Privacy Commissioner. The interview related to the issue of complaints and credit reporting, but it does impact on the overall situation with the OFPC. The interview went as follows:

CROMPTON: 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. What we have had to do instead has been to reallocate resources within the office into the complaints area. Got a lot more people doing work in there, but unfortunately it’s not enough to clean up the backlog, so much as to try and stop the backlog getting any longer. So we’re doing our best but there is a very finite resource restraint unfortunately.

UHLMANN: So in a couple of words you’re not coping?
CROMPTON: Well it’s not getting worse.
UHLMANN: But it’s not any better though?
CROMPTON: 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.

UHLMANN: It must affect then all of your other services.
CROMPTON: It does.
UHLMANN: So is your Minister making an argument to the Government about getting some more money?
CROMPTON: 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.

UHLMANN: Are you disappointed?
CROMPTON: Of course I’d like to be able to offer a better service than I am able to offer. Up to now for example in the areas that directly affect individuals I have literally had to cancel the audit program that the office is empowered under the law to conduct. That means I am no longer able to audit federal agencies or credited organisations for the way they do their business simply because I haven’t got the resources. I have moved them instead into trying to handle the individual complaints that people make, because I think that is the first line that we have to offer to people. But even having done that and reduced resources in other parts of the office unfortunately I haven’t been able to reduce the backlog.

MAIN COMMITTEE
That detailed quote—and I am quite happy to admit that it is a very detailed quote—contains the Privacy Commissioner’s own words about the operation of the organisation that he is responsible for and that the government is not funding. I think it makes it pretty damned clear what we are dealing with here. A week later Chris Uhlmann had Philip Ruddock, the Attorney-General, on the program to respond to those allegations. The quote from that is much briefer, but I am going to go to it—it is much briefer because it says something about how little the Attorney has to say about really dealing with this issue. It says:

UHLMANN: Mr Ruddock, have you taken this issue forward?

RUDDOCK: Obviously in the budget context we look at all of these questions, and the information that’s provided by statutory officers as part of the consideration as to the way in which resourcing ought to be applied. But I’d go back to the starting point of your article in CHOICE. I haven’t read it, but what I have read indicated to me a matter which is of concern to me, I might say, and that is that there is a lot of information that these credit reference organisations obtain which appears on the face of it to be incorrect and it suggests me that there is a systemic problem. The question you have to ask itself is whether you address the systemic problem. I mean part of the issue I think was that most of the mistakes were likely to jeopardise creditors or credit bodies being able to follow accurately whether or not people they were dealing with are of concern. And most of the information it seemed was information about names and dates of birth and so on that were incorrectly recorded, which means that you probably wouldn’t get an adverse reference. But I think that 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.

UHLMANN: Certainly, but beyond that in your Bailiwick I suppose, has the Privacy Commissioner got enough money to do his job?

RUDDOCK: Well the question you have to look at is whether or not he is getting an artificially large load of cases because there is a systemic problem. I mean he is claiming there’s been a five-fold increase in complaints and that what has happened is that his budget has only been doubled. I mean there has been a substantial increase in resources that the Privacy Commissioner has received, but you have to look at the question, and we would do this in a budget context, about whether more resources are appropriate given just that there’s an increase in the number of complaints, or whether you’d look behind the complaints and ask yourself whether there’s a systemic problem that needs to be addressed.

On that question, there certainly are systemic problems that need to be addressed, but the fact of the matter is that we are still dealing with a situation where, for two years now, there has been a significant increase—a quintupling—of the workload for the Privacy Commissioner. The circumstances are that we have not seen the funding increase to match that.

The Attorney says, ‘We will consider it in a budget context.’ Over a two-year period we have seen budget contexts come and go, but action has not been taken over that period to deal with these issues. Yet here we see today, yet again, the government passing amendments to legislation which are necessary and a good idea but where, under these circumstances, we see absolutely not one single dollar to deal with the additional workload that will be required as a result of these changes. It just sums up so much of what this government does. It will pass the legislation but it will not fund the job that needs to be done.

Mr PYNE (Sturt—Parliamentary Secretary to the Minister for Family and Community Services) (12.13 p.m.)—On behalf of the Attorney-General I apologise for him not being able to be here to sum up this debate on the Privacy Amendment Bill 2003. He is unable to be here and in another place at the same time, so he has asked me to sum up for him and foreshadow the moving of an amendment to this bill, which has already been agreed to by the opposition.
I would like to thank the members for Gellibrand, Bruce and Dickson for their contributions to the debate—particularly the member for Dickson, who, as usual, made an erudite, useful and effective contribution to the debate, particularly touching on the subject of border protection, which I know is a matter that is very dear to his heart and also to the constituents in his electorate.

The Privacy Amendment Bill 2003 makes four minor changes to the Privacy Act 1988 to increase the coverage of the protections offered by the act. I foreshadow an amendment that I will move during the consideration of the bill in detail. A further change will be made to increase the coverage of the protections offered by the act. The bill clarifies that the protections of national privacy principle No. 9 are not limited to Australians. An unnecessary restriction on the Privacy Commissioner’s powers to investigate complaints is removed. The flexibility of the privacy codes is increased and the practicalities of the superannuation arrangements for public servants are recognised. The bill reflects the government’s continuing commitment to a privacy regime that meets the needs of all Australians. That regime is designed for the particular needs of the Australian community but is also structured to respond to the challenges of a world with increasing levels of information transfer. I thank the opposition for their support of this bill and I commend the bill to the House.

Question agreed to.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr PYNE (Sturt—Parliamentary Secretary to the Minister for Family and Community Services) (12.16 p.m.)—I present a supplementary explanatory memorandum to the bill and I move:

(1) Schedule 1, page 6 (after line 27), at the end of the Schedule, add:

Part 5—Additional audit function for Privacy Commissioner

1 After paragraph 27(1)(h)

Insert:

(ha) to conduct audits of particular acts done, and particular practices engaged in, by agencies in relation to personal information, if those acts and practices, and those agencies, are prescribed by regulations made for the purposes of this paragraph;

2 Subsection 32(1)

After “(h),”, insert “(ha),”.

Question agreed to.

Bill, as amended, agreed to.

Ordered that the bill be reported to the House with an amendment.

