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Wednesday, 26 May 2004

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

YOUTH: EMPLOYMENT

Ms MACKLIN (Jagajaga) (9.01 a.m.)—Mr Speaker, I seek the indulgence of the chair.

The SPEAKER—The member for Jagajaga may seek leave to make a brief statement, if she wishes. I will grant indulgence.

Ms MACKLIN—Thank you. Yesterday during question time there was a misunderstanding about a matter to do with the YMCA.

Government members interjecting—

The SPEAKER—The member for Jagajaga has the call and I will deal instantly with those who interrupt her.

Ms MACKLIN—The Hansard record on page 28898 indicates that I sought leave to table a letter from the National Council of the YMCA. I then quoted from the letter that it included a statement of apology, at which time I was interrupted by you, Mr Speaker, and given leave to table the letter. I am happy to indicate that I did not include the statement from the young man so as not to cause further embarrassment to him, as I mentioned later in question time yesterday.

Mr Tuckey—What about an apology?

The SPEAKER—Order! The member for O’Connor does not have the call.

Mrs Crosio—You are out of your seat.

The SPEAKER—I thank the Chief Opposition Whip for her assistance.

Mr ABBOTT (Warringah—Leader of the House) (9.02 a.m.)—On indulgence, I welcome the explanation made by the Deputy Leader of the Opposition. Nevertheless, she did say that she was going to table a statement by Mr Bouchet and she did not table that statement. At the very least, I think she should offer an apology to the House for saying that she was going to table a statement but then not doing so.

The SPEAKER—Leader of the House, let me indicate that this is an exercise in which the chair feels marginally complicit in that innocently, and properly, I interrupted the Deputy Leader of the Opposition during her tabling statement because when people seek leave to table a document, once the document has been identified and leave has been granted, I consider that should be the end of the matter. I have been anxious to ensure that the tabling of the document was not of itself an opportunity to advance an argument and I therefore interrupted her at that point, as the tape shows.

Mr ABBOTT—The fact is that, on the Hansard record, she said she was going to table a statement by Mr Bouchet and she has not tabled that statement. I think she should be required to table that statement or to apologise to the House for saying that she was going to do something which she then did not do.

The SPEAKER—Let me point out to the Leader of the House that I consider the Hansard record will show precisely what has happened because of the explanations that have been made in the last five minutes and that the member for Jagajaga was not in a position to table the statement because of an arrangement that she had entered into, from memory, with either the YMCA or the young man involved. She has also indicated that it would have been better if, in the terms she used, she had said that the document she was tabling referred to a letter of apology from the young man. That was interrupted by me. I consider the matter has been reasonably dealt with and the Hansard record will show what has happened.
Mr ABBOTT (Warringah—Leader of the House) (9.04 a.m.)—I move:

That so much of the standing and sessional orders be suspended as would prevent the Deputy Leader of the Opposition from fully explaining why she said, in Question Time yesterday, that she would table a statement from Mr Bouchet but did not do so; from now tabling the statement; and from apologising for misleading the House if she refuses to do so.

The standards of this parliament are important. It is very important that members of this parliament do not come in here and promise to do something which they then do not do. The Deputy Leader of the Opposition cannot come into this House and say that she is going to table a statement and then not do so. She cannot then come into this House and say that she is not going to table the statement because to do so would somehow embarrass Mr Bouchet and then—and this is the height of hypocrisy—have her minions trawling around the press gallery, as she did last night, handing that statement to every journalist who she thinks might be interested—

Mr McMullan—Mr Speaker, I raise a point of order. Obviously the language just used is unparliamentary and you cannot come in here and speak about—

The SPEAKER—Order! I would have thought that was a question for me to ask, not the member for Eden-Monaro.

Mr McMullan—It is absolutely clear in the House of Representatives Practice that the word ‘hypocrisy’ is not appropriate to use in this circumstance. Furthermore, you cannot come in here and talk about standards and then lower them.

The SPEAKER—Order! Let me point out to the member for Fraser, on the point of order, that I was listening to what the Leader of the House said. I would have interrupted him—and he knows this—had he made any reference to an individual member being hypocritical. For that reason I did not interrupt him.

Mr ABBOTT—The point is that she said here that she was going to table a statement, then she refused to table the statement, saying that to do so would embarrass Mr Bouchet. Then members opposite had their press staff trawling the press gallery handing out this statement. This statement is supposed to be very embarrassing to Mr Bouchet, yet they were offering it to members of the press gallery last night. If this statement is too embarrassing to table in this House, why was she offering it to people in the press gallery last night? If it is good enough to table in the press gallery, it is good enough to table in this House.

The Deputy Leader of the Opposition was in obvious distress in this House yesterday because she allowed herself to be part of a stunt which went terribly wrong. The Deputy Leader of the Opposition is an essentially decent person, but in order to try to embarrass the Prime Minister and the government yesterday she allowed herself to get into a stunt. She allowed herself to get in too deep, and she should now extract herself properly, in ways which are consistent with her character and with the ordinary decencies of this House, by simply apologising for saying that she would do something which she did not then do.

We all know what happened yesterday. The Leader of the Opposition came into this House and attempted to make a big play about his learning or earning policy. But it is not a policy—it is a stunt. We learned yesterday from the Prime Minister that it is not even a stunt—it is a steal. It is a policy that was stolen. This stolen policy has a long lineage. There was Mr Bruno Bouchet’s call for it at the youth parliament in this place
just a few months ago. There was Premier Beattie’s call for a learning or earning policy in Queensland a year or so back. It was part of the policy of Premier Cain in Victoria back in the eighties. All that the Prime Minister did in this House yesterday was expose the lineage of this policy. He exposed the policy plagiarism—the outright policy theft and fraud—which is carried out by members opposite. He quoted Mr Bouchet’s statement from the Sydney Morning Herald. He did that at two o’clock, and what happened? There must have been a flurry of phone calls between members opposite and the YMCA, because at 2.25 p.m. a letter about Mr Bouchet’s statement turned up from the YMCA. The Deputy Leader of the Opposition then came into this House at 2.41 p.m., about 15 minutes after the YMCA letter turned up, and said:

Is the Prime Minister aware that the Chief Executive Officer of the National Council of the YMCA, as has written to the Leader of the Opposition today saying that they apologise for any embarrassment? He says—

And I am quoting the Deputy Leader of the Opposition—

I have attached to your information a statement of apology from Mr Bouchet in which he retracts and apologises for his public suggestions of plagiarism.

What did government members do? Knowing the record of this opposition and knowing the deceptions that are habitually practised by members of this opposition, what did we do? We said: ‘Table the statement. We do not take you at face value. Table the statement.’ The Deputy Leader of the Opposition then stood up in this parliament and said on indulgence:

I seek leave to table a letter from the National Council of the YMCA, which includes a statement of apology from Mr Bouchet.

She tabled the letter, and indeed the letter does say, ‘I have attached for your information a statement of apology from Mr Bouchet’—but there was no attachment. Her statement that she was going to table a statement of apology from Mr Bouchet was simply wrong. She knew she was caught out. The Prime Minister had caught her red-handed. She was quivering. She was blushing. She was obviously hugely embarrassed by this. All of us could tell that. She was in extreme discomfort for the rest of question time, and then she came in and said again on indulgence:

Mr Speaker ... the Prime Minister was asking a question about a document that I tabled. I want to let him know that the opposition has been requested by the YMCA not to table—

The opposition has been requested not to table the accompanying statement by Mr Bouchet in order to avoid further embarrassment to him.

If they were concerned about embarrassment to Mr Bouchet, why did they table the statement in the first place? Why did they pull this cheap stunt in the parliament in the first place?

Why can they not table the statement? If they could table this letter which says that it includes a statement of apology, why could they not table the statement? If they were prepared to embarrass Mr Bouchet by bringing him into this parliament in this way, why could they not table the statement? Is it that the statement does not exist? Is it that the statement does not really say what they claim it says? Is it that Mr Bouchet has been heavied into making this statement and the opposition do not want to further expose the kind of tactics which they habitually engage in? I think it is high time that the Deputy Leader of the Opposition gives us a full, complete and total explanation of this embarrassing and sorry stunt which she tried to pull in the parliament yesterday. She should now table the statement that she said she was going to table yesterday, and if she is not
prepared to do so she should apologise to this House.

I say to this House that the Deputy Leader of the Opposition is not a bad person. She is a decent person. Quite frankly, I think that she often looks out of place amongst the professional political hunter-killers that abound on the front bench opposite. The fact is that she tried to play a brutal and a vicious game yesterday. She got sucked into things that are beyond her. She is in too deep. She should get out. She should uphold the standards of this parliament by tabling the statement that she said she would table yesterday.

Honourable members interjecting—

The SPEAKER—I will deal with the member for Swan, who, as an occupier of this chair, knows what the standards ought to be. The member for Calwell for the third time! If I do deal with her, she will be joined by some people on my right.

Ms MACKLIN (Jagajaga) (9.15 a.m.)—I appreciate the Leader of the House giving me the opportunity to correct some of the facts that he has, in rather a florid way, just presented to the parliament. There are just a couple of things where he has tried to impugn the motives of the YMCA, and I think all of us would like to pay due respect to the YMCA. I would like to indicate to the Leader of the House that the YMCA’s letter was dated 24 May and faxed to us at 12.30, not 2.30, so let us make sure that the Leader of the House does not inadvertently insult the YMCA any further than he already has.

The Leader of the House also suggests that Mr Bouchet did not, in fact, write this apology. Once again, I suppose we could expect that the Leader of the House would do exactly what he is doing here today, and that is playing the man rather than playing the issue. We saw yesterday an attempt by the Prime Minister and the Leader of the House to play the man, to embarrass this young man. There is only one person, other than me and the Leader of the Opposition’s office, that has a copy of Mr Bouchet’s statement, and that is the Prime Minister. I delivered a copy to him; I hope he has now personally received it. I offered it to him yesterday. He should understand that I was seeking not to further embarrass Mr Bouchet. I think you understood it as well.

As I indicated at the start of proceedings this morning, the reason that I mentioned the attached statement was that I was reading from the letter from the YMCA—the letter that refers to the statement of apology from Mr Bouchet. At that point in my explanation, in my attempt to table the letter from the YMCA, I was interrupted by the Speaker, for the reasons the Speaker indicated this morning. If I had not been interrupted I would have gone on to read further from the letter from the YMCA, which goes on to say of Mr Bouchet:

… in his statement he retracts and apologises for his public suggestions of plagiarism. Bruno is now aware that his statements could not be correct—

and this is the critical point that the Leader of the House and the Prime Minister, more importantly, do not want to pay attention to—as parliamentarians did not have access to the Youth Parliament bills, and that any similarities between your speech—

that is, Mr Latham’s speech—

on youth employment and the Youth Parliament bill were coincidental.

Government members interjecting—

The SPEAKER—The member for Jagajaga has the call!

Ms MACKLIN—It is unfortunate that we have continuing efforts by members of the Liberal Party to insult the YMCA and to further insult Mr Bouchet. I have indicated to the Leader of the House that the Prime Minister, or at least his office, has a copy of the
statement and if they would like to further humiliate Mr Bouchet by making that statement public they will do so. The Prime Minister, in question time yesterday, was more than happy to quote from Mr Bouchet and humiliate him when he thought it suited him. But, of course, the tables did turn when the letter was received by Mr Latham from the CEO of the YMCA. As I have indicated, it was dated the day before yesterday, so all of the attempts by the Leader of the House to impugn the motives of the YMCA are incorrect. I have quoted from the letter. I have made it absolutely plain that I did not include the statement from Mr Bouchet so as not to further embarrass this young man. I asked the Prime Minister to apologise to the Leader of the Opposition for getting it wrong.

We have seen what happens when this Prime Minister gets it wrong: he gets terribly churlish, just like a grumpy old man in the children’s book Mr. Grumpy. This Prime Minister does not like being caught out. He was caught out in question time yesterday, asserting that the Leader of the Opposition had used information from Mr Bouchet. It then became patently clear that that was wrong. The Prime Minister did get it wrong yesterday. The Prime Minister now knows he got it wrong. He has the statement from Mr Bouchet. So the person who should come into this parliament to apologise to the Leader of the Opposition for getting it wrong is the Prime Minister. We have had the bovver boys on the other side, who could not just leave it there. They could not recognise that the Prime Minister had got it wrong, that he was, in fact, just causing further embarrassment to everyone. The bovver boys over there just wanted to rub Mr Bouchet’s nose in it even more. They know, because I made it clear yesterday and again this morning, that I have not tabled and I do not intend to table Mr Bouchet’s statement, on request from the YMCA. I have provided the statement to the Prime Minister so as not to further—

**Mr Abbott**—What about the press?

**Ms MACKLIN**—In fact, no member of the press has a copy. They were shown it to—

**Honourable members interjecting**—

**Ms MACKLIN**—And so was the Prime Minister.

**The SPEAKER**—Order! The Leader of the House and those on the front bench! When there are interruptions during question time, sometimes the most indignation is raised by those on the front bench. The courtesy they expect to be extended will be reciprocated. The member for Jagajaga has the call.

**Ms MACKLIN**—Thank you, Mr Speaker. As I said, I have delivered a copy of the statement to the Prime Minister, so you would think that would be the end of it. But it is not the end of it, because this is all about this government not having a policy on youth unemployment to deal with one of the most serious social problems facing our country at this time. More than 20 per cent of young people, of teenagers, are unemployed, and what does this government want to do about it? Plainly, absolutely, only to play politics. I move the following amendment to the motion that is before the House:

That all words after “suspended” be omitted and replaced with the following: “as would prevent the Leader of the House from apologising to the Deputy Leader of the Opposition for his false assertions in relation to the tabling of a document by the Deputy Leader of the Opposition yesterday”.

As I said, the Leader of the House has plainly—as we have come to expect, unfortunately, from the Leader of the House—completely overreacted. He should have taken my statement this morning as a state-
ment of good faith, as a statement indicating that I had been interrupted by the Speaker in my attempt to table the letter. I explained to the House yesterday why I did not table the accompanying statement. I have provided the accompanying statement to the Prime Minister. The Prime Minister has a copy of the statement. The Prime Minister should come in here now and apologise to the Leader of the Opposition for falsely asserting that we had not thought long and hard about the critical issues facing young people in this country. One day, the people of Australia will get a leader of this country who will do something for young people who are not staying on at school. We look forward to the time when the current Leader of the Opposition is Prime Minister and makes sure that these young people get the support that they need.

The SPEAKER—Is the amendment seconded?

Ms GILLARD (Lalor) (9.24 a.m.)—I second the amendment and I would like to speak to it now. This is the kind of desperate stunt that you would normally associate with an opposition. We have entered a parallel universe where the government is acting like an opposition. We have had the tactics committee meeting this morning: ‘What are we going to do to distract from the polls? What are we going to do to distract from some of the issues involving members of the government that have been on the TV screens for the last few nights? What are we going to do to distract from the fact that no-one wants to see Prime Minister Peter Costello?’ It has cobbled together a 9 a.m. stunt. I am glad you are practising now, Leader of the House, because when you are over here doing my job, that is the sort of thing you routinely do in opposition: you work out the 9 a.m. stunt.

Mr Pyne—I wouldn’t get too cocky if I were you, Julia!

The SPEAKER—If the member for Sturt wishes to vote on this motion he will exercise more courtesy, or he will find himself outside the chamber.

Ms GILLARD—Practising for opposition, where they will soon be, here we have got a desperate government trying to distract attention from those news items today that they do not like. Here we have got a desperate man too. You would be better advised, Minister for Health and Ageing, to spend a bit of your time—precious minutes like this—running the health system and doing things like finding the funding to vaccinate newborn children rather than wasting it in here on stunts like this. Apparently you have not got enough time in your working day to negotiate prices with vaccine manufacturers. You could walk over to my office and I could give you all the documents that would show you how it is done—

The SPEAKER—The member for Lalor will address her remarks through the chair!

Ms GILLARD—but you have got—

The SPEAKER—The member for Lalor will address her remarks through the chair. ‘You’ is inappropriate.

Ms GILLARD—Certainly, Mr Speaker. The minister for health has not got the time to deal with vital issues like protecting children from deadly diseases, but he has got time for stunts like this. Let us be absolutely clear about what has happened here: the Prime Minister, embarrassed that the Leader of the Opposition and the Deputy Leader of the Opposition had announced a fantastic policy to deal with new opportunities for Australian young people, thought, ‘What can I do? I can’t criticise the policy, because it is a great policy, so I will take the last road of the truly desperate and I will pretend it is plagiarised.’ That is what the Prime Minister
came into question time yesterday to do. So he has got this grand scheme about how it is plagiarised. Unfortunately for the Prime Minister, that is not true. The Deputy Leader of the Opposition proved that it was not true, and the YMCA wrote a letter indicating it was not true. The young man who, unfortunately—

Mr Abbott—Table the statement!

The SPEAKER—If the Leader of the House continues to defy the chair, he will find the standing orders apply equally to him.

Ms GILLARD—You need to settle down a bit.

The SPEAKER—The member for Lalor will address her remarks through the chair.

Ms GILLARD—Certainly. You do not need to settle down, Mr Speaker; I accept that. The Prime Minister comes in here, obviously desperate, tries to make these allegations of plagiarism, and the Deputy Leader of the Opposition proves him wrong. The YMCA proves him wrong. The young man at the centre of this desperate political stunt has written a statement. Obviously he did not expect to find himself in the middle of this desperate political carry-on from the government. He has written a statement, but he has indicated through the YMCA that he would prefer that it was not tabled. That is all that has happened here: a young Australian who has got caught up in a carry-on in question time does not particularly want a statement that he has authored to be tabled, and the Deputy Leader of the Opposition has respected his wishes.

Mr Anthony—Rubbish!

Ms GILLARD—That is not enough, apparently, for the Prime Minister and the Leader of the House. They would prefer to further embarrass this young Australian; in fact, that is what this is inevitably going to lead to. You think it is embarrassing us, but you have got it entirely wrong. It is embarrassing the government. What we are doing is respecting the wishes of a young Australian who did not particularly want a statement he had written tabled. But the Prime Minister has got a copy of it. He knows it exists, because he has seen it.

Mr Abbott—And the press has a copy.

Ms GILLARD—The press do not have copies of it. There are consistent assertions by way of interjection that the press have a copy of this statement. That is absolutely untrue—completely untrue. The Prime Minister has sighted a copy of it. You know it exists. This is a desperate—

Mr Anthony—They were shown a copy.

The SPEAKER—I warn the Minister for Children and Youth Affairs!

Ms GILLARD—The interjections continue, and the assertion made in those interjections is untrue. This is a desperate stunt. The House should carry the amendment, and the Leader of the House should apologise for his conduct.

The SPEAKER—Order! The time allotted by the standing orders for debate on this motion has expired. As the question relating to the proposed amendment has not been stated from the chair, the amendment lapses. The question is that the motion moved by the Leader of the House be agreed to.

Question put.
The House divided. [9.34 a.m.]
(The Speaker—Mr Neil Andrew)

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AYES

Abbott, A.J. Anderson, J.D.
Andrews, K.J. Anthony, L.J.
Bailey, F.E. Baird, B.G.
Ms MACKLIN (Jagajaga) (9.39 a.m.)—I appreciate the Leader of the House giving me an opportunity to indicate again that I have provided a copy of Mr Bouchet’s statement to the Prime Minister—

The SPEAKER—No, the member for Jagajaga—

Ms MACKLIN—Mr Speaker, I am just responding to the suspension.

The SPEAKER—Yes. But the resolution has given you the opportunity to do certain things. I am listening closely to what you are saying.

Ms MACKLIN—that is right. I will only be a minute. I have been asked not to table the statement by the YMCA so as not to further embarrass Mr Bouchet. The YMCA and Mr Bouchet have apologised to the Leader of the Opposition. So should the Prime Minister.

WORKPLACE RELATIONS AMENDMENT (PROTECTING SMALL BUSINESS EMPLOYMENT) BILL 2004

First Reading
Second Reading

Mr ANDREWS (Menzies—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (9.40 a.m.)—I move:

That this bill be now read a second time.

This bill proposes to amend the Workplace Relations Act 1996 to maintain the exemption for small business from redundancy pay by overturning a recent decision of the Australian Industrial Relations Commission (AIRC) to impose redundancy pay obligations on small businesses.

This legislation is necessary because it is the only option available to rectify a flawed decision of the AIRC. Under the current industrial relations system there is no review or appeal process to reconsider the merits of test case decisions made by the full bench of the AIRC. The government strongly believes that it is parliament’s responsibility to use its legislative power and authority to shield small businesses from the AIRC decision.

If this bill is not passed, the vast majority of small businesses covered by federal awards will eventually be subject to redundancy payments for their employees in accordance with the AIRC’s decision. If this bill is not passed, small businesses that are constitutional corporations and that are covered by state awards will become subject to redundancy payments if the AIRC decision flows to state jurisdictions.

The bill has three effects. First, it will remove redundancy pay for small businesses with fewer than 15 employees from the jurisdiction of the AIRC.

Second, it will cancel the effect of any variations that were made by the AIRC to awards from the time of the decision until the legislation commences. It will not, however, affect any redundancy pay provisions that were in awards prior to the AIRC’s decision. It will also not affect any actual entitlement that arises before the legislation commences. The government’s objective is not to take away something that employees already have.

And third, the bill will prevent flow-on of the AIRC’s decision to small businesses that are constitutional corporations and that are covered by state awards.

The government will also work to protect small businesses that are not constitutional corporations and that are covered by state awards from any flow-on of the AIRC’s decision. The government will seek to intervene in any relevant proceedings before state workplace relations tribunals to oppose any flow-on, and will call on state governments to legislate to maintain the exemption of small businesses from redundancy pay.

It is vital that opportunities for continued growth and job creation for the 1.1 million non-agricultural small businesses in Australia be maximised. It is even more essential for the 3.3 million people employed by these businesses. This is nearly half of private sector non-agricultural employment in Australia.

Small businesses are central to employment and economic prosperity in Australia. The small business sector has made a significantly larger contribution to employment growth over the last eight years than big business.

The small business sector is performing very well—it is very much the engine room of the continued growth and strength that our economy is enjoying. And without doubt many small businesses are profitable.

But we can’t afford to confuse this profitability with an ability to make redundancy payments. Small businesses tend to be chronically undercapitalised and in general do not have the financial resources to cope with large, unpredicted commitments such as redundancy payments. Small businesses are
twice as likely as larger businesses to go out of business in the earlier years of operation. Even after 15 years of operation they are still 1.7 times more likely to cease than larger businesses.

In the government’s view, the AIRC’s decision seriously underestimates the impact that redundancy pay would have on small businesses. For instance, a typical retail small business with seven employees, each with six years continuous employment, would now face a contingent liability for redundancy pay of nearly $30,000.

An obligation on small businesses to make redundancy payments will result in a cost impost that is unaffordable for many small businesses. The end result will of course be a significant decline in job growth in the small business sector and likely small business insolvencies. Clearly, employees of small businesses will not gain anything from the AIRC decision if they no longer have a job to go to.

The undesirability of removing the small business exemption is widely recognised. None of the four state governments that participated in the Australian Industrial Relations Commission test case supported the removal of the exemption. Indeed, the Queensland and Western Australian Labor governments opposed the removal, while the New South Wales and Victorian governments neither supported nor opposed it.

The Queensland Industrial Relations Commission recently agreed that small businesses are in a more financially constrained and precarious position compared to larger business. The Queensland commission unanimously decided that the exemption for small business from redundancy pay obligations under the Queensland workplace relations system ought to remain in place. The Queensland commission concluded that many small businesses operate in marginal circumstances and their lack of financial resilience had not changed since 1994 when the New South Wales Industrial Commission also reaffirmed the need for the small business exemption.

The Queensland commission also accepted that small businesses would generally have smaller cash reserves to meet redundancy pay requirements and that redundancies occurring would represent a greater proportion of the overall labour costs of the business.

In short, the Queensland commission found that to impose redundancy pay obligations on small businesses had ‘the very real potential to result in the insolvency of a number of small businesses’.

This government agrees with the conclusions of the Queensland commission. We think it is imperative that the small business sector continue to be supported and encouraged to further grow and create new jobs for our economy and for all Australians. This legislation will lift the additional cost burden imposed by the AIRC’s decision from small businesses.

Of course, we are not saying that by introducing this legislation small businesses cannot reach agreement with their employees to make redundancy payments where they can afford it and where it is a priority for employees.

The government has a strong history of encouraging employers and employees to reach agreements on a wide range of issues at the workplace. In our view, this is preferable to imposing an ‘across the board’ obligation on small businesses which cannot afford redundancy pay.

In introducing this bill the government is demonstrating its ongoing commitment to the small business sector and its recognition of the vital and essential role it plays in ensuring Australia has a strong, thriving econ-
omy capable of employing all those who want jobs.

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

Debate (on motion by Mr Rudd) adjourned.

FAMILY AND COMMUNITY SERVICES AND VETERANS' AFFAIRS LEGISLATION AMENDMENT (INCOME STREAMS) BILL 2004

First Reading

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

Second Reading

Mr PYNE (Sturt—Parliamentary Secretary to the Minister for Family and Community Services) (9.49 a.m.)—I move:

That this bill be now read a second time.

This bill gives effect to two measures announced earlier this year in the government’s statement ‘A more flexible and adaptable retirement income system’. These measures change the social security and veterans’ affairs means test assessments of income streams to:

• provide a 50 per cent assets test exemption for a new product, ‘market-linked income streams’, from 20 September 2004; and
• change the available assets test exemption from 100 per cent to 50 per cent for certain non-commutable income streams purchased from 20 September 2004.

The bill also contains amendments to align the characteristics of life expectancy income streams with those of the new market-linked income stream product and a variation to the guarantee period for assets test exempt lifetime income streams.

Social security pension and allowance payments are targeted to those most in need through the assets and income tests. These are collectively known as ‘the means test’. The means test is the fairest way to ensure that the limited taxpayer funds available for social security expenditure go to those in greatest need.

The assets test is based on the principle that people with substantial assets apart from their home should use those assets either directly or to produce income to meet day-to-day living expenses before calling upon community resources for income support through the social security system. In order to encourage customers to maximise their private income from employment or investments, an ‘income free area’ is allowed before income starts to affect social security payments.

At present, income streams that meet certain criteria are assets test exempt for the purposes of the means test. This means that the asset value of the income stream is not taken into account when determining a person’s eligibility for a social security payment.

In addition, this bill will:

• extend assets test exempt status for a new product, ‘market-linked income streams’, from 20 September 2004. This product will offer market returns but the purchaser will not be able to withdraw his or her capital before the term of the product has ended—so it therefore is non-commutable; and
• change the social security assets test exemption from 100 per cent to 50 per cent for non-commutable income streams that are purchased from 20 September 2004 and meet the requirements for exemption from the assets test.

The extension of assets test exempt status to the new ‘market linked income streams’ is intended to increase competition in the provision of income stream products. Customers will also benefit from having greater choice
in selecting an income stream that best meets their retirement needs.

Currently, insurance based income streams are given concessional tax and social security treatment because they provide stable income payments over a guaranteed period. Consumers can only select a product that offers a guaranteed but generally low return. This new product will offer potentially higher but more variable market returns. As with current income streams that receive concessional treatment under the assets test, the purchaser will not be able to withdraw his or her capital before the term of the product has ended.

The change in the assets test exemption from 100 per cent to 50 per cent for 'purchased' assets test exempt income streams is intended to ensure that the age pension is paid to those who need it most. Despite the change, a 50 per cent exemption retains a significant incentive for individuals to purchase income streams. Even after the commencement of this legislation, it will be possible for couples to invest up to $900,000 in a complying income stream and still receive some age pension.

All assets test exempt income streams purchased before 20 September 2004 will continue to receive a 100 per cent assets test exemption. This means that no current customers will be affected by this change.

The bill also contains provisions to align the characteristics of life expectancy income stream products with those of the new market-linked income stream products. The alignment will ensure that these products are treated in a consistent manner under the means test. This will allow individuals to compare the products based on their characteristics and not the short term differences between the expected annual payments.

The bill also extends the guarantee period for assets test exempt lifetime income streams. The current means test rules stipulate that an assets test exempt lifetime income stream may only be commuted if the primary beneficiary dies within a 10-year period of purchasing the income stream. The bill will extend this period to allow a lifetime income stream to be commuted provided that the primary beneficiary dies within a period equal to his or her life expectancy or within 20 years of purchasing the income stream, whichever is the lesser.

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

Debate (on motion by Mr Rudd) adjourned.

TAX LAWS AMENDMENT (PERSONAL INCOME TAX REDUCTION) BILL 2004

Second Reading

Debate resumed from 25 May, on motion by Mr Costello:

That this bill be now read a second time.

upon which Mr Crean moved by way of amendment:

That all words after ‘That’ be omitted with a view to substituting the following words: “whilst not declining to give the bill a second reading, the House condemns the Government for:

(1) failing to provide tax relief to 4 out of 5 taxpayers;
(2) providing less in income tax cuts than it will collect in bracket creep in each of the years 2004-05, 2005-06, 2006-07 and 2007-08; and
(3) continuing to be the highest taxing government in Australia’s history”.

Mr HATTON (Blaxland) (9.56 a.m.)—After having been so rudely interrupted by the adjournment last night, I take this opportunity to continue my remarks on the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2004. As I pointed out last night—and, I think, cogently argued—an
attempt was made by the Treasurer on budget night, and in introducing this bill, to argue that what the government announced as a goal in 1998—to have 80 per cent of taxpayers paying 30 per cent tax or less—has been honoured in the breach. But not in one year since 1998 has that been achieved. No lesser authority than Neil Warren has put forward the argument that that goal has simply never been met, and therefore one could expect—although it has been promised again—that it will not be met in the future either. Indeed, to give the lie to what the Treasurer has said about the broader aspects of this, this was said:

The government has raised the income thresholds and tried to claim it has solved bracket creep. That claim is simply untrue.

That does not come from me. That is what the Australian Taxpayers Institute has argued on what is supposed to be the core of this. In 2000, Prime Minister John Howard argued that bracket creep had effectively been killed off once and for all, that this government had finally done away with it. What is demonstrable is that in 2005-06 the effect of the measures the government took in 2000 will have been completely wiped out.

What is also demonstrable is that, whatever impression the Treasurer and the government seek to give, this does no more in relation to bracket creep than various governments have done in the past. They do not index the scales to inflation. Unless you do that, you are just manipulating the situation to take money in early—to keep it and use it—and then give back reduced dollars years later, as this government is doing. More to the point, when you do it over a five-year period—the Treasurer intends to introduce the changes in the threshold levels through a two-step process—you end up with a situation where people have an expectation that bracket creep will cease, given that we are looking at thresholds being moved up by an amount in the order of $8,000 to $10,000. Despite that, the reality is that bracket creep will continue. Some people will end up with a greater proportion of their wage effectively being taxed at a higher rate—not the whole wage but a greater part of it.

In an excellent article in the Australian Financial Review on 13 May, this whole question of bracket creep and what would happen as a result of these budget moves was discussed by Alan Mitchell. He said:

The Treasurer has reduced but not abolished bracket creep.

Average tax rates will rise, even for those taxpayers whose top marginal rate remains constant at 30 per cent.

In fact, bracket creep will make quite a handy contribution to the financing of the Howard government’s election-year spending promises.

Most spending programs are costed for four to five years. Over that period, bracket creep will claw back between $9 billion and $13 billion.

That was about the set of new tax thresholds, embodied in this legislation that we are dealing with, that the Treasurer has put forward as effectively abolishing bracket creep. This completely gives the lie to it. If it were supposed to abolish bracket creep, you would not have $9 billion to $13 billion worth of bracket creep over the next five years.

The member for Moncrieff, who preceded me in this debate, made a number of arguments about history. I will deal with a couple in the few minutes I have left, and deal with the facts of the matter. He argued that this government had been burdened by $96 billion worth of debt and that they had put their shoulders to the wheel to try to fix it. The reality is that by March 1983, when Labor came to government, Treasurer John Howard—although he lied about it at the time—in one year had given us a budget deficit of $9.6 billion in 1983 dollars. In 1998 dollars, that is $26 billion. In 2004 dol-
lars, it is in the order of $35 billion worth of debt. So of the $96 billion, more than a third relates to just one year with the member for Bennelong as Treasurer.

Labor had to grapple with the effects of that, and it took a number of years. Indeed, we got to the point where we had almost paid off the total Commonwealth debt. There was $17 billion of debt remaining. But for a dramatic change in economic circumstances, all Commonwealth debt would have been paid off by the previous Labor government. It was not to be. We went into recession and the government’s debt levels increased in order to ensure that people were not wiped out socially as well as financially during that period. Whenever a recession occurs, as it did in 1982-83 with John Howard’s recession, government expenditure rises.

The member for Moncrieff also made a great point about the l-a-w tax cuts. I have argued about this before. We have heard about it year after year from this Treasurer—the completely facile argument from the coalition. The former Treasurer did a very simple thing: when it came to the tax cuts that were promised before the 1993 election, the first tranche of those tax cuts were paid one year earlier than they had been promised. That was the whole first half.

Mr Bevis interjecting—

Mr HATTON—As the member for Brisbane quite rightly says, they were paid in full and one year early. The second half of the tax cuts did not disappear; the second half was commuted into superannuation. If the tax cuts had been put into effect by the coalition government, there would be not a nine per cent super guarantee but a 15 per cent super guarantee that all Australians would be enjoying.

It was Peter Costello, the member for Higgins, as Treasurer who abolished the second half of the l-a-w tax cuts that were commuted into super. It was a coalition government that robbed the Australian people of a super benefit where the guarantee would have gone from nine to 15 per cent. It was not a Labor government. So, for the member for Moncrieff and those of his ilk on the coalition side to keep arguing in this manner is false. In fact, one could argue it was defamatory in terms of the whole history of the Labor government over that period: we had four major pieces of legislation that dealt with reductions in tax. This government has not fixed bracket creep—it has only gone part of the way—and we need to give the lie to it. (Time expired)

Mr BEVIS (Brisbane) (10.04 a.m.)—I have more than 74,000 very good reasons to believe that these tax cuts are not fair. That is how many people of working age in the electorate of Brisbane will not get one single cent from the tax cuts that the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2004 provides—not one cent. In fact that 74,000 figure is a conservative estimate. I have erred on the side of generosity towards the government in calculating that figure, because other estimates place the figure higher than 80,000. That is the number of people in my electorate who fail to receive any consideration whatsoever in the amount of tax they pay as a result of this bill, because they do not earn more than $1,000 a week. That is average Australia; they do not earn more than $1,000 a week and therefore they receive no benefit from these tax cuts.

How can this be the biggest spending budget in the history of this country when the government cannot find their way clear or do not have the priorities to say, “We will provide tax relief for others—not just those earning $1,000 a week or more, but others”? It is not just the biggest spending budget this nation has ever seen for the next financial year; it is the biggest spending budget in the course of the next six weeks. This budget...
proposes to spend some $6 billion in the next six weeks, as a lead-up, no doubt, to the option of an early federal poll in August—$6 billion in six weeks for crass political purposes. The government faced an embarrassing situation as they balanced the books and discovered they had raked out of the economy some $10 billion more than they had given back. Confronted with that, in panic and with bad political polls, they decided to throw $6 billion at the electorate in the course of the next six weeks.

The Australian people have demonstrated that they will not fall for that trick—a trick which is not new to the Liberal Party or to the Prime Minister. John Howard has form in this: he was Treasurer. Those of us who take an interest in politics and have had the opportunity to be around for some time well recall the fistful of dollars that John Howard as Treasurer offered in the 1977 election. We all remember the ads that were published in the papers—literally a hand holding a wad of cash. That was the promise that the Liberal Party offered to the people in the election when John Howard was Treasurer, when he was directly responsible for the preparation of the budget. I went back to have a look at some of the comments that were made at that time and subsequently.

This is not the first time that the Howard-led Liberal Party has played that game. I came across a comment on the 1987 election by Max Walsh, one of the senior members of the press gallery, when talking about John Howard’s record on tax. Talking about the offer of the Howard government to cut government expenditure and give money back to the people, he said:

What do we have here? A political superman or a besieged and desperate politician who knows this is his last chance to reach the top of the greasy pole of politics—somebody who will offer anything, no matter how outrageous, to gain office.

That was Max Walsh’s comment about John Howard in 1987, when he tried offering another fistful of dollars before an election. Later in his article Max Walsh concluded:

I for one do not think that John Howard is a political superman.

He was not alone in arriving at that conclusion. The fistful of dollars offer was not the only time we have seen this government play free and loose with the people of Australia and their hip pockets. The fistful of dollars was offered to the people in February before the election, and after the election, in August, it was taken back. The fistful of dollars did not even last 12 months. The people of Australia were hoodwinked, and that is why we recall the headline in the Illawarra Mercury, I think—‘Lies’ written in the banner headline. That is the form of Prime Minister John Howard when, as Treasurer, he prepared the budget. We all remember him as Prime Minister telling us that there would ‘never, ever be a GST’. The people of Australia well understand how honest and accurate that pledge was.

The Liberal government say that when they introduced the GST they introduced the biggest tax cuts the country had ever seen. Apart from the fact that that is untrue, those tax cuts were very transitory. I encourage members of the government who like to run this line to get out their old copies of the government’s budget papers from the year that the GST was introduced, 2000-01. On page 5-20, they will see the estimates of revenue. What they show is that the tax cuts in the budget that introduced the GST—the one heralded by the Liberals as containing the greatest tax cuts ever—lasted one year.

Two years after the tax cuts the total amount of revenue the government were getting was back to its previous levels—that is, the massive tax cut they heralded as the biggest ever lasted for just one year, and the
people have been stuck with the GST ever since. They got a tax cut for one year and a GST forever. That is John Howard’s view of how you provide tax cuts. That is the game he has played before and that is the game he is playing now, and the people of Australia understand it. In fact, in 2001, when John Howard played that cynical three-card trick on the Australian people—like the pea and thimble trick—another senior member of the press gallery, Laurie Oakes, wrote:

When it comes to tax, Howard lives in a glass house. Throwing stones is risky.

Max Walsh and Laurie Oakes have the Prime Minister down to a T when it comes to taxation. After that history, we now have a government proposing income tax cuts for those earning $1,000 a week and more and not a cent for anybody else. Just to convince people that all this is good for them, the government has found $100 million to spend on public advertising between now and the election. This is political spin paid for by the Australian taxpayer. It dwarfs any public information campaign that any Labor government anywhere in the country, including here in Canberra, has ever run. It is not quite on the scale of the taxpayer funded ads that the government ran for its GST election campaign, which actually reached heights unsurpassed by a long way by any government and were subsequently the subject of criticism by the Auditor-General.

This government is not only willing to play loose and free with the taxation that it hands out to people by way of tax cuts but also more than happy to put its hand in the till to grab $100 million of taxpayers’ money to run a public campaign between now and the election, on top of the $6 billion that it is going to spend in the next six weeks in the hope of attracting more electoral support. I am happy to say that it has not worked. It certainly has not worked in my electorate of Brisbane. The advice my office gave me last week—when we were all back at our constituencies—from contact they have had from constituents ringing and writing to us is that there is anger.

The public understand the game that was played on budget night with these handouts, they understand the game that was played by offering $6 billion in six weeks and they are angry about the fact that this government believes it can take the Australian public for mugs. I have had people contacting my office angry that they should be treated with such disdain—including, I should add, people who benefit from these tax cuts and from some of the other payments—as if their vote could be bought by a bribe over the next six weeks. Full credit to the people of Australia for their level of understanding of what has been going on in this parliament during the last few weeks and for reacting in that way.

Taxes are essential. They are essential to provide the funds that government needs to carry out the services and functions that the community expects of us. All of the things that go to make up the fabric of our society for which government plays a role—whether it be defence, health, education or aged care—require revenue and taxation. We all understand that, and most Australians are happy to be part of a society that contributes to that, knowing that we live in a prosperous and harmonious community.

But there is a special ingredient that everybody expects, and that is fairness. It is essential when we look at the rates of tax, who pays them and what the thresholds are that people understand there is fairness and incentive in the system and a reward for people who take risks and work hard. If that reward is distributed fairly and the tax system is fair then you do not get the sort of reaction this government has received in the polls in the course of the last two weeks since the budget came down. The reason that has occurred is
that the people of Australia understand very well that this is not fair. The tax cuts in the 2004 budget do provide some relief for a small percentage of people in the Brisbane electorate. The great majority have missed out. The tax cuts are not fair; they could and should have been fairer.

Budgets reflect priorities; they are not just instruments of economic management. They reflect policy priorities. They reflect your philosophy and view of how you believe our country should be structured and how we should build a better future for our children and grandchildren. That is what budgets are about. If the only thing we had to do with the budget were to balance the books, as a country we would be better off getting KPMG or some other big international accountancy firm to come in and do the books and at the end of the day we would end up with a balance sheet that worked out. The reason we have elections and elect governments is that we expect governments to make decisions on values and priorities. When you look at the budget you get a good idea of where the values and priorities of the governing party are.

And it is not just in this area of income tax, where only those on above $1,000 a week get any benefit. You see the same principle applied elsewhere. The government want to reduce the tax on superannuation. There is a reasonable argument, I think, to reduce the amount of tax on superannuation, but who do they want to reduce the burden on? Only those in the highest income brackets. The only superannuation tax this government are proposing to reduce is the superannuation surcharge. This is an additional tax placed on the highest income earners. Members of parliament pay it. It was introduced under this government by Peter Costello as Treasurer. Since he introduced it I think a number of his own backbenchers have decided they do not like it too much.

So what have the government now done on two occasions? They have sought to reduce the amount of tax in super but only on the super surcharge. It is not for everybody—they are not reducing the tax on superannuation that everybody pays; they are just reducing the tax that the highest income earners have to pay. That is in this budget also, and there you start to see a bit of a pattern, don’t you. And it is not just there. One of the things that have bewildered me over the last couple of years is the inclusion in the government’s budget of a subsidy on superannuation for low-income earners. I was bewildered because I could not quite figure out how people earning $25,000 a year had a spare $1,000 to put into super. Everybody I know who is trying to run a household on $25,000 is struggling to have a roof over their head, food on the table, clothes for the family, some money for the kids to go to school, and enjoy a little bit of life. You cannot do that on $25,000, but this government think there is a group with $25,000, $26,000 or $27,000 a year who can kick $1,000 into their superannuation fund.

I could not quite understand how all this came together until I had a discussion with a colleague after the budget two weeks ago. He pointed out to me who the very small group who actually access this are. There are only a handful—a comparatively small number of Australians—who access this. They are the partners and spouses of high-income earners. These are the people who have one income earner in the family on a very high income and who then place the second person in the household on a small income. That may be paid out by a partnership or a company or by income splitting. The second person in the household picks up their $25,000 and it is no problem for them to put $1,000 into super. This government then provides them with $1,500 as a handout.
This is middle-class welfare. This is not assisting low-income earners to save for their retirement. If the government wanted to assist low-income earners to save for their retirement, it would have continued Labor’s plan for a national superannuation scheme not at nine per cent but rising to 12 per cent with a horizon to 15 per cent. You guarantee all Australians 15 per cent superannuation every year and you provide a national scheme that gives all Australians security in their retirement. Giving people on $25,000 an extra $1,500 if they can find $1,000 to put into super does not help households whose income is $25,000. It helps households who have two incomes, one of them high and the other low—sometimes a low income by choice. That also is an indication of the priorities this government had when it structured its budget.

The government talk a lot about marginal tax rates and have made reference to them in this debate. Again I want to remind members on the other side of the chamber, and those Australians who may be listening to the broadcast, of what in fact has happened with tax cuts and tax rates. When John Howard was Treasurer of Australia—when he had command of the tax system as Treasurer—the top marginal tax rate was 60 per cent. The lowest tax rate for the lowest income earners was 30 per cent. When Labor came to office we reduced the marginal tax rate for the lowest income earners from John Howard’s 30 per cent down to 20 per cent. We reduced John Howard’s marginal tax rate for the highest income earners from 60 per cent to 47 per cent. The big change in tax rates that has occurred in this country in the last 20 years occurred under the Labor government with Bob Hawke as Prime Minister and it was to rectify the very high rates of tax that John Howard applied when he had his hands on the levers. He was the Treasurer; it was within his sole authority more than anybody else’s to do something about it as Treasurer, and what did he do? He had tax rates of 30 per cent for the lowest income earners and 60 per cent for the highest income earners.

High-income earners did not even get half of the extra dollars they earned, yet the government want to stand here and tell us this bill is about providing incentive. I tell you what, they are late converts to it, because in fact it was the Labor government that changed the tax rates to ensure that, no matter how much money you earned, you got to keep more than half of it. That was a decision the Labor government took. When John Howard was Treasurer and had control he thought that the government should take 60 per cent of that, and if you happened to be on a very low income they got 30 per cent of it. So there are a lot of games played by our Liberal and National opponents when it comes to these debates—they have very selective memories.

I want to refer to one other area of selective memory. They say that they can provide these tax cuts because of good economic management, and they refer to the government net debt. People do not often understand what government net debt is when we talk about it, but it is important to quickly say something on it. Compared to virtually all of the other countries in what we would call the developed world and the OECD, Australia has always had an extremely low government debt. Private sector debt may have fluctuated—that is what companies borrow from overseas—but the government debt, the debt that people directly owe, has always been extremely small. It is the second or third lowest in the world.

I had a look at the government’s budget paper on this, and I would encourage members to have a look at page 13-6 of Budget Paper No. 1 because it sets out the historical
table on government debt going back to 1972. What I discovered in this table was that the first time that the federal government incurred a net debt was in 1976-77. The table starts in 1972, so, during the course of the Whitlam Labor government, there was no net debt. The government’s net debt commenced when Malcolm Fraser became Prime Minister. When John Howard was Treasurer we commenced a net debt. I do not get hung up about that because it is extremely low, but the government should stop pretending that these tax cuts, unfair as they are, are able to be provided because there is a low net debt. That is nonsense. They are able to be provided because this government is the highest taxing government in our history. It has taken more money out of the economy than any government before it. And now, a matter of weeks or months before the election, it thinks it can ingratiate itself to the people of Australia by throwing literally billions of dollars at the electorate in the hope of currying favour. I do not think that will work, and it clearly has not worked in the last couple of weeks. I look forward to the opportunity to continue to expose this to the people in Brisbane. (Time expired)

Ms KING (Ballarat) (10.24 a.m.)—I rise to speak on the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2004. This bill increases the 42 per cent threshold from $52,000 to $58,001 and the 47 per cent threshold from $62,501 to $70,001 from 1 July 2004, with other increases in 1 July 2005. The fact that the government has run out of speakers on this bill—the bill the Treasurer lauds as the centrepiece of the budget—is absolutely extraordinary. Where are the Liberal MPs in this debate? If they are so proud of this bill and so proud that they have got the tax cuts right, why are they not here speaking on it?

Australians do need tax relief. After all, they are currently experiencing the highest taxing government in our history. Their hard-earned dollar just does not seem to stretch as far as it used to because of the large proportion of incomes people are now having to spend on their mortgages and the increased cost of services—including universal services such as Medicare that they are now having to pay more for, the costs of trying to save to send kids to university, the growing costs of child care, the cost of telephones and petrol, the cost of utilities that have now almost all been totally privatised and the cost of basic goods like food.