CUSTOMS LEGISLATION AMENDMENT (APPLICATION OF INTERNATIONAL TRADE MODERNISATION AND OTHER MEASURES) BILL 2003

Second Reading

Cognate bill:
Mr McCLELLAND (Barton) (12.17 p.m.)—On behalf of the opposition, I rise to speak on the Customs Legislation Amendment (Application of International Trade Modernisation and Other Measures) Bill 2003 and the Import Processing Charges (Amendment and Repeal) Amendment Bill 2003. The opposition supports these bills, which are largely technical in nature. I note that this is the fifth package of legislation necessitated by the Customs Cargo Management Re-Engineering project, known by the acronym CMR, which aims to replace the existing Customs computer platforms with a new computer system for the better management of imports and exports. This project is more than $100 million over budget and 12 months overdue. This circumstance and the negative impact it is having on the finances of Customs and other operations is of grave concern, given the central role of Customs in Australia’s border protection security.

The most significant aspect of these bills deals with the transitional arrangements for the handling of imports during the changeover between the customs legacy electronic systems and the new Integrated Cargo System. The current legislation provides for no overlap in the operation of the two systems and assumes that the transition occurs immediately upon turning off the former system. Not surprisingly, consultation with industry has highlighted the importance of smooth and efficient transitional arrangements. Importers need to be assured of continued operation, with minimal interruption of the flow of international trade. In particular, a period of time for the finalisation of import transactions commenced in the legacy system is required to allow for compliance with reporting requirements.

Among the amendments in these bills are provisions that, firstly, clarify the operation of the legislation that implements the international trade modernisation of Customs, particularly with respect to communication of manifest detail and the release of goods; secondly, enhance Customs border controls in relation to certain restricted goods, such as firearms, whereby the minister is given additional powers to withhold restricted imports; thirdly, clarify cargo reporting requirements and record retention obligations, certain maritime powers, empowerment provisions and charges payable for in-transit cargo reports; fourthly, clarify the basis for calculating customs duties on certain alcoholic beverages as a result of appeals on duty calculation on stated or actual alcohol content; and, finally, enable the collection of duty in the period of overlap between Customs legacy system and the new system.

In conclusion: while the government’s ongoing mismanagement of the CMR project and its negative impact on Australia’s border security is worrying, both to the opposition and the community, we support these bills, which are intended—we acknowledge—to put in place arrangements to manage the transition to the new Customs computer system.

I should indicate that we do recognise the need for the introduction of this technology, and indeed experience overseas says that having accurate records of the manifest of goods being transported into and out of the country is vitally important. Cross-comparing those manifests with relevant bills of lading to ensure accuracy in the identification of both the material and
the source of the material is vitally important. Indeed it is probably one of the most vitally important starting points in the proper screening of potentially dangerous material coming into Australia—material that could be used by terrorist organisations.

While we say that the introduction of this technology is vitally important, it is a shame that it has not been handled as well as it could have been. It is regrettable that the industry has been so burned in the process, because ultimately—with these measures and other security measures that will be required as we undertake more research in combating the potential threat of terrorism—we will need the industry’s cooperation. I trust that the government will do everything in its power to rectify the problems that have occurred and to assist industry to cope with these transitions and the cost imposts that are required but which could certainly have been minimised from the point of view of the industry.

Mr CAMERON THOMPSON (Blair) (12.23 p.m.)—I want to pursue, in the somewhat shortened time available to me, some aspects of the Customs Legislation Amendment (Application of International Trade Modernisation and Other Measures) Bill 2003. This is an omnibus bill, and the area that I want to focus on first is to do with the gun buyback scheme. I would like to refer to some comments that have been made in the Courier-Mail recently about gun buyback. There have been some comments from the Queensland police minister that refer to the importation of firearms into Australia. In the Courier-Mail of 23 February 2004 there was an article called ‘Buyback cuts gun crimes by half’ by Michael Corkill. The article said:

Griffith University criminologist Dr Tim Prenzler said crime had decreased Australia-wide in recent years and the homicide rate had more than halved to 0.24 for each 100,000 people since 1996.

However, Sporting Shooters Association of Australia Queensland president Geoff Jones said he remained unconvinced that the decrease in gun crime was solely the result of the gun buyback scheme.

Mr Jones said he regarded the handgun buyback as a “joke” because virtually all handguns used in crimes were illegally imported.

Former police minister Tony McGrady said there was a “real danger associated with the illegal importation of weapons from other countries” and urged the Federal Government to tighten security.

“The fewer concealable firearms there are in the community, the less chance these weapons have of falling into the wrong hands,” he said.

Dr Prenzler said the Government definitely needed to take steps to address the illegal gun trade, if it had not already done so.

“If responsible people are penalised, then that’s the price of safety, as it is for road regulations or dog ownership,” he said.

That is Dr Prenzler’s view. The inclusion within this omnibus bill of some particular provisions in relation to firearms is quite significant, because it shows the determined attitude of the Commonwealth to this question. We have had the initial gun buyback, which definitely has been quite successful. It was followed up by the handgun buyback. Both of those processes have not been without pain. Some people have been very angry about the decision to take firearms out of the community. Both of those processes have been pursued effectively by the government. The proof of the pudding is in the reduction in gun related crime that is now well documented across the country.
In this legislation today there is a proposal that enables the minister to prevent the delivery of restricted goods if their delivery is not in the public interest. That particular provision operates in relation to the Customs (Prohibited Imports) Regulations of 1956, particularly in relation to firearms. Under this legislation the minister will be able to detain goods to allow the incremental release of those goods or to re-export those goods. In fact, if the minister were to acquire the goods, this particular amendment would also enable the minister to provide compensation for those goods. So the very point that has raised concern in some quarters about firearms being imported into the country is being addressed by the Commonwealth just as effectively as the Commonwealth dealt with the initial problems—it was first out of the blocks—in relation to the proliferation of guns, semiautomatic type weapons and other weapons and in relation to its subsequent move on the handgun buyback. The government has been comprehensive in wanting to deal with that issue and I think people now see how genuine and effective it has been. Another article in the *Courier-Mail*, this time from 3 January 2004, stated:

**FIREARM** deaths in Australia dropped by almost 50 per cent during the period from 1991 to 2001.

Further, an article in the *Courier-Mail* on 23 February 2004 stated:

**GUN-RELATED** crime in Queensland has more than halved in eight years in what has been hailed as a victory for the Federal Government’s controversial gun buyback scheme. Queensland Police Service figures obtained by The Courier-Mail reveal that firearms offences committed against people in the state slumped to just 400 in 2002-03—the lowest figure in at least a decade and 424 offences fewer than in 1996-97.