People are experiencing significant financial insecurity. It is not just one small sector of the community; it is a lot of sectors: older people on fixed incomes, particularly those who do not own their own home, are in real trouble; single people on low incomes, struggling to pay debts and get ahead; and families, who, on top of all the issues I have just mentioned, are trying to find money to pay for their family tax benefit or their child-care rebate debt—debt that the government has created.

Yes, Australians are asking for tax relief, which is why we are going to pass these tax cuts in these bills, but they are asking for something more than that from their government. They are also asking for a government that is committed to providing services. They are asking for a government that is committed to a universal health care system, not one committed to separating it into a two-tiered system, which is what the government has done. They are asking for a government that is committed to access to higher education based on merit, not on the ability to pay for it. They are asking for support for schools, both private and public, on a needs basis. They are asking for a commitment from a government that it will give priority to policies that assist in achieving the balance between work and family. They are asking for a government that actually worries
about the issue of dental care and believes that it has a responsibility to do something about it. They are asking for a government that is going to stop unemployment being an option for young people and teenagers. That is what the Australian people are crying out for. But what they have is a government that has spent $52 billion in a budget in which it could not even find money for basic public health programs to vaccinate babies against deadly diseases.

Taxpayers on less than $52,000 were the losers in the budget in terms of inadequate government services and no tax cuts. This bill does nothing for those earning below $52,000. This is the group that the Prime Minister last year was pretty quick to tell should be grateful for the sandwich and milkshake tax cut—a tax cut that has long since been eaten up in the rising costs of seeing a GP and Telstra line rentals. These people are now Howard’s forgotten people.

There is a $52 billion budget spend, but no tax cut if you earn less than $52,000. A $52 billion budget with $6 billion to be distributed in the next six weeks, but you would have to ask: is it a fair budget? Is it a budget that seeks to address the real problems faced by the Australian community? Is it a budget that inspires us to think the government has some plan for the future? You would have to say no. It is a budget of political expediency, and this bill, with the tax cuts, is part of that. It seeks to cherry pick issues with voters with whom the government thinks it needs to shore up votes and, in doing so, it sent a signal to those who are not included in the budget that they do not matter.

Like the member for Brisbane before me, the calls that have come into my office have been loud and clear. Callers have said, even if they have benefited from this budget, that their vote is not up for sale. They have seen through the bribe in the budget. This government always tries to buy its way out of trouble. In 1998 more than $20.6 billion was spent to buy a ‘yes’ vote for the GST. That record new policy spend was exceptionally high, but seemed at the time to be related to the introduction of the GST.

However in 2001, another election year, that record was exceeded with more than $25.6 billion in new spending for special interest groups, without a dollar of tax cuts. Again just before that budget we saw a $1,000 one-off payment for family tax benefit recipients to pay for those debts. That is exactly what that was: the government bought its way out of trouble just before the 2001 election. Now in 2004, another election year, there is new spending of $51.9 billion. That is $52 billion, but no real reform of the tax or family payment system and little attempt to address the deficit in services that the government has created.

This budget is one of political expediency; it is not a budget that reflects the desperate need for more and better services in the community. In the 2001 census, 81,129 taxpayers in my electorate of Ballarat reported having incomes of less than $52,000 a year; only 6,769 people reported having incomes higher than $52,000 a year. That is 6,769 people in my electorate who the government have deemed have worked hard enough for a tax cut and 81,129 people who will miss out.

As a member who represents a regional seat, I have to agree with what the member for McMillan said in his contribution: the tax cuts have been skewed against country people. People in my district do not have as many options as those in other areas to earn high salaries. In fact, the minister for health is on record as saying that that is a good thing and those of us who live in regional areas should accept lower salaries. Very few positions in my district have salaries that are higher than $52,000 a year. They are the
CEOs and senior officers of some of our larger companies and local government, senior people in our health services, our politicians—including me—and some employees of state and federal government. But it is widely known that the sorts of salaries that are associated with these tax cuts are, on the whole, associated with living in a city. Where are the tax cuts for the factory workers, the cleaners and the hospitality workers in my electorate? Where are the tax cuts for the 81,129 people in my electorate who earn less than $52,000 a year?

The government has been collecting a record level of taxation from these people. The tax to GDP ratio has increased from 23 per cent in 1996 to 25.3 per cent in 2004-05. As a proportion of GDP, Australians are paying $20 billion more in tax than they were in 1996. As a proportion of GDP, taxpayers pay an average of around $2,000 more in tax every year than they did in 1996. My constituents are being asked to pay more and not only through the taxation system. They are being asked to pay more when they see their doctor; when they send their children to university, if they are lucky enough to find a place; and when they make a phone call. The people of Australia know that it is their hard work, not the Treasurer's, that has funded this budget—people like Ethel O’Neil in Sebastopol, who wrote to the Ballarat Courier. She said:

I feel I must express my disappointment with the budget. The self funded retirees and pensioners have been forgotten. We pay the GST the same as the working person.

It is galling for those on less than $52,000 a year, who suffer from this government’s services deficit, to be forgotten when it comes to tax cuts. These tax cuts are inadequate. The tax cuts in this budget were less than the bare minimum expected by Australian voters. For four out of five taxpayers, last year’s sandwich and milkshake tax cuts now look like a great meal deal. These tax cuts fail to cover bracket creep since the introduction of the GST.

The government’s statements about where the gains are in their policy are misleading. They have misrepresented the additional superannuation co-contribution as a tax cut. It is not a tax cut; it is a contribution to superannuation that will not be available to the recipient for years or even decades. The government’s tables show the benefits of their tax package as being worth between $150 and $880 per year for people on incomes of $50,000 or less. They have included this co-contribution in their tables for singles and families as if everyone eligible for it would receive it. But the reality for many people on these incomes is that it is extremely difficult for them—particularly with the rental or high mortgage costs that they are paying and just in living day to day—to have the disposable or discretionary income to make the necessary voluntary contributions to superannuation, and they need to do that to receive the co-contribution benefit. If you take that ‘benefit’ away—because people cannot access it, and they cannot access it because they cannot afford to; they would love to have $1,000 to be able to contribute, but the reality is that their low incomes mean they cannot afford to—taxpayers without children on less than $52,000 a year get nothing.

Recent budgets, particularly election budgets, have been replete with this type of false promise. Each budget has promised much, but when you actually look at its detail it has delivered little. Superannuation for babies: how many people were able to take that up? The baby bonus: when people actually realised what they were going to get and how very few of them would in fact get anything, it really was a sham of a policy. Then there was the low-income superannuation co-contribution. None of these have lived up to the expectations that the government created
for them with expensive advertising campaigns. And when they flop, the government walks away without spending more than a fraction of the original budget estimate.

The government has provided increases in family tax benefit to sole parents and couples with children. If they are fortunate enough to have individual taxable incomes above $52,000 a year, they also get a tax cut. If they are fortunate enough not to have incurred a debt through the government’s flawed family payment system, they may actually see some of that money—which is a good thing. Minister Anthony has already admitted that many families will not enjoy the second $600 as it will be clawed back to pay debt. The government has stripped $900, on average, from a third of families’ tax returns each year.

On numerous occasions, like other members of this House, I have had phone calls and complaints come to my office about the family tax benefit system. The worst case I had was where Centrelink basically told one of my constituents that she had to start having money deducted from her credit card, as that was Centrelink’s preferred option. That has now been removed from Centrelink’s web site, but it was on its web site as the first option available for people to pay their family tax benefit debts. So Centrelink told her that its preferred option was to have her debt deducted on a fortnightly basis—an amount that exceeded what she could afford—from her credit card.

A couple of days ago, the Treasurer was here in question time espousing how generous he thought the government was being because people with family tax benefit debts were not being charged interest on those debts. Do you reckon the credit card companies will be as generous when my constituent starts to rack up a credit card debt as she struggles to pay off the debt the government’s flawed family tax benefits system created? I do not think so. And the interest rate on credit cards in some cases is well over 25 per cent. That was a ridiculous statement.

Some families did get well-deserved, albeit poorly designed, relief from the budget. Why? Because the polling shows that they are extremely disgruntled with the government, and they have every reason to be. There is a whole group of people—60 per cent according to NATSEM figures of families and singles—who do not get a single cent in tax relief or family tax benefits. It is no wonder people are beginning to question the motives of the government when they look at what they have before them in this budget that lacks vision. It is a symptom of a government that no longer hears them and has ceased to care about them—a government in which we have a Treasurer whose only view of the future is what it might hold for him.

Mr MURPHY (Lowe) (10.38 a.m.)—I rise this morning to support the amendment to the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2004 moved by the shadow Treasurer and member for Hotham, the Hon. Simon Crean, because all Australians understand that the Howard government is the highest taxing government on record. Australians are paying on average $9,000 more in Commonwealth tax, including the GST, than they were when the Howard government came to office eight years ago.

Australians find it impossible to understand why—despite this heavy tax burden and an Australian economy that is, according to the Treasurer’s daily lectures here in question time, doing so well—they are struggling to find affordable health care and medicines. Why are Australians families battling? Why
are they having difficulty accessing a bulk-billing doctor? Why are hardworking families like the thousands in my electorate of Lowe unable to find the child-care places they need? In one childcare centre in Abbotsford in my electorate, not far up the road from where I live, there is a waiting list of 200 child-care places. What is the government doing about that? Why do people’s older children who are hardworking students have to incur enormous levels of debt to access a higher education? Why is affordable quality aged care so difficult to find? The answers to these questions are found by examining the government’s priorities, Mr Acting Speaker.

Mr Slipper—Deputy Speaker!

Mr MURPHY—I thought it was Mr Acting Speaker.

Mr Slipper interjecting—

The DEPUTY SPEAKER (Hon. B.C. Scott)—Order! The member for Lowe has the call.

Mr MURPHY—I have elevated the member for Maranoa to very high office. I am sure he would do a good job if he were the Speaker. I always find that when I am speaking and the member for Fisher, the parliamentary secretary, is here he persists in interjecting. I am happy to take the interjections because I will have more to say about the government’s priorities in the context of this debate on this particular bill this morning. Constituents in Lowe are astonished that the government can easily find the $9 million, $10 million or $11 million provided by taxpayers for cynical political advertising, such as the recent ‘a better Pharmaceutical Benefits Scheme’ campaign or, even worse—

Mr Slipper—Public information.

The DEPUTY SPEAKER—The parliamentary secretary will desist from interjecting.

Mr MURPHY—the new ‘strengthening Medicare’ campaign that television viewers have been saturated with since last Sunday. That is appalling—and I am happy to respond to that interjection.

The DEPUTY SPEAKER—The member for Lowe will not respond to interjections.

Mr MURPHY—I will make the point anyway, for the benefit of the parliamentary secretary, that the government’s outrageous, profligate use of taxpayers’ money is just to promote their own re-election. Those Medicare ads and all the ads that the government have run at taxpayers’ expense in the whole time that they have been in power are telling the people of Australia how good they are. They are all designed to save their political hide. I am very pleased that the people of Australia understand that, and I will get to that later in the debate.

There is no clearer evidence that the Howard government has abandoned the vast majority of Australian families than the Tax Laws Amendment (Personal Income Tax Reduction) Bill before the House this morning, because the income tax cuts proposed by the Howard government affect only the highest tax brackets. The changes will only benefit those income earners who earn more than $52,000 a year. The recent budget has not provided any tax relief for four out of five taxpayers. There is not a single cent in tax cuts or family tax benefits for three out of five taxpayers. That is getting back to the government’s priorities.

In my electorate of Lowe, according to the income levels measured in the 2001 census, 77,992 Australians do not get a tax cut in this budget. That is right: in my electorate of Lowe, from Drummoyne to Homebush West, there are 77,992 Australians who do not get a
tax cut in this budget, even though the government is spending $52 billion—a record—in this year’s budget. Eighty-one per cent of my constituents do not get a tax cut. For those who do receive some tax relief, we know bracket creep will have a significant impact on the income tax cuts, because the government decided not to index the income tax cuts to inflation. According to the economics editor of the *Australian Financial Review*, Alan Mitchell:

> Average tax rates will rise, even for those taxpayers whose top marginal rate remains constant at 30 per cent.

On 13 May Mr Mitchell said:

> ... bracket creep will make quite a handy contribution to the financing of the Howard government’s election-year spending promises.

Most ... spending programs are costed for four to five years. Over that period, bracket creep will claw back between $9 billion and $13 billion.

For these reasons I strongly support the second reading amendment moved by the member for Hotham, because that amendment condemns the government for:

1. failing to provide tax relief to 4 out of 5 taxpayers;
2. providing less in income tax cuts than it will collect in bracket creep in each of the years 2004-05, 2005-06, 2006-07 and 2007-08; and
3. continuing to be the highest taxing government in Australia’s history.

That is the reality of this government. There is no doubt many Australian families are finding it more and more difficult to make ends meet; I see that on a day-to-day basis with the constituents who come into my office. They work harder than ever because they know they have no choice. Household debt is at a record high. Families on average incomes owe more than they earn. Mortgage payments represent more of the family budget than ever before. The cost of going to a doctor and providing children with a higher education is growing rapidly, and every time families spend a buck they are slugged with the government’s GST—the Prime Minister’s never, ever GST. Now they are also facing skyrocketing petrol prices, no doubt caused by the instability in Iraq—and this cause has preoccupied, and all but paralysed, the government over recent times.

For many of those families receiving no tax cuts but currently receiving family tax benefits, the government has promised two payments of $600. Unfortunately, the Minister for Children and Youth Affairs admitted this week that many families will not enjoy the second $600 family tax payment, as it will be clawed back to pay debt. We had the farce here on Monday where the questions from the opposition that were being directed to Minister Anthony were being answered by the Treasurer because he was trying to obfuscate on this issue. We know, and the people of Australia know—and we will reinforce it right up to the next election—that approximately one in three families will never see the promised $600 payment, because it will be used to offset family benefits debt. The money will not appear in their bank accounts; it will be used to offset debts that many families will be unaware that they have accrued. The Howard government’s flawed family benefits system delivers debts to families who have done the right thing and played by the government’s rules to the best of their ability, and then they get slugged. The system is flawed, because it has led to more than 600,000 Australian families incurring a family benefits debt. Previously, fewer than 50,000 families incurred a similar debt under Labor. So it is flawed, because for many hardworking Australian families it is very difficult to accurately estimate the precise level of their annual income.

In budget estimates last year, it was revealed that some 232,278 customers had their family tax benefits overpayments par-
tially or fully recovered from their tax returns for the 2001-02 year. For families in similar circumstances, this year the $600 payment is a token form of compensation at best. The following example shows the impact this flawed family tax benefits system has had on one of my constituents who lives in Burwood. In February this year, my constituent received a family assistance office assessment claiming overpayment of benefits and seeking reimbursement of $6,735.35. This debt came about because my constituent finally received a modest payment as a result of hard fought, but eventually successful, court orders from the Family Court of Australia in child support proceedings against my constituent’s former spouse. The orders are, predictably, awarded as a lump sum, thus impacting on the family tax benefit assessment. This is one of thousands of examples across Australia of families incurring large, unforeseen debts which are then immediately clawed back by the government, regardless of the immediate negative impact this may have on an honest family. For these families, the government has delivered no tax cut and a family tax benefit that is likely to be immediately clawed back.

Compare this efficient debt recovery with the government’s efforts to stop the tax avoidance industry. As the member for Barwon knows, I have been speaking out on the government’s shameful lack of action, until last week, in doing something about the outrageous tax avoidance industry that is much in evidence in Australia at the moment. The government is more interested in looking after people who are better off, as evidenced by this tax cut, than chasing after people who have, quite improperly, used family law and bankruptcy to avoid paying their fair share of tax. Who do you think was their only creditor of note? The Commissioner of Taxation. Those pillars of society, who were supposed to be setting an example—and you can be sure that they walk around with a Medicare card, courtesy of the long-suffering taxpayer—were not paying any tax, in many cases, and certainly not paying their fair share of tax. When I asked this question and the Treasurer took 12 months to reply, the answer clearly showed that not even half the members of the legal profession were paying the top marginal rate of tax—which was, at that stage, $60,000 a year.

Even worse—and this is something I have been pursuing with the tax office—is that they have what they call ‘industry codes’ to group various occupations, so if you really wanted to find out the truth about how much
the barristers and solicitors are paying or not paying it is all clouded and very unclear because the business industry code that the Taxation Office relies on to give this information, industry code 78410, groups together advocates, barristers, conveyancing services, legal aid services, notaries and solicitors. There are a number of people who fit into those categories who do not have to have an LLB or any legal qualifications, yet they are grouped into that category. But even when you group all those people together—and many of those people would probably not be earning $52,000 a year—you still find that most of them are not paying the top marginal rate of tax.

We had cases of barristers who did not lodge tax returns for years. In one case, a barrister did not lodge a tax return for 45 years. For 45 years, a QC did not lodge a tax return. That was in the questions that I asked. There was another case of barristers who were employed by the tax office. I identified one barrister who worked for the tax office for something like eight years, and yet the tax office did not know that he had not lodged a tax return. That was in the questions that I asked. The tax office comes down on the ordinary pay-as-you-go taxpayer like a tonne of bricks if they do not lodge a tax return, but it was only last week that the government gave a reference to the Standing Committee on Legal and Constitutional Affairs—which I am the deputy chair—to have a look at legislation that they are going to introduce into the parliament shortly that will hopefully stamp out, once and for all, outrageous tax avoidance where people are able to transfer all their assets to their spouse and then go belly up so that, when the creditors arrive, they have not got a cent to their name; and yet they continue to enjoy and bask in a lavish lifestyle, drive a flash car and live on the waterfront in the best suburbs et cetera and have their overseas trips.

The government have been very slow to do something about that. I asked questions of not only the Treasurer but also the Minister for Revenue and Assistant Treasurer, who was a barrister before she came into the Senate. The former Attorney-General was also—surprise, surprise!—a barrister before he came into the House.

Mr Slipper—All good lawyers.

Mr MURPHY—They might be all good lawyers, but they are being very slow to do something about all these questions that I have asked to bring these people to heel. That is what I mean when I say that the government has its priorities all wrong. The government is always looking after the big end of town, the people who are better off. It is certainly not looking after those people who need the most help—and that is reflected in this bill and in the budget. In my own electorate, the government has flogged off Sydney airport to Macquarie Bank. Macquarie Bank bankrolled it for $5.6 billion for Southern Cross Consortium, who bought the 100-year lease. That was their priority: to look after the interests of Macquarie Bank. I must say that Sydney airport is operating very well as a shopping centre and a carpark. It is making a lot of money for Macquarie Bank.

Mr Slipper—It is operating very well as an airport, too.

Mr MURPHY—Yes, but it is going to massively expand, Parliamentary Secretary, at the expense of my electorate. I was astounded, astonished and amazed to read in one of my local newspapers a couple of weeks ago that the Liberal candidate, my opponent, in Lowe does not believe that aircraft noise is an important issue in the federal election. I have got news for him. But that is the government’s priority.
What I am saying about the government’s priorities could relate equally to the Broadcasting Services Amendment (Media Ownership) Bill 2002 [No. 2], which is in the Senate at the moment. The government are going to pull out all stops to try to ram that through the Senate in the last few weeks to look after the interests of the two most powerful media owners in Australia. Those are the government’s priorities. Everyone—I do not care how they vote—listening to this broadcast today should acquaint themselves with the implications of that legislation. That legislation severely concentrates media ownership in Australia, which is a great threat to our democracy. Once again—like the bill before us, looking after people who are earning more than $52,000—the government’s priority is to slaughter the public interest and our democracy, by concentrating media ownership in Australia and giving, for example, Mr Packer the opportunity to buy Fairfax and Mr Murdoch the opportunity to buy a free-to-air television network. It will not happen under the Labor Party if we get into government, because the implications of that bill have serious consequences for our democracy.

In concluding, I think Mark Latham is right on the money here. People expect governments to pour their hard-earned dollars into health and education, and I think people would be better served if the government made a more serious attempt to save Medicare and to make higher education affordable for my constituents. (Time expired)

Ms HOARE (Charlton) (10.58 a.m.)—I rise to speak on the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2004. The purpose of the bill, as outlined in the Bills Digest, is:

... to amend the Income Tax Rates Act 1986 to increase the personal income tax thresholds for the 42 per cent and 47 per cent tax brackets.

In doing this, I applaud the amendment which was moved by the shadow Treasurer, the member for Hotham. That amendment read:

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

(1) failing to provide tax relief to 4 out of 5 taxpayers;

(2) providing less in income tax cuts than it will collect in bracket creep in each of the years 2004-05, 2005-06, 2006-07 and 2007-08; and

(3) continuing to be the highest taxing government in Australia’s history”.

Just yesterday Tim Colebatch at the Age wrote in an article entitled ‘We need real reform to pay for the future’:

Where this budget failed was in opting for political fixes over reform. Nursing homes got hand-outs, but not a secure source of long-term funds. Our family benefit system is so messy that only a computer can understand it; yet parents put in debt by overpayments also got hand-outs, but no reform.

That is where this budget has failed. That is where this bill fails as well, by failing to provide real reform in the area of income tax. There is another issue I would like to take the opportunity to talk on, and that is the Australian Taxation Office’s treatment of approximately 65,000 families who invested in tax effective schemes. These families were reassessed by the ATO and had a tax debt risen against them when the ATO decided to disallow investor deductions in certain schemes. About 45,000 of the affected families live in Western Australia. My colleague and good friend the member for Stirling, Jann McFarlane, has worked to assist these families in gaining fair treatment from the ATO with their appeals, in the processing of their debts and with their repayment schedules. As an aside, Jann sends her thanks to everyone who has sent their best wishes to her during her illness.
I will briefly outline the background to the ATO raising tax debts against the 65,000 affected families in Australia. I understand from a local accountant that in about 1996 the ATO sent a memo to accountants with concerns about the proliferation and structure of tax effective schemes that had been granted or were seeking a private binding ruling. Concerns were also raised about the like schemes that were being set up but had not sought a private binding ruling.

Many of these families are aggrieved that the ATO processes were opaque and not in line with the principles underlying the ATO charter, particularly the principle that people be treated as individuals and not as a group or class action. They have been asking my colleague the member for Stirling:

‘If some tax effective schemes were flawed and not in line with ATO criteria, why hasn’t the ATO investigated and prosecuted the promoters, initiators and directors of these disallowed schemes?’ This is a fair question to ask in this place. The issue is still topical, with some investors still fighting the ATO in the courts and winning their cases.

The member for Stirling would like to draw the attention of the House to an article in the *West Australian* on Monday, 10 May 2004 entitled ‘Rare winners in tax office stoush’. The article outlines the win that two aggrieved investor taxpayers had in the Federal Court and again in the full Federal Court. In this case, Graham Cooke and Hugh Jamieson had invested in 1989 in a native wild flower scheme managed by Growth Industries. When Growth Industries fell over in 1991 the ATO disallowed their claimed deductions in this scheme. The article says:

Mr Cooke and Mr Jamieson successfully argued that the investment was for a retirement income stream and pointed out that they paid for a guaranteed return option. The court agreed with them. It said their claimed deductions were genuine even though they borrowed almost the entire amount to get into the scheme. The tax office was left to pay all the legal bills of the hearings.

The article goes on to say:

Their victory has caused anger among taxpayers without the financial means and legal nous to take their chances in the courts.

The article concludes with a statement by taxpayer activist Geoffrey Taylor:

... when the tax office wins it claims its win has widespread application, but when a taxpayer wins, the win applies only to the taxpayer involved in the action.

It appears there is one law for taxpayers who can afford to take the commissioner on in court, and another for those who can’t.

The concluding comments highlight the feelings of many of the affected and aggrieved families who could not afford to take on the ATO in the courts. Today we should put aside our preconceived ideas and views on these investment schemes and have a look at the true nature of these schemes and the disgraceful conduct of the institutions in dealing with these issues.

Many Stirling constituents have made the following points in defence of their situation. They believe there has been serious criminal conduct of the various participants in these tax effective investment schemes; that investors have not knowingly participated in any wrongdoing but rather are victims of alleged fraud by the scheme promoters; that the ATO has failed to deal effectively with the alleged tax evasion practices within these schemes; that the ATO has sought to recover lost taxation revenue from the victims of the alleged fraud, with the cooperation of those who should be prosecuted for fraud and tax evasion; that ASIC has ignored the alleged fraud and the tax evasion, refusing to investigate or prosecute even in the face of overwhelming prima facie evidence; and that this government has betrayed the investment community, through both the abuse of power by the ATO and the failure of ASIC to adequately
investigate abuses in the managed investments industry.

Constituents believe that the Howard government has failed to administer the criminal law and Corporations Law without fear or favour and that, in doing so, it can be reasonably claimed that it has undermined the integrity of the taxation system and the justice system in this country. Furthermore, many affected constituents believe these revelations will not be made by way of vague generalisations but rather with reference to one specific case that has been researched and documented by affected constituents—namely, the case of the Koala Hydroponics Project.

The Koala Hydroponics Project was, in many ways, typical of the range of non-forestry tax effective investment schemes. In common with other projects, this scheme was subject to the ATO investigation in 2000, leading to a determination to disallow investor deductions in the scheme. This project was established in early 1998 to produce hydroponically grown salad vegetables for the Australian market from its two properties in Queensland. The prospectus for the project was oversubscribed, with total funding of approximately $14.5 million raised from about 520 investors. Of this amount, approximately 50 per cent was raised as an investor loan package.

The project was unique in a number of ways. The project funding was employed to refinance an existing operation as a going concern with the previous management team, so the normal agricultural risks were well understood by the promoter. The project was not exotic, with common salad vegetables being produced in conventional hydroponic growing systems for an established market. The project manager’s board included a number of independent directors and the project’s share register included a significant number of investor shareholders, so the actions of the project manager were relatively transparent to investors.

Nevertheless, the project’s operations collapsed within two years. In this case, however, the failure of the scheme could not simply be justified by the usual excuses: namely, agricultural risk or lack of markets. The overwhelming reason for the failure of the project was alleged fraud. The affected constituents who invested in the Koala Hydroponics Project were set up, defrauded, ignored and betrayed. And then they were hounded by the ATO to make up for lost taxation revenue. The promoter and the various participants in the scheme are yet to be investigated or charged with any criminal offences.

Of greatest concern is that the scam is typical. Not only is it typical of this promoter’s scams but it is also typical across the range of non-forestry tax effective schemes. Many billions of dollars are involved and up to 100,000 investors have been stung by similar schemes throughout the 1990s. Approximately 65,000 have been caught up in the ATO investigations of these schemes since 2000.

So who cares? Certainly not the tax effective scheme promoters. The trustees of these schemes have not put up their hands. And not the Australia Taxation Office, which supposedly investigated the Koala Hydroponics Project and which quickly targeted the victims of the scam in order to recover the lost taxation revenue. And not the Australian Securities and Investment Commission, which is charged with regulating the managed investments industry but which has declined to investigate. You would think that maybe the matter had been referred to the Federal Police or to a state fraud squad or maybe to the Taxation Ombudsman. Wrong again.
Australians for Tax Justice have worked hard to bring affected families into their group and to lobby the Howard government to get justice and a fair process for the affected families. As well, they have supported people who have appealed or are appealing against the ATO in the courts.

The bottom line, it seems, is that nobody cares about the fraud and injustice dealt out to investors in these tax effective schemes. It would seem that the government and its agencies care more about protecting the reputations of the ATO, ASIC and selected cowboys in the managed investment industry. It would also seem that the government and its agencies are prepared to abandon the 65,000 scheme investors and their families in order to cover up this scandal. As a matter of urgency, the aggrieved constituents and their families call upon the ATO and ASIC to place into liquidation all of the corporate entities of the Koala Hydroponics Project, including the two finance companies, and thereby secure all of the project documentation for investigation and prosecutions. I call upon these bodies to adequately fund the liquidator’s attempts to investigate and pursue the scheme participants for damages. The affected constituents and their families believe that action is needed to restore the integrity of our taxation system and of our system of justice. I seek leave to table the background detail of the Koala Hydroponics scheme.

Leave granted.

Ms HOARE—I thank the Parliamentary Secretary to the Minister for Family and Community Services.

This budget has failed to deliver many services for the Australian people. It is a political fix budget. The government has spent $52 billion on trying to win the election which will be held at some stage later this year. This budget did not contain any extra nursing home beds, which my constituents in the electorate of Charlton are crying out for. I have constituents, as many people in this place do, who have elderly parents or partners being shunted from one hospital to another hospital while waiting for a nursing home bed. When that nursing home bed becomes available it is miles away, which makes it very difficult for the family to visit their loved one.

This budget includes no hope for young Australians. In my electorate of Charlton there are nearly 2,000 young people who are unemployed; over 20 per cent of the young people in my electorate do not have a job. This budget provides no job guarantee and no earning or learning policy—which is being promoted by the Australian Labor Party and the Leader of the Opposition. It contains no abolition of university fees and no increase in TAFE places and university places for young people to be able to aspire to. This budget also contains no commitment to the environment.

In this budget there is no support to save Medicare. There is no support to increase bulk-billing rates. Just recently I received a response to a question to the Minister for Health and Ageing requesting the bulk-billing rates in the electorate of Charlton for the last quarter. The figures that were provided to me were the figures for the last 12 months, not the last quarter. Bulk-billing rates in my electorate have fallen from about 80 per cent in 2000 to 53 per cent in the last 12 months. If these figures are going to be provided in this way by the Minister for Health and Ageing, that will mean that any further figures emphasising the decline in the rate of bulk-billing across the country will not be available until after the federal election. There was nothing in this budget for pneumococcal vaccinations for young babies in order to ward off this deadly disease. There was nothing in this budget for early
childhood development. There was no national dental scheme in this budget.

This government, as is stated in the amendment moved by the member for Hotham, is the highest taxing government in the history of this country. As has been stated, there are 8.5 million families and single people who do not get an income tax cut. Everyone in this country who earns less than $52,000 a year will not see one cent of any tax cuts. In the electorate of Charlton, 71,276 of my constituents who earn an income will not see one cent of tax cuts. That is 85 per cent of the electorate. Six million families and singles will get neither a tax cut nor any benefit from the family changes and, of the remaining two million families, around 600,000 will not get a cent because their $600 will be gobbled up by family payment debts, which average about $900 across my electorate of Charlton.

This bill seeks to implement the government’s tax cuts announced in the budget. The Leader of the Opposition announced in his budget reply address that the ALP will not oppose the passage of this legislation. Taxpayers earning less than $52,000 a year do not benefit from this legislation. Labor will put forward an alternative tax and family package which will be broader and fairer and which will focus on rewarding effort. The details of our package are currently being developed and I am sure that once it is released it will be applauded by the Australian community.

There is only one hope for the Australian community in relation to tax reform and economic reform, helping them to balance work and family life; reform in the areas of health to increase rates of bulk-billing so that people are able to access a doctor without having to find the money in their pocket; the ability for young Australians to enter university or to do a TAFE course without being exposed to high fees; young Australians being guaranteed a job or a place in a learning institution; the ability for families with young babies to have their babies vaccinated against deadly diseases; the ability for families to get their loved ones into a nursing home when and if that is required; and families being able to access affordable child care when they require it. The only hope that Australian families are going to have is when a Latham Labor government is elected in the second half of this year. We will be able to provide them with that hope with the policies that we will deliver in government.

Mr JENKINS (Scullin) (11.16 a.m.)—I rise to enter the debate on the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2004. The purpose of this bill is to amend the Income Tax Rates Act 1986 to increase the personal income tax thresholds for the 42 per cent and 47 per cent tax brackets. In particular, I want to discuss the matters raised in the second reading amendment moved by the member for Hotham on behalf of the opposition.

In an era when the attribution police make sure that you give credit to people where credit is due, I will mention that earlier in this debate the member for Braddon talked about the growing phenomenon of modern politics, particularly in relation to this government and especially in relation to the titles of bills, where—to quote Mr Sidebottom—‘you use the title of a bill to convey a meaning which is the exact opposite of its intention’. I cannot really say that in the title of this bill the government has attempted to do this; it is simply the Tax Laws Amendment (Personal Income Tax Reduction) Bill. But seeing those comments from the member for Braddon prompted me to think that somebody who would perhaps be mischievous, but trying to be helpful, during the consideration in detail stage might move an amendment to this bill that would change the
title to Tax Laws Amendment (Personal Income Tax Reduction for the Few) Bill 2004. I think that is essentially the problem that the opposition has with this bill—not with what it actually does but with those it does not cater for.

That brings me to the first point in the member for Hotham’s second reading amendment, where he says that the House condemns the government for:

(1) failing to provide tax relief to 4 out of 5 taxpayers.

Four out of five taxpayers are not covered by the tax cuts that will occur as a result of this bill. Even more galling is that, if you look across Australia at the different regions, you see that this figure of four out of five is exceeded.

The last census in the electorate of Scullin, which was in August 2001—so the figures have to be updated, but they would not be changed by a great order of magnitude—revealed that, based on weekly individual incomes for individuals aged 15 and over, 78,710 of the 85,664 had incomes under $52,000 per annum—that is, 92 per cent. For females, 41,107 out of 42,383 were on incomes under $52,000—a figure of 97 per cent. For males, 37,633 out of 43,281 had incomes under $52,000—a figure of 87 per cent. So there we have it: in an electorate like Scullin, only eight per cent—based on the 2001 figures, so I acknowledge it would be a higher figure—are catered for by this bill.

It is interesting to take a further look at the statistics for different electorates. I have a table before me which is based on Australian Bureau of Statistics work on median weekly family incomes. I was intrigued to find that Scullin is in the upper half of all electorates. Where No. 1 is the lowest and No. 150 is the highest, Scullin is ranked at 92—so it is in the upper half—with a median weekly income of $970. I see the Parliamentary Secretary to the Minister for Family and Community Services at the table. The electorate of Sturt is actually ranked 95, with a median weekly income of $983. I did not think that we had electorates that could be compared that closely.

Mr Pyne interjecting—

Mr JENKINS—That might be a debate for another time. Perhaps it is something that is lacking in my knowledge, not the parliamentary secretary’s knowledge.

If you look at the electorates with the lowest median weekly family income—Deputy Speaker Scott, without wishing to involve you in the debate—you see that they are mainly rural seats, National Party seats. I have to make the observation—and I hope, Deputy Speaker, that you do not find this churlish—that no member of the National Party has entered this debate.

Mrs Crosio—Not many from the Liberal Party either.

Mr JENKINS—The exact reason is that there really is nothing in this bill for National Party electorates. This piece of legislation completely bypasses those electorates. The helpful intervention from the Chief Opposition Whip reminds me that I also wished to make the point that there have been only four short contributions by members of the Liberal Party. The honourable member for Moncrieff, a Queenslander, entered the debate late last night, but the first three in the debate were members from Victoria. I do not know—as I am not right across the factional alliances of the Liberal Party—whether this was a support group of the Treasurer.

Getting back to the debate, the point we make in our second reading amendment is clear. This legislation fails to provide any income tax relief for 80 per cent of taxpayers. Compare this to the Treasurer’s comments in his short second reading speech on
this piece of legislation. He talked about other things such as international competitiveness and tax rates not being a disincentive for young people to go overseas. Talking about the tax cuts in this bill, he also said:

They improve incentive. They will help those with skills receive better reward for effort.

Does this imply that people earning below $52,000 do not have skills and should not receive better reward for effort? I think it would be stretching things to say that that is what the Treasurer intended, but that is what he actually said. The point that the opposition is making in this debate is that many people in the work force who earn under $52,000 have great skills that should be rewarded. If the intention of this legislation is to do that, it fails miserably because it fails 80 per cent of the work force.

In this important debate, where we can air and ventilate our views about the way we reform tax systems in Australia, these are things that need to be highlighted about this piece of legislation in isolation. Whilst I talk about it as a piece of legislation in isolation, it is the only thing we have heard from the government about tax policy. Does that mean that, in their eyes, this is it—that there is no need for any more? I think that is a nonsense. That is why the opposition have indicated, under the parameters outlined by the Leader of the Opposition and the member for Hotham as the shadow Treasurer, that we take these matters very seriously and, before the election, we will come forward with a package that has a broader outlook on the way the income tax system and the tax system generally need to be reformed in comparison to other benefits that give income support to people. These are the most important issues.

To put into context this legislation and the benefits it purports to give to the Australian community, I refer to a table that was incorporated into Hansard by our shadow finance spokesperson, the member for Kingston, in the debate last night. The table, dealing with tax cuts and bracket creep, appears at page 28922 of Hansard. It is clear from the analysis done by Access Economics that the tax cuts fall far short of the fiscal drag—the bracket creep—that will occur over the next four years. Access Economics estimates that bracket creep will be in the order of $18.4 billion. The tax cuts provided to higher income earners in this piece of legislation will be in the order of $14.725 billion. These are matters that need to be discussed, highlighted and understood. That is why, in the second point in our second reading amendment—based on the figures that I have just indicated—we condemn the government for providing less in income tax cuts than it will collect in bracket creep in each of the years 2004-05, 2005-06, 2006-07 and 2007-08.

In the third point in our second reading amendment we condemn the government for continuing to be the highest-taxing government in Australian history. This is something that really gets members opposite going. There are many ways of analysing this. In their treatment of GST revenues, the budget papers make sure that that element of the whole question is well and truly hidden. But at page 521 of Budget Paper No. 1, table A2 clearly shows the increase in revenue under this government. The forward estimate of revenue on a cash basis for 2004-05—the year under consideration in this budget—is $194,237 million, which is up from $176,000 million in 2002-03. The projection of revenue on a cash basis in 2007-08 is $222,748 million. This is a graph that continues to go upwards. People in the electorates know absolutely that the burden being placed on them by the tax system is great. Fundamentally, the way the government has treated taxation over its years in power has meant
that the less well-off are paying a greater share.

Many of my colleagues have indicated in this debate that the income tax cuts relating to the introduction of the GST were gobbled up in the first year and are now non-existent—illusory—and the impact of the GST is much greater than those income tax cuts. Often we hear from the other side that the debate is all about the way in which this impacts intergenerationally. The fact is that the GST made sure that retired senior citizens in our community who had paid taxes on their earnings throughout their working life were slugged with paying tax, like the rest of the community, on their expenditure—and at a flat rate. This had an impact upon the way in which we had always seen the base of our tax system, especially income tax, as a progressive system, where unashamedly we said—and there is nothing in this legislation that goes against an intent to continue that—those who earn more have an ability to pay more. What this piece of legislation does is reduce the amount they have to pay.

The other aspect of this debate—because this particular legislation only deals with the way in which the marginal tax rates cut in and reduce the thresholds—is that often we have very long discussions about the cents-in-the-dollar figures of the marginal tax rates. It has always interested me why we do not look at the overall rate of tax as a percentage of income. I seek leave to incorporate in Hansard a table showing tax paid at selected income levels which, based on income, indicates the rate scales, the amount of tax and the percentage of income that tax represents.

Leave granted.

The table read as follows—

<table>
<thead>
<tr>
<th>Income</th>
<th>2003-04 tax rates scale</th>
<th>2004-05 tax rates scale</th>
<th>Difference 2003-04 tax as % of income</th>
<th>2004-05 tax as % of income</th>
</tr>
</thead>
<tbody>
<tr>
<td>$20,000</td>
<td>2,680.00</td>
<td>2,680.00</td>
<td>0.00</td>
<td>13.4%</td>
</tr>
<tr>
<td>$21,600</td>
<td>2,976.00</td>
<td>2,976.00</td>
<td>0.00</td>
<td>13.8%</td>
</tr>
<tr>
<td>$30,000</td>
<td>5,622.00</td>
<td>5,622.00</td>
<td>0.00</td>
<td>18.7%</td>
</tr>
<tr>
<td>$40,000</td>
<td>8,772.00</td>
<td>8,772.00</td>
<td>0.00</td>
<td>21.9%</td>
</tr>
<tr>
<td>$50,000</td>
<td>11,922.00</td>
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<td>0.00</td>
<td>23.8%</td>
</tr>
<tr>
<td>$52,000</td>
<td>12,552.00</td>
<td>12,552.00</td>
<td>0.00</td>
<td>24.1%</td>
</tr>
<tr>
<td>$58,000</td>
<td>15,162.00</td>
<td>14,442.00</td>
<td>-720.00</td>
<td>26.1%</td>
</tr>
<tr>
<td>$60,000</td>
<td>16,032.00</td>
<td>15,312.00</td>
<td>-720.00</td>
<td>26.7%</td>
</tr>
<tr>
<td>$62,500</td>
<td>17,119.50</td>
<td>16,399.50</td>
<td>-720.00</td>
<td>26.2%</td>
</tr>
<tr>
<td>$70,000</td>
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<td>19,662.00</td>
<td>-1,095.00</td>
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</tr>
<tr>
<td>$80,000</td>
<td>25,607.00</td>
<td>24,512.00</td>
<td>-1,095.00</td>
<td>30.6%</td>
</tr>
<tr>
<td>$90,000</td>
<td>30,457.00</td>
<td>29,362.00</td>
<td>-1,095.00</td>
<td>32.6%</td>
</tr>
</tbody>
</table>

(a) Income threshold for 30% tax rate in 2003-04 and 2004-05.
(b) Income threshold for 42% tax rate in 2003-04.
(c) Income threshold for 42% tax rate in 2004-05.
(d) Income threshold for 47% tax rate in 2003-04.
(e) Income threshold for 47% tax rate in 2004-05.

Mr JENKINS—This table indicates that the tax payable on an income of $20,000 is $2,680 under the 2003-04 tax scales and under the new tax scales to be introduced by this amending legislation. As a percentage of income, that is 13.4 per cent. That does not change. On an income of $50,000, where the tax paid is $11,922, it is 23.8 per cent. That does not change. On $52,000, the tax paid is $12,552, which is 24.1 per cent. That does not change. The lowering of the first threshold at $58,000 will reduce tax from $15,162 to $14,442, a reduction of $720. That reduces the tax as percentage of income from 26.1 per cent to 24.9 per cent. On an income of $80,000, the effect is to reduce tax by $1,095. It reduces the tax as a percentage of income from 32 per cent to 30.6 per cent.

What we do not dwell on is that we have a tax system that is based on marginal tax rates that ratchet up quite severely. The impact of the overlap between that system and social security benefits is that those marginal tax rates can be even greater—in the order of
50c to 60c in the dollar and beyond. I do not think that we dwell enough on the fact that this is a system that has been in place for many years. It is a system which, it was thought, was simple to put in place based on the technology that was available. I think that there was some regard to the way in which a paymaster in a firm would be able to calculate the tax. But we have never looked at ways to change the taper—that in fact the actual tax that is being paid is better reflected by the marginal tax rate.

Even after this legislation, if we take the difference between somebody on $58,000, who would be paying $14,442 after the changed tax thresholds, and a person on $60,000, who after the changes to the tax thresholds come in will be paying $15,312 in tax, the change in the rate of actual tax paid is from 24.9 per cent to 25.5 per cent. That is the increase in tax with an increase of $2,000 in annual pay. What we have to reflect on, when people are talking about incentive, is that that is the important thing. In fact, if there were more steps, perhaps that would be better understood. This is a personal view—I am not suggesting that it has any collective backing—but the point is that we do not get enough of those types of issues when we debate tax legislation in this place.

If we look at some of the work that analyses the way in which marginal tax rates have worked, we see that one of the greatest changes that were made was during the Hawke-Keating years, when the actual rates of marginal tax were changed—not the thresholds. That changed in a dramatic fashion, if you map it out on a graph, the impact of marginal tax rates and the percentage of tax paid over the different pay scales.

So one of the disappointments about this debate is that the government has thrown in this measure as an election sweetener—it is part of a bucketful of money, a huge amount of money, that has been thrown at the electorate for election purposes—rather than looked at the long term. It is incumbent upon a parliament like this to take the longer term view on these issues. If we are really saying that there is a need for more incentives in the tax system, we should take a longer term view of how we achieve that, so that we do not come back in 12 months time and say, ‘We’ve got to change the tax thresholds yet again because of the way bracket creep is impacting.’ That is nonsense. We have to be more mature. The tragedy is that this budget was all about measures of that nature—measures that were to do with the electoral impact, not the long-term future of the country, whether economic or social. We have to get that view back into the debates that we have in this place. I support the second reading amendment moved by the honourable member for Hotham. (Time expired)

Mrs CROSIO (Prospect) (11.36 a.m.)—I, along with my colleagues on this side of the House, rise to speak on and debate the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2004. I find it ironic that an important bill such as this, which deals with personal income tax, could warrant—as the member for Scullin has also mentioned—only four speakers on the government side in support of it. I was just doing some mathematics which showed that our side had something like 18 people speak, offering over 6½ hours of debate on this bill, and the government could not even put up enough members to give it more than 40 minutes.

I, along with the member for Scullin, question where the government’s real interest is as far as bills like the one before the House are concerned. I will tell you where it is. We are sure that these cuts are part of what could accurately be described as the largest pre-election bribe ever offered to the Australian people. I suppose it is something we expected. Here we have, as everyone has re-
peated, the highest taxing government in Australian history offering the largest pre-
election bribe in Australian history.

The truth is that four out of five taxpayers
get not one red cent in tax cuts. In my elec-
torate of Prospect, more than 88,000 people
who are earning wages—or 91 per cent of
the working population—will get absolutely
nothing. Those figures, I believe, are repre-
sentative of similar electorates in which or-
dinary Australian families earn less than that
$1,000 per week. These people, the ones you
and I, Mr Deputy Speaker Mossfield, repre-
sent, are the backbone of this country. They
are the ordinary families who work hard, pay
their bills, educate their kids and in return get
nothing from the Howard government. Many
of these people are our office workers, shop
assistants, child-care workers, labourers and
domestic staff. Where is their encouragement
from the government to assist them to climb,
as we say, the ladder of opportunity? It is not
in this bill and it is not in this budget. Not
only are ordinary Australians paying the
highest taxes on record but also household
debt is at a record high. Many families now
owe more than they earn, and mortgage
payments are eating away more of the family
budget than ever before.

The government thought, in their arro-
gance, that Labor would oppose the tax
changes for higher income earners in this
bill. They were wrong again. From the be-
inning we made it clear that Labor would
not oppose the passage of these bills. We
support both the cuts and the increase in
marginal tax rate thresholds. But we say they
do not go far enough. They are slanted very
obviously towards high-income earners. All
of us debating this bill in this parliament will
benefit from the tax cuts, but four out of five
people—I repeat, four out of five people—
who live in an electorate such as the one I
represent will get nothing. This is an insult to
those people in my electorate. They pay in
their working lives more than their fair share
of taxes. They are wondering what they get
in return in basic education and health ser-
vices. In 91 per cent of cases they do not
even get a tax cut.

The Treasurer’s response to these Austra-
lions is that they should be grateful for last
year’s ‘sandwich and milkshake’ budget. The
overall tax cuts—as the Treasurer knows—
proposed by the Howard government are
worth less than $2 billion. As Taxpayers Aus-
tralia’s Peter McDonald pointed out, that so-
called ‘sandwich and milkshake’ tax cut of
the last budget was worth $2.4 billion. He
also stated that the budget provided the op-
portunity to significantly reduce bracket
creep by introducing automatic and full in-
dexation of the tax scale. This government
failed to deliver on this opportunity and opted simply to raise the income threshold at
which the two top tax rates apply. It is possi-
ble to provide tax relief and restore services.
You can do this by operating under the tight-
est of fiscal disciplines, and that is what we
on this side of the House are demonstrating
in our budget pledge.