I want to highlight those particular provisions because, as I have said, the Commonwealth is determined on this issue to provide a better environment for all Australians. We have looked at the way in which the gun buyback scheme has operated. We have been careful to ensure that, where follow-up is required, we have revisited the scheme. The handgun buyback has caused pain, but I think people could recognise that there was a need for action—particularly after the incidents in Melbourne, which highlighted the concerns out there, and people responded to that.

I think there are many initiatives to come in relation to the importation and control of firearms in our community. The government will continue to address these matters over time with the enthusiastic support of the states, which I commend them for. I have other comments in relation to this bill but, it being 12.30 p.m., I seek leave to continue my remarks when the debate is resumed.

Leave granted; debate adjourned.

**ADJOURNMENT**

Mr NEVILLE (Hinkler) (12.30 p.m.)—I move:

That the Main Committee do now adjourn.

Braddon, Sir Edward

Mr SIDEBOTTOM (Braddon) (12.30 p.m.)—For the week from Sunday, 1 February to Saturday, 7 February, a variety of events were organised to celebrate the life and deeds of, and the centenary of the death of, Sir Edward Nicholas Coventry Braddon. Edward Braddon—or Nick, to his friends—had a distinguished career as an administrator in India between 1847 and 1878 before, with his wife, Alice, he ventured to the colony of Tasmania to set up home at
Forth, which is my home village, on the north-west coast of Tasmania. Indeed, he would have ridden past my home, which was built in 1875, many a time. That is something we share.

Braddon bought a small farm overlooking the beautiful Forth valley, and, after a year of hard toil on the land, he was elected to the Tasmanian House of Assembly for the seat of West Devon. Braddon was a breath of fresh air in the southern-centric parliament and worked assiduously to expand infrastructure to western and northern parts of the colony. He was also keen to represent the concerns and aspirations of working men and women, dirt farmers and farm labourers. He dressed like a dandy but he did not act like one. Indeed, initially a favourite of the Hobart Mercury, he lost their support as he progressively advocated Tasmania-wide policies. Indeed, in this case it was a badge of honour to have the Mercury disapprove of him. He was appointed as Tasmania’s Agent General from 1888 to 1893 and returned to become Premier from 1894 to 1899.

Braddon did not want to die wondering. Tasmania needed some drastic action regarding its economy in the mid-1890s. Braddon, who was himself made redundant on a number of occasions, applied this very axe to the public service. Indeed, they nicknamed it the ‘Braddon axe’. He started a massive public works program and introduced innovative taxation schemes. One of the latter caused Braddon a good deal of political angst. That was the first official gambling system, called the Tattersall’s Sweepstakes, which resulted in a tax windfall for the colonies until 1954, when it was pinched by Victoria—like our footballers!

Braddon was an ardent federalist and led the yes case to victory in Tasmania in the two plebiscites of 1898 and 1899. As Premier, he facilitated the 1895 Premiers Conference to introduce enabling acts to progress the stalled federation process and played a significant role in the following federal conventions. His intervention in securing section 87 of the new Constitution for 10 years guaranteed the support of the smaller colonies for federation. This was a most significant act. This was known as ‘the Braddon clause’ by observers or, by the larger-colony critics, as ‘the Braddon blot’.

Braddon stood for the first Commonwealth parliament and was elected first on a whole-of-Tasmania vote in 1901. He was re-elected for the seat of Wilmot, later named Lyons, in 1903. Unfortunately, Braddon became ill and died soon after, on 2 February 1904, aged 74. My seat of Braddon came about in 1955 in honour of Sir Edward Braddon. Prior to this, it was called Darwin from 1903 to 1955. I am the fifth MHR to represent Braddon since 1955.

Events to mark the life and work of Sir Edward Braddon included a reprint of Edward Braddon: Adventurer, Farmer, Statesman by my friend and colleague Kerry Pink. Unfortunately, Kerry passed away before the rededication of this condensed biography. I have spoken about Kerry and paid tribute to him in this House before, but I wished to acknowledge his work in keeping alive the memory of Edward Braddon. There was a rededication of the grave of Sir Edward at the Pioneer Cemetery at Forth. There was an historical and theatrical revue of the life of Sir Edward called A Night in the Pub, led by local historian Maureen Bennett and hosted by local publicans Chris and Maud Bramich. There was the opening by our Premier, Jim Bacon, of a revamped Braddon’s Lookout, overlooking the beautiful Forth Valley and bordering Sir Edward’s former property of Treglith. There was an historical display in the village of Forth. There was a Braddon celebratory ball in the Forth town hall attended by 200 people. It was great to see some members of Sir Edward’s family come from other parts of Australia to attend the celebrations. Thank you to all those who organised those events, par-
particularly the Forth Valley Lions Club, which played such a pivotal role in getting the community grant for the revamped Braddon’s Lookout and for organising those events. (Time expired)

Ms GAMBARO (Petrie) (12.35 p.m.)—I would like to speak today in the time that I have available to me about a wonderful company in my electorate of Petrie that is doing some wonderful things both nationally and internationally. Yesterday there was a wonderful article in the Redcliffe Herald newspaper about a small local business which, with federal government help, has become a huge overseas success story. It has done that by revolutionising Australian medical technology. As an Australian of Italian heritage, I am particularly proud of this company because it is supplying in the vicinity of 40 per cent of Italy’s blood-testing technology. If someone’s blood is worth bottling, then Ai Scientific of Clontarf is certainly doing it in Italy—and doing it very well indeed.

Mr Sidebottom interjecting—

Ms GAMBARO—I see the member for Braddon agrees with me. It is one of the lifeblood businesses of this country, as well. CEO Stephen Pronk has turned Ai Scientific from humble beginnings in a suburban garage into one of Australia’s leading medical research and technology innovators. He has proved that, with the help of a federal government that cares about small business—and this government has always cared about small business—small businesses can develop revolutionary technology that positions Australia at the very top of competitive overseas markets, and certainly Ai Scientific has been doing that.