I would like to give a few reasons why the
Howard government is the highest taxing
government in history. Even allowing for the
tax cuts in this budget, total Commonwealth
taxes next year will hit a record high of $217
billion. That is up 90 per cent since 1996.
Also by next year, 2005, total income tax
will be up 80 per cent since 1996. Australian
taxpayers are already paying an average of
$9,000 more in Commonwealth taxes than
they did in 1996. These figures are an abso-
lute disgrace. The great Australian dream of
owning your own home is fading further and
further from the reach of the ordinary Austra-
lian. Because of the dramatic drop in the
availability of bulk-billing under the Howard
government and its white-anting of Medi-
care, the costs of visiting a doctor have gone
through the roof.
We, under Mark Latham’s Labor government, will provide a more equitable system of tax cuts, and we will provide them to ensure that ordinary hardworking Australian families receive the tax relief to which they are entitled. For too many Australians the tax system remains a barrier to hard work. The cuts announced by the Howard government failed to even give back bracket creep in any year over the forward estimates. Labor have already passed the family payments package and will now pass the changes in the tax bill, even though we have moved an amendment to them. Our policy and our commitment are to bring forward a tax and family package which is broader and fairer than that offered by this government.

There is in the community a very high level of public disquiet. Our social institutions are under pressure and people expected more from this ninth budget of the Howard government. Families are struggling to make ends meet and personal debt is outstripping income. Our social attitudes have changed and more and more people are questioning this government’s financial direction. They say, ‘How can they spend $100 million extra on advertising but not provide the means to vaccinate our kids?’ We on this side of the House talk about priorities and about making the tax system work for Australians and not against them.

Labor has fully costed and funded a plan to save our Medicare and bulk-billing, and we need to do that. I had the experience on the weekend at Terrigal, in the member for Robertson’s electorate, when my granddaughter was injured playing soccer, of going to a doctor and being asked to pay the $55 up front before they looked at her thumb and then being asked to pay $68 up front before they could X-ray it. I could afford that and I did that, but how many other families in that electorate—those mums and dads whose children were on the soccer field that day—at that particular moment on that particular day would have that type of cash in their pocket, even if their child was injured? What would they have done and how would they have received treatment if it had been their daughter or granddaughter? That is just one example.

Labor have also fully costed and funded a policy to protect our children and a new baby care payment for mothers and their newborn babies. And we have funded and costed 20,000 extra TAFE places and 20,000 extra university places. We have done this particularly because there is that unmet demand for vocational education and training. Why do we want to deny so many of our young people the opportunity for higher education? Without that education our people are having a harder time in securing jobs. This budget should have provided more to help overcome this problem. Our university, Mr Deputy Speaker Mossfield—the University of Western Sydney—is of course our principal higher education facility catering for people in electorates such as mine and yours and for the majority of people who live in Western Sydney. It is the third largest university in New South Wales and the 10th largest in Australia. Very few young people in my area, prior to this university being built, completed their higher education. These young people must continue to be encouraged, not by higher HECS fees but by opportunity provided to them, to participate in and further their education up to and through university standard if they have the ability to do so. Our vocational education facilities under this government have been severely under-resourced and undervalued. The Howard government has diverted public resources to private schools, and this cannot continue.

This morning a mother’s letter was published in a newspaper in my local area. I will not mention her name, because I know Mr Speaker’s views in this regard, but I feel sure
she would love to have it on the record. She wrote:

I have consciously kept my children enrolled—at the public school—because of the school’s strong academic, welfare and citizenship programs run by a committed team of teaching staff.

They haven’t lacked any cultural or spiritual development, either. They have scripture and community language lessons as well as having the option to attend religious assemblies ...

And it goes on—a parent describing what public education gives to her family. Yet it is we on this side of the House who are constantly criticised because we say it is our public institutions and our private schools in need, not the elite of our nation, that should receive those extra funds. It is not good enough for the government to talk about choice. We say, ‘Choice, provided that first there is the proper choice for those who wish to have public education.’

Another point I would like to raise is that I was pleased that we on the Labor side have fully costed and funded a national dental scheme aimed particularly at our older Australians. As our population ages, governments of the future must take more direct responsibility for health care programs, particularly for our frail aged. Our dental scheme, which we had in operation before this government took over in 1996, at least assisted to some extent the particular problem that our aged people had. That was stopped, but I am pleased to say that when we are elected at this election it will be returned and once more our aged people will have access to proper dental care.

People talk about superannuation, and I know we are very proud of what we have been able to do with it, but I do not see superannuation as the great panacea to assist people in the future unless the government funds more aged care facilities. Australians know this, and that is why they would rather see more spent in that direction than in providing tax cuts for the few. Two billion dollars, which these tax cuts will be this year, would go a long way in providing more aged care nurses and more nursing homes. People may think I am exaggerating some of the problems that my people are experiencing. A survey of people in the street in my local area asked, ‘What did you think of the budget?’ One person responded:

No, the Budget isn’t going to influence the way I vote. The budget should do something for hospitals and nursing homes—they said they wouldn’t increase the fees, now they are and I don’t think that is fair. It is hard enough to get the old and disabled into hospitals and nursing homes and the Government shouldn’t increase their fees and take their pensions leaving them with almost nothing.

Another person who was canvassed in the street said:

I’m a pensioner; all the Budget did was put the GST up so I am losing. It does nothing for me.

And another said:

The Budget will make no difference at all. We won’t be voting for them ... as it won’t make any difference to us.

Those are just three of about eight responses to a survey that was done in my electorate yesterday afternoon. Details were given in the newspaper this morning, and I can quote from that paper and table it, if that is what you wish. I use that survey as an example because too often we listen to the mantra from the other side of the House—the government saying that this is the best budget they have ever brought down and that they are the best government ever in the history of this parliament. I am saying: get out and listen to the electorate at large and see what the people really think, not only of what the government are all about but also of what this budget is all about. I thought it was as-
tounding this morning to pick up the *Australian* newspaper and see in an article on higher education—it was headed ‘Nelson stirs up fund war’—the minister for education going on about how he has now released the official Department of Education, Science and Training estimates, and revealing how much each university in our nation will secure as a result of HECS increases.

Why doesn’t this government understand that an increase in HECS is, in a way, a tax? Where do they think it comes from? It comes from the pockets of the students participating. They are paying that much more. It is securing for them extra debt that they have to face a future with. The figures, based on universities that have already announced plans to increase fees by up to 25 per cent, reveal that students will face extra charges of $94 million next year, rising to over $377 million over four years. Of course, that is not a tax; that is just one of those non-core promises in which the government have said that they will educate and provide education for all, it is just that they are going to tax those who cannot afford to pay. If people wish to pursue education, they will have to keep on paying.

We are criticised because we said that we are going to provide the extra places that have been refused to a number of people and that we certainly do not believe in increasing HECS fees by 25 per cent. That criticism has been answered in that article by Samantha Maiden in the *Australian* this morning. I suggest that everyone who is interested in higher education read it, and look particularly at how their electorates are being affected. I am pleased to see in that article the comments by the Deputy Leader of the Opposition and spokesperson for education, Jenny Macklin. She said:

If Mark Latham is elected students and their families will save $500 million.

Dr Nelson’s figures reveal the University of Sydney—which my children attended—will secure the largest boost from HECS increases, obtaining an extra $9.7 million next year alone from increasing the fees by 25 per cent. Again I pose the question, and I pose it to the honourable member for Sturt who is sitting in the House: where does the money come from? The money does not come like picking lemons from a tree; the money comes from the pockets of individuals. If the money is coming from the pockets of individuals, whether you call it a HECS fee, a tax or a levy, the fact of the matter is that it is an extra charge which the people of our community and Australians throughout this nation are paying to make sure that they can secure the opportunity of higher education.

Whether or not the government likes it that we insist that these are tax increases, it is going to have to wear it, because it is fact. Here is an article that shows quite clearly how each university is going to increase their HECS fees—what it is going to mean to universities each year, and which universities are still considering it. I am pleased to say that the university that we are so proud of in New South Wales, the University of Western Sydney, is yet to decide—and I hope it does not go ahead. They know, along with a number of other Universities, that people in our communities just cannot afford that extra money. It is more than just 25 per cent in HECS fees that they are going to be responsible for. It is the fact that, with all the other charges that have been brought down by this government, whether it is through the GST or through all of the other taxes, parents are finding it more difficult to keep their family together and provide the opportunities for their older children to go on to higher education.
Families in the community that I represent are, for the first time, having a person go on to university. I know I have a high number of migrants in my electorate, and I am proud of that. But, more importantly, those parents too are proud and endeavour to see that their children progress so that they can take that one step further than those parents were able to in their lifetime. Why does the government continually harass these people? Why do we debate a bill today that is going to give money to those people earning over $52,000 a year in income? Why would we as parliamentarians get a tax cut when the people we stand up and represent are going to get absolutely nothing? It is about time this government is brought to task for this, and it is about time this government is held accountable. This is a very important bill. It should have been further debated by the government. Obviously, they have neither read it, nor cared about it, because they have not provided the people to speak to it. But more importantly, it is the electorates at large that are going to say to this government at the next election: ‘Enough is enough—your time is up. Let us get on with the future.’

Mr SNOWDON (Lingiari) (11.57 a.m.)—Firstly, I thank the member for Prospect for her erudite contribution, which was, as a person has just reminded me, right on the money. I have to say that it is always a pleasure to hear the member for Prospect contribute in this chamber because, invariably, she espouses the position of the Labor Party with strength, feeling and reason. I know that my good friend across the table, the member for Sturt, would share many of her views. He might do it secretly, but he would share many of her views. I am absolutely certain in this debate—and I think it is registered by their non-appearance—that many government members, including my friend opposite, agree with the arguments of the opposition. How else are we to surmise their position?

Mr Pyne—Mr Deputy Speaker, I rise on a point of order. I do not mind exchanges across the chamber, but the member for Lingiari is verbalising me in the most egregious fashion, and I would ask him to withdraw the suggestion that we support the opposition or the member for Prospect’s remarks.

The DEPUTY SPEAKER (Mr Mossfield)—There is no point of order. I think the member has made his views known.

Mr SNOWDON—I think that confirms my case. We have him crying crocodile tears about me making the assertion that because of the lack of appearance by government members in the debate that there is tacit support amongst many of them for the arguments that have been put by the Labor Party. I think it is 100 per cent correct. It is worth noting, and I will come to it in a moment—

Mr Pyne—You have got a very thin speech there.

Mr SNOWDON—Just listen and you will learn about the logic of my position. I note that the member for Scullin and other members on this side of the House have made reference to the fact that not one member of The Nationals has contributed to this debate, and I will come to that in a little while.

We know that this Tax Laws Amendment (Personal Income Tax Reduction) Bill 2004 seeks to amend the Income Tax Rates Act 1986 to increase personal income tax thresholds for the 42 per cent and 47 per cent tax brackets. As a result of this measure $52 billion will be spent, but you will not receive a tax cut if you earn less than $52,000. Indeed, as the member for Kingston has argued, the title of this bill ought to be ‘No tax cut if you earn less than $52,000’. The bill will increase the 42 per cent threshold from $52,001 to $58,001 and the 47 per cent per cent threshold from $62,501 to $70,001 from
1 July 2004; and from 1 July 2005 the 42 per cent threshold will be increased to $63,001 and the 47 per cent threshold will be increased to $80,001. It does nothing below the $52,000 mark either this year or next. The Treasurer and the Prime Minister—again as the member for Kingston pointed out—have been quick to remind all of those people that they got the milkshake and sandwich tax cut last year and they should be happy. Well they might be happy!

When we go through, as others have done, the list of electorates that do very poorly out of this legislation, we soon learn—and not surprisingly—that the seats of the wealthy and of the blue bloods in the joint do quite well and the seats of the poor, where there are large numbers of working families, do quite badly. I undertook a little exercise to test the populations of the electorates in Northern Australia. I chose, not surprisingly, my own seat of Lingiari and the seats of Solomon, Leichhardt, Grey, Kennedy and Maranoa. I discovered that in the seat of Lingiari 88 per cent of income earners earn less than $52,000 a year. In the seat of Solomon that figure is 85 per cent. We then look across to the other northern seats that I have referred to. In the seat of Grey, which is the northern part of South Australia, 92 per cent of income earners will earn less than $52,000. In the seat of Herbert the figure is 90 per cent. In the seat of Kennedy—a neighbouring electorate of mine, as is Grey—the figure is 90 per cent. In the seat of Leichhardt the figure is 90 per cent. But would it surprise you to know, Mr Deputy Speaker Mossfield, that the figure for North Sydney is 65 per cent?

An assertion has been made that no members of The Nationals in this place have spoken on this legislation. It is no wonder that the members of The Nationals, the Liberal Party and the Country Liberal Party—that is, the member for Solomon—have not come in here beating their breasts about this important piece of legislation. What message would they be able to give to their electorates? It would be an ‘I’m all right, Jack’ message. In effect, what they are saying is, ‘I’m sitting up the front of the aeroplane in business class when I travel to and from Canberra and that is fine. But I’m also going to get a tax cut of just over $40 a week. And you poor suckers, those of you who earn less than $52,000 a year—the bus drivers, the shopkeepers, the school teachers, the nurses—won’t get one red cent.’

I would like to see one person in particular, the member for Solomon, go into his electorate, which neighbours mine, and say to the people of Darwin and Palmerston, ‘It’s absolutely terrific that the government has passed this piece of legislation because 85 per cent of you are going to miss out on any tax cut.’ He will not have the hide to do that. No-one, including those of us on this side of the House, begrudges the idea of there being tax cuts; of course we believe there should be. But this is unfair and unreasonable. In essence, it is targeting those in the community who are the worst off.

About the merits of its tax package, we hear the government saying that there is an income disadvantage attached to this piece of legislation if you earn less than $52,000; but I think there is also a locational disadvantage with this package, based on a person’s occupational category and where they live. Mr Deputy Speaker Mossfield, I know that in your own electorate the picture would be much like it is for others in your neighbourhood. In the seat of Fowler, 96 per cent of income earners earn less than $52,000 and they will not receive any benefit out of this measure.

I said earlier—and the honourable member then in the chamber took umbrage at the fact that I was positing this view—that the
members of The Nationals and the Liberal Party in those seats where large proportions of the populations earn less than $52,000 a year would share our view about this piece of legislation. I am absolutely certain that when the member for Solomon, for example, gets on his scrapers in and around Darwin he will not be saying that this is a terrific piece of legislation for the bulk of the population. As I say, if he does have a message, it is: ‘I’m all right Jack. I’ve received a benefit—you will not.’

What I am concerned about, apart from the idiocy of this proposal in terms of its inequity, is that when you look more closely, particularly in my electorate, it is again penalising and discriminating against the most disadvantaged portions of the Australian population—the poorest people in this country, who live in very isolated communities. They not only do not get the benefit of a tax cut—sharing this lack with other people around the country—but they also, most particularly, have the worst health outcomes, the poorest educational outcomes, the worst housing outcomes and the worst access to reasonable infrastructure in this nation. Is there any money in this budget to alleviate that poverty? Not at all.

So, not only are they being discriminated against in terms of the tax cut, they are also not getting access to the services that other Australians, particularly those in seats like North Sydney which I referred to earlier, take for granted. A large number of the people of North Sydney get the benefit of the tax cut. They also get access to good schools, good hospitals, good health care, good housing, good roads and good communications infrastructure—all of those things. Large sections of the population in my electorate get none of them, yet somehow or other we on this side of the House—indeed, all members of this parliament—are expected to go out to those communities and say, ‘There’s great benefit to you in this piece of legislation,’ when we know there is zilch. The Australian community is waking up to this government. It is aware of the government’s tricks.

It is worth noting that this argument about disadvantage is one which this government does not care to contemplate. The member for Prospect referred to an article in this morning’s newspaper about HECS fees and how much money will flow into the coffers of universities that choose to increase their HECS fees. What happens to a university like Charles Darwin University, which has campuses in the seat of Solomon and the seat of Lingiari? This is a small university by national standards. It is a struggling university by national standards because of the inane actions of the Howard government since 1996. We now see the prospect that Charles Darwin University is going to increase its HECS fees. What will that do? Here we are, trying to have an incentive for young people living in Northern Australia to improve their education, to get better professional qualifications and to attend a university. We know they come from relatively poor families, but we are being told that somehow or other they should see this magnanimous gesture by the government to allow universities to increase their HECS fees as a benefit to them.

As the member for Prospect says, whether it is a HECS fee increase or a levy, it is a tax. It is just another tax. These people are being asked to put their hands into their pockets and pay more for tertiary education. These are relatively poor Australians. They are being asked to pay more for their education while, at the same time, the member for Solomon, the Prime Minister, the Treasurer and every member of this chamber, including me, cops a tax cut. It seems to me that that is neither fair nor reasonable, and it is certainly not equitable. Of course, these are the very same people that the member for Scullin re-
ferred to when he talked about certain people wearing the impact of the GST—this regressive tax. Not only do they not get a tax cut but, because of their income levels, their expenditure patterns and the GST, they also pay more in tax as a proportion of their income than other Australians, and somehow the government expects them to be happy. Let me see the member for Solomon, in particular, because he is my neighbour, and those other members from Northern Australia who I have referred to, go into their electorates and advocate the merits of this piece of legislation as opposed to demonstrating to their constituents the truth of what has happened. There is no question in my mind about the judgment people will make. Indeed, I think they have already made a judgment about the impact that this piece of legislation will have on them.

A lot has been said in this debate about other matters, including bracket creep. It is worth noting Alan Mitchell’s item in the *Australian Financial Review* of 13 May, when he said in relation to bracket creep:

> Average tax rates will rise, even for those taxpayers whose top marginal rate remains constant at 30 per cent.

In fact, bracket creep will make quite a handy contribution to the financing of the Howard government’s election-year spending promises.

Most ... spending programs are costed for four to five years. Over that period, bracket creep will claw back between $9 billion and $13 billion.

The key point here is that, not only is this not addressing the needs of the poorest people, the most disadvantaged people and those working families who earn less than $52,000 in our nation, but in the end it is also not really going to have the effect that the government argues it will have for those other income earners who are actually getting a benefit from this particular tax cut. That is a position which was articulated very clearly in the contribution of the member for Kingston. He said:

Bracket creep in 2005-06 is worth $3.9 billion which, again, is more than the value of the tax cuts of $3.8 billion. In 2006-07 bracket creep will top $5.3 billion, which is almost $1 billion more than the value of the tax cuts of $4.25 billion.

It is very clear that this legislation will not deliver as the government would argue it does. The opposition will be supporting the legislation. I commend to the House the proposed amendment moved by the opposition:

... the House condemns the government for:

1. failing to provide tax relief to 4 out of 5 taxpayers;
2. providing less in income tax cuts than it will collect in bracket creep in each of the years 2004-05, 2005-06, 2006-07 and 2007-08; and
3. continuing to be the highest taxing government in Australia’s history”.

The Australian community understand what is happening here. They understand how resources are being shifted into the pockets of the wealthy and that people most in need of tax cuts are not being affected by this budget measure. They are not, themselves, getting tax relief. They are looking on whilst their parliamentary representatives, as a result of passing this legislation, will walk out of here accepting an extra 40 bucks or more in their pockets; and they get nothing. Let us just see the government members go out to their constituencies and say to those people who are earning less than $52,000: ‘Vote for me. I got a tax cut, but you didn’t.’ I bet they will not!

**Mr ROSS CAMERON** (Parramatta—Parliamentary Secretary to the Treasurer)

(12.17 p.m.)—I am delighted to sum up the debate on the *Tax Laws Amendment (Personal Income Tax Reduction) Bill 2004* and to defend and advocate the merits of this inspired legislation. I want to turn, firstly, to the rather vicious and grossly inaccurate rep-
resentations of fact which have just been presented to the House by the member for Lingiari—and presented on equity arguments. Looking at the totality of this government’s reforms to the tax system since the new tax system was introduced, the government is on very strong ground indeed. If, after this legislation passes through the two chambers of this parliament and is signed by the Governor-General, we examine the benefits in tax reduction for the various levels of income across the community, from low to high income, this is what we will find: for those earning around $20,000 a year, whom we might broadly describe as the low-income earners, there will be a 23 per cent reduction in tax compared to the amount of tax people on this income would have paid prior to the new tax system; if we move to the middle-income bracket, of around $50,000, we will find that there has been a significant reduction, not quite as high, at 21 per cent—both the low- and middle-income earners have received significant benefits, with the highest level of benefits to the low income and the next level of benefits to the middle income; finally, if we move to the higher income earners, those earning around $90,000, we will find that after these measures they will receive a total benefit in reduced taxes of around 18 per cent.

So we will see a 23 per cent reduction for those on $20,000, 21 per cent for those on $50,000, and 18 per cent for those on around $90,000. On broad equity grounds, while there may be a certain rhetorical flourish in the member for Lingiari grinding that axe, the fact is that the whole of the Australian work force is deriving benefits from a lower tax environment under this government. While the tax cuts have been roughly evenly shared, if we want to do the more fine-grain statistical breakdown, it is the low-income earners who have derived the largest benefit since the introduction of the new tax system. If we want to stay on the equity arguments we have to understand the way human beings behave, the way wealth is created and the way investment and work force participation decisions are made. There is a very real risk that by heavily taxing an activity you can wind up damaging the entire economy and community. This is not a new revelation. If we go all the way back to Adam Smith, we find his thesis, perhaps simplistic, argued: Little else is requisite to carry a state to the highest degree of opulence from the lowest barbarism, but peace, easy taxes, and a tolerable administration of justice ...

In this age, we would set ourselves higher benchmarks than that. But of the three cardinal rules for good governance and prosperity that Adam Smith identified, the second, after peace, was easy taxes. Smith’s thesis was that excessive taxes may actually reduce government revenue. In *The Wealth of Nations*, he said that high taxes, sometimes by diminishing the consumption of the taxed commodities and sometimes by encouraging smuggling—or we might say ‘the black economy’—frequently afford a smaller revenue to government than what might be drawn from more moderate taxes. Smith then turned to the alienation of capital which can result from a high-tax environment, when he said that higher taxes may drive away capital and those with capital to other countries, which also reduces government revenue by reducing economic growth. He said: A tax which tended to drive away stock—we would say ‘capital’—from any particular country would so far tend to dry up every source of revenue both to the sovereign and to the society.

That is an insight which is as relevant today as it was when *The Wealth of Nations* was published. It is one of the objectives of this legislation not to kill the goose that lays the golden egg and not to make our highly quali-
fied, highly motivated higher income earners face the option of remaining in Australia under a significant disadvantage in taxes compared with what they might expect in any of our OECD competitor nations. If we look at those competitor nations, we find that even after these cuts—which are being so viciously attacked by the opposition—Australia still has some distance to go in terms of the income at which the top marginal tax rates cut in. The United States is running at roughly the same top marginal rate as Australia, between 47 per cent and 50 per cent, but it does not cut in until over $A400,000. In Japan, the top marginal rate, at around 50 per cent, does not cut in until well over $A200,000. So if we want our best and most productive workers to remain in Australia, and if we want to be a centre of innovation and productivity, we have got to create an environment where those people are not being actively punished for their decision to remain in Australia.

This bill gives effect to the reductions in personal income tax announced in the 2004-05 budget. It is part of a package to help 99.8 per cent of Australian families with children. The measures contained in this bill will cut personal income tax by $14.7 billion over four years. The tax reductions will be delivered by increasing the income thresholds for the top two tax brackets. These changes will ensure that the tax system continues to support reward for effort. The prospect of moving to a higher tax bracket can act as a disincentive for increased work force participation. I can recall factory managers in my electorate telling me that, under the previous tax rates, they have not bid for contracts because they cannot get their work force to work the overtime required to fulfil the contractual obligations, because there was simply too much of a disincentive to do that extra shift. Under these measures, Australians who earn the equivalent of full-time adult average earnings will cross the 42 per cent tax threshold in 2004-05 unless the threshold is increased significantly, as proposed in this bill.

These changes to the personal income tax schedule will ensure that the majority of Australian taxpayers—over 80 per cent across the forward estimate years—including those on average earnings, will remain in or below the 30 per cent tax bracket. These changes will also make Australia’s tax system more internationally competitive. Many highly skilled Australians, including our young people, are internationally mobile and can choose to work anywhere in the world. It is important that the tax system does not discourage talented people from living and working in Australia. Lifting the top tax threshold will ensure that Australia strengthens its international position as a low-taxing nation. The significant increase in the top tax threshold will improve Australia’s ability to compete as a preferred place to live and work.

The tax cuts in this bill build on the income tax cuts the government delivered through the new tax system and the 2003-04 budget. As I outlined, when we look at the changes together since the new tax system was introduced, the overall benefits are being shared almost equally across the economy as a whole, with slightly higher benefits flowing to those on lower incomes.

It is important to keep in mind that people who do not pay tax cannot benefit from tax cuts. On current estimates, there were about 6.8 million people aged 16 and over who do not pay tax. A single adult does not pay tax until their taxable income reaches $7,383. This effective threshold will be higher if they receive an allowance or pension. The majority of single adults and couples without children who do not gain from the 2004 budget package are not taxpayers. The personal tax
cuts in this bill continue the government’s commitment to ongoing structural tax reforms. They increase the rewards for those who wish to work overtime, seek promotion or acquire skills; they strengthen the international competitiveness of the tax system; and they will allow Australia to continue to achieve among the very best rates of economic growth in the OECD.

I conclude by saying that the generosity of this current budget was made possible in part by a very significant increase in revenue to the Commonwealth which flowed from the corporate sector due to a great windfall in company tax paid to this government. I note that that windfall follows very significant reductions in company tax rates under the new tax system arrangements. That is, if you like, a practical, immediate validation of Adam Smith’s argument that by excessively taxing an activity you can, over time, diminish revenue to government. But by reducing taxes you can, by building a stronger and more competitive economy, over time increase revenue to the Commonwealth, which allows us to maintain the social security safety net and high levels of investment in the education of our children. I commend the bill to the House.

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

The House divided. [12.33 p.m.]

(The Deputy Speaker—Mr Mossfield)

<table>
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<tr>
<th>AYES</th>
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<td>78</td>
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AYES
Abbott, A.J.  Anderson, J.D.
Andrews, K.J.  Anthony, L.J.
Bailey, P.E.  Baird, B.G.
Baldwin, R.C.  Barresi, P.A.
Bartlett, K.J.  Billson, B.F.
Bishop, B.K.  Bishop, J.I.
Brough, M.T.  Cadman, A.G.
Cameron, R.A.  Causley, J.R.
Cibbo, S.M.  Cobb, J.K.
Costello, P.H.  Downer, A.J.G.
Draper, P.  Dutton, P.C.
Elson, K.S.  Entsch, W.G.
Farmer, P.F.  Forrest, J.A.*
Gallus, C.A.  Gambato, T.
Gash, J.  Georgiou, P.
Haase, B.W.  Hardgrave, G.D.
Hawker, D.P.M.  Hockey, J.B.
Hull, K.E.  Hunt, G.A.
Johnson, M.A.  Jul, D.F.
Katter, R.C.  Kelly, J.M.
Kemp, D.A.  King, P.E.
Ley, S.P.  Lindsay, P.J.
Lloyd, J.E.  Macfarlane, I.E.
May, M.A.  McArthur, S.*
McGauran, P.J.  Moylan, J.E.
Nairn, G.R.  Nelson, B.J.
Neville, P.C.  Pyne, C.
Prosper, G.D.  Ruddock, P.M.
Randall, D.J.  Scott, B.C.
Schultz, A.  Slipper, P.N.
Secker, P.D.  Somlyay, A.M.
Smith, A.D.H.  Stone, S.N.
Southcott, A.J.  Ticehurst, K.V.
Thompson, C.P.  Truss, W.E.
Tollner, D.W.  Vaille, M.A.J.
Tuckey, C.W.  Wakelin, B.H.
Vale, D.S.  Williams, D.R.
Washer, M.J.  Worth, P.M.
Windsor, A.H.C.  |

NOES
Adams, D.G.H.  Albanese, A.N.
Beazley, K.C.  Bevis, A.R.
Bererton, L.J.  Burke, A.E.
Byrne, A.M.  Corcoran, A.K.
Cox, D.A.  Crean, S.F.
Crosio, J.A.  Danby, M.*
Edwards, G.J.  Emerson, C.A.
Evans, M.J.  Ferguson, L.D.T.
Ferguson, M.J.  Fitzgibbon, J.A.
George, J.  Gibbons, S.W.
Gillard, J.E.  Grierson, S.J.
Griffin, A.P.  Hall, J.G.
Hatton, M.J.  Hoare, K.J.
Irwin, J.  Jackson, S.M.
Jenkins, H.A.  Kerr, D.J.C.
King, C.F.  Lawrence, C.M.
Livermore, K.F. Macklin, J.L.  
McClelland, R.B.  
McMullan, R.F. Melham, D.  
Murphy, J. P. O’Byrne, M.A.  
O’Connor, B.P. O’Connor, G.M.  
Organ, M. Plibersek, T.  
Price, L.R.S. Quick, H.V. *  
Ripoll, B.F. Roxon, N.L.  
Rudd, K.M. Sciaccia, C.A.  
Sercombe, R.C.G. Sidebottom, P.S.  
Smith, S.F. Snowdon, W.E.  
Tanner, L. Thomson, K.J.  
Vamvakinou, M. Wilkie, K.  
Zahra, C.J.  

* denotes teller

Question agreed to.

Original question agreed to.

Bill read a second time.

Third Reading

Mr ROSS CAMERON (Parramatta—Parliamentary Secretary to the Treasurer) (12.39 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

SUPERANNUATION BUDGET MEASURES BILL 2004

Second Reading

Debate resumed from 13 May, on motion by Mr Costello:

That this bill be now read a second time.

Mr CREAN (Hotham) (12.40 p.m.)—The Superannuation Budget Measures Bill 2004 is opposed by the Labor Party, I move:

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

“the House rejects the Bill and condemns the Government for:

(1) not having a balanced and integrated retirement incomes strategy;

(2) providing a retirement incomes tax cut targeted at the most wealthy in the community through reducing the superannuation surcharge;

(3) not adopting Labor’s alternative approach of offering a superannuation tax cut to all contributors; and

(4) administering a system that fails to recognise the inability of low-income Australians to take advantage of measures to expand their superannuation while permitting spouses with wealthy partners to exploit the benefit”.

The amendment sums up the concerns that the Labor Party has about the government’s approach. What I want to do is to go to the reasons behind that decision, as well as to propose an alternative.

This is a bill that involves two measures, essentially. It involves measures to reduce the surcharge and to widen the co-contribution approach that the government had introduced over the last year. These measures are combined together—in other words, the bills cannot be split—and we have real concerns about and strong opposition to the first part because it is an exclusive tax cut. It only goes to one in 20 income earners. What has happened to the other 19 in 20? As for the co-contribution, we are concerned at the targeting of this measure and the fact that it misses those areas that it is designed—in our view properly—to cover.

It is very interesting that in the last debate—where we were talking about tax cuts—the government could only produce four speakers on their side to defend their tax bill. The Treasurer has been trumpeting around the country how great this is for the nation, but the government could find only four speakers. Three of the speakers were the member for Flinders, the member for Casey and the member for Aston—all of them Victorians; all of them, as I understand it, in the Costello camp in the leadership bid. And none of those speakers went their full 20 minutes. They are all Victorians; all Costello supporters. Where were the Howard supporters? Where was the member for Solomon?

Mr Snowdon interjecting—
Mr CREAN—Up the front of the plane, you say? Where was the member for Solomon in this debate?

The member for Moncrieff came into this debate late last night because he at least understood this was getting embarrassing for the government. They did not have speakers prepared to run the full distance. I do not know what side the member for Moncrieff is on—the dark horse in the leadership race. I am not too sure whether he is with the Brandis-Mason camp—who tell us, according to reports today, that there is going to be a leadership transition from Howard to Costello mid-term—or whether he is with the member for Fairfax, who has gone out there and told Australia that the Prime Minister is there for the full term. Perhaps the member for Fairfax, as he is next speaker in this debate, can enlighten us as to where the member for Moncrieff sits in the scheme of things.

But what is very revealing is that people on the other side of the House were not prepared to get up and debate these measures in the House. Why? Because they know what we know: four out of five Australians have missed out on the tax cut. They are getting the message back in terms of the budget response—'Why have I been left out?' We know they are getting the message back because we are getting it back in spades.

This is another fundamental miscalculation by the so-called ideas man of the Howard government: Peter Costello, the Treasurer of this nation. He is an ideas man all right. He is the person who thinks, as far as superannuation is concerned, that the solution is that you should work till you drop. He is the person, when it comes to mature age people out of work, who says, ‘They’re all right; they should just go mow a lawn.’ This is a man of ideas, but he is constantly being told by his backbench: ‘Keep your ideas to yourself, Treasurer; they don’t resonate with the rest of the workforce. We do not want this sort of direction for the country.’

We saw in graphic demonstration yesterday and today the fact that only three government members are prepared to defend his latest idea—that is, that you have the biggest spending budget in Australia’s history but the highest taxing Treasurer in Australia’s history gives tax relief to only one in five taxpayers. That is an idea out of touch with Australia—as out of touch as the government is out of touch. Nobody else on that side of the House wanted to speak on the Treasurer’s budget—and, in not doing so, they say volumes about how this budget has gone down. So proud are they that they could not even get up to defend it. In contrast, on the Labor side, we had them queuing up to talk about the budget. Our members from all around the country have been getting the message from their forgotten people—the four out of five taxpayers who have got nothing—and have been getting up to ask why this budget has passed them by.

This bill is not a coherent plan for the future of superannuation and it is a poor response to the real challenge of an ageing population. The measures in this bill are little more than a bandaid approach to get the government through to the next election—a pretence that they are actually interested in retirement incomes. We know that they are not interested in tax relief for all Australians, and they now want to pretend that they have some sort of agenda for retirement incomes. We know that the coalition has always been hostile to superannuation.
The simple truth is that the cause of superannuation has only ever been advanced by the Labor governments of this country. It was Labor that introduced the bold reform of compulsory superannuation. It took it to nine per cent. It was a hard fight, but we did it because we knew it was in the interests of the workers, the families and the nation. Just as Labor is the party of the pensioner, Labor has now become the party of the superannuant—because we believe in superannuation and we know it is important for the nation.

Increasingly as people live longer—with the ageing of the population—choices are going to have to be made between present income and future income. People are entitled to dignity in both economic planes—but they never get it from this government. They never get it because this government is not interested in that reform. Today the debate about the nine per cent is over—we were opposed. When this government that sit opposite us now were sitting on this side of the House, they opposed us. The doubters on the other side have been proven wrong. Thanks to Labor’s boldness, superannuation is no longer for the precious few; more than ever, Australian workers have a real stake in their own future.

Whilst the superannuation agenda has stalled under the Howard government, Labor will take up the challenge again upon winning government. We still have a long way to go, particularly on adequacy. Labor has already said that we can improve adequacy by increasing contributions or reducing the tax on those contributions. We have chosen, with a policy announcement to date, to reduce the contributions on superannuation tax—not just for the top four per cent but for everyone. Leading the way on superannuation, as usual, Labor has announced that we will reduce the tax on super contributions from 15 per cent to 13 per cent—and, unlike the government’s approach, the benefit will flow through to everyone.

After vandalising the system since it assumed power, the Howard government is now trying to play catch-up with retirement incomes policy. Let us remember that in 1995 Labor introduced a real co-contribution for low- and middle-income earners. Labor’s plan was to comprehensively deal with the adequacy question by increasing super from nine per cent to 15 per cent. Employee contributions—employee, mind you, not employer—would have been matched by the Commonwealth, a genuine co-contribution, and the employers would not have had to pay a cent. That reform would have gone a long way to achieving adequacy. Australia would have been well prepared in meeting the challenge of financing the ageing of our population.

It is interesting that retirement income modelling by the task force that was set up estimated that Labor’s plan would have increased the retirement income of an average employee in their mid-30s by $100,000. The government of course scrapped this initiative. That is what Australian workers—average workers, ordinary workers—have missed out on because this government scrapped an initiative that it went to the 1996 election promising to keep. It would have produced an adequate retirement income for low- and middle-income earners and it would have increased the already sizeable superannuation savings pool considerably. The ability to draw on the nation’s savings to fund investments rather than have to draw on foreign savings and incur the foreign debt consequences is essential.

This was a smart plan, but the only people who believe it, who developed it, who were committed to it, sit on this side of the parliament. It is only Labor that believes in it and it is only Labor that will continue to im-
plement it. Despite promising before the election to keep the co-contribution, the government scrapped it in the 1997 budget. It is probably the most irresponsible decision of the Howard government, because it was unnecessary. Our initiative was completely costed and funded—and it could have been done.

Mr Somlyay interjecting—

Mr CREAN—The member for Fairfax expresses concern. You know it was, because your forward estimates in the first budget still kept the figures in there. So let us have none of this that it could not have been afforded. It could have been. You promised it and you ratted on that deal.

The DEPUTY SPEAKER (Mr Lindsay)—Order!

Mr CREAN—The member for Fairfax’s party ratted on the deal. The Howard government’s neglect of superannuation is well known. In the bill before the House today, it is proposed to enact two major initiatives, as I said before: the reduction in the super surcharge and the expansion of the government’s co-contribution. As well as scrapping a real co-contribution, Treasurer Costello also introduced the superannuation surcharge. Understand this: he scrapped superannuation co-contributions, despite promising not to, and then he introduced a tax on super—a new tax. With its hand on its heart, this government says, ‘We’ll never introduce new taxes and we’ll never increase existing ones.’ The only effective decision this government has made on superannuation in this country is to put a tax on it. When the Treasurer introduced this surcharge, he argued that it was fair. He now says that it needs to be cut. Talk about a backflip! As a government, you have not only been negligent towards the Australian people and their retirement incomes but you have backflipped on the very initiative that at one stage you said was fair.

The DEPUTY SPEAKER—Order! The Deputy Speaker has made no such assertions.

Mr CREAN—But his party has.

The DEPUTY SPEAKER—Please refer to the party.

Mr CREAN—Tax cuts to superannuation contributions are good policy, but they should be for everyone. In this regard, Labor shows the way. Our proposal is to give the contributions tax cut to everyone. Our proposal values fairness and adequacy but does it for all. The Treasurer’s policy reflects his values and priorities. His priority is to only cut the contributions tax for those paying the surcharge—that is, for approximately four per cent of taxpayers, those who are earning $95,000 or more. The changes are phased-in as well, so the biggest benefits go to those earning more than $115,000. What is fair about that? The fact is that this is an exclusive tax cut; it goes to around one in 20.

Labor is of course committed to providing broader and fairer tax cuts on superannuation, as on the broader taxation front. But I spoke earlier in this House of the government’s tax cuts that only provide a benefit to those earning more than $52,000 per annum. Under this government, you do not get a tax cut unless you earn more than $52,000 per annum. Now we have a surcharge tax cut—an exclusive tax cut that only provides a benefit for those earning above $95,000 per annum. I ask this House: what is fair about that? That is what this government have to go out and defend. Labor takes a different view. We believe the superannuation tax cuts and income tax cuts should be shared around—among the many, not the few. There should not be an exclusive tax cut but relief for everyone, addressing adequacy for everyone. Why do the government continue to think they can treat the vast majority of Australian taxpayers with contempt?
We all remember the fanfare of the Howard government’s co-contribution announcement. It is typical of the cynicism of the government that they stole the name of Labor’s initiative—the arrogance of scraping a real contribution and replacing it with a mere shadow. Despite the inadequacy of the new scheme, we supported it when it was introduced. We took the view that, if low-income people were able to access the scheme, it could be of some benefit to them. We therefore supported it. But this budget proposes to expand the contribution scheme and make it more accessible again. That is what it proposes, but it does so only slightly.

It has today been claimed by IFSA that 40 per cent of workers earning between $30,000 and $50,000 per year will take up the expanded co-contribution. I point out the obvious in relation to these claims. First of all, the estimate is based on unpublished research undertaken in 2002, before these changes were even contemplated. The second compelling point is that, if these changes are right, they are certainly not reflected in the budget estimates. The costing in the budget is not based on those conclusions about take-up. Our estimates suggest that only a few of those eligible will actually benefit from the scheme. It is clear that most low-income earners will not benefit all. Most low-income earners do not have a spare $1,000 floating around to contribute to superannuation so that they can access the matching co-contribution payment.

In the cameos that were released in the budget papers, the government had the hide to assume that everyone who is eligible will get the money. Not only have the government made that assertion but they have claimed that the $1,000 that workers need to find will not come from their income. In the cameos, the government have argued that people will get the benefit as an add-on to their income but they have not subtracted the contribution the individual has to make to get the so-called benefit. The government are claiming that all low-income earners will benefit without actually contributing. That is another deceit contained in the government’s propaganda that has been put out in the selling of its tax package, and many workers will see through it. It should be made clear that you cannot benefit if you do not contribute. The government are trying to mislead the public yet again.

There is one group that will benefit under the definitional changes in the government’s scheme. Benefits will now flow to people with as little as 10 per cent of their income being earned income—that is, benefits will flow to a large number of people who are not working or who are working little. Previously the definition that existed for qualification around the co-contribution required that the contributor receive employer contributions. That test was abandoned in this budget. We would therefore be concerned if the taxes of hard-working Australians were being used to subsidise the lifestyles of low-income spouses in high-income households. There needs to be some tax relief on superannuation but it needs to be effectively targeted. We will be taking a closer look at these initiatives, including through the Senate estimates process.

The government are trying to link these two proposals. They are trying to blackmail the parliament into supporting a cut in the surcharge by tying it to the expansion of co-contributions. Honourable members will remember that this strategy was tried a few years ago and it did not work. Labor will be voting against this bill because we do not support the reductions in the surcharge. It is an exclusive tax cut. It benefits income earners on $95,000-plus, whereas a tax cut for those on less does not occur.
History will not treat the Howard government’s superannuation policy kindly. People will look back at the incredible short-sightedness and the missed opportunities. It is a problem that permeates this government. It is little wonder that people have viewed the budget as a plan for an election, not a plan for the nation’s future. Labor have always been ahead of the game in addressing the ageing of the population, and we will continue to provide that leadership. The reasons for that are simple: we believe in a better future for Australians, and we believe that nations should plan for the future.

When we introduced the superannuation guarantee, we put in place a long-term mechanism of reform. We understood, as we understand now, that the challenge of an ageing population will not fix itself. The superannuation guarantee has been the fairest measure in our community since Labor introduced Medicare. That is the fact. It has shown how good economic policy and good social policy can come together. And yet, to their great shame, the coalition voted against the super guarantee and have tried to undermine it ever since. Even though they have their own generous superannuation, they do not want it spread to the whole of the workforce. They were forced to take concessions themselves because of the leadership shown by the Leader of Opposition.

We believe that the need for superannuation still has to be addressed. We have done it in the past; we want to go further. We address both adequacy and security. The cut in contributions tax begins to address the adequacy issue. In addition to offering broader and fairer superannuation tax cuts—we improve the accumulation, of course—we have led the debate on superannuation simplification and security. We have said we will simplify super by automatically consolidating superannuation accounts, ensuring a standard reporting format for all funds and offering investment choice to all funds. We will also make the superannuation system safer by fully compensating for losses in the event of theft and fraud; by establishing clear, simple and comparable disclosure of all fees, charges and commissions; and by regulating some fees and commissions, with entry and exit fees prohibited, commissions on super guarantee contributions banned or restricted, and a system of flat fees for advice. So, it is not just adequacy of superannuation that we are addressing; we are also addressing security. By reducing the fees and charges that are taken out, we also happen to enhance adequacy. People are entitled to a secure system, but it is only Labor that is advocating the initiatives that will achieve it.

In recent days there has been a lot of interest in Labor’s fiscal policy framework. We have argued the case for an active approach to meeting the nation’s long-term saving and investment needs. As I have discussed, Labor introduced the biggest intergenerational policy of them all: compulsory superannuation. The principle of superannuation is simple: put a little bit away today so that we can maintain a decent standard of living in the future, in our retirement. We need to recommit to this principle. Superannuation for individuals will only be part of the solution for the ageing population. We know that it will not cover all of the costs and that it will not be the full answer for everyone. We still need a social safety net—a universal public health system, affordable aged care services and, as I said, an aged care pension for people to fall back on.

Other nations do more than report on the intergenerational challenge. They actually respond to it. Nations such as New Zealand, Norway and Ireland put aside funds today so that they can meet all of the costs they know they will face tomorrow. Such an approach is a simple one, based on savings and investment—put aside savings today so that you
have enough when you need to address problems tomorrow, and make the investments today that reduce the fiscal pressure tomorrow. Just as Labor introduced compulsory superannuation for Australian workers—a savings fund which can only be drawn upon to meet defined future needs of our people—we should consider the same principle at the national level. We should put aside funds to deal with clearly defined future fiscal pressures: superannuation for the nation.

For too long, the budget balance sheet has been driven by short-term concerns, such as the Treasurer’s obsessions to sell Telstra and to kill the bond market. Labor will refocus the budget towards making provision for our long-term, intergenerational needs, including a transparent approach to dealing with unfunded superannuation liabilities. The most basic of intergenerational tests is our willingness to provide for and invest in the future. At present, this is a test we are failing on both counts. It is sad when we have a Treasurer that is more interested in the intergenerational challenge of the Liberal Party than the intergenerational challenges facing the nation.

In responding to Labor’s views on national savings and investment, the Treasurer appears to have been gagged. The only response has been obscure questioning from the Prime Minister. For the benefit of the Prime Minister, I will refer him to an International Monetary Fund comment on New Zealand’s response to future fiscal pressures. It says:

... the government has taken an important step to address some of these pressures, confirming New Zealand’s reputation for innovative and far-sighted policymaking.

Given its track record on superannuation, I am surprised that this government wants to debate the intergenerational issues at all.

What is the government’s alternative to meeting future pressures through savings and investment? It is to pare back the safety net by paring back Medicare and the public health system and pursuing an Americanised system of health; refusing to ever face up to the long-term pressures confronting our aged care system, leaving it as a political football for every election. The government also threatens the financial security of pensioners through the Treasurer’s latest big idea, which is that there will be no such thing as full-time retirement. That is what he has said. That is his vision for the future—that people should have to work until they drop.

Labor is offering a different way. With a bit of foresight, commitment and conviction, which only Labor brings to this debate, as well as a bit of planning, we can help to achieve the future security and prosperity of Australians—all of them. That is what we have to be about: looking to their future, not just the personal future of the Treasurer. A civilised society should be able to meet the basic needs of health, aged care and pensions into the future without forcing people to pay more. But that will require action today for the sake of tomorrow. As with superannuation, only Labor is prepared to meet these challenges. That is why I moved the amendment at the beginning of this speech. I commend the amendment to the House.

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

Mr Melham—I second the motion and reserve my right to speak.