Last Thursday I was very privileged indeed to have a visit from the Minister for Industry, Tourism and Resources, Ian Macfarlane, to the Clontarf site of Ai Scientific, and he awarded them an R&D Start grant of $3.3 million. This will allow them to develop a new pathology specimen processing system, which will cut down error rates in laboratories and increase the accuracy of a patient’s test information for doctors. It was not too long ago that the margin of error in the laboratory of test results was increasingly high, and it was not uncommon for men to be given positive pregnancy results. If I were a man and had been the recipient of one of those results, I would have been very concerned. Those days have long gone and, with a company like Ai Scientific, the chances of that ever happening again in the future will be minimised to an error margin of something like 0.1 of a per cent. The errors of the past and the difficulties in relation to test results will certainly no longer exist. It was worse when people’s test results could be mixed up, so that somebody could be told that they had some serious illness, when in fact it was somebody else’s test results. So they are some of the things that have been stopped.

Also, technicians in a laboratory had to physically open up test tubes, so they were subjected to vapours and risk of contamination when touching blood. Ai Scientific has revolutionised pathology testing at the right time, when doctors, hospitals and laboratories are handling thousands of blood samples each and every day. A single blood sample from one patient can undergo testing for up to 15 different conditions. This meant splitting samples into 15 different tubes. Ai Scientific’s robot technology makes that obsolete—a quiet Australian revolution that is really changing the medical world. The grant is one of the largest that has been given under the R&D Start program, and Ai Scientific has achieved outstanding results in building itself in 20 years into not just a market leader but a market innovator.
Today with just 60 staff it already is one of Australia’s leading pathology equipment manufacturers with an annual turnover of $17 million and, just as importantly, an estimated input into the local economy of $20 million. While it was still operating out of the garage, it captured its first European export market, Switzerland. Mr Pronk did not tell his Swiss buyers that he was working out of a garage. If you can sell technology to Switzerland, you are doing it right, whatever the decor. Today from large modern premises on the Clontarf waterfront, Ai Scientific supplies 40 per cent of Italy’s blood-testing market. Italy is just as fussy about technology as Switzerland, but both recognise a very good invention when they see one. I congratulate Ai Scientific on the wonderful work that it is doing out there, both domestically and internationally. I wish the company well and I hope that it will continue to expand its business and receive future success, as it so deserves.

Cunningham Electorate: Sandon Point

Mr ORGAN (Cunningham) (12.40 p.m.)—This Saturday marks the third anniversary of what I understand to be the world’s longest running community picket, at Sandon Point, Bulli. A mammoth effort by the local community over more than 17 years culminated in the establishment of the Sandon Point Aboriginal Tent Embassy in December 2000 and the community picket in March 2001. Since then the picket has been staffed continuously by volunteers—24 hours a day, seven days a week. This truly amazing effort has involved literally thousands of people from my electorate of Cunningham and beyond. It would take hours to mention all those who have supported the picket and embassy over the years, but I would like to make special mention of the Northern Illawarra Residents Action Group, the Thirroul Action Group; the South Coast Labor Council, the Active Community Team and the Illawarra Greens for their ongoing support. Special mention must also go to the ‘roster monsters’ who have kept the picket going past the 1,000-day mark.

Why is such a picket necessary? It is because Sandon Point is an area of national environmental and cultural heritage significance. It is a 60-hectare parcel of coastal land in northern Illawarra which the local community wants to see preserved for future generations. The surf swell off the point is internationally known, and just last week the Billabong Junior Pro Surfing Championships were held there, with 14 foot swells challenging the young Australian and overseas surfers. But Sandon Point means more to the local community than just a good surfing spot and tourist attraction, and it would be a scandal to see the waters of the point polluted by the threatened 700-house residential subdivision.

Since the mid-eighties, when industrial use of the site was largely phased out, locals have been fighting to save Sandon Point. It was the site of the first white settlement in the northern Illawarra back in 1818 and, prior to that, for thousands of years, it was an important gathering place for the local Aboriginal people. Evidence of that occupation abounds. The skeleton of a 6,000-year-old Kuradji man was recently uncovered, along with a massive tool-making site which ANU archaeologist Professor Peter Hiscock has declared of rare nature along the Australian coast and most likely of national significance. Yet, in the past few weeks, material from that site has been dumped in various parts of the Illawarra as refuse, much to the outrage of the local Aboriginal community who have found amongst this disturbed material ancient artefacts perhaps 2,000 or more years old, material which informs us of the lengthy Aboriginal occupation of Australia and of areas such as the Illawarra.
What has happened to Sandon Pont over the last decade is a national disgrace. Greed and the development imperative have been allowed to override community concern and significant environmental and cultural heritage values. With the complicity of government—particularly Wollongong City Council and the New South Wales state Labor government—much of the Aboriginal and European heritage of the Sandon Point site has been destroyed or faces imminent destruction, despite concerted efforts by the local community in the courts and through normal channels. The New South Wales Heritage Office has sat idly by as European heritage items such as the 1860s colliery tramline and 1890s coke works foundations were destroyed. The New South Wales National Parks and Wildlife Service has assisted the developers in destroying Aboriginal heritage sites such as the aforementioned tool site, via the iniquitous section 90 ‘consent to destroy’ certificate.

This destruction continues to this day, as does the fight by members of the local Aboriginal community to put an end to the destruction of their heritage—a fight that is far from over and which has the support of the wider community. The New South Wales Department of Urban Planning and the Department of Land and Water Conservation were responsible for allowing parts of the site to be zoned medium density residential as part of the inappropriate urban consolidation policy in direct conflict with their very own coastal policy which they refused to apply to the Illawarra, allowing houses to be built increasingly in wetlands.

Most complicit in the ongoing destruction at Sandon Point is Wollongong City Council, though some councillors have fought tooth and nail alongside the community from day one. The recently released Sandon Point commission of inquiry reinforced what the locals had been saying for years, and it was highly critical of council and government. Council decisions have favoured the developers over environmental and heritage concerns and other planning issues such as traffic.

Council and the state and federal governments have repeatedly failed to listen to or take on board legitimate issues raised by individuals and groups who do not stand to make millions of dollars in profit from the destruction of Aboriginal heritage and the environment. As I speak, the first houses are being erected, creeks are being polluted and artefact sites destroyed. A local factory which works around the clock and employs some 80 people is being threatened with closure because of the noise which has emanated from this heavy industrial site for decades. This information was not brought to the attention of the New South Wales Land and Environment Court by Wollongong City Council or the developer when the development was being considered. Council is caught in a bind: it has vigorously supported the developer to date but now finds it must support the jobs of a local industry and deal with the problems of new residents who are faced with the prospect of building million-dollar houses which must be hermetically sealed 24 hours a day from the noise of the factory.

Sandon Point is a planning mess. Greed has caused this problem, and the failure of local and state governments to listen to the local community—to listen to their constituents—or to take on board the findings of the independent commission of inquiry has left them with more problems than they could ever have envisaged. I applaud the work of the people involved in the Sandon Point community picket and the Sandon Point Aboriginal tent embassy. I look forward to doing all I can to save Sandon Point. I look forward to joining with them in their third anniversary celebrations on Saturday.
Mr JOHNSON (Ryan) (12.45 p.m.)—It gives me great pleasure to speak today on a very important group in the parliament that I think needs some more promotion and more acknowledgment—the All Party Parliamentary Group on Population and Development. I had the great privilege last month of being elected unopposed as chairman by my colleagues in the parliament who are members of this group. Let me initially thank my predecessor, Dr Brendan Nelson, for his support and hard work and for his passion for the areas the group covers. I would also like to acknowledge in the chamber today the vice-chair of the group, the member for Isaacs, and pay tribute to her support for the group and her dedication to the issues that the group covers. I know she looks forward to continuing in the role of vice-chair following the next federal election.

The All Party Parliamentary Group on Population and Development was formed to forward Australia’s commitment to the aims of the 1994 Cairo program of action by providing a forum for discussion and engagement in dialogues not only in this place but also throughout the country. It is a very important group. As I said, it probably needs a little more promotion. I am delighted that the Courier-Mail was able to put a small piece in the Brisbane press following my election as the chairman of the group. I also want to take the opportunity of thanking a handful of Ryan residents who took the time to contact me and congratulate me: Alan Worthington, a Westlake resident in Ryan, and Dr Simon Latham and Dr Robert Bourne from Indooroopilly, who clearly have a very strong awareness of the importance of these issues. I thank them for contacting me and encouraging me to be active in this area. There are about 85 members of the group, as well as some members of state and territory parliaments. I look forward very much to communicating with them and with my colleagues in this parliament to encourage them to get involved and to support this group.

The International Conference on Population and Development was held in 1994 in Cairo. One of the key things it aimed to do was to promote international thinking on population related issues, demographics and development related issues, particularly of course in developing countries. Population growth was acknowledged as a very significant global issue for all of us—not just for those countries but for so-called First World countries. I want to refer to some statistics which I think highlight the major challenges facing this country as a member of the world community, the United Nations and the international community generally. I want to refer to some points that were made by the chairman of the World Bank, Mr James Wolfensohn, who is an Australian by birth but who lives in the US. He talked about the six billion people in the world today, one billion of whom own 80 per cent of global wealth, while another one billion struggle to survive on a dollar a day. Two billion people have no access to clean water. Some 150 million children never even get the chance to go to school. More than 40 million people living in developing countries are HIV positive, with little hope of receiving any treatment for this shocking disease.

I want to issue a challenge to all governments throughout the world, including our own government, to lift their activity on this issue. This is not a political issue; it is one that concerns humanity. All of us in our own small way can lift the profile of these issues, because once they have profile they can be addressed. These are not just issues for developing countries, because they also touch our own country. With the world’s population increasing substantially, sometime down the track this will affect us very directly. The vast majority of peo-
people of course live in poor nations and are born with prospects of growing up in poverty and unemployment. This absolutely will come to touch the lives of everyday Australians.

The key thing is to give people hope. People who live in some countries think that they have no hope. That is dreadful and will fuel all the things that our country at the moment stands very strongly against—things like terrorism and poverty. We should give people the opportunity to pursue their own aspirations and hopes. I want to say thank you very much to those colleagues of mine who showed their confidence in me by electing me chairman of the group, and I look forward to doing all I can to support it. (Time expired)

Education: School Values

Ms CORCORAN (Isaacs) (12.51 p.m.)—The importance of fostering our future leaders has its humble beginnings in the responsibilities given to students at schools. Last week I was privileged to be asked to present the school leadership badges to students at two of my local schools. Chelsea Primary School has chosen Jack Murphy and Santi Widiana as the school captains for 2004. The house captains at Chelsea for 2004 are James Bennett, Amanda McCartney, Jesse Conway, Emily Marshall, Ainslee Ferguson, Aziel Salim, Emma Ferguson and Sam Stephenson. Wallarano Primary School has chosen Tania Chau and Riyan Nurhadi as its school captains for 2004, with Vivian Giang as the school vice-captain. House captains for Wallarano for 2004 are Sheridan Boniwell, Sevacan Demirkan, Yvonne Giang, Lee Grech, Addison Johnston, Matthew Ork, Phillip Savannah and Shannen Wickremasinghe. It was really good to be at these presentation ceremonies. The students looked really good and were very pleased to have been chosen by their peers to be the school leaders for this year. I would like to congratulate all these students. I am sure they will do well and will learn lots about leadership in this year.

It is interesting to note that, whilst schools across Australia are settling their new student leaders into their roles—and in the process teaching these students, in a very hands-on and positive way, about the importance of good leadership—the Prime Minister is questioning the values taught in our government schools. In January this year the Prime Minister accused government schools of being value neutral and politically correct. He also accused the teacher unions of being out of step with the mainstream views.

As an aside I have to comment on the literal nonsense of the words ‘value neutral and too politically correct’. If we are to accept the term politically correct as having some meaning, whatever that meaning might be, then it must surely imply values of some sort or another. This therefore means that the phrase ‘too politically correct and value neutral’ actually means nothing at all. The two terms are contradictory and cancel each other out.

I return to the message that I think the Prime Minister was trying to give when he made this comment. That message was that somehow government schools are second class and that the staff are uninterested in teaching decent attitudes to life. These comments are wrong, are insulting and are divisive. This is confirmed by the many people from both the government school sector and the non-government school sector who reacted so strongly and so quickly to these comments.

I know that, without exception, staff in all schools in Isaacs take pride in their students and their profession and base their teaching on good and decent values. Since the Prime Minister’s comments, both Aspendale Primary School and Chelsea Primary School have gone to the
trouble of sending me statements their schools have had in place for some time which set out their mission and values. Chelsea Primary School lists respect, tolerance, integrity, passion and humour and optimism as its values. Chelsea goes on to list commitments which are subsets of these values and these include valuing difference, caring for oneself and others, sharing with others, developing pride and self-esteem, reliability, honesty and more. Aspendale Primary School lists its values as passion, respect, integrity, commitment and empathy. Aspendale goes on to say what each of these values means in terms of attributes and the behaviours which flow from these attributes. For example, empathy means understanding, care, support, sensitivity, and being non-judgmental and encouraging. These attributes lead to behaviours which include putting yourself in someone else’s shoes, giving constructive advice and criticism, and considering how others may view our ideas.