Mr SOMLYAY (Fairfax) (1.10 p.m.)—It is always very good to follow the speeches of the shadow Treasurer. They are always remarkable, not for what he says but for what he leaves out. We are here debating the Superannuation Budget Measures Bill 2004 today because the Howard government and Treasurer Costello introduced, in 1997, a
superannuation surcharge. The question that has to be answered is why that surcharge was necessary. The surcharge was necessary because the government commissioned the Commission of Audit to identify areas where savings could be made in the government’s budget because the budget, as left by the government of the now shadow Treasurer, was in deficit by $11 billion. The fact that the previous Labor government had racked up $96 billion worth of debt over a five-year period meant that drastic measures had to be taken. There had to be large cuts in the budget and in expenditure as well as asset sales to get the budget back into surplus.

One measure that the Treasurer introduced was the superannuation surcharge. That was introduced as a contribution by high-income earners to national savings. National savings would pay off the debt that had been accumulated by the previous Labor government over such a long period. I personally opposed the introduction of a surcharge. Many people on this side of the House opposed the principle of the introduction of a surcharge. Many people on this side of the House opposed the principle of the introduction of a surcharge. But we had no choice because of the economic conditions left to us by the previous Labor government and the debt left to us by successive Hawke-Keating governments. It was always the intention that the superannuation surcharge would be a temporary surcharge. When national savings had been achieved and the debt was paid off, the superannuation surcharge would be abolished or phased out. That is what this bill in part does.

We all know that Australia has an ageing population. We know that there is a diminishing percentage of younger workers to shoulder the responsibility of caring for that ageing population, paying for that care and paying for their pensions. I believe few would dispute the fact that we need to help people live with dignity and security in their old age. Differing opinions usually arise only with regard to how the Australian community can achieve and sustain that dignity and security for our elderly in the future.

This government believes that we can achieve these goals only through a partnership between the government and the people that is working towards the same end. It believes that we will have to examine our expectations and our ways of achieving those expectations. If we cannot be sure that the government will have the taxpayer funds in future to pay for our pensions then we need to examine what other means are available to us to ensure our security once we leave the paid work force.

Of course, there is another way. Labor governments have a history of simply taking the easy way out—that is, borrowing money to pay for votes today and not worrying about leaving the debt for a future generation or, as usually happens, for a good Liberal coalition government to come back and pay. The $96 billion debt left by the last federal Labor government is a prime example. In contrast, the Howard government have worked very hard and taken many tough decisions to pay off $73 billion of that $96 billion debt so that the next generation is not burdened with Labor’s easy way out, and so we can put $7 billion or so into the budget with annual savings on interest.

This government believes there has to be a better way than simply dumping the burden of debt and expectations on Australia’s next generation—the so-called post baby boomers. Our way is to help people help themselves. That means starting now and not waiting until middle age or older. That is why the first part of this bill, the extension of the government’s superannuation co-contribution, is so important. It encourages low-income workers, many of whom are young, to save for their retirement.
There are two parts to this bill: schedule 1 extends the government’s superannuation co-contribution scheme and schedule 2 reduces the rates of the superannuation surcharge. Currently, under the superannuation co-contribution scheme, the government matches personal superannuation contributions made by qualifying employees on a dollar-for-dollar basis up to a maximum government contribution of $1,000. This is available to qualifying employees on incomes of up to $27,500 a year, after which the government’s contribution phases out at a rate of 8c for every dollar of income above $27,500. It currently completely phases out at $40,000.

The amendments in this bill mean that the government will not be matching contributions dollar for dollar. No, instead it will be contributing $1.50 for each dollar of personal contribution. The government will be giving a maximum contribution of $1,500, instead of $1,000, per year. This full contribution will apply to qualifying employees earning up to $28,000, instead of the current $27,500. Thereafter, it will phase out more slowly, at 5c in the dollar instead of the current rate of 8c in the dollar. On top of that, this bill means the scheme will not completely phase out until an income of $58,000 is reached, instead of $40,000 as currently applies.

There has been criticism that the government’s co-contribution scheme will not benefit everyone and that those on low incomes are least able to contribute $1,000 per year to superannuation. This scheme is targeted to encourage and assist those on low incomes. A family person may not be able to contribute $1,000 per year, but the government will still pay $1.50 for every dollar of personal contribution. Over the years, this does add up. It encourages people, especially those whose focus is on more immediate bills and priorities, to consider some form of at least token superannuation planning and saving. I would like to see young people, particularly single people, made aware of this superannuation co-contribution scheme so they can start early. Starting small does not matter. It is about starting early so that the invested contributions compound and grow, and that is very important.

This scheme was introduced in last year’s budget. These amendments mean that the government will be providing a boost of $2.1 billion to co-contributions over a four-year period. They mean that more people will be eligible to receive the government’s co-contribution and they will also receive an increased benefit. Even a very grudging newspaper article said:

The co-contribution is generous enough. Voluntary contributions up to $1,000 will attract a subsidy of 150 per cent instead of the previous 100 per cent. There is still a means test, but it is now more generous.

The second purpose of this bill, as I referred to earlier, is to reduce the maximum superannuation and termination payment surcharge rates. As announced in the budget, this will be done in three stages. In 2004-05 it will be reduced from 14.5 per cent to 12.5 per cent, in the next year it will reduce to 10 per cent and in 2006-07 and subsequent years it will come down to 7.5 per cent.

The measures contained in this bill may not fulfil the wish list of members of this House or members of the community regarding superannuation. I know we have a lot more to do to encourage people to plan and save for their retirement so that everyone has dignity and security in their old age. We do not just need to encourage or motivate people to invest in superannuation; we need to remove disincentives. I believe fear, complexity and a lack of stability are major disincentives to people becoming self-funded retirees. Superannuation and taxation laws are highly complex and always changing.
When people fear the complexity of the unknown, they are less likely to enter it. It is often too hard and they just hope that they get the pension. We must make it simple, stable and reliable to encourage people to invest in their retirement.

I have many self-funded retirees in my electorate. Most are not wealthy, but many have gone without much in their earlier lives to save and provide for their retirement. They are important members of our communities and are usually very involved in a range of volunteer and community work. Constant changes and the increasing complexity of superannuation can not only affect their income but also create fear and uncertainty which is detrimental to their health. This government recognises the efforts of those who choose to save during their working lives so that they can become self-funded retirees and minimise any burden on the community during their retirement years.

This bill does not pretend to solve all the problems of an ageing and retiring workforce. It actually takes two measures—responsible and costed steps—towards helping people provide for their retirement. It is part of this government’s process of continued improvement to superannuation. I look forward to further steps in this process of ensuring dignity and security for all Australians as we grow older. I commend this bill to the House.

Mr COX (Kingston) (1.21 p.m.)—The Superannuation Budget Measures Bill 2004 includes $2.7 billion of new superannuation measures announced in the budget, yet does nothing to guarantee the adequacy of retirement incomes for most Australians. This bill demonstrates that it is not always how much money you spend on a policy area that matters but how well you spend that money. It provides a stark contrast between the government’s approach and Labor’s approach.

Rather than support Labor’s policy to provide all Australians with a two per cent reduction in the superannuation contribution tax, the government has chosen to provide high-income earners with a further tax cut on their superannuation savings by reducing the superannuation surcharge by a further five per cent over three years and enhancing the low-income co-contribution by increasing the level of government matching personal superannuation contributions to 150 per cent; increasing the maximum amount of government contribution available by $500; increasing the income level at which the maximum co-contribution applies to $28,000; and reducing the rate by which the maximum co-contribution phases out to 5c for each additional dollar of income.

The government has decided to marry these two measures in the same bill—one which only benefits high-income earners and the other which is directed at low-income earners. By doing this, it is clearly the government’s intention to have Labor oppose the legislation. We can assume this because we went through exactly the same process last year with the original measures in both these areas. The government’s aim then was to force through the tax cut for high-income earners by putting it in the same bill as the low-income superannuation co-contribution. Labor did not support that bill because we have our alternative policy not to cut the superannuation surcharge for the more affluent but instead to cut the superannuation contributions tax for all. That was our policy then, and it is our policy now. For that reason, Labor will not be supporting this legislation.

The proposed changes in this bill would decrease the superannuation surcharge from its current rate of 12½ per cent in 2004-05 to
10 per cent in 2005-06 and 7.5 per cent in 2006-07. This would represent a 50 per cent cut to the superannuation surcharge rate since 2003-04. The government’s super tax cut will only apply to those earnings over the surchargeable income of $99,000 a year and provides the highest benefit to those earning over $120,000. It does nothing for individuals earning less than $99,000. In the budget with the tax cuts we had nothing for people earning less than $52,000 and in this superannuation bill we have no automatic superannuation tax cut for anybody earning less than $99,000.

Mr Melham—It is government for the rich.

Mr COX—It is government for the rich. It is government for the affluent. It certainly is not government for all. Individuals on incomes over $99,000 get a 50 per cent cut in the surcharge while 95 per cent of the population get nothing. At least those earning above $52,000 got an income tax cut in the budget, but those earning less than $52,000 must be wondering exactly what Mr Howard has against them—no income tax cut and no super cut. This is a situation that Labor will not support. Politicians and judges receive by far the largest tax cuts, due to the design of their superannuation schemes. That the Howard government would provide a tax cut that will benefit its own members and not the vast majority of Australians demonstrates just how out of touch it is. I would benefit from this tax cut, but it does nothing for most of the people I am here to represent, and that is why I will not support it.

Labor’s policy will cut the superannuation contributions tax for all Australians from the present 15 per cent to 13 per cent, with the long-term aim to eventually eliminate the contributions tax. Labor’s contributions tax cut will provide a 20-year-old earning $40,000 with an extra $7,128 at retirement.

The government’s superannuation tax cut will provide nothing to anyone earning below $99,000. The contrast could not be clearer.

It is interesting to revisit the words of Peter Costello when in his first budget he introduced the superannuation surcharge. I am disappointed that the member for Fairfax has left the chamber, because I understand that the member for Fairfax said that the superannuation surcharge was only introduced to fix the deficit that was outstanding as a result of reductions in Treasury’s revenue forecasts at the time the government changed. At the time that the superannuation surcharge was introduced, the Treasurer did not say that it was for that purpose specifically. The Treasurer said that it was an equity measure. In his budget speech he said:

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

A major deficiency of the current system is that tax benefits for superannuation are overwhelmingly biased in favour of high income earners. These budget measures are going to make that more so. He continued:

For a person on the top tax rate, superannuation is a 33 percentage point tax concession while a person earning $20,000 receives a 5 percentage point tax concession. High income earners can take added advantage through salary sacrifice arrangements that are not available to lower income earners.

The Government is remediying this situation. He went on:

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

Game, set and match against the member for Fairfax. One can only infer from these comments that the changes proposed by the government in this bill for the superannuation surcharge are unfair to the majority of Aus-
tralians who miss out. Labor will govern for all Australians, providing the opportunity for everyone to access adequate superannuation in their retirement. The government believes that only its rich mates deserve that opportunity. The government expects to raise almost $6.9 billion from superannuation taxes in 2004-05. Those taxes are estimated to rise to $7.23 billion by 2007-08. This is a big increase from the $1.6 billion raised in 1995-96. Taxes on superannuation are projected to grow from 0.2 per cent of GDP in 1995-96 to 0.8 per cent of GDP in 2007-08, yet, with this revenue pouring in, the government chooses to give nothing back to the overwhelming majority of Australians.

It is apparent that this is a calculated choice to target tax cuts to swinging voters in large enough lumps to buy their votes. It seems that the Australian people are seeing straight through the cynicism of this budget. The government are saying, ‘We will give you something if we think you are in a demographic of people whose vote we think we can buy.’ I think that offends the Australian sense of fairness. As a method of political operation, I think it has been carried out with such ruthless cynicism that it is an insult to most people, whether or not they are in the government’s targeted demographic. You can see your Liberal Party candidate or your Liberal Party member stepping up to the door and saying, ‘Madam, we think by the look of the houses in your neighbourhood that your vote is for sale, and we have a tax cut for you, but not for most of your friends who live in other suburbs that are not so affluent,’ and you can imagine how the people in those other suburbs who are not so affluent feel. It is an insult to people’s intelligence, but it gets worse than that.

After failing to provide any tax relief to low- and middle-income earners in the budget, the government are using the addition to the low-income co-contribution scheme to hide the fact. They have done this by misrepresenting the additional superannuation co-contribution as a tax cut. It is not a tax cut; it is a contribution to superannuation that will not be available to the recipient for years or even decades. In their table showing the benefits of their tax package, they have treated it as being worth between $150 and $880 per year for people on incomes of $50,000 or less. They have included this co-contribution in their tables for singles and families as if everyone eligible for it would receive it.

The reality is that many singles and families on low incomes, particularly if they have relatively high housing costs, which most do today, will not have the disposable or discretionary income to make the necessary voluntary contributions to superannuation to receive the benefit. If you take that benefit away, because people cannot access it, taxpayers who do not have children and who are on less than $52,000 get nothing.

The beauty of this from the Treasurer’s point of view is that, if people cannot access the benefit, the government does not have to pay for it. Recent budgets, particularly election budgets, have been replete with this type of false promise. Each has promised much and delivered little: superannuation for babies, the baby bonus and now the low-income superannuation co-contribution. None of them has lived up to the expectations that the government created for them with expensive advertising campaigns, and when they flop the government walks away without spending more than a fraction of the original budget estimate. It is calculated, cynical and gives new meaning to the expression ‘mean and tricky’. As Shane Stone once said, the dead hand of Treasury is everywhere. As any Treasury officer knows, if their political masters want something that is inherently flawed, give it to them in a form that will fail, then it will not cost too much.
In this case, I think the Treasurer has caught on and is sharing in what is a politically convenient joke.

As the shadow Treasurer has just pointed out, the government’s attempts to treat the superannuation co-contribution as a tax cut have extended to producing cameos which show the government co-contribution as a weekly benefit, without recognising that receiving the full benefit requires a voluntary contribution of $1,000 which will reduce the household’s weekly discretionary income. According to Peter Costello, unlike high-income earners who automatically get a tax cut on their income and super, low-income earners should be satisfied with no tax cut and with the government only matching their voluntary contributions to superannuation. The effectiveness of the low-income co-contribution remains unproven as a policy measure for increasing provision for superannuation by low-income earners.

The current co-contribution scheme introduced by the government and to be enhanced by this bill is a poor imitation of the much more extensive and universal contribution arrangements proposed by the Labor government in May 1995 in its Saving for Our Future statement. Labor’s policy to provide contributions of up to three per cent of average weekly ordinary time earnings was dropped by the government in its second budget back in 1997. Labor’s policy would have provided 100 per cent of low-income earners with greater retirement benefits, whereas the government scheme will be lucky to benefit 10 per cent of low-income earners. I am looking forward to any indication that the minister handling this bill can give of the proportion of low-income earners who would be eligible for this scheme if they could afford it who are actually accessing it—what the take-up rate is.

The voluntary nature of the scheme puts it out of reach for many low-income earners. Low-income earners are rarely in the financial position to make voluntary contributions. They have needs today—housing, clothing, food, health care, the education of their children: the basics of life—which they already struggle to meet. And with the government increasing the cost of these necessities, they are finding it harder and harder every day. Making a $1,000—or around a $20 a week—voluntary contribution to superannuation is quite frankly out of reach for most low-income earners. Anyone can see this, and the fact that there is any trend for individuals to borrow money to access the scheme is worrying.

High personal debt is a major problem in Australia, and it would seem perverse that a policy designed to increase savings might actually increase the level of household debt. The reality is that this measure is simply out of reach for most low-income earners. For many, if they borrow the money to try and get access to this benefit, they will be putting themselves at even greater financial risk on an ongoing basis. You only have to listen to the Governor of the Reserve Bank and the things that have exercised his mind in the conduct of monetary policy to realise how concerned the Reserve Bank is about growth in household credit. For most low-income earners to be able to access this scheme, they would have to borrow money. That would further increase the growth in household credit.

However, it is not out of reach for the low-income spouses of high-income individuals. They can have their voluntary contributions supported by their high-income other halves. Because the co-contribution is based not on family income but on individual income, it provides a perfect opportunity for high-income families to, effectively, income split.
The rules of the scheme are overly geared to helping high-income individuals and in some ways could be viewed as an enhanced form of income splitting. For example, a spouse of a high-income individual could earn just $2,800 from wages and salaries, which could be through the family business, and earn up to $25,200 from passive income, such as shares and other investments, and receive the maximum $1,500 co-contribution from the government.

What low- and middle-income Australians really need is a tax cut—week-to-week relief from Australia’s highest taxing government and the increased costs of health, education, housing, utilities, and on it goes—a tax cut that this government chose not to provide, because it did not think it would be beneficial enough to its election prospects. Instead, it has taken the cheaper option and enhanced its co-contribution scheme before the evidence of the scheme’s success can be verified in terms of people in what is claimed to be the target group—low- and middle-income households—in their uptake of additional superannuation.

Labor will closely examine the real benefits that flow to low-income earners before providing any support to this further measure, and it will not pass this bill in its current form. All Australians need relief from superannuation and income tax, not cheap gimmicks from the government that are designed to help more affluent families. Only Labor will provide a superannuation tax cut to all Australians and not just to those on high incomes. Only Labor will make the government’s exclusive tax cuts on income and superannuation broader and fairer. The choice is clear: only Labor will provide relief for all, whether in electoral trouble or not.

Dr Emerson (Rankin) (1.40 p.m.)—Labor opposes the Superannuation Budget Measures Bill 2004 and supports the second reading amendment moved by the shadow Treasurer that expresses grave concerns about the fact that this government does not have a sensible and integrated retirement income strategy. The government is providing a retirement income tax cut targeted at the wealthiest in the community through reducing the superannuation tax surcharge and it has failed to adopt Labor’s alternative approach of offering a superannuation tax cut to all contributors, not just the privileged few.

Labor condemns the government for administering a system that fails to recognise the inability of low-income Australians to take advantage of measures to expand their superannuation while permitting spouses with wealthy partners to exploit the benefit. That summarises the Liberal way. Yet again we have legislation in the parliament that is quintessential Liberal legislation designed to benefit the few, increase privilege and deny access to benefits and decent retirement incomes for the working men and women of this country.

The bill does two major things. It reduces the superannuation tax surcharge, which was in fact brought in by the Howard government in the early years of that government. It was brought in at a time when the government said it was fair to introduce a superannuation tax surcharge and now, a few years later, it is saying it is fair to reduce that same tax. It cannot have it both ways. The bill also increases and widens eligibility for the government’s co-contribution scheme. That is designed to achieve a particular purpose: to ensure that the spouses of high-income earners are able to access the government’s co-contribution, which it increases from a maximum of $1,000 to a maximum of $1,500—again rewarding privilege to ensure that high-income earners get new tax breaks and new benefits from the budget.
The truth of the matter is that the superannuation tax surcharge goes to just one in 20 income earners. It is like the tax cut in the budget. The government’s tax cut goes to one in five families and single income earners in Australia, depriving four out of five taxpayers of any tax cut at all. The government is targeting benefits and tax cuts to the already better off and depriving those who are less well off of any benefit, other than a sandwich and a milkshake tax cut of $4 that was delivered by the Treasurer last year, when he thought that the Australian people would be grateful. They embraced the cliche of Senator Amanda Vanstone, who said in effect that the $4 would barely be sufficient to buy a sandwich and a milkshake. Senator Vanstone was right. If this government is re-elected, it will be the only tax cut that millions of working Australians will have had in the entire period of 2001-08—a single tax cut of $4 a week; a sandwich and a milkshake tax cut—and the government says that is all they deserve.

The budget that was brought down a couple of weeks ago in fact identifies quite well the challenge of the ageing of the population. The document I refer to is budget statement No 1. It was not written by the Treasurer; it was written by the Treasury. It identifies the problem of the ageing of the population and also the problem of faltering productivity growth. Budget statement No. 1 indicates that the combination of the ageing of the population and the forecast deceleration of productivity growth will result in a reduction in Australia’s per capita GDP growth from 2010 onwards that will constitute the slowest rate of this measure of living standards since the decade of the Great Depression. That is what the figures in budget statement No. 1 reveal. The government does not actually state that, but that is the truth: the forecast of per capita GDP growth will constitute the slowest rate of growth in measured living standards in Australia since the decade of the Great Depression.

The Treasury understands very well the challenges posed by the ageing of the population and faltering productivity growth in this country, but the government has failed to respond to the challenge. Labor recognised this challenge long before members of the coalition did. We recognised the challenge of the ageing of the population back in the 1980s, and that is precisely why Labor had the courage and the foresight to introduce superannuation for the working men and women of this country. Labor introduced superannuation for the working people of this country against the trenchant opposition of the coalition, when it was the opposition party in this parliament. If you go through Hansard and public statements of coalition members and leaders, it is clear that the coalition has always hated the idea of spreading superannuation to the working men and women of this country.

When Labor came to office, superannuation was the province of the wealthy, and that is exactly where the coalition has wanted to keep it: keep it away from the working men and women of Australia. One of the prime motivations of the government in denying superannuation to the working men and women of Australia is that the government hates industry funds. It hates the idea of unions being involved in the development and accumulation of superannuation through industry funds. But members of industry funds are pretty keen on them because they have been able to compare the returns to industry funds with those to the more professionally known funds where fees reflect accommodation in the central business districts of Sydney and Melbourne. The fat fees that they are able to gain have meant that, along with some dubious investment decisions and a poorly performing stock market, the highly professional funds have achieved negative
returns in the last couple of years and industry funds have quite clearly outperformed them.

The government hates these industry funds, because it hates trade unions and it hates the idea of working people being able to get superannuation. We know that from the public record, yet the government before the 1996 election produced a document authored by the Liberal and National parties entitled Super for all—security and flexibility in retirement. Remember when the Prime Minister said that he was going to govern for all of us? This was superannuation for all of us. This was the federal coalition’s superannuation and retirement incomes policy. It is very difficult to get a copy of this document, so I thank the Parliamentary Library, which has been able to get one. The document seems to have been deleted from just about any other place where it might have otherwise been obtainable. The government today would not want this promise read into Hansard—the promise that it took to the Australian people in 1996. It said:
The funds earmarked in the 1995-96 budget to match compulsory employee contributions will be provided in full in a manner that is both efficient and equitable.

After the election, in the 1997 budget the government vandalised that scheme. It scrapped that scheme and broke this promise. It axed the co-contribution in the 1997 budget, after making this promise to the Australian people, and put in its place what has now receded in the memories of just about every Australian—that is, the savings rebate. Members of this parliament might remember the fate of the savings rebate. When the Prime Minister was asked, given that it was available to all, including the highest income earners in Australia and the Prime Minister, whether he would take the savings rebate, he said that he would not access it. As a consequence of the controversy and the mirth and laughter that laughter that were associated with that promise, six weeks later the government abandoned its ill-conceived savings rebate, which was a pale replacement of Labor’s co-contribution. It was abandoned six weeks later and was never anywhere near the magnitude of the co-contribution that the government scrapped, after promising before the election that it would not do so.

So the money disappeared. The government stole that money from the working men and women of Australia, took it out of their pockets and, most particularly, diverted it from their superannuation funds, which is where it was headed. It made sure that it was diverted into government coffers. It kept that money for another two or three years, and then in 2000 gave some of it back to the Australian people. The Treasurer described these as the biggest income tax cuts in Australia’s history, but they were GST compensation. The government stole the money from the working men and women of Australia, denying them a decent retirement income, gave some of it back in 2000—not even enough to give back bracket creep—and then expected the Australian people to embrace it for giving back some of the money that it stole from them in 1997. Then the only other tax cut they got was in 2003, which was the infamous sandwich and milkshake tax cut.

Now the government is saying it will give one more tax cut but only if you earn more than $1,000 a week. That is why only one in five Australian families and singles will receive a tax cut from this budget. That means that the remaining four in five will receive no tax cut between 2004 and 2008. When the government said in this budget that it was going to reduce the superannuation tax surcharge, it said that was fair; yet, as I pointed out a moment ago, when it introduced the surcharge, it also said the tax was fair. You cannot be fair at both ends of this. The Labor Party opposes the proposed reduction in the
superannuation tax surcharge because the benefits of that reduction will go to Australians earning more than $90,000 a year. Members of this parliament are in that category—in particular, the Treasurer and the Prime Minister, each of whom receive a $42 a week tax cut while the forgotten people get not one red cent. The Treasurer and the Prime Minister will also benefit from the proposed reduction in the superannuation tax surcharge. This is a budget for the privileged. It is a budget that neglects the forgotten people.

IFSA issued a statement yesterday—which I think is of questionable quality, to be polite—that suggests the increase in the co-contribution from $1,000 to $1,500 combined with the relaxation of eligibility would mean that up to 40 per cent of middle-income earners would take it up. If that is so, the government has a big funding problem because the government’s estimates are based on a take-up rate which is much, much less than 40 per cent. As a result of the liberalisation of eligibility for the co-contribution, benefits will now flow to those earning as little as 10 per cent of their income. So instead of being related to their earned income, people can earn just 10 per cent of their income, with 90 per cent coming from other sources—interest, dividends and so on—and still be eligible for the government’s co-contribution. It is an absolutely deliberate policy to make sure that spouses in high-income households are able to access this increased co-contribution. This set of measures is completely unfair and that is why Labor is opposing them.

Labor has the vision to secure Australia’s future in the context of an ageing population. We have expressed that vision through the creation of a massive superannuation fund in Australia—a pool of national savings in the order of $600 billion—which goes some way to ensuring an adequate retirement income for the working men and women of Australia. But we would have gone that extra distance if the government had not, in a shameless act of vandalism, scrapped the budgeted co-contribution that was designed to ensure that every working man and woman in this country had a decent retirement income. So Labor has the vision to ensure that there is a pool of national savings so we do not have to rely on foreign savings to fund our infrastructure investment and our other investments in skills formation and education in this country.

Labor’s vision for a secure Australian future is also expressed through our plan for a sustainable health system, through a repaired Medicare. If we are confronting the challenge of an ageing population, we need to have a health system that is capable of addressing that challenge, and we do. Labor has a health plan that is capable of addressing that challenge through a repaired Medicare.

Labor has plans to maximise the work force participation of working-age Australians through our industrial relations facilities and plans that would allow women who have had a baby to request to return to work on a part-time basis, maximising work force participation. We have that plan for Australia’s future through our investment in skills formation and our investment in ideas which are directly designed to combat the problem of faltering productivity growth. The twin challenges of faltering productivity growth and an ageing population are being met through Labor’s visionary plans.

Labor rejects the government’s response to its newly discovered challenge of an ageing population. What is the government’s response? Work until you drop. The Treasurer said it time and time again when he announced the policy, when he said that there will be no such thing as full-time retirement.
The only full-time retirement he wants to see is the full-time retirement of the Prime Minister of Australia. He does not want to see the working men and women of this country being able to retire after backbreaking work for 40 or 50 years. He wants them to work until they drop to address the problem he has only just identified—the ageing of the population.

Mr Nairn—Give us the quote.

Dr Emerson—The quote is that the Treasurer of this country said, ‘There’s going to be no such thing as full-time retirement.’ He also said that people will not be able to retire into caravan parks believing they will be able to retire. He wants those living in caravan parks in the seat of Richmond to keep working. I will be very interested to see if the member for Richmond agrees with the Treasurer that people in caravan parks should get out of the caravan parks and keep working until they drop.

The opposition rejects the government’s response to the ageing of the population of providing superannuation only for a few, not for the many. We reject the government’s response to increase the charges for the Pharmaceutical Benefits Scheme—the single policy response of this government to the Intergenerational Report. How did it respond to the ageing of the population? It said, ‘We’ve got to increase charges under the Pharmaceutical Benefits Scheme.’ It wants to privatise the health system by abandoning Medicare and destroying it through stealth—carrying out the Prime Minister’s promise in 1987 that he would take a scalpel to Medicare and tear it right apart.

The Speaker—Order! It being 2.00 p.m., the debate is interrupted in accordance with standing order 101A. The debate may be resumed at a later hour and the member for Rankin will have leave to continue speaking when the debate is resumed.
will not sign. That is the reason why, incidentally, I suspect that the Labor premiers of Western Australia and Queensland are far less enthusiastic about endorsing the Kyoto protocol than is the Leader of the Opposition.

Our position is that we will meet the Kyoto target set for Australia of 108 per cent, and we are well on track to do that. We will continue to work towards a more effective global response, but that global response has to include all the major emitters, and until it does it is not in the interests of Australia to ratify the protocol. It will cost jobs—it will cost the jobs of unionists and non-unionists alike—and it will do very great damage to the resource sector of Australia, which is not in the national interests of this country.

Iraq

Mr LINDSAY (2.03 p.m.)—My question is addressed to the Minister for Foreign Affairs. Would the minister say whether the car bomb that exploded in Baghdad was directed at the Australian representative office? Is the minister satisfied with the level of protection for Australian representatives in Iraq? Minister, are there any alternative policies?

Mr Wilkie interjecting—

The SPEAKER—The member for Swan!

Mr DOWNER—First, can I thank the honourable member for Herbert. It is not the first question he has asked me about Iraq, particularly about the welfare of Australian troops in Iraq. As the member for Herbert he is a great advocate for the interests of his constituents—

Mr Wilkie interjecting—

The SPEAKER—I warn the member for Swan. The minister will be heard in silence.

Mr DOWNER—As I think the House would be aware from media reports, a car bomb exploded around 100 metres from the Australian representative office in Baghdad yesterday. It exploded outside the al-Karma Hotel. An Iraqi boy was killed and several other Iraqis were wounded, but fortunately no Australians were harmed. Can I just take the opportunity to condemn this cowardly act, and of course we extend our sympathy to the families of the victims. The Prime Minister and I have both spoken to Neil Mules, our representative—if you like, our ambassador—there in Baghdad, and I must say both the Prime Minister and I agree he shows a great deal of courage, as do the staff who work with him. It is most impressive and it is most heartening, and they are good and decent people.

It is not clear who perpetrated the attack, and it is not clear what the target was. There is obviously much speculation as to whether the target could have been the Australian representative office—the Australian embassy—or whether it was not. We just cannot rule anything in or out at this stage. But I do note that the Australian representative office is protected by 86 Australian Defence Force personnel, and I can only say that we appreciate enormously the protection of our staff in the Australian representative office by our own Defence Force personnel. Iraqi police sergeant Safaa Abbas, who was at the scene, did say, I think, that the Australian mission was the target, but he went on to say that their security prevented the car from getting nearer.

I reiterate: we do not know whether the target was the Australian mission or whether it was not. But, irrespective of the target, this blast simply underscores the need for Australian Defence Force personnel to be in Iraq to protect the Australian mission there. I would have thought that that would be common-sense. There is no doubt that terrorists are determined to sabotage and subvert Iraq’s transition, and no doubt they will make every effort before 30 June to do that.
The Leader of the Opposition has said that he wants to withdraw Australian troops from Iraq. He repeated that yesterday. He is in favour of withdrawing Australian troops from Iraq. That, we assume—because he is not telling the public anything different—includes the 86 Defence Force personnel protecting the Australian mission there. Indeed, the Leader of the Opposition said on 27 April that our troops there were merely symbolic. He said:

... there is a worry that the deployment is symbolic. It is being driven by political timelines rather than military strategy ...

That is an outrageous thing to have said. That is an extremely offensive thing to say about the Australian Defence Force personnel, and, what is more, it has been exposed as being utterly false. The fact that those 86 Australian Defence Force personnel are protecting the Australian representative office means it is not a deployment that is symbolic. It is a deployment that is practical.

It clearly demonstrates a point that I remind the House of—the Leader of the Opposition still has not got a briefing from my department on the function of the Australian Defence Force personnel in Iraq, and he still has not got a briefing from the Department of Defence. We checked again with the defence department today. He still has not had those briefings, he still does not know what the forces are doing there, he is still making a political point to the public that their role is entirely symbolic and he is still saying that the troops need all to be withdrawn. Not everybody in the Labor Party is saying that, but the Leader of the Opposition is. If I may say so, that shows what a vacuous person he is.

**Social Welfare: Parenting Payments**

Mr LATHAM (2.09 p.m.)—My question is to the Prime Minister. I refer him to the August 2003 cabinet submission dealing with the maternity payment which states:

Special arrangements may need to be made for teenage mothers to ensure the payment is delivered in an appropriate way—for example, fortnightly rather than lump sum payments to under-16s.

Prime Minister, doesn’t this cabinet submission confirm the need for staggered payments of the maternity money for teenage mothers? Will the government now adopt Labor’s policy to ensure that this happens—that is, fortnightly payments for a period of between 14 weeks and 12 months?

Mr HOWARD—The document the Leader of the Opposition refers to expresses a view—it does not prove a fact; it simply expresses a view. The government has taken a decision. I actually believe that the lump sum payment is much better than the staggered proposal of the Leader of the Opposition. I also point out to the Leader of the Opposition that our payment is more generous. It reaches the $5,000 figure prior to that of the Leader of the Opposition’s alternative proposal. It is also non-means tested.

The view we take is that any incentive that payments of this kind may represent to the potential or current mothers of Australia to have children should be available to all Australian mothers and should not be subject to any kind of means or income test. I take the opportunity of reaffirming the superior quality of what the government has offered to that offered by the Leader of the Opposition. I also remind him of a basic fact of government—that bureaucracies and advisers advise governments; governments decide. We decided on a policy that is superior to that of the Labor Party.

**Iraq**

Mrs GASH (2.11 p.m.)—My question is addressed to the Minister for Foreign Affairs. Would the minister inform the House of the role of Australia’s mission in Baghdad? How important is the work of Australia’s represen-
Representatives to Iraq’s future, and are there any alternative policies?

Mr DOWNER—First can I thank the honourable member for Gilmore and say how much I appreciate her interest in the work of the staff at the Australian representative office in Baghdad. There are nine of them there and they are advancing Australia’s interests in very difficult circumstances, as the House will know. The Australian representative office is vital to facilitating Australia’s humanitarian and reconstruction assistance in Iraq. They also, of course, advocate our commercial, political and security interests—for example, they have been very effective in helping us maintain our wheat exports to Iraq, and they need to liaise with the Coalition Provisional Authority and others. Importantly, our office there also provides consular services to Australians. The House will be aware that a dual national was picked up by the Kurds some time ago and is being detained in Iraq. We have an office in Baghdad. People from that office are able to see that person who is being kept in detention.

Australians are making a vital contribution to Iraq’s rehabilitation and preparation from transition in a range of areas. We have a $40 million agricultural rehabilitation program. That has ensured, for example, that the Iraqi agricultural ministry is up and running and doing a good job. We have a treasury adviser, and, not surprisingly, one of the things our treasury adviser has done is provide Iraq with its first fiscally responsible budget in 3½ decades. So some of the work of our own Treasurer and some of the ideas of our own Treasurer have been passed to Iraq and they will have a very good effect on the Iraqi economy. I think most Australians would agree with that.

We also have Defence Force personnel helping with the rebuilding of the Iraqi army and navy. The proposition being put by the opposition is that we should withdraw the 86 Defence Force personnel who protect these people who are doing reconstruction work in Iraq. That is the proposition of the Leader of the Opposition. Who would protect, in those circumstances, the Australian staff working in Baghdad? I think it would have to be said that it would be risible to think that a Labor government, having withdrawn Australian Defence personnel, would go to the Americans and ask the Americans for that protection. It would be risible because the Americans would think it was a pretty extraordinary piece of hypocrisy to go to them and ask for that protection, having for party political purposes and electoral purposes withdrawn the 86 Defence personnel protecting our office there.

How otherwise would the Labor Party’s policy—glibly espoused by the glib Leader of the Opposition in his glib interviews—of providing humanitarian assistance to Iraq be executed? Who would protect the people who are implementing that policy? Of course, the member for Griffith understands the dilemma here, because this morning when he was doing his daily, if not several times a day, doorstop interview, he said: ‘We would be looking for advice from the most appropriate source of diplomatic advice in Canberra, and that would be the diplomatic security adviser with the Department of Foreign Affairs and Trade.’

So this is the policy now of the Labor Party: ‘maybe we would keep the 86 Defence Force personnel there if DFAT advised us to do so’. I can help the opposition. I can tell the opposition what DFAT’s advice is without them having to seek it. As the minister I can just ask them myself, and I have chosen to do that. I asked Dr Calvert, the head of the department, what his advice was, and I will read to you what he said to me in a note. He said:
If the ADF security contingent were withdrawn, there would be no available alternative arrangement that could provide the same level of security. In that situation, assuming the same security risks continued in Baghdad, I would recommend the withdrawal of the ARO.

I will table that letter because it is important that people understand. The Leader of the Opposition is going out there telling the Australian public—always glib but not very often accurate with the facts: a bit of Clinton—that he is going to withdraw all the troops. The opposition spokesman says, ‘We may not withdraw them all if DFAT suggests we don’t.’ DFAT is suggesting you do not, so is the Leader of the Opposition’s position now that he will not withdraw all the troops—that he will leave 86 troops in Iraq—or is he still misleading the Australian people and telling them he can provide humanitarian assistance to the Iraqis without any protection whatsoever for those Australians providing that assistance? I think this whole episode exposes the absolute farce of the Leader of the Opposition’s glib, Dick Morris style strategy out of a book called Behind the Oval Office. That is all it is—it is Dick Morris. We do not want a government run by Dick Morris and Bill Clinton; we want a government run, if I may say so, by John Howard. That is a much better alternative.

**Social Welfare: Parenting Payments**

Mr PRICE (2.17 p.m.)—My question without notice is to the Prime Minister. Is the Prime Minister aware of comments made by Glenn Sergeant, one of our local champions, who is Principal of the Plumpton High School in my electorate, which runs a very successful program aimed at pregnant teenagers and teenage mothers who want to continue their education? Mr Sergeant has said:

You put $3,000 in anybody’s hands who’s not used to having any money whatsoever... unfortunately it’s enough money to induce some teenage girls to have a baby.

Is the Prime Minister also aware that Mr Sergeant has described the staggered payment of Labor’s baby care payment as a ‘more sensible’ policy? Prime Minister, will the government now implement Labor’s policy?

The SPEAKER—Before I recognise the Prime Minister, let me point out to the member for Chifley that, if he wishes to come to my office, I will rewrite the question for him so it complies with the standing orders.

Mr Howard—Please don’t rule it out of order, Mr Speaker.

The SPEAKER—The Prime Minister is not assisting but I will allow the question to stand.

Mr HOWARD—I thank the member for Chifley for his question. It is an issue that I am very happy to address. Could I say first of all to the member for Chifley that his question appears to be based in part on a bit of misbelief as to the reality about teenage pregnancies in this country. Nobody welcomes a high incidence of teenage pregnancy—nobody. Everybody hopes that children are born into an environment where they have two parents available, a mother and a father, to bring them up in a stable, loving environment. The reality is that fewer than two per cent of Australian teenagers have a child in any year, and the long-term trend is downwards not upwards. This compares with about five per cent in the United States and three per cent in the United Kingdom. And teenage birthrates in Australia are low despite our relatively generous welfare and family assistance systems.

There is not as much empirical evidence as is popularly believed that a substantial number of teenagers will choose to have children when they would not have done so previously. The common view held by, I think, too many Australians that single mothers are typified by teenagers who go out and
get pregnant in order to get social security benefits is just plain wrong. The overwhelming majority of single mothers in this country were previously married or in stable relationships. I have not met many single mothers who are single mothers by design; most of them are single mothers because of the break-up of marriages.

Having said that and, I think, explained the background of this issue, it stands to reason that many of the concerns that are implicit in the member’s question are ill-founded. What the Labor Party has done, if I may say so, with respect to the member for Chifley, is to try and design a baby care payment or a maternity payment that looks as much as possible like paid maternity leave without in reality being paid maternity leave. I think in reality what you have to do with these things is be up-front about what sort of payment you want. I know there is a strong body of opinion in the Labor Party in favour of paid maternity leave, and there are some people in my party who are more supportive of it than others.

I was always relatively agnostic about the value of paid maternity leave as such. I have felt for a long time that the better thing was to have a lump sum payment that went to every mother, irrespective of their income, and that is essentially what we have done. The Treasurer has indicated that in extreme cases such as drug addiction you might have to take some care about the payments, but I think staggering the payments is a rather inadequate, weak attempt to mimic paid maternity leave. You either believe in paid maternity leave or you do not. The reality is that the Labor Party do believe in paid maternity leave but they do not want the world to know it, so they try and dress up their baby payment or maternity payment in the way they have. I think ours is better, and what is more I think the great majority of Australians think it is better too.

**Budget 2004-05**

Ms LEY (2.22 p.m.)—My question is addressed to the Treasurer. Would the Treasurer outline to the House how families with children will benefit from the government’s budget with the new family package and tax cuts? Are there any threats to these benefits being delivered?

Mr COSTELLO—I thank the honourable member for Farrer for her question. I reiterate that, as a result of the budget which was brought down Tuesday two weeks ago, every family eligible for family tax benefit will be receiving an additional $600 per child per annum. If you are on the minimum amount, it will go up from $1,095 to $1,695, and if you are on the maximum amount, it will go up from $3,401 to $4,001 per annum. More than that, as evidence of the government’s bona fides, the first increase will be paid before 30 June, and the second will be available upon reconciliation in respect of the financial year finishing on 30 June.

Yesterday I was informing the House about the number of families in various electorates, and I have been asking for more work to be done in this area to try to break the numbers down further. In the electorate of Farrer, there are 32,469 families and I have asked for some more work to be done to break down how many of those families have children. A better measure of families than the household measure which I gave yesterday, shows that in Eden-Monaro there are 33,398; in the electorate of Werriwa, 36,871; in the electorate of Bendigo, 31,734; and by tomorrow I will hopefully have broken it down even further to actually have the number of children involved, because the number of Australian families with children involved, as I said, who benefit from either family tax benefit increases or tax cuts is 99.8 per cent.
I am asked what threats there could possibly be—

Mr Crean interjecting—

The SPEAKER—The member for Hotham will stop his persistent interjecting.

Mr COSTELLO—We welcome the intervention of the member for Hotham in Australian political life. We would like to see a lot more of him. I am sure he is working up to a question today, too. I am speaking through you, Mr Speaker, to say that we welcome the member for Hotham’s intervention in Australian political life.

What is the Australian Labor Party’s position on tax and family benefits? Let me characterise it like this: the member for Hotham has said that Labor intends to collect less tax, spend more money and have more left over at the end of it. So you take in less, you spend more and you have more left over. Those of us who read him carefully know that he was not nicknamed ‘BS Crean’ for nothing—BS stands for bigger surpluses, under which you take less in, put more out and you are left not only with a bigger surplus at the end of it but also with an intergenerational fund, which not only gives a bigger surplus today but will also be used to fund tomorrow.

A government member interjecting—

Mr COSTELLO—No, that is not BS; that is Mr Crean MP—Magic Pudding. Of course, there are some amongst us who wonder how all this can be done and why we have not thought of doing it before—taking less in, paying more out, having more left over and funding future generations as well. So we look very carefully for how it can all be done in this new realm of tax cuts and spending for everybody, and we await with great anticipation the announcement of Labor’s tax policy.

I do want to refer the House to two things that were written today. The first was by Max Walsh in today’s Bulletin. I do not think Max Walsh would be considered a supporter of the coalition. He has certainly never felt obliged to say anything nice about me in the past.

Ms Gillard—Did you see the Sydney Morning Herald?

Mr COSTELLO—Yes, I am coming to the Sydney Morning Herald. I thank the member for Lalor, who always intervenes at the most inopportune time for her. Max Walsh writes in today’s Bulletin:

... this year’s budget is actually good public policy designed for long-term national outcomes.

The government has presented its strategy on the ageing of the population:

Central to this is the philosophical embrace of supply-side tax cuts—a novel, even radical, approach to fiscal behaviour in Australia. It has filled out its intergenerational strategy with a family assistance package that is far more supportive of working mothers.

The high-tax campaign in the media is being led by the Sydney Morning Herald, in particular Ross Gittens. Ross Gittens has cottoned on to this one central fact: how could the Labor Party be promising more tax cuts for everybody, more spending, more left over at the end and an intergenerational fund to pay for 40 years time? This is what Mr Ross Gittens said in the Sydney Morning Herald:

... there are very tight limits on how much Labor has available to spend on election promises. Put most of the money into a tax cut for low and middle income earners and there’s precious little left to pay for what would really appeal to voters: increased spending …

If Labor was smart—

Listen to this—

it would promise to can the second tranche of the tax cuts for higher income earners …
Labor is smart—too smart for Ross Gittins. Labor intends to can the second tranche of the tax cuts; what it does not intend to do is promise it before the election. The shadow Assistant Treasurer, the member for Kingston, who is generally regarded as having the brains of the Labor outfit—

Government members interjecting—

Mr COSTELLO—it is true; it is in comparison to the member for Hotham—came out to bat for Labor the day after the budget. Do you recall what he said? He said that the money was not quarantined. He made one statement and retired hurt for the next two weeks. He has not been heard of since. The shadow finance minister came out and said, ‘All we’re guaranteeing is the family tax benefits up to 2004-05.’ Ross Gittins is absolutely right: you cannot take less, spend more, have more left over and put together an intergenerational fund. What Ross Gittins says is here. Labor, if it is serious about spending, will ‘can the second tranche of the tax cuts’. There is a reason why the backbench are listening intently at this point: the awful implications of what is being planned are just starting to dawn on them. There is one thing I would say to the Australian Labor Party. The Labor Party, if elected, is entitled to take back those tax cuts. There is no doubt about that. You did it in 1993 and you can do it again. But what you cannot do is run—

The SPEAKER—Treasurer!

Mr COSTELLO—The Labor Party cannot run to the next election pretending that it supports those tax cuts but with less to take them back afterwards. Labor has to come clean. It has to name its tax policy; it has to name its family tax policy so that the people of Australia can know the truth before the election and not after, if Labor were to be elected.

Howard Government: Leadership

Mr McMULLAN (2.31 p.m.)—My question is to the Prime Minister and it also refers to today’s Sydney Morning Herald. Has the Prime Minister seen reports today showing that nearly 50 per cent of Australians believe that, if he is re-elected, the Prime Minister will not serve a full parliamentary term? Does the Prime Minister now accept that his complacent formula which sets the interests of the Liberal Party as the only benchmark for his continuing leadership is causing confusion amongst the Australian public? Why can’t the Prime Minister be frank and honest with the Australian people and confirm that, if re-elected, he will not serve a full parliamentary term?

Mr HOWARD—I thank the member for Fraser for his question. All I can say is that I think we should have lots more of these polls because I am fascinated with the fascination of the Labor Party with opinion polls. I suppose when you have been in parliament for 30 years you do remember a few things and you do learn a few tricks. One of the things that I have remembered and observed over a period of 30 years is that when political parties, particularly oppositions, get infatuated with opinion polls they normally hit the wall.

Education: University Funding

Mr PEARCE (2.34 p.m.)—My question today is addressed to the Minister for Education, Science and Training. Would the minister inform the House of the benefits now flowing to university students as a result of the government’s higher education reform package? Is the minister aware of other statements or policies which place the quality of our universities at risk?

Dr NELSON—I thank the member for Aston for his question; he has a very strong commitment to quality education. In facing our future it is obvious for Australian universities that, above all else, it is quality that
counts. The Australian government, the Howard government, has announced and implemented policy to invest an additional $2.6 billion of public funds in Australian universities over the next five years—to increase places and for better quality, better teaching and better resources for our students as they go through Australian universities. One of the changes which was requested by the universities themselves was that they, for the very first time, would set the HECS charge which would be levied from zero—no HECS whatsoever—to a level no more than 25 per cent above what it currently is.