Clearly these two schools have put a lot of time and effort into ensuring that they impart values to their students. These values are good and decent and they should be held by all of us. To suggest that publicly funded schools produce less principled or less ideal-orientated human beings is not only unfounded but quite simply outrageous. Clearly the Prime Minister does not think much of his own public school days. His comments serve to undermine confidence in government schools and devalue the excellent work that government schools do. The principal of one primary school in my electorate wrote to me about the Prime Minister’s comments, stating:

I am insulted by his comments. Mr Howard is out of touch and it is a great pity for the future of the country and its citizens that he devalues the worthy operations of many government schools in this manner.

**Education: Funding**

**Mr Lloyd (Robertson) (12.55 p.m.)**—I am pleased to follow on from the comments from the member for Isaacs, because they were a classic example of where the Labor Party, the Australian Education Union and the Teachers Federation of New South Wales are simply out of step with what the community is thinking. It is interesting to see how the member for Isaacs has managed to interpret comments that were not made by the Prime Minister. In fact what he said was that some parents were telling him that they were concerned about those issues.

The main reason I stand here today is to comment on an article that was in the *Central Coast Extra* of the *Daily Telegraph* today headed ‘Private schools in clover’ by Tim Elbra. It was based on the New South Wales Teachers Federation campaign, a dishonest and misleading campaign that is trying to imply that independent and non-government schools are receiving more funding than state schools. This is simply not true. The reason the campaign is dishonest and misleading is that they only ever compare the direct funding from the federal government that goes into non-government schools with what goes into state schools.

It has to be remembered that under the Australian Constitution, state schools are the responsibility of the state and territory governments. The state and territory governments own state schools, manage them and provide about 88 per cent of public funding. The only fair and actual way to compare funding between government and non-government schools is to take in the overall funding from all levels of government—state and Commonwealth. The article in the *Central Coast Extra* says that overall the 19 private schools within the Dobell and Robertson electorates receive more than $41 million in funding. It talks about St Edward’s Christian
Brothers College and St Joseph’s Catholic College—two fine schools in my electorate—receiving an estimated $5 million each. In the report, the New South Wales P&C President, Sharryn Brownlee states:

Isn’t that disgraceful? All the taxpayers on the Coast are subsidising that ...

I think that is a disgraceful comment. Is she implying that the hardworking people of the Central Coast who make a choice to send their children to a Catholic school or to a non-government school in my electorate are not taxpayers and do not have the right for the government to fund some of the cost of the education for their children and that they are lesser quality citizens than those that choose to send their children to the very excellent public education system in my electorate of Dobell? I think it is an outrageous comment. All parents are entitled to have some government support to send their children to the school of their choice.

The article goes on to state:

The Coast’s best performed high school, the selective Gosford High, will receive about $750,000 under these figures.

Ms Brownlee is then quoted as saying:

It’s not an equitable division of funds based on the number of students.

I have in front of me here the funding figures for 2003 for Gosford High School. Gosford High School, an excellent public high school in my electorate, had 1,062 students in 2003 and it has total state and Commonwealth funding of $12,304,868. Compare that to another non-government school in my electorate, Green Point Christian College—another fine school. It had 985 students, which is fewer than Gosford High School. Green Point Christian College will receive from the Commonwealth and the state government $5,228,906, which is less than half what Gosford High School will receive. Brisbane Water Secondary College at Umina, which has 934 students, will receive a total of $10,819,758. This is an issue that I care very passionately about. I will speak more about it when I have the time, when my private member’s motion is debated in the House next Monday. I will take the opportunity then to expand on my concerns.

My private member’s motion acknowledges the outstanding effort being made by teachers, staff and parents in both government and non-government schools in delivering a quality education. It also goes on to point out that 3.3 million school students and their parents are entitled to a choice of education and that 2.25 million students attend state schools and receive $19.9 billion in public funding whilst one million students attend Catholic and independent schools and receive a total of $6 billion. It also goes on to condemn the state governments for not matching the increase in funding and it criticises the Australian Education Union for its campaign.

Question agreed to.

Main Committee adjourned at 1.01 p.m.
The following answers to questions were circulated:

**Medicare: Bulk-Billing**

(Question No. 2359)

Mr Bevis asked the Minister for Health and Ageing, upon notice, on 9 September 2003:

1. Is the Medicare Processing Centre in Brisbane going to be closed; if so, (a) when was the decision to close it taken and (b) when will it close.
2. Does the centre undertake the processing of bulk-billing claims.
3. Has there been a decline in bulk-billing claims processed at this centre in the past three years.
4. Is the closure of this office related to the Government’s policy of restricting bulk-billing.
5. How many full-time and part-time jobs will be lost if this office closes.

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

1. The Health Insurance Commission (HIC) office in Brisbane will not close. However, there will be changes in the work undertaken as a result of significant aggregation of functions taking place across all States. For Queensland, this means Medicare processing work will cease to be carried out in the State Headquarters, while there will be an increase in the Pharmaceutical Benefits Scheme (PBS) processing work undertaken.
   
   (a) The HIC made this decision in late March 2003.
   
   (b) As part of a significant aggregation of functions, Medicare calls will be progressively transferred to Victoria, New South Wales and Western Australia from March to July 2004, and Medicare processing will gradually be moved to New South Wales and Victoria after July 2004. At present it is not possible to state when that process will end.
2. Yes, some bulk billing claims are processed in Queensland.
3. Yes.
4. No. Aggregating Medicare processing work in two States was part of an overall decision by the HIC to change the structure and location of processing and telephone work to assist in improving the efficiency of HIC’s operations.
5. It is not yet possible to determine how many full time equivalent positions will be lost. The move of Medicare work out of the Queensland Processing Centres will take place over an extended period of time, and some positions lost in the process will be replaced by positions in the PBS Processing Centre.