It is important that the House and Australians understand that with HECS, the Higher Education Contribution Scheme, the Australian taxpayer pays for three-quarters of the cost of university education and students pay back about a quarter of the cost of that education, not when they are students but when they have graduated from university and are earning in excess of $36,000 a year. In other words, as far as HECS is concerned, it is free at the point of entry and, as the British Prime Minister has said, fair at the point of repayment.

Throughout Australia at the moment, universities are now in the process of implementing these reforms. We have 17 universities that have decided to increase the HECS contribution—13 of them by up to 25 per cent and four of them by less than 25 per cent—eight universities are not changing HECS at all and 13 universities are yet to decide. Every single dollar of that HECS goes to the university to benefit the students who will be educated in that university, while at the same time Australian taxpayers, many of whom have never seen the inside of a university, will each contribute three additional dollars.

The Labor Party has said repeatedly that it is opposed to any increase in HECS, including up to 25 per cent. In fact, the Deputy Leader of the Opposition and the Leader of the Opposition have both stated this on numerous occasions. As a result of the decisions that have been taken by the 17 universities in Australia that have chosen to increase HECS, those universities will receive an additional $377 million over the next four years to benefit the education of Australian students. That is $377 million in addition to the $2.6 billion that this government is committing in public funds to universities. On Meet the Press on 18 April this year, Brian Toohey asked the Deputy Leader of the Opposition a question, and she said:

Well, we’ve in fact put our entire higher education policy out last July ... It’s primarily made up of this commitment on indexation ... And of course we’ll wind back the 25% price hike.

Brian Toohey then asked—and this is very important:

But is that additional money on top of compensating universities for the 25% price hike?

The Deputy Leader of the Opposition then said, ‘It includes the 25 per cent price hike compensation. That’s part of it.’ So she made it very clear on this occasion, and others, that the Labor Party’s policy includes compensation to the universities for the 25 per cent price hike where they have chosen to apply it. I then went to the Labor Party’s policy booklet, Aim Higher—the name of Tony Blair’s higher education policy I might add. I went to page 23 of Aim Higher. I was looking for at least $377 million. By the time the other 13 universities have made decisions, it might be $400 million or even $500 million in compensation. I went to the costings. I was looking for the HECS compensation fund and maybe $400 million or $500 million. Do you know what I found in the Labor Party policy document? How much has the Labor Party budgeted to fully compensate universities for increases in HECS? $15 million.
It is embarrassing. The Labor Party has budgeted $15 million to fully compensate universities for an up to 25 per cent price increase over the next four years. Then—Prime Minister I ask you to restrain yourself—I thought I should be excessively generous. I thought, ‘Okay, we’ve got $15 million. We are now looking for another $362 million or thereabouts to basically compensate for what the Labor Party is doing.’ I went further down the policy and found indexation. I was looking for indexation, and what I found was $312 million. In other words, the Labor Party’s indexation to university funding over the next four years and its compensation fund, at a piddling $15 million, do not even add up to what will be required to fully compensate universities over the next four years—probably $400 to $500 million.

I ask the Leader of the Opposition: which group of Australians are you seeking to mislead? Is the Leader of the Opposition seeking to mislead the Australian universities into believing that they will be fully compensated for this 25 per cent increase in HECS, or he showing his economic illiteracy and seeking to mislead the Australian taxpayer into believing they will not have to fork out at least another half a billion dollars, added to the half a billion dollars already found by the department of finance as a hole in Labor’s higher education policy? This is not just deception on Australian universities—it is a con trick on the Australian taxpayer. The more scrutiny that is provided to this prior to the election rather than after it, the better off all of us—in particular, the children in Australian universities—will be. I table my department’s analysis of the incomes being derived by universities from HECS, I table the transcript of the Meet the Press program of 18 April and I table Labor’s policy document, including what pass for costings.

Howard Government: Leadership

Mr McMULLAN (2.42 p.m.)—My question is to the Prime Minister, and it follows from his previous answer. Does the Prime Minister now accept that his complacent formula which sets the interests of the Liberal Party as the only benchmark for his continuing leadership is causing confusion amongst his parliamentary colleagues? Is the Prime Minister aware of comments made by Senator Brandis and Senator Mason, who have said that if the coalition wins the next election the Prime Minister will retire mid-term and hand over to the member for Higgins? Is the Prime Minister also aware of comments made this morning by the member for Fairfax, who said that, if the Prime Minister wins the next election, ‘I expect him to be there for the whole term’? Prime Minister, in the light of this confusion, who is right—Senator Brandis and Senator Mason or the member for Fairfax?

Mr HOWARD—They never cease to fascinate me. The first question from the member for Fraser was enticingly obsessed with opinion polls, and the second one presupposes that we are going to win the next election. I am fascinated with that. The member for Fraser can ask as many questions as he likes about this subject. He knows my position on these matters, but in the end I think the member for Fraser ought to understand that I, like every other Prime Minister of this country, am at the disposal of the Australian people. They will decide my future. What does cheer me up, and it cheers me up more after each question time—in fact, my good humour is almost turbocharged after each question time—is when I realise that as each day approaches to the next election—I will not say how many days—more and more the focus of the Australian people will be on: do they want the economy of this country run by a government led by me, so ably assisted by the Treasurer, which has done such a re-
markable job, or do they want the economy of this country managed by the former mayor of Liverpool and Mr Magic Pudding from Hotham?

I have got to say to the Treasurer that he has had 8½ years. Treasurer, why did you not discover this formula? Why did I not discover it? I have wasted 30 years! If I had spoken to the member for Hotham I could have saved myself all of that trouble. If I had found that elixir, that magic formula, nothing would be impossible—absolutely nothing. You could climb any political mountain. You could satisfy any interest group. This is the dilemma, because as each day ticks by the Labor Party has one less day to reveal its taxation policy, to explain how on earth it can make good its claim that it is really offering more for health and education than the coalition, when, in reality, it is not.

Mr Crean—Ah!

Mr HOWARD—You should have a look at your figures; you should analyse them. One of the great frauds perpetrated by the Labor Party is that they believe in spending more on health and education. The reality is the reverse. Indeed, the education policies of my colleague the Minister for Education, Science and Training, as he demonstrated a few moments ago, are far more generous to the education sector. Can I say to the member for Fraser: please keep asking questions about this; I love it.

Medicare

Mr NEVILLE (2.46 p.m.)—My question is addressed to the Minister for Health and Ageing. Would the minister update the House on how the government is strengthening Medicare? How is the government ensuring that Australian families have access to affordable, high-quality health care? Is the minister aware of any alternative policies?

Mr ABBOTT—I thank the member for Hinkler for his question. Members opposite like to pose as the champions of Medicare, but, on the evidence, this government—the Howard government—is the best friend that Medicare has ever had. In the coming year, this federal government—the Howard government—is going to spend $41 billion on health. Since 1996, health spending as a percentage of the federal budget has increased from under 15 per cent to over 20 per cent. Since 1996, federal health spending has increased from 3.7 per cent of Australia’s gross domestic product to 4.3 per cent of Australia’s gross domestic product. What MedicarePlus means is an extra $4 billion for health over the next five years. It means more doctors and nurses. It means more incentives for bulk-billing. It means more convenience for patients. Above all else, it means a brand new safety net to help those Australians who are most in need of support.

This government is delivering on its commitments. There are 231 suitably qualified, overseas trained doctors who have been issued visas since December. There are 430 new practice nurses who have been employed since February. The national bulk-billing rate increased in the last quarter. More than 200,000 Australians are already benefiting from the new Medicare safety net, and more than $7½ million has already been spent on providing higher Medicare rebates to them. In the course of a full year, more than a million Australians will benefit from the new safety net, to the tune of nearly $150 million every year.

What is the Labor Party’s policy? The Labor Party’s policy is the great health rip-off. They are going to scrap the new Medicare safety net. They are going to take away benefits from the sickest and the most vulnerable people in our community. Members opposite like to pretend that they are going to spend more money than this government on health. That is an entirely bogus claim—a completely fraudulent claim. On 14 March, the
member for Lalor told the Meet the Press program:
We won't be operating this sham safety net arrangement.
On 31 March, in an official statement, the Labor Party announced that it would cut $324 million out of the government's Medicare spending. The only party in this parliament that has any plans at all to cut any health spending is the Australian Labor Party. The message is now sinking in for millions of Australians: a Labor government means higher health costs for you. That is what a Labor government will mean: higher health costs, because they will rip the guts out of the private health insurance rebate and now they will scrap the new Medicare safety net.

Howard Government: Leadership

Mr McMULLAN (2.51 p.m.)—My question is to the Prime Minister. It follows his generous invitation to me.

The SPEAKER—It actually follows my giving you the call, but I hear what the member for Fraser is saying.

Mr McMULLAN—It does that as well, Mr Speaker. Does the Prime Minister accept that a fundamental aspect of a democracy is that people are entitled to know who they are voting for? Prime Minister, who is right about your retirement plans—Senator Brandis or the member for Fairfax?

Mr HOWARD—I do accept that it is a fundamental principle of democracy that people are entitled to know who they are voting for, and I imagine the provisions of the Commonwealth Electoral Act will apply at the next election and you will have a ballot with the names of every candidate—and it now even shows the party affiliation. But there is something else that is fundamental to a democracy, and that is that people are entitled to know not only who they are voting for but what they are voting for. People will be entitled to know at the next election whether they are voting for the second tranche of those tax cuts to be swiped back. I imagine that there will be a few relatively mature voters around who will remember the election that was held in what, 1993?

A government member—That's it!

Mr HOWARD—I seem to remember that one of the predecessors of the current Leader of the Opposition, as leader of the Australian Labor Party at that time, went to that election offering something—it was t-a-a w law tax cuts! Everybody knows what happened after that. I thank the member for Fraser. I invite him to keep going, but could I tell him that, yes, everybody will know who they are voting for; but, more importantly, will the Labor Party come clean and tell us what they are going to be voting for?

Budget 2004-05

Mr BARTLETT (2.53 p.m.)—My question is addressed to the Treasurer. Would the Treasurer inform the House of the importance of keeping the federal budget in balance. Is the Treasurer aware of any policies which would drive the budget into deficit?

Mr COSTELLO—I thank the honourable member for Macquarie for his question and for his interest in economic policy. As a former teacher of economics, he is somebody who follows the debate very closely in this country. As people will remember, after the 1993 election the Labor Party went on to produce another three deficit budgets. When this government was elected, the budget was in deficit by $10.3 billion. When the coalition was in opposition, there was not an argument in this country about what you should do with a surplus in a budget. There was no surplus in a budget. The whole political argument, when the coalition was elected, was what you would do about deficits in your budget—how big your deficit should be. An indication of how the economic de-
bate in this country has changed is that we no
longer debate how large our federal govern-
ment deficit should be. But if there is a
change of government this would become a
live question again.

The importance of policy is what elections
are all about. If the government could prom-
ise everything to everybody whilst cutting
taxes for everybody and having more left
over at the end of it—not just for today but
for 40 years time—there would not be any
science in politics. We would all be geniuses.
If you could take less, spend more, have
more left over and provide for 40 years time
as well, there would not be much argument
about politics. But politics is arguing about
choices, policies and what is affordable; and
this is where scrutiny comes in. The best
indication to date—and I mean this entirely
seriously—of what the Labor Party are pro-
posing is in the Sunday Age of last Sunday. It
is the first time that the Labor Party have
ever deigned to put out the numbers behind
what they are proposing. I would ask every
member of this parliament, including the
members of the Australian Labor Party, to
look at the Sunday Age of last Sunday to get
some idea as to what the Australian Labor
Party are really about. This is their so-called
savings. Their ‘savings’ is redirecting the
government’s MedicarePlus package: $2.4
billion. That is not a saving; that is a deter-
mination not to spend it on a safety net but to
redirect it to other areas. That is the first point.

The second point is this. It is not an in-
creased investment if you are taking $2.4
billion which is being used in one way in the
health system and using it in another way.
You will hear the mantra of the Labor Party
over and over again, ‘We’re going to invest
more in Medicare,’ but when you actually go
to the figures you find that they are not.
What they are doing is redirecting out of the
safety net back into the health system. But in
net terms there is neither additional invest-
ment nor net saving.

We then have what they propose to do in
higher education. They propose to abolish
the government’s policy—$1.8 billion—
crease diesel fuel excise for the mining
industry, reintroduce the student loans
scheme, which comes to $2.4 billion, and
redirect it to their own education policy.
Again, that is not an increased investment or
a net saving. It is a new tax and a redirection.
The Minister for Education, Science and
Training has today pointed out a very impor-
tant point in this debate: if you want to get
more money into higher education, the tax-
payer can put it in or the student can put it in.
This government has allowed, under its
HECS system, more money to be put in from
the student’s point of view—as the minister
said, $377 million extra this year. But the
Labor Party are opposed to that policy, and
the Labor Party have promised to abolish
that policy. That means either taking that
$377 million out of the sector or the taxpayer
putting it in instead. There is one problem
with the taxpayer putting it in instead: it is
not in Labor’s policy. It is just not there. So
if the Labor Party are to believed and they
are abolishing that policy, then—far from the
Labor Party increasing money for higher
education—they are taking $377 million out.

We are now faced with this proposition:
no increased investment from health and no
saving, no increased investment from higher
education but the possibility of a $377 mil-
lion shortfall. So this mantra about ‘We’re
going to spend more on health and educa-
tion’ must be in policies which are still to
come, which are still to be announced. It is
certainly not in the policies that have been
announced.

As I go down the table from the Sunday
Age I see there is no net saving out of health
and no net saving out of education. There is a
new tax on the mining industry. The Labor Party say they will oppose the costs of the sale of Telstra, which will produce a saving. But also, obviously, they will not get a dividend and they will not cut their interest payments. So that does not produce a net saving off the budget. That is $6 billion of the so-called $7 billion of savings, and I could go through the remainder. But there is no provision for a tax cut for everybody. We know from last year’s budget that a tax cut for everybody costs $10 billion. But the Labor Party derided those tax cuts as being not nearly large enough. So, if they are going to produce bigger tax cuts, we are at $10 billion and starting.

This is what the stuff of policy is all about—actually sitting down and comparing alternatives. There is one previous occasion that I am aware of when somebody promised to spend more money and then said they would find the savings and make it all balance. The Liverpool council was an example of where a young mayor said, ‘By increasing my expenditures, in the years to come I’ll find expenditure reductions which will set them off.’ Liverpool council, the place of the last application of this economic policy, deserves very close scrutiny. The Liverpool council, on this theory, ended up in deep debt and deficit and has now been replaced with an administrator. And that young mayor said: ‘It wasn’t my fault. My task was to spend the money. Others had to find the expenditure and the savings afterwards, and they never got around to doing it.’

The public of Australia will believe that running an economy is just a little more complex than running the Liverpool council. The public of Australia is entitled to know precisely how these policies will be paid for, and it is entitled to the scrutiny of a press which will demand answers to these questions and will want to know, in the context of policy, where the Labor Party really stands so that the people of Australia make an informed choice at the next election.

DISTINGUISHED VISITORS

The SPEAKER (3.02 p.m.)—I inform the House that we have present in the gallery this afternoon the Hon. Michael Lee, former member for Dobell and former Minister for Communications and the Arts. On behalf of all members of the House, I extend to Mr Lee a very warm welcome.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Kirribilli House: Functions

Mrs CROSIO (3.02 p.m.)—My question without notice is directed to the Prime Minister. Can the Prime Minister confirm that the answers to a question on the cost of functions held at Kirribilli House from 1 June 2003 to 1 January 2004 were prepared by his department and delivered to the Prime Minister’s office on 7 April, seven weeks ago, for release to the Senate estimates committee? Why has the Prime Minister prevented the release of these costs? Prime Minister, why the cover-up?

Honourable members interjecting—

The SPEAKER—The House will come to order! The member for Prospect is familiar with the standing orders. Under standing order 144, the imputation in the latter part of the question is inappropriate.

Mr HOWARD—There was some material delivered. There has been no cover-up, and the answers will be appropriately given.

Youth: Employment

Mr SECKER (3.03 p.m.)—My question is addressed to the Minister for Employment and Workplace Relations. Would the minister advise the House of measures the government has taken to improve job prospects for young Australians? Is the minister aware of any proposals which would severely limit
these prospects and impose considerable hardship on Australia’s small business owners?

Mr ANDREWS—I thank the member for Barker for his question and in response to him say that the Australian government has a significant and proud record on youth unemployment. I remind the House that in 1993 youth unemployment in this country was at 18.8 per cent. It is now at 11.9 per cent because this government has created an environment in which young Australians can get a job. If you take some specific examples, it is even lower than that. If one goes out to Liverpool, for example, one finds that youth unemployment has dropped from 15 per cent in March 1996 to 4.2 per cent in March 2004. Part of this was because this government was prepared to take on the union bosses and enshrine in legislation youth wages—a policy which the Leader of the Opposition then supported. Of course, that was before he erased his past. If the union bosses had had their way, many more young Australians would be out of a job.

Now the risk to Australia’s young people is that the Australian Labor Party will destroy that opportunity. The Labor Party wants to destroy casual employment in this country, the Labor Party wants to abolish junior wages in this country and the Labor Party wants to keep unfair dismissal laws. In essence, the Labor Party is proposing to rip away the first rung of the ladder of opportunity that the Leader of the Opposition pretends to hold out to young Australians.

The Labor Party wants to make casual employees permanent. This would simply mean that many businesses, particularly small businesses, would not be able to employ young people. The Labor Party wants to abolish junior wage rates, something which the Australian Retailers Association has estimated would cost some 200,000 jobs in Australia, many of which go to young Australians. And, of course, the Australian Labor Party says it wants to keep the unfair dismissal laws which discriminate particularly against young workers in this country. So, under the Labor Party’s plan, no matter how much young people learn they will not get the opportunity to earn.

This is an astonishing and outrageous plan, made even more outrageous by some comments by the Deputy Leader of the Opposition. In the interview on Meet the Press on 18 April which the minister for education referred to, the Deputy Leader of the Opposition was also asked some questions about casual employment. The interviewer, Paul Bongiorno said:

But, Jenny Macklin, isn’t it a fact that a casual job is better than no job?

To which the member for Jagajaga replied:

Well, I don’t think that’s the case...

This is an outrageous proposition: to say to young Australians in particular—the young Australians who we have been giving an opportunity to—that it is better to have no job than to have casual employment in this country. This is what the ALP believes: that young people in this country are better off without a job. The Australian Labor Party ought to be embarrassed about the outrageous proposition advanced by the Deputy Leader of the Opposition. Rather than create the opportunity for young Australians to enter the work force, Labor would prefer that these young Australians have no job and no opportunity. This is a perfect example once again of why the Australian public should look not at what Labor is saying but what they are doing.

You cannot have a plan to address youth employment when you are trying to restrict the opportunities of young Australians by abolishing junior wage rates. You cannot have a plan to address the opportunities of
young Australians when you want to keep unfair dismissal laws that discriminate against young workers in this country. And you cannot have a plan to address youth unemployment and youth employment when you believe, as the member for Jagajaga has said, that you are better off not having a job than having a casual job in Australia.

The Leader of the Opposition does not even understand what the definition of youth employment is. For this reason, I will table for his benefit the Australian Bureau of Statistics definition of ‘youth’, which he has been all over the place on in the last few days. If the Leader of the Opposition has his way, unemployment in this country—which is at a 20-year low—will once again go through the roof and young Australians will be the first people who will be hurt. This proves once again that the Leader of the Opposition has no attention to detail and he cannot be trusted with the Australian economy.

Victoria: Senate Candidate

Mr ZAHRA (3.09 p.m.)—My question is to the Prime Minister. Is the Prime Minister aware of comments made by Victorian Liberal Party Senate candidate Jim Forbes, as reported in the Mirboo North Times and the South Gippsland Sentinel Times, that the people of Mirboo North are ‘greedy’, that they ‘double dip’, that they ‘have their snouts in the trough’ because they have received a $1,000 grant from the South Gippsland Shire Council for their community hall? Does the Prime Minister agree with these comments? If not, will he now indicate to the House whether he is prepared to apologise on behalf of the Liberal Party to the people of Mirboo North for these untrue and unfair remarks?

Mr HOWARD—The answer to the first part of the question is no. The answer to the question do I agree with these comments if they were made is that I certainly do not. The name is not immediately recallable to me. If he is on the ticket, it must be in an unelectable spot. And thank goodness for that.

Mr Zahra—I seek leave to table the press reports—

Honourable members interjecting—

The SPEAKER—The member for McMillan will be aided at least by those on his front bench. I could not hear above members on the front bench.

Mr Zahra—I seek leave to table the press reports that I was referring to.

Leave granted.

Small Business: Employment

Mr CIOBO (3.11 p.m.)—My question is addressed to the Minister for Small Business and Tourism. Would the minister—

Honourable members interjecting—

The SPEAKER—Order! Member for Moncrieff! The member for Moncrieff will wait until at least those on both sides of the House exercise the courtesy of allowing him to be heard.

Mr Ciobo—My question is addressed to the Minister for Small Business and Tourism. Would the minister advise the House how the policies of this Howard government have boosted employment in small business? Is the minister aware of any alternative views?

Mr HOCKEY—I thank the member for Moncrieff for his question and recognise that he is a great advocate for small business, as is the coalition government. It is a great advocate and a great deliverer for small business. Two excellent surveys, giving a real snapshot of business confidence, have been released in the last few days. The Australian Chamber of Commerce small business index survey has shown that sales revenue, profitability and capital investment have all risen in the last quarter, with some indices reach-
ing record levels. The Sensis survey, released just a few days ago, shows that business government among SMEs remained at historically high levels during the May 2004 quarter. It is good news. It is a good business environment for small business.

One of the reasons that has come about is because of good economic management. That is about focusing on the fundamentals of the economy and not being distracted. And, importantly, it is about listening to the community. Over the last few months we have held home based business seminars and community meetings in Canberra, Parramatta, Coffs Harbour, Brisbane, Mooloolaba, Darwin, Adelaide, Melbourne, Perth and Hobart. I attended every one of those except for one. The overwhelming feedback from small business is, ‘Keep your eye on the economy.’ Many small businesses in particular said, ‘Can you do something about the paperwork associated with the BAS?’

In the budget delivered a couple of weeks by the Treasurer, the government responded to the concerns of small business. Over 740,000 small businesses—70 per cent of Australia’s 1.1 million small businesses—operate from home or at home. Many of those businesses have a turnover of less than $50,000. With a $348 million initiative in the budget, as at the beginning of next year, 740,000 small businesses in Australia need lodge only one BAS, one GST payment, once a year—one BAS, one GST payment, once a year for 70 per cent of Australia’s small businesses.

Let us compare that to the Labor Party’s much promoted ratio method. Under the Labor Party’s method: four BASs and four GST payments every year. Under the coalition: one BAS and one GST once a year. Under the Labor Party’s ratio method, the Australian Taxation Office is going to tell small businesses how much they owe. A little birdie told me that a senior frontbencher from the Labor Party addressed a small business group in the last 24 hours and, when pushed on the details of the Labor Party’s ratio method, he advised this group of leading small business people that the Australian Taxation Office would provide advice to every individual business. Under Labor Party policy, 1.1 million businesses would receive quarterly advice from the Australian Taxation Office about how much GST they owe. How is that going to stack up?

Mr Crean—What?

Mr HOCKEY—I asked that question too, Simon: what—how is that going to work?

Mr Crean—That’s not right.

Mr HOCKEY—The member for Hotham should speak to one of his colleagues, because that is what he advised a small business group last night would occur under the ratio method. It is intriguing. Do you know what the fundamental flaw is in the Labor Party BAS policy? The fundamental flaw is that Australian small business may well end up paying more GST than they owe. That is the fundamental problem. What the Labor Party does not understand is that every business has a different level of turnover every month. Under those circumstances, how is the ATO going to tell those businesses what to pay—without any reconciliation?

Mr Costello—Where do you get the ratio from?

Mr HOCKEY—Where does the ratio come from?

Mr Crean—Past practice.

Mr HOCKEY—Past practice. So, under those circumstances, what the member for Hotham has just confirmed is that the ATO is going to individually advise every business.

Mr Crean—That’s not right.
Mr HOCKEY—Well, how is it going to work?

Mr Crean—Read the policy.

The SPEAKER—Minister!

Mr HOCKEY—I have read it.

The SPEAKER—Order! Minister, the standing orders provide that remarks go through the chair and interjections are ignored.

Mr HOCKEY—I understand that, Mr Speaker.

Mr Howard—It is an interesting discussion.

Mr HOCKEY—It is a very interesting discussion. We are keen to know how the Labor Party’s policy is going to work. They have one frontbencher running around telling one story to small business and another frontbencher running around telling another story to small business. But the fundamental truth is this: under the coalition, 70 per cent of Australia’s small businesses will have to lodge only one BAS and one GST payment once a year. Under the Labor Party, it is four BASs and four GST payments every year.

If the Labor Party think it is such a winner of a policy, I am afraid I will have to quote an economist. I know there have been a lot of quotes from economists today, but I have to refer to Robert Gottliebsen—again, not necessarily a fan of the coalition. When talking about the Labor Party’s GST ratio method, Robert Gottliebsen said that it is ‘a quick way of going broke’. The Labor Party and the GST—‘a quick way of going broke’. So too will the Labor Party send the country broke. Under Labor Party policies, they forget about the facts, they do not get the details right and the community ends up picking up the bill.

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

QUESTIONS WITHOUT NOTICE: ADDITIONAL ANSWERS

Environment: Kyoto Protocol

Mr Howard (Bennelong—Prime Minister) (3.19 p.m.)—Mr Speaker, I seek the indulgence of the chair to add to and correct an answer.

The SPEAKER—The Prime Minister may proceed.

Mr Howard—In answering the first question from the Leader of the Opposition, I grouped as countries not having emission commitments China and Russia. I should instead have said China, India, Indonesia and Brazil by way of example.

QUESTIONS TO THE SPEAKER

Parliament: Photographs of Proceedings

Mr FitzGibbon (3.19 p.m.)—Mr Speaker, I have a question to you. The subject again is the so-called rogue camera incident which occurred during the visit by the President of the United States. Have you seen claims made by a Fox News representative that ‘a deal was cut to allow the pool camera into the public gallery’? Was this deal identified in the report of the Serjeant-at-Arms—a report you have refused to table? If not, will you make inquiries with the Prime Minister’s office in order to determine whether he or any member of his staff was a party to such a deal?

The SPEAKER—Let me indicate to the member for Hunter that everything that happens in this chamber at any time is my responsibility, and absolutely no concessions were given to anybody on the occasion of the tour by the President of the United States or the tour by the President of China. Furthermore, I would refer the member for Hunter to Hansard pages 28144 and 28145 of 11 May this year, and he will find the matter comprehensively covered.
PERSONAL EXPLANATIONS

Mr ALBANESE (Grayndler) (3.21 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Mr ALBANESE—I do, Mr Speaker.

Mr ALBANESE—Yesterday the member for Cunningham put out a press release in which he said:

It’s all very well for Shadow Employment Services and Training Minister Anthony Albanese to make grandiose promises ...

And he went on to say:

Wollongong’s youth unemployment rate is 32.2% but all Labor can offer is an intensive assistance program which won’t start until January 2005.

I point out that it is a bit difficult for us to actually start programs before we move to the other side.

QUESTIONS TO THE SPEAKER

Question Time

Mr CADMAN (3.22 p.m.)—Mr Speaker, I would like to ask you a question, if I may. I know that I am asking my question slightly out of order, but I could not catch your eye.

Mr Melham interjecting—

The SPEAKER—I remind the member for Banks that that is my determination. In fact, had I treated the member for Mitchell as the standing orders provide, he would have had the call ahead of the member for Grayndler. I did not see him.

Mr CADMAN—Mr Speaker, I draw your attention to page 28894 of yesterday’s Hansard report. You may remember that the Leader of the House and the Treasurer both objected to words used by the member for Jagajaga. Your decision was that the member for Jagajaga should either withdraw or rephrase her claim that the Prime Minister had misled the House. Hansard clearly shows that the member for Jagajaga did say that she believed the Prime Minister had misled the House. She chose not to withdraw. It is my understanding that, if anybody is offended by the words used, they can ask that they be withdrawn.

Mr Leo McLeay—You are wrong.

The SPEAKER—the member for Watson will find himself no longer here listening to the answer unless he exercises the restraint obliged by the standing orders.

Mr CADMAN—In such a case, an allegation of misleading the House is always made by way of a substantive motion.

Mr Leo McLeay interjecting—

The SPEAKER—the member for Mitchell has the call. The member for Watson will resume his seat, or I will deal with him.

Mr Leo McLeay—I want to exercise my right under the standing orders to take a point of order—

The SPEAKER—and I will recognise you when I am ready. The member for Watson will resume his seat.

Mr Leo McLeay—You are only the Speaker!

The SPEAKER—I have required the member for Watson to resume his seat. The member for Mitchell has the call.

Mr CADMAN—I want to exercise my right under the standing orders to take a point of order—

The SPEAKER—and I will recognise you when I am ready. The member for Watson will resume his seat.

Mr Leo McLeay—I have required the member for Watson to resume his seat. The member for Mitchell has the call.

Mr CADMAN—It was clear that more than one member on this side of the House was offended by those words, and the member should withdraw them.

Mr Leo McLeay interjecting—

The SPEAKER—the member for Watson is warned! Let me deal with the matter raised by the member for Mitchell. I am pleased that he raised it. He had not consulted me prior to raising it. Let me make two points about the Hansard. First, there
was some discussion about whether or not
the comments made by the member for Jaga-
jaga had been heard, since many people in
the chamber heard them and I did not. Hans-
sard has no facility to indicate when the
Speaker is effectively speaking over some-
one who is speaking. Clearly, that matter
should not arise, because I should have re-
quired the member for Jagajaga to resume
her seat, and I did not. But anyone who looks
at the tape of yesterday’s question time pro-
ceedings, as I have done, will find that, in
fact, well before the member for Jagajaga
made the comment about misleading the
House, I was also requiring her to come to
the question. For that reason, because my
remarks were directed at her and we were
speaking simultaneously, I did not hear what
she said. There is of course no facility in
Hansard to indicate when people are speak-
ing over each other, so Hansard records the
exchange as it does.

On the more substantial matter, what I
then asked the member for Jagajaga to do
was to either withdraw the remark or re-
phrase the question. She chose to rephrase
the question. That was entirely the right and
proper action. I point out to all members of
the House that, while the term ‘misleading
the House’ is not a desirable one, it is not—
I repeat not—unparliamentary. As recently as
June or July last year, we had quite a lengthy
exchange about this and the matter was es-
stablished, thanks to a point of order made by
the member for Fraser.

What is unparliamentary is a comment
that someone has deliberately, wilfully or
intentionally misled the House. The term
‘misled the House’ could equally have been
‘unwittingly misled the House’, so a deter-
mination needs to be made by the chair as to
whether or not the misleading has been done
deliberately, wilfully or maliciously. The
practice of most chairs—as reinforced by
House of Representatives Practice and as
picked up by the member for Fraser in the
exchange last year—is that the term ‘misle-
ading’ is not of itself unparliamentary. So
the action of the member for Jagajaga in re-
phrasing the question was appropriate.

Mr Tanner—Mr Speaker, I rise on a point
of order. I refer you to standing order 98,
which states:

Any Member may at any time raise a point
of order which shall—
not may, but shall—
until disposed of, suspend the consideration and
decision of every other question.

I submit to you that you were ruling incor-
rectly in refusing to accept the point of order
being raised by the member for Watson, that
this standing order gives you no discretion to
refuse to hear a member raising a point of
order and that you should have taken that
point of order.

Mr Leo McLeay—I will be interested in
the answer to this one.

The SPEAKER—I warn the member for
Watson! I am well aware of the standing or-
ders. I remind the member for Melbourne
that, if at any time he feels that I have in
some way not treated the House appropri-
ately, there are forms under the standing or-
ders that he can use to dispute my ruling.

Victoria: Senate Candidate

Mr ZAHRA (McMillan) (3.29 p.m.)—Mr
Speaker, in question time today the Prime
Minister indicated that he was unaware that
former Liberal candidate for McMillan, Jim
Forbes, was a Senate candidate for the Lib-
eral Party—

The SPEAKER—The member for
McMillan will resume his seat. I will recog-
nise the member for McMillan, but there is
no facility under the standing orders that al-
 lows him simply to address the House.

Mr Leo McLeay interjecting—
The SPEAKER—The member for Watson will excuse himself from the House.

The member for Watson then left the chamber.

Mr ZAHRA (McMillan) (3.29 p.m.)—Mr Speaker, I seek leave to table a document from the Liberal Party of Australia Victorian Division web site indicating that Jim Forbes is in fact a Victorian Liberal Party Senate candidate.

Leave granted.

PAPERS

Mr ABBOTT (Warringah—Leader of the House) (3.30 p.m.)—Papers are tabled as listed in the schedule circulated to honourable members. Details of the papers will be recorded in the Votes and Proceedings.

MATTERS OF PUBLIC IMPORTANCE

Budget 2004-05

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

The Howard Government’s failure in its 2004-05 Budget to reform the payments it makes to families.

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

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

Mr SWAN (Lilley) (3.30 p.m.)—If Australian families did not have the vote, they would never get a red cent out of the Howard government—the Howard-Costello-Anderson government. There is no philosophical or practical purpose, or reasoning, behind the family payment changes in this budget, bar one: shovel the cash out of the Treasury as quickly as possible—any way, any how—and hang all of the consequences. There is no long-term plan for reform so that families can get their payments regularly and accurately. That remains a pipedream for over a third of Australian families—600,000 Australian families with debts, on average, of $900, all deliberately put under tremendous financial pressure by the actions of this government.

We know the government have not been too worried about the plight of those families. We know, going back three years, the Prime Minister said that work and family were a priority. He said the issue was a barbecue stopper. But now with the budget people have reacted badly to the government’s record because basically what they are serving up is sausages that taste funny. They are not real. There is a stench about this budget, and Australian families have picked it for what it is.

That is what you see demonstrated on the front page of the Sydney Morning Herald today. A Herald poll shows that something like 47 per cent believe the Prime Minister will retire this term; 56 per cent of those polled want to vote Labor so that he goes altogether. What do you then see? Forty-one per cent would be less likely to vote for the coalition if the Treasurer were leader. We saw a performance from the Treasurer in the House today and, no matter what other people might think of him, we absolutely know that the Treasurer fascinates himself, which is why he sat the member for Richmond down yesterday, too embarrassed that the member for Richmond would not be able to explain how there were any benefits to families—and there were not. He could not do that because he was sat down by the Treasurer.

The truth is that this government has been deliberately sitting on reforms, and the failure to implement them has been putting
families under financial pressure. We have all been there before. Everyone in this chamber will remember the last election, when the government offered those with family payment debts a $1,000 waiver. The Prime Minister, the Treasurer and the minister for families came into the House and said: ‘It won’t be a problem in a few years time; it will go away; a bit of a communications campaign. We’ll finetune the system. It’s a one-off thing; don’t worry.’ What occurred in the following three years was huge debt. A third of families each year continued to accumulate debts, on average, of around $1,000 each year for three years—debts totalling $1.6 billion or $1.7 billion.

That brings us back to the poll today, because, Minister, the public are onto you. They are not going to buy another smelly bag of fish from you, your Prime Minister or your Treasurer, because it has all happened before. They know that you give with one hand before the election, as you have done, pretending to be family friendly—and of course you will ease the financial pressure on some families through that first $600 payment, but many families with debts will simply have it swallowed up. And the second $600 payment you have put in, the really mean and tricky one which you have said only applies upon reconciliation, will certainly be swallowed up for a third of all families.

I do not believe that Australian families believe you anymore, and that is why we have these poll results today. They are absolutely aware that the government have been sitting on changes which have been recommended to you by the Prime Minister’s department and by the Department of Family and Community Services. Just take this cabinet submission from last year: this is where the Prime Minister was recommending to his ministry significant changes to the family payments system, significant changes in the provision of child care places and significant changes in terms of family friendly workplaces. Did anything emerge after that? Did anything emerge between August last year and now?

Nine months ago the government had a whole program ready to go, but they deliberately took the decision to sit on these measures, putting all of those families under financial pressure, not just because of the family payment system but because they could not get out-of-school care, because they were struggling to find a place in family day care and because they were battling in the workplace, trying to be good parents and good workers. The government took a deliberate decision—with all of this advance work done, all of these programs ready to go—to sit on the measures for nine months, for some tawdry political purpose. For three years, including the last nine months, there have been no advance proposals before the public. So what has this denied the public over those three years? Let us take Labor’s baby care payment or the government’s maternity payment. If the government had implemented the baby care payment that we proposed and that they have tried to copy, more than half a million parents would have had baby care payments by now. But they have gone without because of this government’s cynical political approach.

This government think that they can get away with cancelling Christmas two years in a row—no Christmas at all—then suddenly turn up just before the election and pretend that they are Santa Claus. They cannot get away with it, and that is what this poll shows. The public are revolted by the government’s preparedness to deny people child care places, to deny them family friendly workplaces and to deny them timely and accurate family payments. We had a real insight into this last Sunday week, when the Prime Minister did an interview with the
News Ltd group. In that interview he was asked what was the price of a loaf of bread. What is it, Minister? What is the price of a loaf of bread? Do you have any idea?

The DEPUTY SPEAKER (Hon. I.R. Causley)—Order! The minister does not have to reply to the member for Lilley.

Mr SWAN—The Prime Minister said that it was 90c. He thought that you could get a loaf of bread for 90c at the supermarket. How long ago was a loaf of bread in this country 90c at the supermarket? Do we have any bids? How long ago was it? Was it 10 years ago or 20 years ago? Twenty years ago a loaf of bread was 90c at the supermarket. No fact demonstrates better than that that we have a Prime Minister who is out of time and absolutely out of touch.

That is why the Prime Minister is prepared to tolerate the ongoing punishment that his family payment system deals to Australian families. This government does not believe in a community. It actually thinks it is governing a corporation. There is no sense of community, so it has constructed a family payment system that works on a yearly basis. At the end of the year families have to go down to their auditor or their accountant and say: ‘Have I fed my kids too much this year? Have they eaten enough or have they eaten too little?’ Then they might get a rebate or they might get some of it taken back. The mentality is that somehow families live like a corporation—they do not need their payments on a fortnightly basis, their feet do not grow and they do not need new clothes. That is the whole philosophy behind the creation of this family payment system, which puts so many families under financial pressure.

But it is worse than that. These people pretend to be Liberals—they pretend to believe in the individual, in hard work and in incentive. But they do not. Look at the interaction between the family payment system and the taxation system. What sort of tax rates are people paying? If you are moving from welfare to work you pay 90c in every additional dollar—$90 out of every $100 that you earn will go to Mr Anthony from Richmond. He will take it away. If you are a 1½-income family on around $40,000 with a secondary income earner, they will slog you up to 80c of every additional dollar—$80 out of every $100 that you earn. I will demonstrate this in a minute, Minister. Before this election is over, you will be completely embarrassed by the huge gap between your claims about this system and what this system actually does.

We have had to bear the embarrassment—I could not believe it; I nearly fell off the front bench—of the Treasurer in his budget speech saying that he was announcing a huge spending budget. I said: ‘Hang on a minute. Is he on the wrong side of the House? Aren’t all the big spenders, according to them, over here?’ He called it a huge spending budget. How is it that they have a huge spending budget with something like $52 billion of additional expenditure and get the results that they get? The Australian people are pretty clever and they have seen right through this government.

If Labor had walked into this House and presented a budget which had $52 billion in increased expenditure, including $19 billion in increased family payments expenditure, the right wing in this country would have been baying for blood and howling at the moon. They would have said, ‘This is fiscally irresponsible; how dare they give them all these one-off payments.’ What is going on? I will tell you what is going on: this is a very cynical and desperate government which the people can see through, and they are doing it very intelligently.

The following facts explain a lot about the reaction to the budget. Since this ranked sys-

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tem of family payments was introduced three years ago, there have been 1.639 million overpayments totalling $1.417 billion—that corrects the figure I used earlier. In all, the government have made almost three million incorrect payments to families since they changed the rules, and around 57 per cent of all payments made to families have been incorrect. That is $2.5 billion worth of incorrect payments. In my book, if you are getting less than 50 per cent right, you are doing pretty badly. Getting less than 50 per cent is a fail in anyone’s book. It is certainly a very big fail in the minds of the families of Australia. Families have spent three years, Minister, negotiating your flawed family payment system, including 4½ thousand families in your electorate—

**The DEPUTY SPEAKER**—The member for Lilley will address his comments through the chair.

**Mr SWAN**—and they know that, if the current Prime Minister and the Treasurer—God help all of us—are re-elected, next year the $600 payment that comes before 30 June and the second one that comes after 30 June, at some time in the never-never, will always be offset against debt. The government have got this so wrong. The truth is that there is no heart and soul in this government. There are no core human values or understanding. There is just a deeply entrenched moral and policy sterility at the heart of this government, and it stands out in everything they do. It stands out in the fact that during the reconstruction of the tax system they promised $2.4 billion extra in family payments and delivered $1 billion less. That is why there are so many families out there who are under financial pressure and believe they are a lot worse off than before the GST was introduced. They are worse off; the minister’s figures prove it.

Those families also know that the propaganda that came from the government on budget night was absolutely incorrect. I have here a table that is damning of the government. They have claimed benefits on 1 July that are two and three times what an average family will be getting in the hand on 1 July. They have factored in a set of tax cuts which do not start for a year but make it look like they are factored in from 1 July, they have factored in their super arrangements and they have factored in the second $600 payment as if it is being delivered on a fortnightly basis, which of course it is not.

This document more than any other exposes the lies at the heart of this government’s budget and why this government is so morally bankrupt—they are prepared to mislead people into thinking they will have money in the hand which they will actually not have on 1 July. Perhaps that explains more than anything else why they have been considering rushing to the polls. They want to rush to the polls on the back of the first $600 per child payment, hoping that families do not notice the clawback that will come into effect after 1 July and the huge gap that exists between what they have claimed families will get and what they will actually get on 1 July.

That brings us to their claims about having done something about work incentives, because here they have failed again. They have not really done anything substantial about work incentives. Some people will be slightly better off, but a lot of people are going to face fairly horrendous work incentives. Last week we asked the Treasurer about a family earning $50,000 with a secondary income earner. Basically, that family are going to have a 40 per cent hike in their effective marginal tax rate.

Then there were the questions we asked about the baby care payment—the payment
that the government copied off Labor because we were so far out in front. Who remembers the Prime Minister going to Western Australia in January to ape and follow the Leader of the Opposition in being family friendly? There he was in that child-care centre, down on the floor with his arms all scrunched up at his side and his knees up around his neck. As John Hewson said, he looked like an abandoned lunch box. And isn’t that the truth, because the truth is that the baby care or the maternity payment ought to be paid on a fortnightly basis. It is paid maternity leave and it is paid that way—

(Time expired)

Mr ANTHONY (Richmond—Minister for Children and Youth Affairs) (3.45 p.m.)—I must say the member for Lilley has lost his normal joie de vivre and punch after that pretty pathetic diatribe on the family tax benefits. There are a couple of things I want to clarify straightaway, because part of his attack on the government today was to accuse the Prime Minister of being out of touch and not knowing the prices of commodities—for example, the price of bread or milk. For the benefit of this chardonnay socialist from Lilley I would like to point to a newspaper article in which he said the Prime Minister thought a loaf of bread cost just 90c and that he must be shopping at Aldi. I would like to table that for the member for Lilley. Perhaps you can put in your price watch next time and get your facts correct.

The DEPUTY SPEAKER (Hon. I.R. Causley)—The minister will have to seek leave outside question time to table that document.

Mr ANTHONY—Thank you very much. One of the quite extraordinary propositions made today is that Australian families will be worse off due to the budget changes that were made just recently and all the changes that we have made from the primary introduction of the benefit in 2000, in particular to the family tax payment system. All we have heard today is an enormous amount of rhetoric and an enormous amount of colour and smoke but, of course, very few facts. The greatest risk to Australian families, particularly in getting their family tax payment, is from the Australian Labor Party, because they have failed to guarantee future payments. I would like to quote the member for Kingston. In the Australian he said:

It is possible to look at the structure of the family tax benefits and the tax changes. It’s not like all that money is quarantined.

There is a clear indication that they will be taking that money back. And the member for Fraser, Bob McMullan, said, ‘They will get two $600 payments but after that they will have a choice of alternative packages.’ There is no guarantee by the Australian Labor Party, quoted by two frontbenchers, that Australian families will receive future payments of $600. This whole facade—this whole nonsense—that has been put out by the Australian Labor Party on family tax benefits quite frankly is untrue.

In 2000, when we introduced the family tax benefit, we collapsed 12 payments into basically two payments and then we increased payments by 20 per cent. So 3.5 million Australian children—or two million Australian families—received a substantial boost in family tax benefit. Indeed, in this budget we have boosted it considerably again, because every Australian family eligible for family tax benefit will receive a $600 payment by 30 June this year and then every family eligible after that will also receive $600. But the risk is that in the following financial year the Australian Labor Party will not guarantee it. The only clawback that I have known is when I have gone to my father’s farm and seen the roosters clawing away in the trash. Of course clawback will
happen under the Australian Labor Party because they fail to guarantee that $600.

The other proposition is that somehow it is okay that, if Australians on social security or family tax benefits receive more than their entitlement, they can keep it and that we should not have a means tested system; it should be just Rafferty’s rules. The fact is that we do have a means tested social security system. It was like that when the Labor Party were last in government. Indeed, with their previous family payment structures, if Australians were overpaid a considerable amount, they had to repay it. The proposition that has been made for those families who perhaps underestimate their income is: that’s okay; they should not have to repay to the taxpayer payments they were not entitled to.

The point I want to clarify is that the Australian Labor Party actually voted for this the day after the budget. They supported it. The system is very similar, of course, to the system that was in place when the Australian Labor Party were in government, in that if people are getting more than they are entitled to then they should repay it. The next point is that all Australian families that get family tax benefit will get that $600, and not just before 30 June; they will also get that additional payment. It is an absolutely farcical argument that the Australian Labor Party have come up with—that is, if people are getting more than they are entitled to, they should keep it. As I have tried to demonstrate, the real risk to the family tax benefit system is that the Australian Labor Party—the alternative government—have failed to guarantee that they will continue that payment in subsequent years.

Let us look at the benefits to Australian families and what this coalition government have done, particularly in this budget. In this budget we increased payments substantially, as I mentioned. The average family in Australia has about two kids—the average is 1.7. They will be receiving $1,200 before 30 June if they are under the threshold, which we have increased, and another $1,200 payment when they reconcile their tax return—which is fair enough—in the new financial year and subsequent to that for every year from then on. Let us take the example of a typical family. It could be a typical family in my electorate—a fantastic electorate. It could be a banana farmer, someone working on a housing site, or a shop assistant—perhaps serving the member for Lilley when he purchases his bread next time in his own electorate. They are earning $40,000 a year and have a couple of kids on a single income.