**Health: Diabetes**

(Question No. 2708)

Mr Bevis asked the Minister for Health and Ageing, upon notice, on 4 November 2003:

1. What research is the Government currently funding into the possible cures, treatment or prevention of juvenile or type 1 diabetes.
2. How much has the Commonwealth invested in research into these matters in each of the last ten years.
3. What support does the Commonwealth provide to sufferers in meeting the costs associated with treatment of juvenile (type 1) diabetes, including the provision of automatic insulin pumps.

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

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QUESTIONS ON NOTICE
(1) In 2004, the National Health and Medical Research Council (NHMRC) will contribute $10,678,651 towards research into the possible cure, treatment or prevention of juvenile or Type 1 diabetes. The NHMRC has also allocated $12,725,181 towards research into diabetes that is not specifically targeted at either Type 1 or Type 2 diabetes, but is research that will contribute to our global understanding of diabetes.

The research currently funded by the NHMRC into Type 1 diabetes is summarised in the table below:

<table>
<thead>
<tr>
<th>NHMRC Grant Type</th>
<th>Total Number of Grants</th>
<th>Total Funding in 2004 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Grants</td>
<td>6</td>
<td>767,778</td>
</tr>
<tr>
<td>Program Grants</td>
<td>1</td>
<td>1,211,799</td>
</tr>
<tr>
<td>Scholarships</td>
<td>2</td>
<td>58,978</td>
</tr>
<tr>
<td>Fellowships</td>
<td>3</td>
<td>225,263</td>
</tr>
<tr>
<td>*JDRF/NHMRC Special Program Grants</td>
<td>7</td>
<td>5,081,500</td>
</tr>
<tr>
<td>#JDRF/NHMRC Diabetes Vaccine Development Centre</td>
<td>1</td>
<td>3,333,333</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>20</td>
<td><strong>10,678,651</strong></td>
</tr>
</tbody>
</table>

* JDRF/NHMRC Special Program Grants are jointly funded by NHMRC and the Juvenile Diabetes Research Foundation International (JDRF). JDRF contribute two-thirds of the funding for this Program.

# JDRF/NHMRC Diabetes Vaccine Development Centre is jointly funded by NHMRC and JDRF. JDRF contribute half of the funding.

The research currently funded into unspecified diabetes or research including Type 1 and Type 2 in 2004 by the NHMRC is summarised in the table below:

<table>
<thead>
<tr>
<th>NHMRC Grant Type</th>
<th>Total Number of Grants</th>
<th>Total Funding in 2004 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Grant</td>
<td>67</td>
<td>9,189,417</td>
</tr>
<tr>
<td>Program Grant</td>
<td>1</td>
<td>1,315,000</td>
</tr>
<tr>
<td>Scholarship</td>
<td>24</td>
<td>621,637</td>
</tr>
<tr>
<td>Career Development Awards</td>
<td>3</td>
<td>252,250</td>
</tr>
<tr>
<td>Strategic Research Development Committee</td>
<td>2</td>
<td>439,500</td>
</tr>
<tr>
<td>Fellowship</td>
<td>10</td>
<td>907,377</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td>107</td>
<td><strong>12,725,181</strong></td>
</tr>
</tbody>
</table>

(2) The NHMRC has invested a total of $19,162,775 over the last ten years for research into the possible cure, treatment or prevention of Type 1 diabetes. The following table summarises funding for Type 1 diabetes research for each year from 1994 to 2003:

<table>
<thead>
<tr>
<th>Year of Funding</th>
<th>Amount of Funding ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>196,192</td>
</tr>
<tr>
<td>1995</td>
<td>405,499</td>
</tr>
<tr>
<td>1996</td>
<td>399,065</td>
</tr>
<tr>
<td>1997</td>
<td>506,045</td>
</tr>
<tr>
<td>1998</td>
<td>793,109</td>
</tr>
<tr>
<td>1999</td>
<td>759,173</td>
</tr>
<tr>
<td>2000</td>
<td>678,013</td>
</tr>
<tr>
<td>2001</td>
<td>2,021,181</td>
</tr>
<tr>
<td>2002</td>
<td>4,673,640</td>
</tr>
<tr>
<td>2003</td>
<td>8,730,858</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>19,162,775</strong></td>
</tr>
</tbody>
</table>
The following table summarises funding for unspecified diabetes research or research including Type 1 and Type 2 for each year from 1994 to 2003:

<table>
<thead>
<tr>
<th>Year of Funding</th>
<th>Amount of Funding ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>3,657,354</td>
</tr>
<tr>
<td>1995</td>
<td>4,607,272</td>
</tr>
<tr>
<td>1996</td>
<td>4,815,674</td>
</tr>
<tr>
<td>1997</td>
<td>5,566,645</td>
</tr>
<tr>
<td>1998</td>
<td>5,840,879</td>
</tr>
<tr>
<td>1999</td>
<td>6,022,545</td>
</tr>
<tr>
<td>2000</td>
<td>6,258,598</td>
</tr>
<tr>
<td>2001</td>
<td>8,973,772</td>
</tr>
<tr>
<td>2002</td>
<td>11,141,222</td>
</tr>
<tr>
<td>2003</td>
<td>11,075,364</td>
</tr>
<tr>
<td>TOTAL</td>
<td>67,959,325</td>
</tr>
</tbody>
</table>

(3) The National Diabetes Services Scheme (NDSS), implemented by the Australian Government in collaboration with Diabetes Australia in 2001, provides subsidised access to essential products such as insulin syringes and needles, and diagnostic products such as blood test strips. As well as providing products, the NDSS also funds the provision of information and education to enable people with diabetes to better manage their health. In 2002-2003 $81 million was spent on the NDSS.

Assistance towards the cost of insulin pumps is not available under the Scheme.

Through the Australian Government’s Pharmaceutical Benefits Scheme, all Australian residents have access to necessary and life-saving medicines at an affordable price. In 2002-2003, $177 million was spent on drugs used to treat diabetes and diagnostic agents used in managing diabetes.

**Defence: Service Medals**

(Question No. 2797)

Mr Murphy asked the Minister Assisting the Minister for Defence, upon notice, on 26 November 2003:

(1) Has he seen the article “Push for new medal” in the *Sun-Herald* on 31 August 2003 which reported that a spokesperson from The New Medal Group said that some people had served in the armed forces for many years, yet had no medals to show for their service.

(2) Will he re-introduce the Australian Services Medal; if so, when; if not, why not.

(3) Will he introduce a new Australian Defence Force Recognition Medal; if so, when; if not, why not.