They are now receiving about $4,300 in family tax benefits. Next financial year, that payment will go to over $6,300—that is a $2,000 increase. One hundred per cent of people receiving family tax benefits will get payments; 87 per cent of Australian families will receive considerably more. We have been able to give benefits to 99.8 per cent of Australian families, when tax cuts are taken into account. Interestingly, these were the tax cuts that were opposed by the member for Lilley and other members of the ALP when we tried to introduce them after the year 2000.

All we have had from the Labor Party is a lot of scaremongering, which they make an art form of. They say that the barbecue stopper in this budget is that all of a sudden we are depriving Australian families of benefits. With regard to the maternity payment, they cry crocodile tears that we stole it off them. We know that the member for Lilley is always in possession of confidential, stolen documents that came from the Department of Family and Community Services. Of course, they are very good at plagiarism. We have seen that demonstrated quite aptly every second day by the Leader of the Opposition.
They could not even think of a different name.

We are now paying $3,000 to every Australian child that is born after 1 July.

Mr Sidebottom interjecting—

Mr ANTHONY—Perhaps the member for Braddon would like to go and help Tasmania’s and Australia’s population after that comment.

With regard to work and family, the greatest thing that we have done is provide substantially more child-care places—40,000 outside school hours care places, 4,000 more family day care places. Indeed, on the whole issue of child care, there are well in excess of 240,000 more child-care places today than there were when we first came into government in 1996. When it comes to increases in family tax benefits, maternity payments and child care, and tax cuts, it has been this government that has delivered substantially.

We were quite open in this term that work and family, the barbecue stopper, would be a significant issue. The Prime Minister spoke about it considerably, as you know, Mr Deputy Speaker Causley. The greatest risk to the benefits flowing to the Australian community has been the Australian Labor Party, which has given no guarantees for the further $6,000 in the years 2004-2006—the shadow finance spokesman and the member for Kingston have mentioned that. On the one hand they are supporting the government but they are trying to give two messages. It is like the typical barbecue—there would be a few people there who gate crash, like the member for Lilley; there could be the member for Werriwa and the member for Griffith. Of course, they say ‘We have to be seen to be supporting this but let’s try to sabotage it.’ Do you remember the barbeques when you were a kid? All of a sudden one of the neighbour’s children could come out with the hose. There would be the member for Lilley with the hose, trying to spray everyone down at the barbecue, while the member for Werriwa was turning off the gas. We know that they have got no commitment when it comes to supporting Australian families. What they say and what they do are two different things.

The family tax benefit system that we introduced in the year 2000 and have increased substantially will have a major benefit. The other thing that we have done is reduce the taper rates, which are particularly important. Not only do we want to increase remuneration to Australian families, we also want to ensure that if they take on that extra job, if they work hard, then they are also rewarded. That is particularly important when you mesh the taxation system with the social security system. That is why the taper rates have been reduced from 30 per cent to 20 per cent. That is why we have increased the thresholds quite considerably. Indeed, we are ensuring a process of evolution as we improve the family tax benefit system through better communication with Australian families.

They are receiving substantially more money, so why shouldn’t they at least try to get their entitlements right? We introduced a top-up payment, which was never done before. Many Australian families are choosing to do that now. Of course, the great thing is that, with family tax benefit part B, there is substantial reform and increased benefits in the budget. Let us say a mother returns to work after having a child. She receives family tax benefit part B. It used to be up to $1,885. We have extended that to $4,000—that is $4,000 that families can receive from the coalition government, in recognition that it costs to raise children, particularly if one parent chooses to stay at home. Of course, if they do return to work then whatever family tax benefit part B they have received is quarantined. There is no doubt that the changes
and the increased funding in the budget will assist Australian families. It will also make the system less complex and, if nothing else, it will ensure that more Australian families get it right.

As I have demonstrated before, the greatest risk to the Australian public is if the member for Lilley and the rest of the roosters come onto this side—if they get into government—because they have failed to guarantee that they will maintain that payment. Indeed, they are promising to deliver more. They are promising to collect less tax. They are promising to continue to spend. It just does not add up—and, as was mentioned today, there is not an eternal magic pudding.

I would also like to make a couple of points. The member for Lilley recently came to my electorate of Richmond. I welcome the chardonnay set—the big-city roosters—coming into the country areas. I think it is good that they get to see a little bit more, those Brisbane-centric, Sydney-centric or union-centric members, and get to come into the country and meet some hospitable people. I always welcome them. Australian families, wherever they may be—in Richmond, Tweed Heads or Mullumbimby—know that it has been this government that has been delivering substantial benefits to families and they know that the increased tax cuts will benefit all Australian families. This notion that only one out of five will benefit is absolute rubbish.

The other area which has not been talked about a lot is that the many families who have carers will benefit. They might be families caring for children with a disability; there could be children caring for their elderly parents who are frail or ill. We are giving substantial payments to those families: $1,000 for those receiving carer payments and $600 for carer payment and carer allowance. About 3,700 in my electorate of Richmond will benefit. This is an enormous reprieve that has been given to these people.

What we now have to do is encourage some of the state ALP governments to give some respite care. So not only is the budget benefiting families who have children but also those who are looking after a loved one; it could be a child or an elderly parent. We are also putting reward into the system so that people who want to take a second job will not fall into those higher tax categories more rapidly.

As for the notion of clawback, the only clawback that will be done has been mentioned by the member for Fraser—and I quote: ‘We are committed to family tax benefits until 2004-05,’ Mr McMullan said. ‘They will get the two $600 payments but after that they will have a choice of our alternative packages...’

Australian families should be very wary. When it comes to election day, it will be the coalition that will deliver and not the ALP.

Mr PRICE (Chifley) (4.01 p.m.)—I want to say a few things about teenage pregnancy. Mr Deputy Speaker Causley, as you know, in question time today I asked a question of the Prime Minister—and I want to thank him for his answer. Mr Deputy Speaker, I suppose I owe you and my colleagues in particular an apology for asking a question which was perhaps a tad out of order as it mentioned the name of the Principal of the Plumpton High School: Glenn Sargeant. I know that was out of order and I apologise.

I was not trying to traduce Glenn Sargeant’s reputation. I believe he should be celebrated—and why? Because as principal of Plumpton High School he saw a problem that we have: teenage pregnancy. He did not say it was the responsibility of DOCS, or of the federal government or anyone else. All he wanted was to do something about it. He
developed innovative programs at Plumpton High School. There has been a documentary about Plumpton High School, *Plumpton High Babies*. You have probably seen it, Mr Deputy Speaker, and been moved—like everyone else who has seen it—by the courage of these students and the inspiration of the principal and those who work with him in wanting to provide hope and opportunity for these young girls so they can continue their education.

What did someone with a proven track record of assistance in this area—for students not only in his high school but also in other high schools—say? He is on the public record. I quote from the *Australian* of Friday, 14 May 2004:

Glenn Sargeant, principal of Plumpton High, a school in Sydney’s outer west that runs a special program for teen mothers who want to complete their education, believes the Howard Government’s baby bonus is too much money to hand out as a lump sum to young people inexperienced with budgeting.

Mr Deputy Speaker, I have to tell you what people were saying about this bonus, this initiative in the budget, when I went home to my electorate: ‘We don’t like it. We don’t like the impact it may have on teenage pregnancies.’

I am grateful to the Prime Minister for answering my question and I am grateful for the seriousness with which he took it, but I fundamentally disagree with his analysis. With the Howard government’s budget, we are sending a market signal to young people that this is a way of getting $3,000 up front. For people in my electorate and a lot of other electorates, that is temptation. It is correct to say that we have a lot to celebrate in this country with the declining number of teenage mothers. There were 55.5 births per thousand women in 1971 and 17.1 in 2001. Our teenage birth rate in 1998 was 18.1; in the United States it was 51.1; in New Zealand it was 29.8; and in the UK it was 29.7. We are doing well. But why should we have a coalition government policy sending a market signal to teenage women that, if you get pregnant, you get a lump sum of $3,000 from the government?

What is the opposition’s approach? We are spreading it over 14 payments; there is no lump sum. What did Glenn Sargeant, this champion in my electorate, have to say about Labor’s plan? He is quoted as saying that Labor’s plan to give mothers a baby care payment over a minimum of 14 weeks is ‘a bit more sensible’. He goes on to say:

You put $3000 in anybody’s hands who’s not used to having any money whatsoever, well it’s a big risk ...

It is not a risk that the minister who spoke on the MPI can see, it is not a risk that the Prime Minister can see—but it is a risk that can be seen by ordinary people in my electorate and I suspect in yours, Mr Deputy Speaker, and in the electorates of my colleagues; they can also see how superior Labor’s proposals are.

The minister spent a lot of time saying how wonderful the family tax system is for Australia. The shadow minister is out in the electorates of Parramatta, Greenway and Lindsay—he has even found time to come into my electorate, which I particularly appreciate—talking to families in Western Sydney, while this government takes them for granted. In my electorate, since 2000-01, family debts have increased by 400 per cent. That is phenomenal.

In 2001, families in my electorate owed $5.6 million to Centrelink. In 2002, it was $5.4 million, and it was a little less in 2002-03—$3.7 million. Families owe Centrelink this amount of money. What a tragedy. These are struggling families, bringing up children and trying to balance household budgets, who are taking advantage of a government
system that leads them into debt. It does not help them but leads them into debt. No wonder there is so much cynicism about the $600 payment and the spend of $6 billion before the end of this financial year.

The minister, in relation to Centrelink, is trying to change the provision of services. In fact, he attacked me and the shadow minister because we said that you cannot lodge an application at Centrelink in St Marys. Foolishly, what did we take as evidence of this? We took a public notice by the manager of Centrelink in St Marys. It said that St Marys is not going to be a centre of excellence—it is going to be Penrith or Mount Druitt. It is an absurd situation that, if clients of Centrelink want to lodge a family payment or a parenting payment, or apply for aged care, a disability pension, a carers payment or a low-income card, they cannot lodge it at St Marys. The manager is running around saying, ‘We’ll put them in a car and ferry them to Penrith.’ I wonder whether they are covered by insurance in the award for such an undertaking? I applaud the public spirit, but Mr Anthony now says, ‘You can lodge it at St Marys. The trouble is that it will not be processed as fast as it will be if you lodge it at Penrith or Mount Druitt.’ Why should we have some second-class Centrelink offices? Why should citizens not be treated equally in relation to their local Centrelink offices? Centrelink is becoming, as the shadow minister said, ‘Shrinkalink’—fewer services and you have to go further if you want to apply for them.

In the time I have left—I regret that the minister is not here to respond, but I am sure the member for Petrie will—I have to say that I looked at this taxation cut, which the minister referred to, for those people earning more than $52,000 a year. I wondered how many people would benefit in my electorate. My electorate is ranked No. 76 in terms of median family income. That means 50 per cent of the electorates are ranked below mine. Ninety-three per cent of families in my electorate get absolutely nothing out of the tax cut—absolutely nothing. My electorate ranked No. 76. Mr Anthony’s electorate is ranked No. 4. The member for Petrie’s electorate is ranked below mine. Perhaps she will tell the House what percentage of her constituents will not be receiving this benefit. In Chifley, it is 93 per cent. Other seats that are affected, which are ranked lower than mine, include New England, Parkes, Eden-Monaro, Riverina, Calare and Dobell. There is a whole raft of electorates where more than 93 per cent of people will not be receiving a zack—including your electorate, Mr Deputy Speaker Causley. No doubt you will put out a press release about it. Last but not least, every picture tells a story. Regarding that seminal report, where was a dollar in the budget for those families? (Time expired)

Ms GAMBARO (Petrie) (4.11 p.m.)—What extraordinary rantings and ravings by both the member for Lilley and the member for Chifley. The member for Lilley has an electorate adjoining mine. Quite often I will go to functions and will see the member for Lilley slipping and sliding in and out of the functions, which he does very well. He has developed that into an art form. Once a year, he has a family day in one of the parks in his electorate to celebrate families, and occasionally he has sausage sizzles around the electorate as well. It is going to take more than a sausage sizzle from the member for Lilley to convince Australian families that the Labor Party has something consistent which is of value to them.

The member for Lilley ranted and raved today about our package being a smelly bag of fish. I want to correct him on that. I know all about fish. I can tell the member for Lilley that fresh fish do not smell, and this package is a very fresh package indeed, so he should not go making statements about all
fish being smelly. He also talked about the government being poll driven. The only people who are poll driven and desperate are those on the opposite side of this House. Quite often the member for Lilley gets these wonderful submissions, which he claims are cabinet submissions, talking about what the government should have done. One difference between this government and the opposition is that we allocate things and provide programs when we do have the money for them.

The member for Lilley also mentioned that this government has no soul or sense of community. I will outline some community packages and some of the things we have done in this budget to introduce things, like strengthening family packages, that have never been done by the Labor Party. Another difference between those of us on this side of the House and those on the opposite side is that the only people who are putting financial pressure on families, who will continue to do so if ever elected and who did so in the past are those in the Labor Party. I refer to the highest rates of tax that were ever paid by families and the highest rates of unemployment and inflation that this country has ever seen, which put day-to-day pressure on families when the Labor Party were in office. Perhaps we should talk about that.

The member for Lilley also mentioned that this government has no soul or sense of community. I will outline some community packages and some of the things we have done in this budget to introduce things, like strengthening family packages, that have never been done by the Labor Party. Another difference between those of us on this side of the House and those on the opposite side is that the only people who are putting financial pressure on families, who will continue to do so if ever elected and who did so in the past are those in the Labor Party. I refer to the highest rates of tax that were ever paid by families and the highest rates of unemployment and inflation that this country has ever seen, which put day-to-day pressure on families when the Labor Party were in office. Perhaps we should talk about that.

The member for Chifley’s contribution was absolutely extraordinary. While I do feel for pregnant teenagers, teenage pregnancies will not suddenly escalate because of what this government has done. There has always been a problem with teenage pregnancy but, as the Prime Minister said earlier today, that has been reduced to two per cent. The member for Chifley also insulted the intelligence of Australian families, as did the member for Lilley, by saying that they cannot manage their finances and a one-off payment of $3,000. Every family in this country is different, and every family has a different financial situation. The arrival of a firstborn child is a very expensive time for any family. There are cots and other equipment to buy and huge up-front expenses. To say that families cannot manage a one-off payment is well and truly insulting. There may be some families who choose to put it into an account and draw on it over a 14-week period—I think the member for Chifley said that their policy advocated a 14-week period—but to say that the families of Australia cannot budget and manage the $3,000 and look at it in a responsible way is highly insulting.

I want to talk about what we have done in this budget. It is the most family friendly budget in this country. It has increased the eligibility of more families for benefits and the range and scale of those benefits. It has helped the children of those families to study at school under safe supervision and to remain in higher education without disadvantaging their families. It has also helped, through such benefits and the resulting savings, those families to buy their own homes and to secure their futures by providing $19.2 billion over five years. That is the largest package of assistance ever delivered by an Australian government, and the member for Lilley knows that full well. An important family tax benefit is uncapped, and all families that are entitled to the family tax benefit receive those benefits.

Over two million Australian families, with 3.5 million children, will benefit from those changes to the family tax benefit system. It will help families with the cost of raising children, improve rewards from work and will help balance work and family responsibilities. It is not just simply a cold, hard cash economic benefit to families; it is about quality of life and it is about, in flesh and blood terms, what it means to husbands, wives, working parents and their children. When we think about families we think about enhanced family relationships, and there is no
price that can be put on the enhancement of family relationships. Think of what it will mean to every member of a family whose wife or mother can return to work more easily, with no tax disadvantage, and, indeed, with a family tax incentive. Australians can be quite secure and comforted in the knowledge that we have also provided 44,000 new child-care places, including 4,000 new family day care places. Can anyone put a purely financial value on that? As a working mother, I think that they cannot. It is something that only a working parent can fully understand.

The member for Lilley asked what this budget has done to improve the situation of families. In answer to that, the budget builds on the significant reforms that we have undertaken, particularly in assistance in the new tax system in 2000 and the family tax initiative announced in 1996. There will be two million eligible families that will receive the one-off payment of $600 per child for family tax benefit A, and other eligible children, before 30 June 2004. In 2004-05, there will also be an ongoing family tax benefit A supplement of $600 per child which will increase the base and maximum rates of family tax benefit A. This will mean that every family currently eligible for family tax benefit will be $600 better off per child per year. This will help families with their financial positions, increase spending on family assistance and widen the eligibility for family tax benefit A so that more families will receive assistance. More than two-thirds of families already get that top-up payment and they will receive their correct entitlement. So these families will receive an extra $600 paid in full. The latest figures for the March quarter 2004, for the 2002-03 income year, show that the average value of top-up payments is $848, up by $63 on the previous quarter.

This range of measures that we have introduced in this budget will ensure that families are much better off in terms of effective marginal tax rates. Under the Howard government, these same families face an effective marginal tax rate of 50 per cent, which is a reduction of 40 per cent on what they were under previous Labor governments. The package will also ensure that there will be rewards, especially for low- and middle-income families and they will result in a taper rate, moving down from 30 per cent to 20 per cent, meaning more families will be able to keep their assistance as family earnings increase. The member for Lilley mentioned effective marginal tax rates. A study by the National Centre for Social and Economic Modelling found that only eight per cent of people faced an effective marginal tax rate of more than 60 per cent. It is important that we put that on the record. Seven out of 10 of 7.8 million taxpayers face an effective marginal tax rate of 40 per cent.

The government is also working on streamlining and simplifying the family assistance forms and communication to reduce the likelihood of overpayments. These new forms will be available from the new financial year on 1 July. This government recognises that not all Australian families are one size fits all. They are not standardised, factory built, conveyor belt units, identical in shape, size and need—and I see the Minister for Industry, Tourism and Resources is in the House. Families are different. They are made up of different combinations. They are not all made up of two adults and a standardised number of children. This package has delivered some outstanding benefits for working families. It has provided $125 million over five years for 40,000 outside school hours places. It provides the support needed to continue to help and grow families, and it also encourages families to balance their work and family commitments. The tax arrangements that we have put in place and the family tax benefits ensure that they will be much
better off than they have been at any other time.

The Deputy Speaker (Hon. I.R. Causley)—Order! The discussion is now concluded.

MEDICAL INDEMNITY LEGISLATION AMENDMENT (RUN-OFF COVER INDEMNITY AND OTHER MEASURES) BILL 2004

Report from Main Committee

Bill returned from Main Committee with amendments, appropriation message having been reported; certified copy of the bill and schedule of amendments presented.

Ordered that the bill be considered forthwith.

Main Committee’s amendments—

(1) Clause 2, page 3 (after table item 13), insert:

13A. Immediately January 2003

Schedule 6, item 1A

Immediately after the commencement of the Medical Indemnity Act 2002.

(2) Schedule 6, page 51 (after line 12), after item 1, insert:

1A Paragraph 30(1)(d)

After “practitioner”, insert “, or becomes aware of the incident”.

The Deputy Speaker (Hon. I.R. Causley)—The question is that the amendments be agreed to.

Question agreed to.

Bill, as amended, agreed to.

Third Reading

Mr Ian Macfarlane (Groom—Minister for Industry, Tourism and Resources) (4.21 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

MEDICAL INDEMNITY (RUN-OFF COVER SUPPORT PAYMENT) BILL 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

Mr Ian Macfarlane (Groom—Minister for Industry, Tourism and Resources) (4.23 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

INDUSTRIAL CHEMICALS (NOTIFICATION AND ASSESSMENT) AMENDMENT (LOW REGULATORY CONCERN CHEMICALS) BILL 2004

Report from Main Committee

Bill returned from Main Committee without amendment, appropriation message having been reported; certified copy of the bill presented.

Ordered that this bill be considered forthwith.

Bill agreed to.

Third Reading

Mr Ian Macfarlane (Groom—Minister for Industry, Tourism and Resources) (4.24 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.
TOURISM AUSTRALIA BILL 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
Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (4.25 p.m.)—by leave—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

TOURISM AUSTRALIA (REPEAL AND TRANSITIONAL PROVISIONS) BILL 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
Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (4.25 p.m.)—by leave—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

COMMITTEES
Public Works Committee
Report
Mrs MOYLAN (Pearce) (4.26 p.m.)—On behalf of the Parliamentary Standing Committee on Public Works I present the first report for 2004 of the committee, relating to site remediation and construction of infrastructure for the defence site at Randwick Barracks, Sydney, interim works.
Ordered that the report be printed.
Mrs MOYLAN—by leave—This work was referred to the committee on 12 December 2002 and comprised the staged remediation and preparation for residential sale of eight parcels of land at the Randwick Barracks site. The need for the work arose from the reform of Defence’s logistics and supply functions, which resulted in the closure of the former Navy stores complex at Randwick Barracks. Defence decided to prepare the surplus portion of the Randwick Barracks site for sale and eventual residential redevelopment. The total estimated cost of the proposed redevelopment was $85.4 million. It was anticipated that the works would commence in June 2003 and would be completed in 2006.

In November 2002, Defence requested committee approval for the remediation of stage 1A of the disposal area to proceed prior to consideration of the remainder of the project. Early approval of this project element was sought so that Defence might meet its 2002-03 revenue targets. The committee examined the particulars of the stage 1A works, estimated to cost $4.6 million, and granted approval on the understanding that the remainder of the project would be subject to a full inquiry in 2003.

A public hearing into the remainder of the works was scheduled for April 2003 but was cancelled at Defence’s request. The committee later learned that the cancellation occurred because Defence wished to refine the scope of the project and to re-examine financing and project delivery arrangements. In order to receive planning approval from the Randwick City Council, Defence undertook to meet certain timing and project specifications with respect to the site, including: construction of a new community facility.
and handover, free of charge, to council by November 2003; a plan of management and bushland regeneration plan for the Randwick environmental park; embellishment of the Randwick environmental park to a cost of $1 million by November 2003; construction of an Army oval prior to the development of any land relying upon the oval’s stormwater retention function; and remediation of the property to a level suitable for future residential use.

In October 2003, the committee was concerned to learn that Defence had commenced three interim works projects at Randwick Barracks in order to satisfy commitments made to the council. According to Defence, these interim works comprised the community facility and Randwick environmental park, estimated to cost $4.75 million; the temporary relocation of 9th Support Battalion and associated rationalisation of the retained portion of Randwick Barracks, at a cost of $0.5 million; and preparation for sale of stage 1B and parts of stages 5 and 6, costing at $3.5 million.

The committee noted that these works had been included in the referral made in December 2002 and, under the provisions of the Public Works Committee Act 1969, should not have been commenced prior to completion of the committee’s inquiry into the proposal. The committee therefore requested that Defence cease works at the site and ordered that a public hearing be conducted at the earliest opportunity.

The public hearing held at Randwick on 12 March 2004 generated considerable local interest. In addition to the procedural issues addressed by the committee, members of the public raised concerns relating to the level and extent of contamination at the site and the execution, monitoring and certification of remediation works. At the hearing, the committee was assured that the level of contamination at the site was relatively low. In response to public concerns, however, the committee recommended that a map showing the level and extent of contamination throughout the site be made readily available on the project webpage.

A great deal of the written and verbal evidence presented to the inquiry dealt with the remediation of the site, particularly in relation to the removal of asbestos from soil. The committee comprehensively questioned Defence and the state government accredited site auditor on the level to which the site will be remediated, the development of the remediation methodology, the deployment of leading edge remediation techniques, the advantage or otherwise of staged versus whole-of-site remediation, the relative merits of on-site and off-site remediation, and the actual execution of the remediation works.

Having reviewed the evidence presented, the committee was satisfied that the site could be remediated to a level fit for residential purposes using the proposed methodology. However, members were concerned to learn of the existence of a regulatory gap between the role of the site auditor, who signs off on the completed works, and the role of the local council and the state Environment Protection Authority, who control what works will be undertaken at the site. In order to ensure appropriate monitoring of remediation works as they proceed, the committee recommended that an appropriate regulatory body be given responsibility for monitoring the execution of contamination remediation works to ensure that proper health, safety and environmental controls are exercised. The committee will seek to ensure that this recommendation is placed on the agenda for the next meeting of state and federal environment ministers.

It is usual for reports of the Public Works Committee to conclude with a recommenda-
tion that the works under investigation proceed at the estimated cost. On this occasion, the committee takes the view that such a recommendation would be redundant as the interim works described by Defence have already commenced. The committee does, however, recommend that the remaining portion of the Randwick Barracks site remediation and infrastructure works be subject to a thorough investigation by the committee at the earliest opportunity and prior to the commencement of any further work elements.

Mr Deputy Speaker Jenkins, I wish to thank the many people—including you—who assisted the committee during the course of its inspection and public hearing at Randwick, my fellow committee members and the secretariat staff. I commend the report to the House.

BUSINESS
Rearrangement

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (4.33 p.m.)—by leave—I move:

That orders of the day Nos 3 and 4, government business, be postponed until a later hour this day.

Question agreed to.

COMMITTEES
Public Works Committee
Reference

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (4.33 p.m.)—I move:

That, in accordance with the provisions of the Public Works Committee Act 1969, the following proposed works be referred to the Parliamentary Standing Committee on Public Works for consideration and report: Proposed refurbishment of ANZAC Park East and ANZAC Park West Buildings and fit-out of ANZAC Park West Building, Parkes, ACT.

The Department of Finance and Administration proposes to refurbish the Anzac Park East and Anzac Park West buildings, Parkes, in the Australian Capital Territory. Additionally, the Australian Federal Police proposes to undertake a fit-out of Anzac Park West, within the base building prepared by the Department of Finance and Administration.

Anzac Park East and West are two vacant heritage-listed office buildings located within the parliamentary triangle. They were constructed in the mid-1960s and are listed on the Register of the National Estate as portal buildings along the land axis between Parliament House and the Australian War Memorial. These buildings have been ‘mothballed’ since 1999 and are not tenantable in their current condition. Due to the current state of the buildings, it is necessary to undertake a substantial refurbishment to enable them to meet the contemporary office needs of Australian government agencies and current occupational health and safety standards.

To allow the Commonwealth to better utilise the buildings and assist in preserving their heritage value, the Department of Finance and Administration proposes to refurbish the buildings and lease them to Australian government agencies, with the Commonwealth retaining possession. Historically, buildings in the parliamentary triangle have been retained in Commonwealth ownership. Best heritage management practice supports the ongoing occupation of heritage assets where the use is compatible with the heritage values. If these buildings were left in their current state, they would continue to deteriorate. Refurbishing the buildings so that they can be tenanted will enhance their aesthetic appeal and ensure that they are properly maintained in the long term.

The proposed refurbishment for each building will consist of demolition of inter-
nal partition walls, ceilings, floor finishes and building services; refurbishment of internal walls, ceilings, toilets and stairs; installation of new building services comprising air conditioning, fire, electrical, communications and lifts; and construction of a two-storey entry to link the existing lobbies. The interior fit-out of the buildings will not be undertaken by the Department of Finance and Administration and will be the responsibility of future tenants. This provides flexibility to tenants to fit out the building to best meet their needs. The Australian Federal Police has signed a heads of agreement to lease Anzac Park West. This agreement requires the north facade of block B to be extended to provide additional floor space. High-level negotiations are under way to secure a tenant for Anzac Park East.

The need for the proposed new Australian Federal Police lease is driven by the long-term accommodation objective of locating the Australian Federal Police headquarters functions into a single location, the desire to achieve property savings and increases in operational efficiency, the need to improve security treatments to reflect the current and anticipated threat risk profile for the Australian Federal Police, and the major existing accommodation leases commencing to expire next year.

The refurbished and extended Australian Federal Police premises will comprise office accommodation of approximately 15,000 square metres, taking up both wings of Anzac Park West, fit-out of approximately 540 square metres of the West Cafeteria for use as determined by the Australian Federal Police, a total of 150 secure car parks for operational vehicles, a total of 150 tenant exclusive car parks, an unauthorised vehicle exclusion zone round the perimeter of the building, an intruder resistant fence to the side and back of the building, and a drop-off zone for staff, couriers and taxis on Constitution Avenue.

The construction of the refurbishment works and the fit-out works will generate an average employment on site of 125 during the construction period, with a peak on-site labour requirement of 220. The local construction industry has the capacity to provide the required labour without generating shortages. Subject to parliamentary approval, works are planned to commence late this year on the refurbishment of the buildings and the fit-out of Anzac Park West. Completion and occupancy of Anzac Park West by the Australian Federal Police is planned for July 2006.

Completion and occupancy of Anzac Park East is planned for June 2007. Commencement of works on Anzac Park East is contingent on securing an Australian government tenant.

The estimated out-turn cost of the refurbishment of the Anzac Park East and Anzac Park West buildings is $83.7 million, including construction and other related elements such as consultant fees, project management and supervision. The estimated out-turn cost of the Australian Federal Police fit-out of Anzac Park West is $22 million, including construction and other related elements such as consultant fees, project management and supervision.

I commend the motion to the House. Question agreed to.

Public Works Committee
Reference

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (4.39 p.m.)—I move:

That, in accordance with the provisions of the Public Works Committee Act 1969, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: Proposed development of land...
at Lee Point, in Darwin, for Defence and private housing.

The Defence Housing Authority proposes to form a joint venture with a private company to develop the former Defence site at Lee Point in Darwin to provide serviced residential allotments.

The role of the Defence Housing Authority is to provide suitable housing to meet the operational needs of the Australian Defence Force and the requirements of the Department of Defence. The Defence Housing Authority satisfies Defence accommodation requirements by a mixture of construction off base with a view to retaining the properties or selling them with a lease attached, construction on base to accord with Defence operational or policy requirements and/or if such construction is the most cost-effective for all concerned, direct purchase with a view to retaining the properties or selling them with a lease attached and direct lease from the private rental market. In locations where there is a high level of Defence demand, constructed housing delivered through bulk procurement contracts is the most effective provisioning option because plans can be geared to Defence requirements.

The former Defence site at Lee Point is located some 16 kilometres from the Darwin central business district and around 1.6 kilometres from the Casuarina Shopping Square, which is the commercial hub of the northern suburbs of Darwin. The Royal Darwin Hospital adjoins the site to the west. The site is vacant, with no buildings or formal internal road networks. It has, however, experienced a significant level of disturbance associated with past land uses, resulting in the presence of access tracks, rubbish and areas of fill.

The joint venture will undertake external sewerage, drainage, power, road and water supply works required by the Northern Territory government. Internal services and the construction of roads, recreational areas, cycle paths and walkways will also be provided. The land is expected to provide more than 700 serviced allotments for both defence and civilian residents. The Defence Housing Authority will purchase at least 300 lots dispersed throughout the development, with the remainder being sold commercially. The planned dwelling density will be consistent with a quality living environment appropriate to the tropics.

The Department of Defence, including the Defence Housing Authority, is an important contributor to the economic growth of the Northern Territory. This proposal will have an immediate positive effect on the local economy during the construction period, both on and off site.

The honourable member for Solomon has been a particularly strong supporter of this project. He has long agitated for this project to come to fruition. He is well aware, as an effective local member, of the importance of this project and the way that this will benefit the local economy. The honourable member for Solomon sought time to be able to speak on this debate in the chamber to support the proposal. However, owing to the constraints of time currently before the chamber he has been advised that it is not possible for him to speak. But he did ask me to stress his support for the project and the fact that he would have liked to have had the opportunity to speak on this particular motion to indicate the benefits that will flow through to the constituents of the electorate of Solomon as a result of the bringing to fruition of the project currently before the chamber.

The estimated out-turn cost of the proposal is some $40 million, which includes headwork charges, civil works and contingency and professional fees. It does not include the cost of the land or cost of sales. Capital is expected to be contributed on an
equal basis by the Defence Housing Authority and its private sector partner. Development profits will be shared between the joint venture partners. Subject to parliamentary and Defence Housing Authority board approval, the works program is planned to commence in February 2005.

I commend the motion to the House.

Question agreed to.

AGE DISCRIMINATION BILL 2003
Consideration of Senate Message
Consideration resumed from 30 March.

Senate’s amendments—
(1) Clause 5, page 4 (after line 12), after the definition of age, insert:

associate of a person means:
(a) any person with whom a person associates, whether socially or in business or commerce, or otherwise; and
(b) any person who is wholly or mainly dependent on, or a member of the household of, a person.

(2) Clause 5, page 5 (line 12), at the end of the definition of employment, add:

; and (e) unpaid work.

(3) Clause 5, page 6 (after line 3), after the definition of public authority of the Commonwealth, insert:

relative of a person means any person to whom a person is related by blood, marriage, affinity or adoption.

(4) Clause 6, page 6 (lines 21 to 26), omit the clause.

(5) Clause 14, page 13 (lines 4 to 17), omit the clause, substitute:

14 Discrimination on the ground of age—direct discrimination

For the purposes of this Act, a person (the discriminator) discriminates against another person (the aggrieved person) on the ground of the age of the aggrieved person or the age of a relative or associate of the aggrieved person if:

(a) the discriminator harasses, or treats or proposes to treat the aggrieved person less favourably than, in circumstances that are the same or are not materially different, the discriminator treats or would treat a person of a different age or who does not have a relative or associate who is of that age or age group; and

(b) the discriminator does so because of:

(i) the age of the aggrieved person or the age of a relative or associate of the aggrieved person; or

(ii) a characteristic that appertains generally to persons of the age of the aggrieved person or the age of a relative or associate of the aggrieved person; or

(iii) a characteristic that is generally imputed to persons of the age of the aggrieved person or the age of a relative or associate of the aggrieved person.

(6) Clause 15, page 13 (lines 19 to 28), omit subclause (1), substitute:

(1) For the purposes of this Act, a person (the discriminator) discriminates against another person (the aggrieved person) on the ground of the age of the aggrieved person or the age of a relative or associate of the aggrieved person if:

(a) the discriminator imposes, or proposes to impose, a condition, requirement or practice; and

(b) the condition, requirement or practice is not reasonable in the circumstances; and
The Age Discrimination Bill 2003 delivers one of the government’s major election commitments. It is the first legislation in the world to take as its central focus the prohibition of age discrimination. Age discrimination is clearly a problem for both younger and older Australians. In relation to older Australians in particular, many recent reports have emphasised the negative consequences of age discrimination on the wellbeing of older Australians and the broader consequences for the community. This problem will only become worse as Australia’s population ages if the government does not act to address this issue.

The Age Discrimination Bill 2003 is a significant mechanism for changing people’s attitudes about young and older people in society and for eliminating age discrimination. The bill prohibits discrimination on the basis of age in key areas of public life. This includes employment, education, and access to goods and services and facilities. The bill also provides a balanced package of exemptions. These include exemptions for superannuation, insurance, credit, pensions, allowances and benefits and for acts done in compliance with particular laws, awards and agreements.

I must express the government’s disappointment with the amendments that have been moved to this bill by the opposition and the Democrats in the Senate. The amendments are moved, in our view, unnecessarily and will compromise the effectiveness of the bill. The government’s concerns about the Senate’s amendments are set out in a statement of reasons, which I will later table, for not accepting these amendments. I will briefly outline these concerns.

The amendments dealing with relatives and associates—amendments (1), (3) and (6)—would amend the bill to apply to discrimination against a person on the basis of age of a relative or associate, not just the person’s own age. The government opposes these amendments. Where a parent is concerned about discrimination against a child, a complaint can be made directly on behalf of the child. Where the issue is one of family responsibility—for instance, a parent taking time off work to care for a child—this is a different issue to age discrimination and is governed by the Sex Discrimination Act, the Workplace Relations Act and relevant awards and workplace agreements.

Amendment (2), dealing with unpaid work, would extend the prohibition in the bill on age discrimination in employment to apply to unpaid work. The government opposes this amendment because it opposes overregulating the voluntary sector. Interest-
ingly, the bill mirrors the Sex Discrimination Act and the Disability Discrimination Act, which prohibit discrimination in employment but not in unpaid work.

Amendment (4) deals with the interaction between age and disability discrimination. This Senate amendment would remove the provision that provides that discrimination that is both age and disability discrimination is to be dealt with under the Disability Discrimination Act. The government opposes the amendment because it is desirable that there be certainty for all concerned as to which law applies in these circumstances.

Amendment (5) deals with harassment. This amendment would extend the bill to apply to discrimination against a person on the basis of the age of a relative or associate. I have already given reasons as to why the government opposes amendments in the context of amendments (1), (3) and (6). Senate amendment (5) would also prohibit harassment on the basis of age. The government opposes the amendment because it is unnecessary. Harassment is covered where it amounts to direct discrimination. Furthermore, the approach under the bill is consistent with the state and Australian Capital Territory approach in having provisions based on sexual harassment but not age harassment.

The dominant reason test is dealt with in amendment (7). Amendment (7) proposes to remove the requirement that the discrimination be the dominant reason for it. The government opposes this amendment because the dominant reason test is a more flexible approach that allows age to be taken into account where appropriate. This test will allow the focus to be on attitudinal change and not on complaints and conflict.

The positive discrimination exemption is dealt with in amendments (8) and (9). Amendments (8) and (9) would confine positive discrimination provisions in the bill to provide that positive discrimination must be on reasonable grounds. The government opposes the amendments because they are unnecessary. The provision only allows positive discrimination that is consistent with the purposes of the act, and positive discrimination with no reasonable basis would not be.

The strong support for the government’s age discrimination legislation from business and community groups and from individuals throughout Australia is testament to the demand for this legislation. It will have broad positive effects on the economy and the achievement of social policy objectives. It will complement the government’s wider priority to encourage Australians to stay in the workforce. A tolerant workplace which promotes diversity will lead to a more productive business environment. The community, particularly older and younger Australians, will benefit from the proposed age discrimination legislation. The community will also benefit from the Human Rights and Equal Opportunity Commission’s enhanced role in promoting community awareness and attitudinal change as well as its role in conciliating age discrimination complaints.

The government’s age discrimination legislation complements the government’s other major strategies for managing Australia’s ageing population. These include the National Strategy for an Ageing Australia, the Treasurer’s Intergenerational Report and the Treasurer’s policy paper of 25 February 2004 outlining measures to increase the accessibility, flexibility and integrity of the retirement income system. The Age Discrimination Bill is integral to the government’s strategy for addressing issues associated with the changing demographics of Australia. For that reason, I commend this motion to the House.

Ms ROXON (Gellibrand) (4.52 p.m.)—I want to speak on the return of this message.
from the Senate, because Labor supports the amendments to the *Age Discrimination Bill 2003* that were moved in the other place and which the government have now indicated they will be rejecting. I want to speak specifically about two important areas the opposition have put forward. We believe it is important to introduce age as a ground for discrimination and to ensure that discrimination against young and old Australians is prohibited. But we do not believe this is less important than other areas and we do not believe that a weaker standard should apply in age discrimination than applies in sex discrimination, race discrimination and disability discrimination.

It is really quite wrong for the Attorney-General to suggest that a dominant purpose test will introduce a more flexible arrangement. That is the most extraordinary way of explaining what this bill will do. What it is introducing—as the Attorney well knows—is a weaker test for age discrimination than applies in the states and than applies for other forms of discrimination in Commonwealth legislation. If the government really wants to go out to older Australians and say it is interested in protecting their rights—for example, in the workplace—then how will it explain to those same older Australians that they deserve a lesser level of protection than women in the workplace and people who do not want to be discriminated against on race or other grounds?

We believe there should be a robust test so that, if you are being discriminated against on the grounds of being younger or older, you would be protected by this act. We are most concerned that the government has refused to pick up our amendment that harassment also be included in this bill. It is very important. It is an issue for younger workers and older workers. I use work and employment as the primary example because we know that people in their first job often get harassed. We have a growing number of reports that older workers are humiliated, embarrassed and abused in their workplaces—sometimes to a level that would not constitute discrimination but would constitute harassment.

I think it is extraordinary that the Attorney is not prepared to accept these amendments, which have been made constructively to ensure that, when we introduce measures on age discrimination in Australia, we do it properly and we have strong provisions that will protect those in our community who would be treated unfairly on the grounds of age. There is no reason to introduce a piece of legislation that is weaker than necessary. The government is obviously rushing to deliver on an election promise that it has been dragging its feet on, but it is not delivering in substance by refusing to make sure we have appropriate standards, tests and grounds included in the legislation.

This is particularly surprising, given the Prime Minister’s and Treasurer’s recent comments that they wanted to encourage employers to offer employment for older Australians. In fact, the Prime Minister was quoted in the media as saying that he would take all efforts to change antidiscrimination laws if people were prohibited from advertising for older Australians. He did not realise that no age discrimination was in place and that at that time the government had not delivered on its commitment to introduce legislation. But he sees it working in reverse. I hope the Attorney is going to inform his Prime Minister that, by passing this bill in the form the government wants, a weaker standard will apply to older Australians than in all other forms of discrimination and grounds for discrimination.

Surely the message we should be sending to older and younger Australians is that they deserve respectful treatment in our commu-
nity and that they should be judged on merit, not age. If we introduce this legislation in its current form it will be weaker than necessary. Labor insists on the amendments that have been made in the Senate. We believe that we should do all in our power to introduce in this country the best age discrimination legislation possible and not the weakest legislation, which is what the government is proposing.

Mr STEPHEN SMITH (Perth) (4.57 p.m.)—I wish to speak briefly this afternoon to associate myself with the remarks made by my colleague the shadow Attorney-General and in my capacity as acting shadow minister for ageing and seniors. Members would be aware that Annette Ellis, the member for Canberra and shadow minister for ageing and seniors, is currently on leave of absence. One of the points the member for Canberra made in her speech on the second reading speech of the Age Discrimination Bill 2003 in November 2003 was about amendment (7), which the government insists be rejected. This amendment would have the effect of ensuring that this antidiscrimination legislation is of a comparable standard to other Commonwealth, state and territory antidiscrimination legislation to ensure that, if an act is done for more than one purpose, establishing that age is the dominant reason for the doing of the act is not required. This is the point that my colleague has made.

In his remarks in respect of amendment (7), the Attorney-General put forward no reason—compelling or otherwise—why this standard in the act should not be the same as we find in comparable pieces of legislation. The amendment from the Senate, which was supported by Labor in this place in November 2003 and which the Senate urges us to adopt—and which we should adopt—simply says:

If:

(a) an act is done for 2 or more reasons; and
(b) one of the reasons is the age of a person (whether or not it is the dominant reason for doing the act);

then, for the purposes of this Act, the act is taken to be done for that reason.

In other words, if you do it for more than one reason, provided that one of those reasons is the age of the person, then that is discrimination under the act and would be treated accordingly. The Attorney has not put forward to the House any reason—compelling or otherwise—that the House should adopt a dominant reason test for the purposes of this legislation. As the shadow Attorney-General has made clear, if the parliament does adopt a dominant reason test, then this piece of legislation will be much inferior to comparable antidiscrimination legislation enacted by this parliament and relevant pieces of legislation enacted by state and territory parliaments. I urge the House to reject the Attorney-General’s suggestion and support the amendments pressed upon us by the Senate.

Mr RUDDOCK (Berowra—Attorney-General) (5.00 p.m.)—I thank members for containing their remarks to these matters. In relation to the dominant reason test—there is more elaboration in the statement that I will shortly table—it is a question of judgment in these matters. We want to produce attitudinal change. We think that this legislation will do that. If you seek to broaden it in the way in which the opposition is intending, we believe that that is more likely to lead to a more combative approach in relation to these matters and to a greater number of approaches to HREOC with a view to having these matters examined and conciliated.

Our view is that we should see how the attitudinal change occurs. Over time, if people
believe that one needs to come back and look at it again, that could occur. This is early days in relation to legislation of this sort. We are seeking to produce less discrimination against older people, to create further opportunities and to encourage people to keep further opportunities for older people to be engaged in employment and to undertake other activities. We think the form in which the legislation is proposed will achieve that objective.

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

The House divided. [5.05 p.m.]
(The Deputy Speaker—Mr Jenkins)

**AYES**
Abbott, A.J.  Anderson, J.D.
Andren, P.J.  Andrews, K.J.
Anthony, L.J.  Bailey, F.E.
Baird, B.G.  Baldwin, R.C.
Barresi, P.A.  Bartlett, K.J.
Billson, B.F.  Bishop, B.K.
Bishop, J.I.  Cadman, A.G.
Cameron, R.A.  Cauley, I.R.
Ciobo, S.M.  Cobb, J.K.
Costello, P.H.  Downer, A.J.G.
Drapier, P.  Dutton, P.C.
Elsom, K.S.  Entsch, W.G.
Farmer, P.F.  Forrest, J.A. *
Gallus, C.A.  Gambare, T.
Gash, J.  Georgiou, P.
Haase, B.W.  Hardgrave, G.D.
Hawker, D.P.M.  Hockey, J.B.
Hull, K.E.  Hunt, G.A.
Johnson, M.A.  Jull, D.F.
Katter, R.C.  Kelly, J.M.
Kemp, D.A.  King, P.E.
Ley, S.P.  Lindsay, P.J.
Lloyd, J.E.  Macfarlane, I.E.
May, M.A.  McArthur, S. *
McGuigan, P.J.  Moyle, J.E.
Nairn, G. R.  Nelson, B.J.
Neville, P.C.  Panopoulos, S.

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

* denotes teller

Question agreed to.

Mr RUDDOCK (Berowra—Attorney-General) (5.10 p.m.)—I present the reasons for the House disagreeing to the Senate amendments and I move:
That the reasons be adopted.
Question agreed to.

**ASSENT**

Message from the Governor-General reported informing the House of assent to the following bills:

- Family Assistance Legislation Amendment (More Help for Families—Increased Payments) Bill 2004
- Family Assistance Legislation Amendment (More Help for Families—One-off Payments) Bill 2004
- Classification (Publications, Films and Computer Games) Amendment Bill 2004
- Law and Justice Legislation Amendment Bill 2004
- Veterans’ Entitlements Legislation Amendment (Electronic Delivery) Bill 2004

**SUPERANNUATION BUDGET MEASURES BILL 2004**

Second Reading
Debate resumed.

Ms BURKE (Chisholm) (5.12 p.m.)—I am pleased to rise and discuss the Superannuation Budget Measures Bill 2004 and the amendment before the House today. It is disappointing that we have waited so long to see some superannuation measures and that they are so inadequate. There is nothing in this bill that will assist low-income earners or people in their retirement. The extension of the copayment to low-income earners and the reduction in the superannuation surcharge does nothing to fix the problems in super. The Treasurer said, way back when, that his next big challenge after reforming the tax system—code for introducing the GST—was to tackle the mess that superannuation had unfortunately fallen into. He gave us the Intergenerational Report and then his great mantra, ‘Demography is destiny’, but no real fix or reform of superannuation.

Superannuation has become too complex. It has become bogged down in red tape and taxes. Instead of providing a solution to these problems, the government, in the budget, gives another tax cut to the wealthy—that is all it does—through the reduction in the superannuation surcharge and a promise to match savings for low-income earners. The promise to match savings is nothing more than a promise, because I am not sure of too many low-income earners who are going to find $1,000 to put away into their super fund. The ability to save even $1,000 on their income can sometimes be quite mind-boggling. I do not know how anyone earning an income of $28,000 and probably supporting a family, paying rent or paying a mortgage, is ever going to find $1,000 to put into superannuation, so neither of these measures will go any way to help those who need help with their retirement savings.

The answer, ‘Work till you drop,’ is no answer. The Treasurer has continually cited the case of a 55-year-old executive who could keep working in a less demanding role. Hello? How many people end up being executives? How many 55-year-olds still get to be in the workforce? I know of countless 45-pluses who have been consigned to the workforce scrapheap. They have been made redundant through a myriad of cost-cutting measures—get that all important share price up—and these individuals can never find a job again. We live in a bit of a sheltered workshop within this parliament, sometimes thinking that people over the age of 45 can get jobs because the average age of parliamentarians is 49, but the majority of people in the workforce do not get to be that age. There is a massive exodus of people over 40 from the workforce. This notion that you work till you drop is fantastic. It presupposes that you still have a job.

There is a wonderful organisation called 45-Plus that is located in the member for
Kooyong’s electorate. It has been trying to assist people—victims, I would say—of this work force backlash that says that at 45 you are on the redundant heap. It has had a terrific success rate without a cent of federal government funding to assist people who are 45-plus back into the work force. The Victorian state government has come to its aid, as has the local Boroondara council, but not this government. Not one red cent from this government, which is in fact responsible for employment issues, has gone to this terrific organisation. I call yet again on the government to reconsider the funding of 45-Plus, which does so much work for these people who just cannot find work.

The Treasurer’s notion that you can work till you drop is an absolute myth. Work till you drop is merely a handball. It is no real fix to super. So we do not need to fix super because everybody is just going to keep working. We do not need to worry about funding pensions. Nobody is going to need a pension because they are still going to be in the work force. The Treasurer’s own Inter-generational Report has made it clear that Australia, with a withering work force, does not have sufficient means to support the growing number of retirees into the future and their increasing demands on health and aged care services. I think the stats that I have been shown by various organisations say that by 2020 there will be more over-65s than under-65s in this country. There will not be the tax base to support people on pensions, but this government is doing nothing about it. It is saying, ‘Work till you drop,’ and it is doing nothing about it in the vital area of superannuation. This bill does nothing to assist us in ensuring that there is sufficient super for people to retire on.

So the government says: ‘Don’t let anyone retire. We can all just keep working.’ That is great if you have a job or one that does not demand physical fitness to continue in. What if you do not have a job or after years of hard yakka you need and deserve a rest? Treasurer, not all workers work in nice airconditioned offices where the most you have to carry is a ream of paper. A lot do tough manual work or are on their feet all day. Or take, as an example, a friend of mine, a pharmacist of many years who was held up at gunpoint just last Friday. She says that she does not think she will ever be able to go back to work again. It was a fairly traumatic experience, and it is something that happens to people quite often. Lots of things happen to people within their working lives that mean they can never work again. She is assessing whether she will be able to walk back into a pharmacy ever again, because she has been having quite a lot of nightmares about that experience.

The work force is a very different place to the one the Treasurer imagines, where everybody ends up being a chief executive or an executive by the age of 55. What of our great army of volunteers who are predominately retirees? How do you replace that work force who save the government billions of dollars each year through their efforts, if they are all continuing in the work force? How do you fill that gap? I do not know how you fill that gap. I certainly know that the volunteers in my electorate are predominantly made up of retirees. They are magnificent people. If they had to continue in the work force because they did not have super or a pension, I do not know how you would replace the thousands of hours of work they provide in ferrying people to hospital appointments, looking after children in need, running the myriad of op-shops that support the wonderful works of Rotary and Lions, and on and on it goes. How do you replace them if we all have to keep working?

This legislation does nothing to remedy the problem of retiree incomes—a problem the Treasurer knows exists. It does nothing to
help those most in need, and it does nothing to repair the problems with the current superannuation system. As John Piggott wrote in the *Financial Review* on Saturday, 22 May, this is ‘policy tinkering, not reform’. He said:

Population ageing has been on the political agenda now for more than a decade. The demographic facts are beyond serious dispute: there will be more growth in the retired population than in the number of people we currently regard as of working age. Workers will have more elderly to support—the current Australian age dependency ratio of 18 per cent will move to 35 per cent or higher in coming decades.

This must rank as a major demographic change. But there has been a recent tendency to suggest that economically this will not be a major adjustment after all. Perhaps this is why policy tinkering, rather than policy reform, has characterised the Australian approach to retirement policy over the past few years.

The interesting thing about that is that I do not know where there is the economic reform or the economic will to ensure that we have enough for retirement incomes and pensions. The *Intergenerational Report* quite clearly states that we will not. It quite clearly indicates that we will not have funds into the outer years to support all the programs that people in their older years need. It is just not there. So policy tinkering, not reform is exactly what we have before us today.

The co-contribution put up by the government is absolutely flawed, and everyone bar the Treasurer seems to know it. The fascinating thing about expanding this co-contribution and making it even better, according to the Treasurer, is that we have not had an experience of one year of this scheme being in place. So we do not even know to date how this scheme has fared. We do not know the take-up rate, we do not know how much money is going out, because we have not got to the end of the year to determine if it has been a success. If we do not know its efficiency or effectiveness, why have we expanded it already? It doesn’t have anything to do with an election coming up or anything, does it? We certainly know that it is flawed and so do most of the senior writers, senior economists and senior people working within the superannuation industry. I would like to quote from an article by Brian Toohey from the *West Australian*. He said:

The problem is that many people on low incomes don’t have a spare $1000. Yet the Budget papers assume that everyone gets the maximum possible extra subsidy. This looks good, but the Treasury does not believe everyone will get the maximum available co-contribution when it comes to calculating the cost of the new measure to the Budget.

The cost of $2.1 billion over four years is not trivial. But it is nothing like what it would cost if everyone qualified for the payment—as assumed in the 14 pages of examples.

But there is no bar to people being given the $1000 by a relative—or borrowing it. A number of super funds are offering loans of $1000 to attract the matching grant of $1500. Unless the fund performs really badly, that’s a pretty good deal.

If the idea catches on, it won’t be long before the cost to the Budget doubles or triples. Yes, you can probably borrow the money from someone—at 14 per cent if you are really lucky; maybe 24 per cent if you go to a loanshark—and end up having to pay more back to get a matching $1,500. That is what we are going to see happening. People are going to be lulled into these schemes when they hear someone say, ‘Get $1,000 off us and you’ll get $1,500 out of the government.’ But at what cost? That is the scary part. Another good example comes from Shauna Black in the *Advertiser*, who wrote:

Tower Trust manager of superannuation services Peter Burgess says the co-contribution can only be paid after you have filed your tax return to verify your income, your superannuation fund has filed its return to verify your contribution and the
government has decided into which fund it will pay your co-contribution.

Your superannuation fund must be able to accept personal contributions.

Mr Burgess points out that even those who earn too much to qualify may be able to contribute $1000 to a low-income spouse’s account so the spouse can get the benefit.

“In that way, it’s not means tested and many families will be able to use it,” he says.

That is right. Again, only the wealthy will benefit from this because only the wealthy might have $1,000 extra to put into the account of their low-income spouse. It is probably only the wealthy who will benefit from this, because there will be no means test to say, ‘If your partner earns well over the cut-off range, they don’t qualify so you don’t qualify.’ There is nothing in this that will assist low-income earners. There is nothing in this that will ensure there are savings into the future.

A fairly telling point is that it is the government that decides into which fund it goes, and your fund has to be able to take those dollars. A lot of funds exclude you putting in large lump sums. Also, if you are a defined benefit, there is absolutely no point putting money into that fund. So this is not for everyone. It will not work, and we do not even know how it is working yet we are expanding it.

Reducing the tax on the superannuation surcharge gives relief to four per cent of the workforce, to those on the highest salary—like us. So we are getting the double whammy. We get the tax cut and the superannuation surcharge reduction. That is obscene. We are not the people in the community who need assistance. The assistance is not going to those who need it most. Barbara Smith of onlinesuper summed it up well when she stated:

... these measures are ill-targeted in helping those in greatest need.

The budget also did nothing to address the small superannuation savings of many baby boomers, who only started off contributing the mandatory 3% of their income to super funds within the last decade or so when it became compulsory.

Much higher co-contributions are urgently needed for Australians over 50 so that they can build up significant savings in their remaining working years and ease the burden on government pensions when they retire. Even if they do qualify for the maximum co-payment, $1500 a year won’t make much difference to their super nest egg if they’ve only got a few years left in the workforce.

More importantly, we need an immediate reduction in the tax on super funds so they can grow to a size which will generate a sufficient retirement income stream, plus a reduction of taxes on complying superannuation pensions or annuities.

She summed it up well when she said:

... these measures are ill-targeted in helping those in greatest need.

The government has done nothing to stress the amount of savings you actually need to ensure you have a good retirement income. It has done nothing to assist the most important area—that is, the taxation burden on superannuation. For an effective measure to assist all, the government should follow the ALP’s lead and reduce the contributions tax. This has the greatest benefit for all—the greatest benefit across the spectrum of all income groups. Again, as the Australian Institute of Superannuation Trustees stated:

There is no relief on the contributions tax which is the biggest single charge on superannuation funds, and affects all members including the lowest paid. The government continues its tax take of 15% of all contributions.
The Budget provides some relief from the superannuation surcharge tax ... Again this measure assists the higher paid only.
Funds still have to deal with the high cost of administering the surcharge.

Despite industry advocacy, no measures were provided to encourage retirees in allocated pensions or income streams to re enter the work force by enabling their allocated pension or income stream to be stopped temporarily. This goes against the government’s stated objective of encouraging retirees to return to the work force to ease the burden on the age pension system.

Trustees want to see measures to improve the retirement savings of the entire work force, especially those, primarily women who have broken work patterns and have missed out on superannuation in the past.

So the whole industry is shaking its head saying: ‘Why has the government introduced these measures? They are not going to assist in any way, shape or form.’ The government and especially the Treasurer should be embarrassed about their lack of genuine action on super. As I said at the start, the Treasurer said his next big thing was to reform super. If this is his reform, he needs to go back to school and understand what the word means because there is nothing here. He should be embarrassed as should the government for their lack of action.

The ALP has always been the champion of superannuation. It is the ALP which has extended superannuation to all. We can hold our heads high, because the policy we announced some time ago outlines genuine reform which will greatly improve this system and assist all in retirement. I will quote just some of our policy which is designed to reform and help super:

Labor will for the first time in the history of retirement incomes in Australia set an appropriate retirement incomes goal for Australians.

Labor believes that the long-term retirement income goal for all Australians should be a minimum of approximately two thirds (sixty five percent) of the gross income that individual was receiving on retirement at sixty five years of age—that is ‘65 at 65’.

Labor’s goal is to eventually eliminate the contributions tax on savings.

Labor will begin by reducing the contributions tax by two per cent—from the current fifteen percent to thirteen percent—in our first four years of government.

Labor will protect superannuation balances from excessive fees and charges and commissions applied to SG contributions.

We have said that we will fix superannuation. We will go the hard yards and do things that people have been crying out about. People have been crying out about two things, and one of them is the lack of return on their investments. None of us can fix that with a magic wand. It is fairly disheartening to get your super statement for your fund to find you are going backwards instead of forwards in terms of outcomes. There is not a lot you can do about that; the market plays those games. But you can certainly do a lot about taking off the massive burden that fees and charges impose on superannuation. A one per cent fee can reduce your retirement income by about $30,000. You think, ‘One per cent—it’s not much of a fee,’ but it can reduce your retirement savings by a massive amount.

So we need to do things like reduce the contributions tax, tackle fees and charges, and ensure that people are saving appropriately for their retirement incomes now. We are telling people who enter the work force now, in their 20s, ‘Now is the time to save; don’t wait.’ If you start saving, compound interest has that glorious effect of ensuring
that you have a decent retirement income. It is not something you can put off for a rainy day; it is something you need to do now. This is poor, ill-directed legislation that does nothing to fix the problem which must pay for our future way of life, and it should be rejected. The amendment moved by the member for Hotham should be supported.

*Mrs IRWIN (Fowler)* (5.30 p.m.)—I rise to speak on the Superannuation Budget Measures Bill 2004. The Treasurer never ceases to amaze me. I do not know how he manages to keep a straight face when he talks about a superannuation co-contribution. How many times have we seen the Treasurer in this House talking about the Keating government’s l-a-w law tax cuts? Members can almost mime the words—which they often do—as he says them. The Treasurer is obviously a follower of Dr Goebbels. One of his famous statements was that if you tell a lie often enough people will start to believe it. That accounts for why the Treasurer never misses an opportunity to repeat the story.

The way the Treasurer tells the story, before the 1993 election Paul Keating promised and passed into law a series of tax cuts which, after the election, he did not deliver. But that is not the full story. What the Keating government did—I might add, at the suggestion of just about every economics and finance expert in the country—was to promise to deliver the tax cut as a superannuation copayment after the 1996 election. But we all know who became Treasurer after the 1996 election, and is still the Treasurer. What is worse, he puts the blame on someone else.

When Paul Keating promised a superannuation copayment, it was to be for everyone, not just the few who could afford to put aside $1,000 a year. Labor’s co-contribution was for all low- and middle-income earners, but this Treasurer will only help the few. We know that many of those low- and middle-income earners who did not have access to superannuation before Labor introduced compulsory superannuation will need to boost their contribution to have sufficient assets when they reach retirement, and low-income earners are the least likely to have sufficient assets to last them through their retirement years.

The imbalance between high and lower income earners comes to some extent from the structure of the compulsory superannuation scheme. As it stands, the present employer contribution is nine per cent of an employee’s gross earnings. In the case of a private company, that nine per cent is paid from its before-tax profits. The superannuation levy is a cost to the business. The levy is not included in the before-tax income of the employee. So an individual earning the minimum wage of $25,000 a year would have a levy of nine per cent of that amount. That is, $2,250 per year, minus 15 per cent tax. The low-income earner on the minimum wage of $25,000 a year would have a levy of nine per cent of that amount. That is, $2,250 per year, minus 15 per cent tax. The low-income earner on the minimum wage will have $1,912.50 invested on his or her behalf, while the employee on $100,000 a year will have $7,650 invested on his or
his or her behalf. The employee does not pay tax on that employer contribution so, allowing for tax on the contribution at the rate for each level, that is 30c in the dollar for the low-income earner and 47c in the dollar for the high-income earner. That is equivalent to $2,732 for the low-income earner and $14,434 for the high-income earner.

So you can see that there is a vast difference between the effective superannuation savings of high- and low-income earners. In addition, income on the low savings of the low-income earner is taxed at the same rate as that of the high-income earner—15 per cent. As you can see, high-income earners are greatly advantaged compared to low-income earners when it comes to superannuation savings. There are two ways to remedy this. The first is to subsidise the contributions of low-income earners, which is effectively what superannuation co-contributions do. The second is to apply a higher tax rate to the superannuation savings of high-income earners, and that is essentially what the superannuation surcharge does.

I might add that, as I mentioned earlier, it was this Treasurer who stopped the payment of a co-contribution, but it was also this Treasurer who introduced the superannuation surcharge in the first place. The Treasurer seems to appreciate the problem of the unfair treatment of superannuation for low- and middle-income earners compared to that of high-income earners. But, of the two measures contained in this bill, one is very selective and the other is counterproductive when it comes to promoting greater fairness in superannuation.

The co-contribution is not like Labor’s superannuation co-payment, because it is not universal—it is only available to those able to make a contribution of $1,000 in any one year. Under the proposed changes, the matching grant is increased from $1 for $1 contributed, up to a maximum of $1,500 on a $1,000 contribution. The co-contribution is then phased out at a rate of 5c for every $1 of income above $28,000 and phases out completely at $58,000 per year. I note that the government changed the qualifying requirements to include any person where at least 10 per cent of that person’s total taxable income is made up of income earned as an employee.

This leaves me wondering just what the government’s strategy is in these measures, given that they are very costly to the budget. The estimate is given as $2.7 billion over three years. The annual cost in 2007-08 alone is $1,175 million. So we have more than $1 billion a year which will go to one subsidy which is not universal—and is, to my mind, quite suspect in its operation—and another measure which reverses a previous measure by the same Treasurer that made employee superannuation fairer.

You have to worry about who is getting the benefit of the co-contribution. The government first told us that it would be taken up by one million Australian low-income workers. In fact, it was taken up by fewer than half of that number. Then the government loosened the requirements to allow individuals to claim the co-contribution even if only 10 per cent of their income was earned as an employee. That leaves the system open to rorting. I can see circumstances where one family member who is not in full-time work claims the co-contribution even though their earned income was as little as $1,000 a year or less. There simply is not any control to stop wealthy families claiming a $1,500 a year gift from the government simply by making a $1,000 investment in superannuation. With self-managed super funds being opened up at a rapid rate, it is not hard to see how such devices can be used to milk the co-contribution.
What is sad about this very expensive measure is that it does not benefit all and it does not benefit all low-income earners—only those who are able to afford $1,000 a year. I can tell you that not many low-income earners in the electorate of Fowler, which I represent—particularly those with families—can afford to take advantage of these measures. Labor’s proposal to reduce the 15 per cent tax on employer contributions would be a far more effective way of improving the asset levels of low-income earners when they reach retirement age than this selective measure which will only benefit a fraction of low-income earners and at the same time will be open to abuse by wealthier families looking for another way to rip off taxpayers.

To give an example of the effect of the 15 per cent tax on employer contributions for a low-income earner, it is worth looking at what would happen over the 40 years during which a now 25-year-old on low wages will miss out. The employer superannuation contribution for someone on $30,000 a year would be $2,700 per year, but only 85 per cent of that sum would be invested. The government would take 15 per cent in tax before the money could begin to gain any interest. So, instead of saving $2,700 a year, our low-income earner would only save $2,295 after paying $405 tax. If the full $2,700 were invested each year for the next 40 years at a return of seven per cent, the total available on retirement would be $539,000. But, if only the after-tax amount were invested, the total after 40 years would be only $458,000. That is a difference of over $80,000 that a low-income earner would not have to help fund their retirement. That loss of $80,000 would be entirely due to the tax on superannuation contributions.

The super contributions tax is a disincentive for people to save. Why does the government promote a co-contribution which clearly discriminates against a great many low-income earners who could scarcely afford to pay the $1,000 a year in order to get the maximum government co-contribution even if the government lowered the contribution tax to 10 per cent? Taking the example I used earlier, the low-income earner could expect to have $485,000 on retirement. A five per cent tax would leave them with $512,000. Whichever way you look at it, low- and middle-income earners would be much better off in retirement if the contributions tax were reduced or abolished altogether.

But let us compare the effect of the contributions tax with the effect of the co-contribution. Our low-income earner on $30,000 loses $405 in tax but stands to gain $1,400 in co-contribution. So there is a net gain of around $1,000, but only if the low-income earner puts in $1,000 of his or her own money. A middle income earner on $40,000 loses $540 in tax and only stands to gain $900 in co-contribution, provided they put in $1,000 of their own after-tax money. If we take someone on $50,000, they lose $675 in tax and only gain $400 in co-contribution, but again only if they pay in $1,000 of their own after-tax money. And I stress that it is after income tax, so for each of the $30,000, $40,000 and $50,000 income earners to clear that extra $1,000 they would have to earn $1,430. So the net gain for the $30,000 income earner is only $570 dollars. The $40,000 income earner would pay $930 in tax and only gain $900. They would be $30 worse off. And in the case of a $50,000 income earner they would pay over $1,100 in tax to gain a co-contribution of $400. In his budget speech, when talking about these measures, the Treasurer said:

This will significantly boost superannuation incentives for low and middle income employees and boost their retirement incomes.

As I have just explained, when you take into account the tax paid on co-contributions,
people who work for a living either gain very little or are worse off under this co-contribution scheme. All the Treasurer is doing is repaying the money he has taken in either tax on the employer contribution or tax paid by the individual to make their own contribution.

The Treasurer’s scheme will only be taken up by a limited number of low- and middle-income earners. Wouldn’t it be so much better to use the more than $2 billion that this will cost over the next three years in reducing the tax on employer contributions from its present rate of 15 per cent? Such a scheme would benefit all low- and middle-income earners, not just a few. The existing co-contribution scheme has only been taken up by fewer than half of the projected one million low- and middle-income earners who are expected to apply, and that one million is only a very small proportion of the total number of low- and middle-income earners. Wouldn’t it be fairer and simpler to allow all low-income earners to benefit from a lower contributions tax? That is the difference between Labor and the Liberals on this issue.

It was Labor that introduced superannuation for all Australian employees, and the success of that policy is recognised around the world. It was also recognised in the seat of Parramatta, which I visited only a few weeks ago and met an excellent female candidate who will be the next member for Parramatta. As other countries have faced a crisis in meeting their future obligations for providing retirement incomes, Australia has gone a long way towards providing the savings needed to meet those obligations. Let us not forget that when Labor introduced employer funded superannuation for all employees the Liberals—this government—fought us every step of the way. If they had their way, we would not have over $600 billion in superannuation savings and millions of Australian families would be facing an insecure future in their retirement years.

The government have given us their answer to those who face that insecure future: work until you drop. Only Labor is committed to ensuring that the working men and women of Australia can enjoy a hard-earned retirement secured by an income funded by superannuation. This government have never been committed to universal employee superannuation. For them superannuation is only for high-paid employees and for allowing rorts to give hand-outs to people who are not genuine low-income earners. This government have taken the option of only giving assistance to a limited number of individuals. If you look at the effect of the second series of measures in this bill—the reduction in the superannuation surcharge—a pattern begins to appear. This government are not fair dinkum about building our nation’s savings in the face of an ageing population. They are not about assisting Australians to provide for their retirement incomes; they are about helping the rich—(Time expired)

Mr ROSS CAMERON (Parramatta—Parliamentary Secretary to the Treasurer) (5.50 p.m.)—I listened with interest to the impassioned contribution by the member for Fowler. If its passion had been matched by its reason and accuracy, it would have been a better speech. Nonetheless, I note that the member for Fowler recently made a visit to my electorate. I just want to say that she is always welcome in my electorate. I know that she has taken a keen interest in some of the educational institutions there, and I am very pleased to see her around the streets of the thriving, bustling metropolis of Parramatta, where unemployment has fallen from 13 per cent or so when I was elected in 1996 to less than six per cent today. No wonder people such as the member for Fowler are magnetically drawn to that hub of
economic activity, that centre of aspirational Australia.

This Superannuation Budget Measures Bill 2004 touches that nerve of aspiration which beats so strongly in the streets, suburbs, towns and communities of this great country. I want to thank honourable members for their contribution to the debate. The bill demonstrates that we are a government that believes in incentives. We believe that all Australians should have the opportunity to obtain a better standard of living in retirement than what the superannuation guarantee and the aged pension can achieve. We do not want a vast army of Australians to look to a retirement entirely reliant on the Commonwealth pension, but to achieve the great satisfaction of economic self-reliance and a higher standard of living than would otherwise be available to them. That standard comes through savings and enjoying the benefits of compound interest and the returns from the patient investment that is superannuation. The measures here are particularly targeted at low-income earners.

The fully implemented superannuation guarantee arrangements, in conjunction with the aged pension, provide a firm financial base for people's retirement income and mean that Australians will retire with higher living standards than previously. For those people who have higher retirement income expectations than the aged pension and the superannuation guarantee savings will provide, the government encourages them to consider what actions they can take to help achieve those expectations. This could include taking advantage of superannuation tax concessions and incentives, including the co-contribution, by making additional voluntary savings. I note with enormous disappointment that the opposition will be opposing this bill. As the member for North Sydney rightly says, it just does not make sense that any fair-minded Australian could oppose the opportunity being presented for those on lower incomes to rapidly improve their retirement savings and standard of living. To see the opposition opposing this bill is both startling and an enormous disappointment.

The bill contains measures which, together, will provide a $2.7 billion boost to superannuation incentives over three years. This builds on the government’s retirement income policy achievements to provide incentives, flexibility and security in retirement. The expansion of the co-contribution will improve superannuation savings for over one million Australians. Those who are already to receive the co-contribution will also benefit, even if they do not change their saving behaviour. More importantly, the changes facilitate a significant improvement in retirement incomes for those willing to save a bit more.

As an example, where a member with a current income, for co-contribution purposes, of $25,000 makes the minimum level of contributions required to receive the maximum government co-contribution over a 30-year working life, then that member's real accumulation balance is projected to increase by $106,000. This represents an improvement of 86 per cent on the balance from the superannuation guarantee contributions alone. For someone earning $36,000—with approximately median earnings—who makes the minimum level of member contributions required to receive the maximum government co-contribution over a 30-year working life, their real accumulation balance is projected to increase by $51,000. This represents an improvement of 28 per cent on the balance from superannuation guarantee contributions alone.

The co-contribution expansion can genuinely and significantly improve the retirement incomes for low- and middle-income Australians, and the Australian Labor Party
is opposing it. In comparison, Labor’s proposal to cut contributions tax has a miserly impact on retirement expenditure and a significant cost to revenue. Opposition speakers consistently stated that Labor’s contribution tax policy would benefit all superannuation fund members. However, I believe it has previously been acknowledged that this policy will not generally apply to employees who are members of defined benefit funds.

The bill does more than provide a more generous co-contribution scheme. Over the next three years, it will accelerate and further reduce the maximum superannuation contributions surcharge rate to 7.5 per cent. So here we have the ALP opposing a more generous government contribution to the savings of low-income earners and opposing a reduction in tax. More than half a million Australians will receive a boost to their superannuation savings as a result of this initiative. Many of these are average, middle-class Australians, including people with taxable income of less than $60,000.

This is a balanced package of initiatives. More than three-quarters of the benefits provided by these measures—or $2.1 billion of the $2.7 billion—target low- and middle-income workers and Labor is opposing them. The government considers these budget measures to be an important package to improve the superannuation savings of Australians. The measures presented in this bill provide a significant opportunity for employees to improve their standards of living in retirement. It is for this reason that I commend the bill to the House.

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

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

The House divided.  [6.03 p.m.]
(The Deputy Speaker—Ms Gambaro)

AYES

Abbott, A.J. Anderson, J.D.
Andrews, K.J. Anthony, L.J.
Bailey, F.E. Baird, B.G.
Baldwin, R.C. Barresi, P.A.
Barlett, K.J. Billson, B.F.
Bishop, B.K. Bishop, J.I.
Brough, M.T. Cadman, A.G.
Cameron, R.A. Causley, I.R.
Ciobo, S.M. Cobb, J.K.
Costello, P.H. Dutton, P.C.
Draper, P. Entsch, W.G.
Elson, K.S. Forrest, J.A. *
Farmer, P.F. Gash, J.
Gallus, C.A. Georgiou, P.
Georgiou, P. Hardgrave, G.D.
Hockey, J.B. Hull, K.E.
Hunt, G.A. Johnson, M.A.
Jull, D.F. Katter, R.C.
Kelly, J.M. Kemp, D.A.
King, P.E. Ley, S.P.
Lindsay, P.J. Lloyd, J.E.
Macfarlane, I.E. May, M.A.
McArthur, S. * McGauran, P.J.
Moylan, J. E. Nairn, G. R.
Nelson, B.J. Neville, P.C.
Panopoulos, S. Pearce, C.J.
Prosser, G.D. Pyne, C.
Randall, D.J. Ruddock, P.M.
Schultz, A. Scott, B.C.
Secker, P.D. Slipper, P.N.
Smith, A.D.H. Somlyay, A.M.
Southcott, A.J. Stone, S.N.
Thompson, C.P. Ticehurst, K.V.
Toller, D.W. Truss, W.E.
Tuckey, C.W. Vaile, M.A.J.
Vale, D.S. Wakelin, B.H.

NOES

[305x678] Ayes……… 77
Noes………… 59
Majority……… 18
Question agreed to.

Original question agreed to.

Bill read a second time.

Message from the Administrator recommending appropriation announced.

Mr HOCKEY (North Sydney—Minister for Small Business and Tourism) (6.09 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.
integrity of the electoral roll, *User friendly, not abuser friendly.*

The Howard government recognises that we need to protect the integrity of the electoral system. The Howard government introduced legislation and regulations to tighten up enrolments after the exposure of the Australian Labor Party’s electoral fraud, which resulted in the prosecution and conviction of three Queensland members of the ALP. Those members included Karen Ehrmann, the first Australian jailed for enrolment fraud, and Mike Kaiser, a former member in the state parliament for the Australian Labor Party and now Assistant National Secretary of the ALP. The third person implicated by that process was none other than the Deputy Premier in Queensland, Mr Jim Elder. He was forced to resign from that position—and quite rightly so, because he had perpetrated, I think, a disgraceful act on the Queensland public, and obviously there were ramifications for the Australian public as well.

A number of key recommendations from the JSCEM inquiries were not supported by the ALP, but of course that is no surprise. One of those recommendations was the need for elector identification at the time of first enrolment and the upgrading of witnessing requirements. I cannot comprehend any argument that the ALP could put forward to knock out the ability for us to provide legislation to restrict people who are not able to provide proper photo identification from enrolling on the Australian electoral roll. I think it is beyond any right-thinking Australian to understand what the Australian Labor Party could be trying to achieve in saying to the Australian public that you do not even need to produce photo identification to enrol on the Australian electoral roll. If that does not show the Australian Labor Party’s true position in all of this and the fact that they are not trying to provide for the integrity of the roll, then I do not know what better demonstration we could provide to the Australian people. As many people have mentioned in this place and in the broader community, you need to have photo ID to hire a video. You need 100 points of identification to go to the bank and open an account. To suggest to people that to be a part of the Australian electoral roll and to be part of the democratic process in this country you do not need to provide photographic identification—proof of your bona fides—flies in the face of any understanding of what the democratic process should be, and is, about in this country.

The Australian Labor Party have been exposed as perpetrators of electoral fraud on many occasions, particularly in Queensland, even in my own electorate of Dickson. This is an opportunity for the Australian Labor Party to support this bill and to show that they are serious about trying to provide some form of accountability and integrity on the roll. This bill outlines new arrangements for proof of identity and address for applicants and applicants wishing to change their enrolment name or address, or for provisional voters whose names do not appear on the certified list on election day. It is vitally important that people have belief in the integrity of the electoral roll. The events that led to the Shepherdson inquiry in Queensland highlight that this is currently not the case. Confidence in the system is undermined by perceptions of potential for abuse, and it does not matter that the abuse may or may not be taking place; but, of course, we know that in parts of this country it certainly is. The holes within our current electoral process are enough to render it open for abuse. You need to provide more proof of identity before you can engage in a number of other processes in this country, and registering for the electoral roll should be no different.

In order to show even greater transparency on election day, this bill proposes to include the sex and date of birth of electors on the
certified list as a check of identity at the polling place. I know of cases where a son or a daughter is out of the state on election day and has left no time to lodge either a pre-poll, postal or absentee vote and a parent or friend has lodged a vote on their behalf on election day. That is simply not good enough in this day and age. If the system is open to this type of identity fraud then it also shows the potential for a major manipulation of our voting system. This behaviour could be extended to our frail older Australians, with people or political parties, like the Australian Labor Party, undertaking to vote on their behalf, which may or may not be in line with their political voting intentions.

The bill allows for the close of rolls for new electors to be 6 p.m. on the day on which the writs are issued, and for the close of rolls for those amending their enrolment details to be 8 p.m. three working days after the issue of the writs. The bill will allow political parties and independent members of parliament to be provided with information about where electors are able to vote on election day. The bill also provides that prisoners serving a sentence of full-time detention for a state or Commonwealth offence are not allowed to vote in federal or referendum elections. Currently, prisoners serving sentences of five years or more are prevented from voting in federal elections. This removes approximately 11,000 voters from the electoral process. The new provisions mean that an additional 7,000 people would lose their entitlement to vote. In 1996 the committee reported that it supported the limiting of voting entitlement for prisoners on these grounds:

While rehabilitation is an important aspect of imprisonment, equally important is the concept of deterrence, seeking by the denial of a range of freedoms to provide a disincentive to crime. Those who disregard Commonwealth or State laws to a degree sufficient to warrant imprisonment should not be expected to retain the franchise.

Although an attempt has been made to pass this previously, it has been strongly opposed by the Labor Party and other minor parties in the Senate. This bill will serve to make access to the roll more understandable and will remove the roll from sale in any format. The bill will also require the Australian Electoral Commission to give reasons for their decisions not to register a political party and will allow scrutineers to be present at pre-polling centres. The bill prevents people from using loudspeakers at polling booths on polling day to canvass or solicit votes or for whatever other purpose. The bill will also allow for the temporary suspension of adjournment of polling for physical and safety reasons.

It is important to discuss some of the debate that has been had in public places and in the newspapers most recently, particularly in relation to allegations that this bill would serve to disenfranchise young people who would be excluded from the roll and voting in the subsequent election to be held later this year. The fact is that, at the moment, young people are able to enrol provisionally prior to any electoral process taking place, prior to the writs being issued. Through their provisional enrolment on the electoral roll, those people are able to keep intact their eligibility to take their place in the important democratic process of voting at the end of this year. That undermines many of the debates that have been had and some of the press reporting that I have seen in relation to some of these matters in recent days. I think it is important to identify in this debate that, contained within the Commonwealth Electoral Act at the moment, people are able to enrol as provisional voters at the age of 17 and be a part of the roll before the election process, before they would become fully entitled to vote.
This is an important bill for the House’s consideration. I say to the Australian Labor Party today: this is the time to try and put behind you the electoral fraud processes that you have been involved in the past. In the seat of Dickson in the 1998 election, Ms Kernot won by 176 votes; 88 people on the roll determined the outcome of the Dickson seat in 1998. There have certainly been allegations made in the Dickson electorate that ballot papers appeared and that people from the ALP were involved in all sorts of strange behaviours, enrolling people at caravan parks and the like, and generally undermining the integrity of the roll in Dickson.

When the Labor Party says to us that these processes do not make a difference and that you would need to enrol thousands of people in a seat before you could influence the outcome of an election, that is a red herring. It is part of the ongoing fraud that is perpetrated by the ALP on an ongoing basis. If you look at the example that occurred in Dickson in 1998 where you had a difference of 176 votes determining the outcome of a marginal seat, you can see that this bill really does serve the purpose of preserving the integrity of the roll. When the ALP argues against people having an obligation to provide photo ID and proof of identity before enrolling on the rolls of the Australian Electoral Commission, it highlights the hypocrisy of the Australian Labor Party in this place. That is the reason why I commend this bill to the House.

Mr ANDREN (Calare) (6.23 p.m.)—While the Electoral and Referendum Amendment (Access to Electoral Roll and Other Measures) Bill 2004 and the Electoral and Referendum Amendment (Enrolment Integrity and Other Measures) Bill 2004 contain some sensible reforms—which the member for Dickson has just outlined—there are more provisions which are of a dubious or outright undemocratic nature which, on balance, will not be getting my support or, I would suggest, the support of a majority of fair-minded people in my electorate. Let me deal first with the provisions of the Electoral and Referendum Amendment (Enrolment Integrity and Other Measures) Bill 2004. By far the most objectionable provision is prisoner disenfranchisement. In December 1998, I was in this place debating a similar bill, which was intended to take away the right of prisoners to vote. I said:

The right to vote—to have a say in who governs the country and, even at a state level, who runs the prisons—is a basic human right. As a right, it is something that should be taken away by politicians.

In fact, the more I read the provisions included in this bill—especially those that deliberately disenfranchise people—the more I move towards a position on which I may have had some ambivalence in the past, and that is the need for a charter of human rights in this country. I said in that 1998 debate that the political understanding of many people I have met inside jail—on visits, I might add—has far exceeded that of many people in the general community. I mentioned some Koori inmates I spoke with at Bathurst jail. To our country’s disgrace, Aboriginal inmates represent up to a quarter of our young population in jail at any one time. Most often, these people are on a revolving path in and out of incarceration. They are harassed not only by the law but by demons, most notably drugs and alcohol, and a sense of little worth in a white society. Many of these prisoners are in works programs inside the jail and hope to start craft or art endeavours when they get out—to break the cycle if they can. They know all about the political issues of the day; in fact, to a large degree they are part of them. What do we want to do about this? With the reactionary way in which this legislation is being put into place, we want to take away their right to vote.
I have received letters from inmates who put detailed and highly thought-out arguments on various social and political issues—not just issues pertinent to their particular circumstance but on a whole range of issues. There is plenty of time for many of these young people, who are often incarcerated for drug offences and are victims of drugs as much as perpetrators of a crime. They sometimes write to me about the broadest of issues. They notice, they listen, they read, they look at the television news, and they have got plenty of time to think. Many of them want to take part in the processes. I ask: why should we deny them that opportunity? Over the years, I have represented their concerns to various government agencies. Should we deny these people the right to vote when many of them recognise representative democracy and, indeed, their MPs, as a positive source of assistance or advice?

Currently, prisoners serving five years or more are prevented from voting in federal elections. This bill seeks to remove the right of any prisoner serving a full-time sentence to have a vote. Yet, just a decade ago, a joint standing committee of this parliament adopted the recommendation of its predecessor that all prisoners, except those committed of treason, be granted the right to vote. It is interesting to note that in one of the enlightened democracies in this world—and there are precious few—Canada, the chief justice has ruled under that country’s charter of rights and freedoms that the right to vote lies at the heart of Canadian democracy and ‘the core democratic rights of Canadians do not fall within a range of acceptable alternatives among which parliament may pick and choose at its discretion’. That is solid argument for a bill of rights in this country—and the right to vote.

Our Constitution does not contain an express guarantee of universal suffrage but, according to expert opinion, there is certainly an implied right to vote. The nonsense and danger of withdrawing the right to vote is highlighted by Jerome Davidson in his excellent parliamentary research paper, Inside outcasts: prisoners and the right to vote in Australia, which I would recommend that every member obtain and read before they vote on this bill. I live in hope. The paper states:

Under the Australian provision—

that is, this bill—
a person who commits a more serious offence and receives a suspended sentence of imprisonment for three years would retain the right to vote, yet a person serving two months full-time imprisonment for fine defaulting over a collection of parking offences would be disenfranchised.

That says it all. Moving on to other provisions, enrolment in respect of address, objections and provisional voting seems sound and well-founded. That is, I suggest, because they are largely based on the wisdom of the Australian Electoral Commission and not the prevailing prejudices or political imperatives that can plague a bill of this type.

The compulsory transfer of enrolment with only a month’s notice seems harsh, as does the penalty of $100 for failure to abide—especially given the nature of the people who would most likely be caught out. These include people moving about searching for part-time and casual work—a phenomenon that is growing in our society—and students, who are often low-income earners moving from flat to rented house or from town to town. Enrolling to vote is often the last thing that comes to mind in the lives of many people, especially those with pressing financial concerns.

Proof of identity and address will be contained in regulations. This has been a contentious issue in the past and subject to successful disallowance on a previous occasion in
the Senate. I think there are far more serious flaws—if, indeed, there is one here—in other parts of this bill. One of those is the early closure of the rolls. Those voters I referred to in the change of address clause would also be caught out by this provision. I think the risk of disenfranchising legitimate voters far outweighs the possibility of fraudulent voting.

As we move to electronic means of voting, there is obviously an opportunity for the ID that is required for enrolment to be part of the process for voting. In the meantime, I believe that to introduce an amendment such as this, which would disenfranchise so many people, is a retrograde step that is not matched by the evidence that has been presented to me of the fraudulent enrolment of people or, as the previous speaker, the member for Dickson, spoke about, people voting on behalf of relatives who for whatever reason could not make it to the polling booth. I think this, in fact, is the non-compulsory vote provision. It has the hallmark of the Minister for Finance and Administration, Senator Minchin—an advocate of non-compulsory voting—all over it, which would suit the political agenda of some in this society just fine: get rid of the riffraff and quarantine the vote to the elites in our society.

We have this provision to close off the rolls on the issue of writs despite a 2001 Joint Standing Committee on Electoral Matters report specifically recommending that the close of rolls period should remain at seven days. If this provision was adopted, based on 2001 election figures almost 375,000 voters would have been disenfranchised, 83,000 of whom were new enrollees. Where is the evidence of marginal seats being stacked by enrolments during those seven days in any recent election? We have heard suggestion and innuendo, but I have not seen any hard evidence to suggest that the problem that is alluded to outweighs the risk of disenfranchising so many people. As the 2001 report of the Joint Standing Committee on Electoral Matters wisely observed, an electoral event is a catalyst for enrolment—and, I would suggest, enrolment for positive reasons rather than through any sinister intent. And isn’t that what we should be encouraging? I reject such a counterdemocratic move as the one in this legislation.

The change to minimum disclosure provisions proposes to increase the threshold for reportable donations to $3,000. Again I reject this, in line with my submission to the same Joint Standing Committee on Electoral Matters calling for an absolute cap on individual campaign spending of $50,000 per candidate and a cap on individual donations from individual donors to individual candidates of $1,000. I also reject the removal of requirements for publishers and broadcasters to furnish returns on electoral advertisements. The reasons are so obvious they do not need detailing, with crosschecking of spend versus claimed receipts the most obvious. The increased penalties for false witness certainly seem completely out of proportion when compared with the new offence of multiple voting, the latter of which attracts the same 12-month penalty as the former. I think this needs to be seriously examined and amended.

There are provisions I strongly support, including the banning of broadcasting of political messages in close proximity to voting booths, temporary suspension of voting to protect electors if circumstances arise, extension of overseas enrolment periods and, especially, for sitting Independents to renominate using but a single nominee.

I am highly suspicious of an amendment to remove the requirement for postal votes to be received by the AEC before the close of polls in certain circumstances. I am mindful of US armed service votes from, I think,
Europe that were deemed allowable after arriving some time after the last US presidential poll. I do not have full details of this proposed amendment, and I would like an explanation from the minister through his staff in the chamber.

Overall this legislation does not improve the integrity of our voting system, despite its positive provisions. I understand it has already been referred to a Senate committee process, which again highlights the need for a legislation review committee in this place. I cannot support this legislation as it stands.

Mrs ELSON (Forde) (6.36 p.m.)—I am pleased to speak on the Electoral and Referendum Amendment (Access to Electoral Roll and Other Measures) Bill 2004 and the Electoral and Referendum Amendment (Enrolment Integrity and Other Measures) Bill 2004. They implement a number of changes that have arisen as a result of the Joint Standing Committee on Electoral Matters report of June last year into the 2001 federal election and also a number of measures that are a result of the report into the 1998 election. For the last 20 years, a committee on electoral matters has examined the conduct and processes of each general election. The aim is to improve the system and ensure it continues to work in the most efficient way. I know that on this side of the House at least we hold very dear the processes of our democratic system, and the Howard government are committed to ensuring that we have the fairest, most transparent and effective electoral system possible.

These two bills provide a wide range of amendments designed to improve the integrity of our electoral system, clarify access to the electoral roll and ensure the fairness of the voting procedure. I would like to examine more closely a number of the amendments in these two pieces of legislation. The first amendment, which I welcome and support, is the establishment of tighter proof of identity requirements for enrolment and change of address. This legislation provides the broad principles for a proof of identity scheme, with regulations to be developed in consultation with the territory and state governments. We favour the use of a driver’s licence to verify identity and address, with provision for other forms of ID for those who do not have a licence. The regulations will be developed.

We are pleased that Labor has finally realised that a proof of identity scheme for enrolment is a good idea, having previously tried to block measures in relation to its implementation. One can only speculate as to why it has taken Labor some time to come to this realisation. Coming from Queensland—where the ALP have been known to have a fairly relaxed approach when it comes to electoral integrity—I can only think of that old phrase ‘old habits die hard’. Let us be honest: Labor—arm in arm with their militant union mates—do have some form on this particular issue. There are many legendary tales of dead people voting, people voting twice, dead people voting twice, people voting for a division in which they do not live and dead people voting for a division in which they did not live when they were alive.

Those tales were given credence when in August 2000 three members of the Queensland ALP were convicted for enrolment fraud. One member from the Queensland ALP was sentenced to three years imprisonment after pleading guilty to 48 charges relating to electoral fraud. These sorry incidents sparked two inquiries: the Shepherdson inquiry, launched by the Queensland criminal justice system, and the Joint Standing Committee on Electoral Matters inquiry into the integrity of the electoral roll. Both these inquiries recommended the introduction of ID systems for enrolment. As the Special
Minister for State put it in his recent address to the University of New South Wales Law Society Speakers Forum: ‘Many people, including myself, are concerned that it is easier to get onto the roll than it is to hire a video.’ I am very pleased to say that one by one these loopholes have been closing, and this legislation tightens the procedures even further to prevent such practices. This is good news for our political and electoral system, if not such good news for the Australian Labor Party. Still, we welcome their newly found support for these measures.

Another measure which I strongly support is the inclusion of the voter’s date of birth and sex on a certified list to be used on election day, with discretionary powers for the presiding officer at any booth to ask questions about the voter’s date of birth or sex if they have any doubt about their identity. This is another commonsense measure that will provide greater scope for identifying fraudulent activity.

Another measure introduced in this legislation concerns the removal of the right to vote for prisoners who are in full-time detention. Only those prisoners held in full-time detention will lose their eligibility to vote, not those serving alternative sentences such as home detention or non-custodial sentences. The current position is that prisoners can still vote unless they are serving a sentence of five years or more. I strongly support this amendment. When you are imprisoned it means you are deprived of many rights enjoyed by the rest of society. That is the nature of this form of punishment. I think therefore that it is entirely reasonable to suspend a person’s right to take part in elections or referendums. Their right to help choose governments or change the Constitution will be withdrawn as part of their imprisonment. These amendments implement a recommendation of the government’s response to the joint standing committee report on the 1998 federal election.

An amendment in relation to the close of rolls is also in response to that report. It provides that for new enrolments only the rolls will close at 6 p.m. on the day that the writs are issued for an election. This simply means that those becoming eligible to vote, either because of age or citizenship, should ensure that they enrol as soon as possible after becoming eligible rather than waiting until an election is actually called. Electors who were previously enrolled but who wish to change their enrolment details will have until 8 p.m. three working days after the writs are issued to make any changes.

It is interesting to note that over 370,000 changes to enrolments or new enrolments were submitted to the AEC in the seven-day period leading up to close of rolls during the last federal election. Such a huge volume does not allow for close scrutiny. The earlier close of rolls will enable the AEC to make better preparation of the rolls for the forthcoming election and to better check and verify the details of the enrolments. It is another measure to help reduce electoral fraud and I strongly support it, along with, I am sure, other members of this House. I will be doing my duty to inform my electors in Forde that they must be properly enrolled to vote and that the time frame for changes of enrolment has been shortened.

In seeking accountability and transparency, good government should not involve individuals or organisations in unnecessary bureaucracy. That fits today’s economy. That is why this bill will raise from $1,500 to $3,000 the minimum total threshold beyond which a donor must lodge an electoral office return on their donations to a political party. I stress the word ‘total’, because the legislation cannot be evaded through multiple small donations throughout the year.
If you are going to raise the threshold for donor returns then good sense dictates that you also need to align the donation threshold over which a party must provide the name and address details of any such donor or lender when the party completes its electoral office return. We are a government of good sense, so that is precisely what we have done with this bill. This raising of the threshold was again a recommendation of the joint standing committee report after the 1998 election. Unfortunately, it sometimes takes those on the other side of this House a very long time to recognise plain good sense and good processes. They find this very difficult to understand because they have their own agendas that have little to do with good government and good sense.