Mr Brough—The answer to the honourable member’s questions is as follows:

(1) Yes.

(2) The Australian Service Medal currently exists. However, it is an operational service medal, which may be used to recognise service in prescribed non-warlike operations such as United Nations Peacekeeping.

(3) The Government has sought advice from the Chief of the Defence Force, who is the principal adviser on such matters. I am also seeking advice on a range of related issues surrounding recognition of service from a group of pre-eminent Australians with expertise on such matters. Normally, medals are awarded for operational, gallant or exemplary conduct beyond normal peacetime service. Nonetheless, if the Government were to alter that longstanding principle, confirmed by the 1994 Committee of Inquiry into Defence and Defence Related Awards review, it would make an announcement publicly.
Health: Medical Errors

(Question No. 2840)

Mr Organ asked the Minister for Health and Ageing, upon notice, on 3 December 2003:

(1) Is he aware of the report by the Nutrition Institute of America which shows that medical errors are the number one cause of death and injury in the United States and that each year over 784,000 people die due to medical mistakes, over 2.2 million people are injured by prescription drugs, over 20 million unnecessary prescriptions for antibiotics are issued for viral infections, 7.5 million unnecessary medical and surgical procedures are performed and 8.9 million people are needlessly hospitalised.

(2) Is he able to say how closely those statistics reflect the Australian health landscape.

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

(1) I am aware of the report by the Nutrition Institute of America, published in October 2003, that claims medical errors are the number one cause of death and injury in America. The report collates results and statistics from thousands of studies conducted in the United States, commenting on specific areas that contribute to high incidents of death or injury.

(2) The findings of the report by the Nutrition Institute of America are similar to previous reports, such as To Err is Human: Building a Safer Health System. This report, published in 2000 by the Institute of Medicine in the US, places deaths due to medical errors in the top ten leading causes of death in America. The article Is US health really the best in the world?, published in the Journal of the American Medical Association in 2000, claims medical errors are the third leading cause of death in America.

In 1995, the Australian Quality in Health Care Study was published showing that 16.6% of hospital admissions were associated with a preventable adverse event. This equates to around 470,000 adverse events each year and 18,000 deaths where there is an underlying or contributing cause. Approximately 20% of adverse events in health care are associated with medication use, and a considerable proportion of these events may be preventable. However, significant re-analysis of this data had been undertaken to allow for international comparisons.

Estimates of the total number of injuries and deaths due to adverse events are subject to ongoing clinical debate because it is often difficult to determine the extent to which an adverse event contributed to the patient harm or death. In addition, there is no one source of data that is able to accurately capture the rate of adverse events. Recent publications indicate that around 10% of admissions are associated with an adverse event and that this figure is comparable with the UK and the USA.

The Australian Government is playing a significant role in providing national leadership to improve the safety and quality of health care in Australia. It has placed a high priority on finding ways to improve the safety and quality of health care services in Australia. This Government has provided a total of $783 million to the States and Territories through the Australian Health Care Agreements for initiatives to improve the safety and quality of health care services.

The Government also established the Australian Council for Safety and Quality in Health Care (the Council), in conjunction with States and Territories, to improve the safety and quality of health care services in Australia. It reports to all Health Ministers. This Government provides 50% of the Council’s funding.

The Council is working on a number of practical national initiatives to improve the safety and quality of health care services. The Council’s website is www.safetyandquality.org.
Defence: Conclusive Certificates  
(Question No. 2916)  
Mr Danby asked the Minister representing the Minister for Defence, upon notice, on 10 February 2004:

(1) How many conclusive certificates has the Minister issued under each of sections 33, 33A, and 36 of the Freedom of Information Act 1982 in each of the last six financial years.

(2) In each of the last six financial years, how many appeals against those certificates were (a) lodged with the AAT, (b) successful, and (c) unsuccessful.

(3) What are the case names of all the appeals lodged with the AAT in each of the last six financial years.

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

(1) (2) and (3) None.

Foreign Affairs: Jakarta  
(Question No. 2943)  
Mr Danby asked the Minister for Foreign Affairs, upon notice, on 10 February 2004:

(1) Is he aware that the al-Haramain Charitable Foundation has recently opened a new Islamic school in Jakarta.

(2) Is he able to say (a) when the school opened, (b) how large the school is, and (c) how many students attend the school.

(3) Is he able to say whether the school teaches an extremist, Wahabi-ist curriculum.

(4) Is he aware of any other schools in Indonesia funded by al-Haramain; if so, is he able to say (a) which schools, (b) where they are located, (c) how large they are, (d) how many students attend, and (e) whether they teach an extremist, Wahabi-ist curriculum.

(5) Is the Australian Government concerned about the opening of a school funded by al-Haramain.

(6) Has the Government made any representations to the Indonesian Government about the opening of the school; if so, (a) when, (b) who made the representations and to whom were they made, and (c) what was the response; if not, why not.

(7) Does the establishment of the school breach any United Nations (UN) requirement to freeze the assets of the al-Haramain Charitable Foundation; if so, (a) has the Government made representations to the UN about this; if so, (i) when, (ii) who made the representations and to whom were they made, and (iii) what was the response; if not, why not.

(8) Is he able to say whether the Indonesian Government has taken any action to comply with any obligations to the UN in respect of the school; if so, what action has the Indonesian Government taken.

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

(1) The Government is aware of the report by the Chair of the UNSC 1267 Committee (December 2003) which notes the establishment of a new al-Haramain school outside Jakarta. The Australian Government has sought clarification from the relevant Indonesian authorities who as yet have been unable to confirm whether the school is connected to the Al-Haramain organisation listed under UNSCR 1267.

(2) The Government has sought information from the Indonesian authorities about the school – see (1) above.
(3) The Government has sought information from the Indonesian authorities about the school – see (1) above.

(4) No.

(5) See (1) above. The Government is unable to confirm whether the al-Haramain Charitable foundation has established a school.

(6) The Government has sought clarification from the Indonesian Government of al-Haramain’s activities in Indonesia. The Indonesian authorities have been unable to date to establish that there is an organisation operating in Indonesia called the al-Haramain Foundation which is covered by the UNSC listing.

(7) The Government is unable to confirm whether establishment of the school breaches any UN requirements – see (1) above.

(8) The Government understands that Indonesian authorities are investigating the possible presence in Indonesia of the al-Haramain Charitable Foundation consistent with their UN obligations – see (1) above.