Which brings us to the next amendment: one regarding deliberate multiple voting at an election. This amendment adds a new offence with regard to elections and referendums: that is, the offence of intentional multiple voting. The penalties for this new offence are heavy: either a $6,600 fine or 12 months imprisonment or both. However, the amendment is in addition to and not replacing the current offence. This means that the lesser penalty remains for multiple voting where perhaps it was unintentional. More severe penalties can be applied if the multiple voting proves to be deliberate. I support the breadth of legal discretion given by the two types of offence. But I would have to take advice from opposition colleagues on how a person can genuinely accidentally vote two or more times on one election day, because I find that very hard to comprehend. I believe it is behaviour that should be discouraged, not only because it devalues the vote of others but also because it devalues our democratic system.

One of the key elements of this bill is the tying of electoral enrolments to an enrolment address rather than to a subdivision or an electorate. That means that an elector must be living at an address and have lived there for at least a month before being entitled to enrol at the address. It means that, when you move from one address to another within the same subdivision and have lived there for a month, within the next 21 days you must submit a form to the DRO changing your enrolment address. It also means that an objection can be made either by the AEC or by an individual to an elector’s enrolment on the grounds that he or she does not live at that enrolled address and has not done so for at least a month. Such an objection can lead to the elector being removed from the roll, which will give us a more accurate roll and one that is more difficult to manipulate for individual purposes.

It should also be noted that these amendments do not in any way interfere with the current rights of overseas voters or of those working in the Antarctic. In fact, for most people, these amendments will mean little because they already do the right thing regarding changes to their address. The amendments are not about catching or penalising people; they are about ensuring cleaner, more accurate electoral rolls at the core of our voting system.

Most of the measures I have spoken about so far are contained in the Electoral and Referendum Amendment (Enrolment Integrity and Other Measures) Bill 2004. In the short time I have left, I would like to speak about some measures in the other bill under discussion, the Electoral and Referendum Amendment (Access to Electoral Roll and Other Measures) Bill 2004. I support a number of the measures in this bill very strongly, including improving public access to the electoral roll while ensuring that the roll is protected from being sold in any format, especially for commercial purposes. In this day and age, information contained on the electoral roll is very valuable. The measures in
this bill set out very clearly who is entitled to access the electoral roll and exactly what information they are entitled to.

The other measure I welcome is the provision to allow for scrutineers to attend pre-polling offices. Scrutineers play a very important part in the voting process and provide a strong defence against fraud for the parties and candidates they represent; yet under existing provisions of the Electoral Act scrutineers are not allowed to attend pre-polling offices. This is a ridiculous position, particularly when you consider that nearly 600,000 people pre-polled in the last election. This measure will rightfully allow scrutineers to carry out their normal range of duties. I take this brief opportunity to thank the many local residents and party members who act as scrutineers for me at each election. I know that they take their responsibilities very seriously—and they always do a great job. They certainly instil in me a greater faith in the outcome of the election.

There are a number of other amendments in both these bills that I have not yet discussed. Time does not permit me to go into further detail, but they are each an important part of streamlining the electoral system and improving the integrity of the electoral rolls. I commend these bills to the House.

Mr CIOBO (Moncrieff) (6.47 p.m.)—I am pleased to rise this evening to speak in the cognate debate on the Electoral and Referendum Amendment (Enrolment Integrity and Other Measures) Bill 2004 and the Electoral and Referendum Amendment (Access to Electoral Roll and Other Measures) Bill 2004. In summary, both these bills serve to operate in such as way as would enable all Australians to have a greater degree of confidence in not only the sustainability but also the integrity of the Australian electoral roll. There can be no escaping the fact that all Australians need to have confidence in the integrity of the electoral roll. The reality is that an absence of confidence in the integrity of the electoral roll sees an erosion in confidence in the Australian government but, more importantly, also sees an erosion in the power of democracy in this country, full stop.

These bills contain a number of measures and I do not intend to go into detail on each and every measure. The main measures that I would like to touch upon include, inter alia, prisoner disenfranchisement, enrolment with regard to a specific address, the compulsory transfer of enrolment, requirements for proof of identity and address, the so-called early close of the rolls, requirements for the inclusion of one’s sex and date of birth on the certified list and the requirement that scrutineers not actively assist. I would also like to touch upon the issue concerning minimum disclosure provisions and changes made in that context.

With respect to the first point, that of prisoner disenfranchisement, it is most certainly my fervent view that people who are imprisoned for a period—currently sentences of five years or more, but under the proposed reforms in this legislation it would be more widespread than that—forfeit not only their liberty but also their right to have a direct say in the government of the day. It is a measure that I believe strikes a chord with the great majority of ordinary Australians. In my view, all Australians—certainly the people I have had discussions with—are of the view that those people who have committed a crime and therefore are serving the time do not have the right to have a vote or a say in the government of the day. That is a measure that I believe strikes a chord with the great majority of ordinary Australians. In my view, all Australians—certainly the people I have had discussions with—are of the view that those people who have committed a crime and therefore are serving the time do not have the right to have a vote or a say in the future of this country. That is one of the privileges that goes with being an Australian and it is one of the privileges that we enjoy in a democracy. But with that privilege comes a responsibility. I do not believe that that privilege—or, as others might say, that right—should be extended to those people
who have committed crimes so heinous that they in fact are serving time in prison, and I am proud that this legislation does not allow that privilege to be extended to those people.

The requirement that the electoral roll have reference to an actual address is an important safeguard and moves away from the previous more loose application which saw a requirement only that an elector be in residence within an actual subdivision. The requirement will now be that an elector be in residence at an address within a subdivision. That is an important difference because it enables the Australian Electoral Commission to undertake routine checks that help to ensure the integrity of the electoral roll. To cite but one example, you may have the situation arise where the Australian Electoral Commission has its attention drawn to the fact that there are several people listed at the one address. This, in the first instance, may indicate that there are some problems with regard to enrolment details at that address. It does not necessarily mean that there are; it simply raises a red flag which can subsequently be checked. That is an important safeguard. It ensures that the AEC is able to do its job effectively and also ensures that people can have a greater degree of reliance on the integrity of the electoral roll.

Another change in these bills is the compulsory transfer of enrolment. The legislation amends the Electoral Act to create an obligation to inform the divisional returning officer within 21 days after a person has changed address and has been living at a new address for a period of one month. The existing provision requires notification within 21 days after the change. The penalty for noncompliance is increased to one penalty unit—which is currently approximately $110—as opposed to the existing penalty of $50.

The next change is one that I most certainly endorse: the requirement for proof of identity and of address. The legislation before the House this evening provides for a requirement that evidence of identity and address be shown when enrolling, changing enrolment or claiming entitlement to vote when the elector’s name is not on the certified list. There have been many instances in the past where there have been fraudulent enrolments. Need I say that the Shepherdson inquiry highlighted the way the Labor Party in Queensland had turned itself into a machine when it came to false enrolments. If we are going to ensure that Australians can have confidence in the integrity of the electoral roll then I believe they should justifiably be able to require that someone choosing to enrol should provide proof not only of their identity but of their address. It is something that most Australians take for granted. We have to do it when we go to a video shop; we have to do it when we do the most mundane and routine activities. So why would we not require Australians to provide proof of their identity and address when it comes to something as important as voting?

There are those that argue against this. I have heard the member for Calare, for example, raise his objections to it. But the reality is that we have seen the very grave consequences that arise from having too loose an entitlement and threshold for enrolment. We saw the Labor Party exploit these soft measures in Queensland. There are many instances in which marginal seat holders are threatened as a consequence of false enrolments in their constituencies. My concern is that, if we did not introduce into the legislation a provision such as this, we would continue to see marginal seats—where there might be only 50, 100 or 200 votes separating the successful candidate and the unsuccessful candidates—being decided on the number of false enrolments in those electorates such that, through false enrolments, overly enthusiastic or criminal supporters of
particular candidates can work to get their man or woman up. This provision is a concrete way in which we can stop that from occurring.

I am not sure whether the ALP are going to be against this provision. I have seen some media commentary that indicates the ALP may be against this. With the form that the Labor Party has, I would not be surprised. Nonetheless, I hope they see the good commonsense in this. If you are required to provide proof of your name and address when you go to your local video shop, why shouldn’t you be required to provide it when you vote in an Australian election? It is a simple and straightforward requirement that is thoroughly worthy of support.

I would like to touch on another aspect of the cognate bills: the so-called early close of the rolls. Traditionally it has been the case that, following the issuing of the election writs, individuals have had a significant period to enrol—specifically, seven days. Under the proposed reforms in these cognate bills, for new enrolments individuals will only have until 6 p.m. on the day the writs are issued. I have seen much media commentary on that. I have seen the Labor Party stand up and try to portray this as an attempt to disenfranchise young people. Nothing could be further from the truth. This requirement came about because of the huge workload placed on the Australian Electoral Commission when individuals do not take the time to exercise the responsibilities that are associated with the privilege of voting. Some people sit around waiting to enrol. If they were proactive about it, they could enrol.

I firmly believe that individuals should be required to enrol once they have turned 18 or once they have entered into a status that would make them eligible to enrol—for example, at a citizenship ceremony or something like that. That would provide those people an opportunity to vote on the day of an election. It is not as though elections sneak up on people; it is not as though no one knows there is a federal election in the wind. Individuals have a great deal of time—often months—in which they can choose to enrol. It is a choice for many people. Many people say: ‘It is not a priority. It is not something I want to do. I will leave it till tomorrow’. If this bill provides a reason for them to take more responsibility with regard to the exercise of their democratic vote, I think that is a good thing.

In addition, I would also like to turn the provision in the legislation for the inclusion of sex and date of birth on a certified list. This is another simple but effective safeguard to ensure that Australians can have confidence in the integrity of the electoral roll. It means that, on election day, AEC workers will be able to check that the sex and approximate age of individual voters line up with the details provided on the certified list.

The second last point I would like to touch upon is the provision in the legislation that scrutineers not be able to actively assist. This provision is to prohibit scrutineers from assisting disabled voters to cast their votes. It does not mean that voters cannot receive assistance; it means that scrutineers cannot be the people that provide that assistance. Given that scrutineers generally wear their party loyalty on their sleeve, it is little wonder that they should be prohibited from assisting those particular people.

The final aspect I would like to touch upon is the change to the minimum disclosure provisions. Currently disclosure is required when funds at the $1,500 mark in any one year are donated to political parties and the like. The enrolment integrity bill will raise that to $3,000. In my view, that still
does not go far enough. People should have the opportunity to make a contribution towards an election campaign without necessarily having the headache of each and every transaction being recorded. Campaigns in this day and age cost a lot of money and I think that, whilst the spirit of the legislation is to ensure that someone does not have undue influence on a politician, to suggest that undue influence can be bought at $3,000 or indeed at $1,500 is quite simply farcical. It is a relatively minor and small amount. We have seen so many occasions when the Labor Party has, through very expensive raffles, I think, perhaps raised some concerns in that regard. That may in fact need to be the focus, more than the $3,000 amount.

The Independent member for Calare and, I have no doubt, the Greens and the Democrats will wax lyrical about how this is in some way an affront to democracy and that to raise the threshold from $1,500 to $3,000 is a great concern and represents an erosion of democratic principles. I assert once again that the notion that someone who donates $3,000 to a central campaign—I know from a Liberal Party perspective that candidates or indeed members do not have anything to do with the fundraising in terms of accepting cheques, payments or anything like that; it goes through the party organisation—in some way casts an undue influence on a member is quite farcical.

All in all, the measures contained in these two bills are important. They do a great deal to ensure that Australians can have confidence in the integrity of the electoral roll. They are certainly well overdue—in particular, the requirement that someone display identification with their name and address when they sign onto the electoral roll. I urge all members to support the bills, and I hope that the Labor Party supports both of these bills through not only this House but also the other place.

Mr ANTHONY SMITH (Casey) (7.01 p.m.)—I also rise to speak on the Electoral and Referendum Amendment (Access to Electoral Roll and Other Measures) Bill 2004 and the cognate Electoral and Referendum Amendment (Enrolment Integrity and Other Measures) Bill 2004. In following the member for Moncrieff, can I say that he outlined in great detail some of the very necessary improvements to our electoral act to ensure that Australians have full confidence in the knowledge that our electoral system is operating in the best possible way it can and that our electoral roll is as accurate as it can be.

All of us in this chamber know that if the public think that somehow elections are not free or fair, or the roll is not accurate, that breeds distrust and contempt and damages the fabric of our democracy. The last thing any of us would want is a situation where the wider public, the very people who put us here, begin to lose confidence in or have doubts about key components of our election process. That is why these two cognate bills we are debating today have come before this House—to ensure that our electoral roll is the best it possibly can be and accurately lists all those eligible to vote.

It is the case that our electoral system, the Australian Electoral Commission and the electoral roll have all served our nation well. But that is not to say that they are perfect, that there cannot be improvements or that there should not be reviews of the type that parliamentary committees have undertaken, so that when flaws become apparent or if technological advances allow flaws to be corrected we act on them. Whilst there have been no significant systemic incidences of electoral fraud uncovered by the commission, that does not mean that the roll is in the best possible shape. That is why the government wants to ensure that the electoral roll is free from any hint of corruption, intended or
otherwise, which would have a negative impact and skew election results.

As previous speakers in this debate have outlined, there are a number of key components to both of these bills. The member for Moncrieff eloquently outlined some of them in his speech, including the new requirements for proof of identity, which I would have thought were something that all members in this House would be united on. The video shop example is something that all Australians can relate to. While there are some members that would oppose regulations for proof of identity for the electoral roll, I think the Australian public would do well to question why someone would oppose such a provision.

It is not foreign to require proof of identity. It is something that Australians are familiar with, are used to, and, in this day and age, support. As the member for Moncrieff said, having to go through more checks to be able to hire a video than are required to get on the electoral roll is something that needs to be fixed up, and quickly. We know from previous debates that there are some members opposite who have opposed this legislation for various reasons, and the member for Moncrieff mentioned some of them. But there is no doubt that the Australian public, upon seeing these provisions when they come into effect, should they pass this parliament, will have no problem with them—no problem whatsoever.

There are other key provisions, but because of the hour of the day and the need to get this bill through, I will not go through each and every one of them in great detail. The key provisions relating to the integrity of the electoral roll are long overdue. Everyone in this House knows it, and it is about time that we got on with it and passed them. I will briefly address the other key integrity measures, relating to the close of rolls. I know those opposite are opposed to this measure but, as previous speakers on this side have pointed out, there can be no doubt that a big rush of people—the majority of whom would have had the opportunity to enrol at an earlier date—puts pressure on the AEC and, to that extent, brings into question the ability to ensure the accuracy of the rolls.

The concerns of those opposite can be overcome by constantly ensuring that people have the message that it is important to update their electoral enrolment or, if they turn 18, to enrol straightaway. To this end I was pleased to see the Australian Electoral Commission today put out a press release announcing that they are going to conduct a major, comprehensive mail-out to more than two million Australians—principally people whose details they need to check because they have not heard from them in the last few years—supported by national advertising and a public relations campaign.

As the member for Moncrieff said earlier, that is exactly the sort of approach that will ensure the integrity of our electoral roll on an ongoing basis so that there are no rushes to enrol. That is in the interests of ensuring that the electoral roll is not just up-to-date at the time of the election but also up-to-date at all times and that people are familiar with their obligations in a democracy. The Electoral Commission’s announcement of the letter campaign in the week commencing 31 May—to be followed up, no doubt, with some more information to the public—is very welcome and it comes many months before an election.

The measures in the bill relating to access to the electoral roll are important. They are measures that will give the Australian public confidence that when they vote at an election everyone’s vote is equal, that their votes count along with those of everyone else who is eligible and that they are not queuing up
on polling day with people who are not eligible to vote or are not eligible to vote in particular electorates. These are important measures. They should pass the House, they should pass the Senate and they should come into effect at the next election to ensure that we are doing the very best we can to keep the fabric of our democracy strong and to keep the integrity of our electoral system as strong as it can possibly be.

Mr JOHN COBB (Parkes) (7.09 p.m.)—
Voting is compulsory in Australia. In countries such as America, where it is not, only about 50 per cent of the population vote. In the last ATSIC elections I think fewer than five per cent of eligible people voted. The member for Casey mentioned that we have something to protect here, and certainly we do: the integrity of the Australian population to protect and—as he mentioned, very relevantly—the confidence of the people of Australia that their democracy is just that, a democracy, and that it is not rorted.

It is incumbent upon the Electoral Commission to ensure the integrity of the roll and to ensure that it is not manipulated, that there is no electoral fraud and that other things which are not part of these bills—the Electoral and Referendum Amendment (Access to Electoral Roll and Other Measures) Bill 2004 and the cognate Electoral and Referendum Amendment (Enrolment Integrity and Other Measures) Bill 2004—like provisional voting and multiple voting, do not occur. I think we could go further than this bill goes. I frankly am astounded that those on the other side of the House opposed this bill at any stage. One can only assume they had their own reasons for doing so, and we will have to leave it up to the parliament of Australia to wonder why they would be against anything as basic as asking for things like proof of identity before you can go on the Australian electoral roll. Members of the Labor Party will have to ask themselves why they could ever oppose such a thing.

The most precious thing that we have in Australia is our democracy and its transparency. I do not know why, when something as precious as that is involved, you would not need proof of identity when, as has been mentioned already this evening, there are any number of things far more peripheral that do require proof of identity, such as being served in a pub or—as has been mentioned here tonight—getting videos. Last week in Dubbo, even though I was well known to the proprietor and I knew my membership number, because I did not have proof of identity they would not give me a video. That is a fact. Yet those opposite opposed this measure originally. We are talking about the transparency of Australia’s democracy. Why shouldn’t we need identification? It is Australia’s future we are talking about. It does not matter whether you are voting in a federal, state or local election—it is not too much to ask. I believe that proof of identity should be required when we go in to vote and that names should be ticked off to prevent things like multiple voting. As to why any of this has been opposed, as I said, we have to make up our own minds.

Another issue is assisted voting. Without doubt, only two people should ever be allowed to go into a voting booth—that is, the voter and, if the voter has a disability or a problem, an impartial Electoral Commission official. That also removes the opportunity for a lot of fraud and manipulation, which I have no doubt has gone on in the past. Electoral fraud has happened, as we all know. It has been the reason for ballots recurring and for court cases. The one thing we must do is ensure that our democracy remains transparent and that, as the member for Casey said, the people of Australia have absolute confidence in the process. As I said, how can we demand proof of age to go into a pub and
proof of identity to open a bank account, to simply get a plane ticket, to hire a car or to take a hotel room yet not demand it for something as important as being permanently, for the rest of your life, on the electoral roll to vote in federal, state or local government elections?

Mr TUCKEY (O’Connor) (7.14 p.m.)—Having been involved in the political process at both the local and the state government level for 40 years, I can bring a great deal of experience to this debate on the many ways that people have abused the electoral arrangements and law of Australia. But the most surprising thing that has occurred to me throughout this debate was watching a number of members of the opposition standing in the national parliament and putting a case for the abrogation of the laws of the national parliament and, in particular, the law we are seeking to amend—the Commonwealth Electoral Act—through the Electoral and Referendum Amendment (Access to Electoral Roll and Other Measures) Bill 2004 and the cognate Electoral and Referendum Amendment (Enrolment Integrity and Other Measures) Bill 2004.

Section 101 of the Electoral Act is headed ‘Compulsory enrolment and transfer’. We have had crocodile tears after crocodile tears being put forward that the provision contained in these amendments that closes the rolls on the announcement of an election is some removal of the rights of the Australian people. The obligation of the Australian people is to register to vote within 21 days of that entitlement becoming available. What is more, while some of those members, who for reasons of their own think there is an advantage to them as politicians in having these late enrolments, cry their crocodile tears in this place and then make mention of the young, that same Electoral Act makes provision for 17-year-olds to register ahead of their entitlement. So they can register and they are frequently invited to do so by the electoral authorities, who put advertisements in the paper. Most young people have parents who understand these principles. So why is it necessary to keep rolls open with all the administrative difficulties involved to accommodate people that have broken the law? In fact, section 101(4) reads:

Subject to subsection (5A), every person who is entitled to have his or her name placed on the Roll for any Subdivision whether by way of enrolment or transfer of enrolment, and whose name is not on the Roll upon the expiration of 21 days from the date upon which the person became so entitled, or at any subsequent date while the person continues to be so entitled, shall be guilty of an offence ...

Subsection (6) goes on to say:

A person who fails to comply with subsection (1), (4) or (5)—and I have just read (4)—is guilty of an offence punishable on conviction by a fine not exceeding $50.

Who is it that these people in the opposition are talking about? Are they going to stand up shortly and say that, notwithstanding that we have laws against home invasion and criminal activity in commerce, everybody should be let off? Or, if they believe that there should be provisions laid down in this legislation to entitle people to register after the event, why aren’t they in here arguing for the removal of those clauses? Why, one after another, are the Labor Party opposing a proposition that is consistent with the law as it exists? You just have to wonder about their motive.

If one were to stand up with any degree of honesty and logic to make this point, it would be that a period of X days be allowed after the calling of an election for those who were still in the 21-day period, because everybody else in Australia has a legal responsibility to have registered or, in fact, re-registered in terms of relocating their ad-
dress. You can only wonder what sorts of tricks people therefore plan to get up to when they trot out this massive rush of people at the last moment, confuse the application process and do all these things. Might I say of the commission—the statutory authority that we trust with the administration of this law—that one might wonder why they are so ambivalent about this process. Clearly they should be advising the government that they are not in the business of accommodating people who have broken the law and letting them get onto the electoral roll at the last minute.

There are things that members of parliament can and should do for the electoral process throughout the parliamentary term—roughly three years—which my supporters do in many parts of my electorate. During the period leading up to an election they go to a shopping centre, place a couple of printed electoral rolls on a table and put up a sign: ‘Do you want to check if you are on the roll?’ It is amazing how many people are grateful for that opportunity. They do not even have to say who they are; they can just turn over the pages and find out if they are on the roll.

If the member for Lingiari and others who made such a fuss about this in previous speeches on this bill were to do something like that, I do not believe all their Aboriginal constituents would be off the roll. They would be on the roll. But there is nothing in this legislation that says if you are of a certain ethnicity you are absolved from this legislation. All Australians must register, and this, as far as I am concerned, makes a mockery of people who stand up in this place and virtually advocate a system that rewards people who have broken the law. Why doesn’t the Electoral Commission use the law as it is and, when these people come along to register, say, ‘Thank you very much; we take that as evidence of your breaching the law because you are of age X or you have resided at locality Y and you haven’t met the conditions of law and we will be sending you all a $50 fine’?

That is a reasonable argument. It would be interesting to know—and no doubt the commission has some idea—how many of those who register at the last minute or under the existing conditions in the act, which the opposition support, are legally entitled to register at that time. I would imagine that the 80,000 or 150,000 people that are said to be disenfranchised by this measure would come down to the odd thousand. We are being asked in this parliament to maintain a process which rewards people who have broken the law.

There are other matters that need to be addressed in the Electoral Act, some of which have not been included in this legislation because no preliminary agreement could be obtained. I am reminded of, and will never forget, the 1996 whitewash when John Howard’s team virtually eliminated the Labor Party. An apparent victim during the count was the member for Brand. As the count proceeded the member for Brand was losing. Then, all of a sudden, they counted what I knew as ‘section votes’. These are votes where people come to the polling booth and claim a vote when they are not on the roll. They say, ‘I should be on the roll. I live at 10 Smith Street in such-and-such a suburb within this electorate.’

That is a reasonable provision if by some accident they have been excluded from the roll when they genuinely have resided there for a long period. But statistics are available as to the percentage of votes that would typically be claimed in any one electorate and, by the public admission of the Electoral Commissioner after the conclusion of that election, section votes in the electorate of Brand were substantially above the average.
Furthermore, for those of us who understand elections, it is a well-known fact that absentee and various other votes might lean a little towards the sitting member but they tend to follow the trend at the polling booths. Yet the section votes in the electorate of Brand in that particular election went entirely against the trend to the extent that the member for Brand got his nose in front, was able to hang on and survive what had looked like imminent defeat.

The Electoral Commissioner was quite surprised at the number of section votes, but what I was never able to discover was whether the Electoral Commissioner, when he had these suspicions prior to the opening of the votes, sent his officials to some of the addresses to knock on doors and see that the people genuinely lived there. When an election is very close—and it might be a fact that they do not open these votes if it is not close—there should be a process of checking the validity of such claims. It is clearly an offence—in fact, it is fraud—to claim one of those votes if you do not reside there.

With the modern computer facilities available to members these days it is now possible to know the name of the person you should be addressing when you walk up and knock on a particular door. We are all surprised by how frequently a person does not live there anymore and has not declared it to the Electoral Commission. There are means of discovering this—sometimes we write letters to everybody in our electorate and get letters back that say ‘not known at this address’. In the last state election in Western Australia, in a seat which encompassed the town of Carnarvon, where I live, there was a mail-out and 600 voters were removed from a roll of about 12,000. The current state minister for local government, Tom Stephens, claimed that this was some sort of rort. The Electoral Commissioner had to draw his attention to correspondence to certain parties that was returned ‘not known at this address’. The Electoral Commission sends three letters to an address before they knock people off the roll, yet 600 of them had to go. It reversed the outcome in that particular electorate—the sitting member survived and no doubt he would have had very little opportunity otherwise.

Who were all these people? How do you think they voted? It was a mining electorate. They were all flying in and flying out. They were all living in Perth, but it was considered a good idea to keep their addresses in the mining areas in that electorate so that they could help win a seat. As I said, I was astounded to hear a minister for local government, as he turned out to be at that time, complaining that this was a dreadful act. Their rort had been uncovered.

These are practical examples of why the Electoral Act needs to be tightened up. As I said, I find it astounding that members of the Labor Party would argue against a measure in the amendments before us that simply says that the electoral roll should close when the election is called. That is not disenfranchising young people, because they have the legal obligation to enrol within 21 days of their entitlement occurring. As I say, with the present media blitz, who would not know that an election is getting close? Why wouldn’t the young, even if they are not yet 18, take the opportunity provided in the Electoral Act to register prior to their 18th birthday? It is all covered. Of the people who line up—the 150,00 or the 80,000 or so—seeking to enrol in those last minutes, 90 per cent have broken the law by not enrolling at an earlier time.

**ADJOURNMENT**

The **SPEAKER**—Order! It being 7.30 p.m., I propose the question:

That the House do now adjourn.
Telecommunications: Mobile Phones

Mr SIDEBOTTOM (Braddon) (7.30 p.m.)—The introduction of mobile phone cameras has generated a great deal of interest and even publicity. This 3G technology, as it is called, has been taken up by many thousands of Australians, especially the young. Along with this fascination, however, there is also a growing concern. There is no doubt that the introduction of digital technology has revolutionised telecommunications. Mobile phones abound. Indeed, I understand that Australia, with mobile phone penetration and ownership of 85 per cent, is probably second only to Sweden. 3G technologies allow much greater capacity to transmit and receive data including emails, SMS messages, video calls, music downloads and photographs, among other things.

While this technology is welcomed by many users and can be of great benefit to families separated geographically, some users unfortunately abuse it. Periodic media reports document stories of sleazy behaviour related to the misuse of mobile phone cameras. There have been many reports of voyeurs taking photographs in change rooms, swimming pools and cafes, capturing the unknowing in compromising or potentially compromising positions.

I do not wish to be prudish or to become overly regulatory on this matter—or, indeed, to advocate censorship—but I do believe privacy laws need to be reviewed in light of this new generation of mobile phones capable of taking and transmitting photos. Current Commonwealth telecommunications interception and privacy laws are not keeping up with modern technology and, as a privacy issue, there is much work to be done.

Earlier I mentioned surveillance devices legislation in the states and territories. Most of these deal with civilian use of listening devices or devices that overhear or record private conversations. Victoria, Western Australia and the Northern Territory have updated their legislation to include other surveillance devices including visual devices that show or record private conduct—hence mobile phone that image to the Internet to be viewed by millions of people does not break current privacy laws? For example, taking a photo with a mobile phone camera and storing it does not breach the Telecommunications (Interception) Act 1979 and the surveillance devices legislation of the various states and territories. In fact, with the way the law stands at present, the interception legislation protects the voyeurs or parties sending and receiving photos rather than the victims. The Privacy Act 1988 is not adequate to provide protection to victims. A photo taken which allows an individual to be recognised may be personal information, but the current act only binds ‘business entities’ rather than individuals. There might be a tort of invasion of privacy in light of the 2001 High Court ruling in ABC v. Lenah Game Meats and the 2003 Queensland District Court ruling in the case of Grosse v. Purvis, but these are early days yet for the development of such a tort.

Defamation protects a person’s reputation rather than their privacy, but it has been used in cases where privacy has been invaded using covert photographs in a locker room, as demonstrated in Andrew Ettinghausen’s successful case against Australian Consolidated Press in 1993. However, as Paul McLachlan writes in his article Smile, You’re on Mobile Phone Camera, there are considerable legal difficulties:

... in establishing how the picture defames the person; and it does not protect a person who has no substantial reputation or where the picture is taken and not published.
cameras. However, again as Paul McLachlan points out, there are ambiguities and anomalies when interpreting and applying federal and state and territory legislation and in determining what constitutes ‘private activities’ in these spheres of legislation.

Lack of laws to cover this invasion of privacy is not solely the problem of Australia; most countries do not have adequate laws. Countries like South Korea and Hong Kong are currently reviewing their privacy laws to tackle this problem. A whole-of-government approach in Australia is needed to overcome this important privacy issue that potentially affects every Australian citizen. There should also be a law requiring manufacturers to produce mobile phones cameras that alert people in the immediate vicinity when their photo is being taken. For instance, I understand that the South Korean Ministry of Information and Communication is framing laws that force mobile phone cameras to be equipped with a device which emits a 65-decibel sound when taking a photograph. Obviously many manufacturers might not like this proposal, but the market will determine their future sales. Using a mobile phone camera to take photos does not just happen in locker rooms; it happens in this House—and it happened today. (Time expired)

Indi Electorate: Alpine Conservation and Access Group

Ms PANOPOULOS (Indi) (7.37 p.m.)—I rise tonight to commend the work of the Alpine Conservation and Access Group, otherwise known as ACAG. ACAG came into being following the horrendous bushfire crisis that swept through north-east Victoria last summer. Many individuals and local identities came together to form this group in the wake of coming to grips with the effects of the worst bushfire season in living memory. ACAG is made up of representatives of a number of disparate organisations including the Victorian Farmers Federation, the Victorian Country Fire Authority, the Bush Users Group, the Victorian Association of Forest Industries, Timber Communities Australia, the Mountain Cattlemen’s Association of Victoria, the Victorian Public Lands Council, Mount Beauty and District Chamber of Commerce and the Kiewa and Ovens valleys communities.

I had the privilege of being present at a meeting at Mount Beauty in April last year, in the aftermath of the fires. That meeting was organised by my constituent and friend Allan Mull and was attended by some 400 people, and quite a lively and worthwhile discussion ensued. One of the motions moved at the meeting was to establish a group, what is now known as ACAG, to support the sustainable management of land and to ensure effective fire prevention policies to minimise future bushfire risk.

I would like to commend the work of a Tawonga resident, Mr Allan Mull, who has steered ACAG from its humble beginnings into a fully formed group to influence public policy in the sensible and responsible management of our national parks. The members of ACAG all contributed to the immensely successful tour of the bushfire afflicted areas of the north-east undertaken by members of the House Select Committee on the Recent Australian Bushfires—a committee which I was pleased, proud and honoured to be a member of—and the subsequent public hearings that took place in Wodonga. Few public inquiries captured the public’s attention as this one did, and ACAG played a significant part in the inquiry’s success.

ACAG recently contacted me regarding the number of deep green environmental organisations that are registered as deductible gift recipients by the Australian Taxation Office. ACAG has obtained figures from the
Department of the Environment and Heritage which show that grants paid to voluntary environmental groups reached up to $55 million in 2002-03. One such example of this is the Victorian National Parks Association. Whilst the VNPA is registered as a tax deductible organisation, their agenda is unfortunately highly political. Using the financial gains of tax deductible status, the VNPA has mounted a political campaign on their web site and in various publications to demonise mountain cattlemen and alpine grazing.

Recently, in a triumph for the battler and for that increasingly rare commodity, commonsense, the volunteer run ACAG forced the VNPA into an embarrassing admission. The VNPA was forced to withdraw misleading photographs—photographs that were used by the VNPA to garner further support for their ideological campaign to end cattle grazing in our national parks. On the updated VNPA web site, under the headline ‘Oops!’ they state:

We have just discovered that the photograph we believed to be Mount Loch in full bloom (in Victoria’s Alpine National Park) on the title page of this website, is in fact of Mount Townsend in Kosciuszko National Park.

Then a further qualifier is made:

... this honest mistake does not amount to deception.

This might be the case for the inner city fringe dwellers from the VNPA calling the shots from their Carlton offices, but it is cold comfort to the many loyal, honest members of the Mountain Cattlemen’s Association and other organisations that strive to do the best for the environment whilst maintaining the sensible practices of cattle grazing in our national parks.

The fact that the VNPA retracted their misleading evidence on this matter only after the airing of their wrongdoing by ACAG is a matter that people can make up their own minds about. For all their moral posturing about cattle grazing in national parks, for an organisation such as the VNPA to issue a statement outlining their misleading agenda is a clear victory for ACAG and the vocal rural communities it represents. I commend the President of ACAG, Neville Wright; the founders, Allan and Margaret Mull; Jack Hicks; the secretary, Monika Plohberger; Anita Martin; Win Morgan; Peter Panozzo; Neville Robinson; Bruce Addinsall; Tony Roberts; and Harry Rider, who make up the ACAG executive. Their actions have shown that community organisations in rural and regional areas, who often feel left out of the decision-making process and who are often on the margins of decision making, can have a voice, can have a say and can influence public debate. (Time expired)

Ballarat Electorate: Youth Unemployment

Howard Government: Advertising

Ms KING (Ballarat) (7.40 p.m.)—Over the course of the past few months, a group of committed people have been working in Ballarat to develop a strategy to address unemployment amongst 15- to 19-year-olds. The initiative came about at the instigation of the mayor of the city, David Vandy, in response to a report developed by the Highlands Local Learning and Employment Network entitled Young people at the crossroads. The report, based on ABS and local data, cited youth unemployment amongst the 15- to 19-year-old cohort in the City of Ballarat as being at 23.4 per cent—that is, 48 per cent higher than the state average. More disturbingly, not only is unemployment higher but, unlike the state average, youth unemployment in the City of Ballarat is growing and jobs growth for this group has remained static for the past five years.

Unemployment amongst 15- to 19-year-olds is an endemic problem in my electorate, and it has been for some time. It is...
one of the issues that got me interested in politics in the first place. Too many of the young people I used to work with had not attended school since the age of 13. Many of them were illiterate, had poor social skills, had had confrontational experiences with the education system and were totally disengaged from any form of learning. By the time I saw these kids at the age of 17-plus, they were in desperate trouble. Most of them had already been before the Children’s Court several times and were now heading for serious time in youth training or the prison system. The opportunity for unskilled work had been removed from many of them with the closure of several major factories. Their options were extremely limited, and these kids were the lost generation.

Over successive years, local programs have come and gone and enormous amounts of effort have been expended in trying to tackle the problem. One of the things we did when in government, which as a social worker I was highly critical of, was the abolition of the CYSS program. That program in particular captured those kids who did not fit within the boundaries of other programs. Subsequent programs, under both Labor and the Howard government, have failed to recognise the unique and entrenched nature of unemployment amongst the cohort of 15- to 19-year-olds. I would argue that programs have to start even earlier to capture those 13-year-olds who, yes, should be in school but who are not. Programs that assist schools and parents address the high rates of absenteeism are also needed.

This group has been slipping through the net of employment programs, and it needs special attention. This issue is everyone’s responsibility. It is no use blaming it on schools, teachers, parents, employers or kids themselves. Every one of us, Labor or Liberal, has a responsibility to do something about it. I am proud that Labor has put this lost generation back on the agenda with our youth guarantee. Under Labor, all 15- to 18-year-olds will get support to either study at school, TAFE or university or to be in a job or apprenticeship. Our program includes no TAFE fees for secondary school students, support to keep 15- to 18-year-olds at school, training mentors, TAFE places for 15- to 18-year-olds, extra apprenticeships for 15- to 18-year-olds, a jobs gateway to target 10,000 early school leavers, intensive help to reconnect homeless and disadvantaged youth into education, training and employment, and a link-up program.

Today, the task group that has been developing our local strategy presented it to the mayor. I am a member of that group but, unfortunately, I was unable to be there today. However, I want to congratulate, in particular, Barry Wright for his hard work in putting the strategy together. I guess the hard work now is really the implementation of that strategy, and that is yet to come. With the creation of the Highlands LLEN, the opening of That Place—a one-stop shop for career advice—the co-location of Centrelink youth offices with these services, and the possibilities offered by Labor’s youth guarantee, we have the best opportunity before us to tackle youth unemployment in my district. The government needs to recognise the value of Labor’s proposals and, instead of trying to carp about where the name of the program came from or argue on narrow definitional lines about who constitutes a young person, it should work to actually fix the problem amongst the cohort of young people aged 15 to 18.

In the short time remaining to me, I also want to mention the appalling waste of taxpayers’ money that is occurring with current government advertising. Senate estimates revealed last night that $109 million worth of spending on advertising is in the pipeline. That is $109 million that is going to be spent
on election advertising in the upcoming weeks. One of those campaigns has inadvertently shown, in my electorate, that, yes, there is truth in advertising—truth in advertising, truth in labelling. We have had the Medicare ads running pretty heavily throughout most regional newspapers, including one of my local newspapers. I think the printing error that occurred in the Medicare ad in my local newspaper shows quite clearly that the Medicare ads are not about strengthening Medicare but are about ‘John Howard strengthening me’. That is how it was printed in my local newspaper. I think we finally had truth in advertising in the Daylesford Advocate. I say well done to them. They have certainly shown that the Medicare advertising program is not about pointing out what the issues are in relation to Medicare. The government’s program has failed to keep Medicare strong and universal, and the ads that appeared in the Daylesford Advocate are all about ‘John Howard strengthening me’— (Time expired)

Kalgoorlie Electorate: Kimberley Sustainable Regions Project

Mr HAASE (Kalgoorlie) (7.45 p.m.)—I rise this evening to inform the House of the wonderful work that is being done in the Kimberley region of Western Australia by the advisory committee for the Kimberley Sustainable Regions project. They are Ms Cori Fong, Chair; Ms Josie Farrer; Ms Elsia Archer; Ms Barbara Johnson; Mr Chris Kloss; Mr ‘Sos’ Johnston, from Broome; Mr Ian Trust; and Mr Jeff Gooding; ably served by Mr John Durant, the executive officer. Also on that committee is the current Shire President of Halls Creek, Lyn Craig, well known as ‘Jim’ Craig.

Over the last couple of years the committee has worked very hard in devoting their time to selecting projects to be funded by the Department of Transport and Regional Services, under the Australian government, with the accent on regional infrastructure, local cooperative projects, Indigenous enterprise and economic development, regional marketing, and new sustainable industry. As a result, I am pleased to inform the House tonight that, thus far, projects totalling $8.7 million have been approved. I would like the House to take note of them, as follows. The Ord Mango Growers Association Inc. received $363,000 for marketing for mango exports from the Kimberley. The Kimberley Sustainable Development Co. Pty Ltd, which will be a joint venture with the Monadelphous Engineering Associates Pty Ltd to maximise opportunities in the resource industry in the Kimberley region, received $88,000. The Mirima Council Aboriginal Corporation will use their funding to assist the foundation to increase the use of interpreters within its existing client base, as well as providing a translation service and cultural awareness training. They have received $127,000. The Shire of Broome received $66,000 for a jetty to jetty project, involving the development of a feasibility study for the provision of a boardwalk extending from Streeter’s Jetty to Town Beach Jetty in Broome. The Kimberley Aboriginal Pastoralists Association received $317,000 to coordinate the implementation of KAPA’s strategic plan for the day-to-day operations of the KAPA office. The Shire of Derby-West Kimberley received $660,000 for the upgrade and reconstruction of the main runway at their airport. The Kimberley Aboriginal Aquaculture Corporation, incorporating the Kimberley black tiger prawn project, received $725,920. That is a substantial sum of money for development of aquaculture on the Dampier Peninsula. The stadium seating project sponsored by the Shire of Broome received $550,000. It will provide transportable stadium seating for up to 2,500 people, which
will allow more major events to be staged in the Kimberley region.

The Kimberley Aboriginal Tourism Project received $93,500. That project aims to maximise the potential of existing relationships and involvements between 'host' Aboriginal communities and the Wunan Foundation's tourism activities. The Fitzroy Crossing Family Centre received $220,000 to assist in the building of a purpose-built day care centre. Lake Argyle Industries, which will support a commercially and ecologically sustainable development of a major barramundi aquaculture industry at Lake Argyle, received $364,000. The Warlayirti Arts and Cultural Centre will base a project around the centre and the employment and support for a business development manager. It received $670,800. The Kimberley Sustainable Tourism Project received $350,000. The Broome Visitors Centre received $550,000. The Broome Arts and Music Foundation received $55,000. The Ord River scheme received $151,000, and another $55,000 for maintaining water quality. The Broome port wharf extension received $3,300,000. All in all, that is a mighty effort provided by the Sustainable Regions project funding. Over a period of three years, that is some $12 million in total creating a sustainable future for the population of the Kimberley—a huge area that is developing at such a rate today that it needs such projects to provide real jobs for those people—(Time expired)

Domestic Violence

Ms GEORGE (Throsby) (7.50 p.m.)—Today I delivered 467 letters from local residents who have protested about the government’s decision to cancel the original No Respect, No Relationship antiviolence campaign. These letters were presented to me at a recent meeting at a local Albion Park Rail Neighbourhood Centre. The letters indicate to the Prime Minister the community’s concern about the government’s decision to cancel an antiviolence awareness campaign. The campaign’s main focus was on the development of healthy and respectful relationships among our young people—by that, I mean relationships free from harassment, intimidation and violence. It is of much concern and regret to my community that the government decided to axe this campaign just prior to its planned launch in December 2003. In the letters that went to the Prime Minister’s office there were a number of points made by local residents, but I will just quote a couple of them. They say:

Our young people are in desperate need of strong community messages such as those depicted in the ‘No Respect, No Relationship’ campaign which show family abuse and sexual violence are never OK. The Australian government has a responsibility to educate young people about violence being unacceptable as well as to provide services to the victims of such violence.

They go on to say, and I think we would all agree with this:

It is difficult to imagine a more appropriate time for the introduction of a program such as ‘Coaching Boys into Men’, which aims—in the original concept plan—to effect changes in the attitudes and values of young Australian people ...

Men in particular. The issue first received some local attention when I was asked to attend a meeting of organisations, convened by the Warilla Women’s Health Centre. At that meeting, the organisations and many of the women who attended were determined to continue to raise awareness about this campaign in the local community. I want to thank in particular the women involved in the Making the Community Safer project. At that meeting, constituents asked me to raise in parliament their genuine concerns about the serious under-resourcing of projects related to family and relationship violence in the Illawarra region. They pointed out that there
were no specific family violence services locally. I know from first-hand experience that our refuges suffer from a chronic lack of available spaces for many women and children who flee relationships. They are often left in a very vulnerable position when refuges are unable to accommodate all the women who seek places.

What disturbs me even more about this issue is that this week, during questions in Senate estimates, it was confirmed that the government cancelled a campaign that had been given approval by a lot of people who were involved in the planning, focus groups and research that led to what would have been a very successful campaign. As if that was not bad enough, we now find that millions of taxpayers’ dollars have been wasted by the government pursuant to the axing of the original awareness campaign. As I understand it, $1.1 million has been paid out in cancellation fees, and $2.7 million was spent on campaign materials that will largely no longer be used. As well, some of the elements of the original campaign have been canned, including the one that I referred to earlier—the Coaching Boys into Men campaign. That campaign was going to include a brochure for sports coaches to use in promoting, to young men in particular, positive attitudes towards women, and it had been planned to introduce school curriculum materials which I am sure would have been welcomed by many local schools. We are now told that a new campaign, featuring a booklet with a message from the Prime Minister, will be sent to all Australian households telling them what to do once a violent incident or sexual assault has occurred.

The government stands condemned for the scandalous waste of taxpayer funds and its decision to change the emphasis of the original campaign from violence prevention to what appears now to be crisis response. *(Time expired)*

**Northern Territory: Gas Pipeline**

Mr **TOLLNER** (Solomon) *(7.55 p.m.)*—

Members will be aware that Australia stands to benefit considerably from the oil and gas fields of the Timor Sea. The Bayu-Undan field is already in liquids production, and earnings from that field will effectively provide the fledgling nation of Timor Leste its annual budget. The Greater Sunrise field presents the opportunity of earnings for Australia of some $8½ billion over the life of the project. Greater Sunrise contains an estimated 8.3 trillion cubic feet of natural gas and 295 million barrels of condensate. Current estimates are that 20.1 per cent of these resources lie in the joint petroleum development area and 79.9 per cent in Australian jurisdiction.

Tonight I will talk about a prospect which is much smaller but, no doubt, just as important: the Black Tip gas deposit in the Joseph Bonaparte Gulf, off the Territory’s north-west coast, which Woodside wishes to develop as a supply of domestic gas. The proposal is to run a gas pipeline east-west across the Territory from near Wadeye or Port Keats to supply a bauxite smelter at Nhulunbuy on the Gove Peninsula. This project is currently being negotiated between Woodside, the Territory government and the Northern Land Council—because some 70 per cent of the pipeline route would be across land that comes under the Commonwealth’s Aboriginal Land Rights (Northern Territory) Act.

The Northern Land Council has proposed that it take equity in the project. The pipeline presents the greatest opportunity in the history of Arnhem Land, in the history of the Territory, and perhaps even in the history of Australia, to tackle the greatest social difficulty the Territory has—namely, the participation and inclusion of Aboriginal Territorians in the growth economy of the Territory.
It is often said, but it bears repeating, that Aboriginal Territorians are, for the most part, ‘land rich but dirt poor’. I have often spoken about the problem and have no hesitation in repeating my assertion that much of the fault for that situation lies in the Aboriginal land rights act. The act was primarily brought about with a view to protecting Aboriginal Territorians and their land from commercial exploitation by the outside world—by which I mean ‘from other Australians’. The result has been, sadly, the exclusion of Aboriginal Territorians from the Territory economy. Some 30 per cent of the Territory’s population are Aboriginal. They have their land, they have the right to say who may come and go, and they have their land council bureaucracy to protect them, but, in the end, it has meant nonparticipation and exclusion. It has meant joblessness. I do not need to repeat the figures about Aboriginal community dysfunction, poverty and reliance on social welfare. The figures are quoted often enough.

The pipeline corridor provides the greatest opportunity yet to tackle those problems. If a public highway were built alongside the pipeline, if spur lines were added to provide cheap clean energy to outlying communities that currently waste some 30 per cent of their budgets providing diesel-powered electricity, and if new mines were opened up by the provision of cheap energy on their doorstep, we could see a revolutionary change in Aboriginal participation and involvement and a resultant revolution in unemployment, health and welfare statistics for the people on the land that this pipeline will traverse.

It should be remembered that Arnhem Land is internationally recognised as one of the most promising resource areas in the world, but it has been allowed to lie fallow while Commonwealth laws, land council bureaucracies and other well-intentioned but ill-thought-out measures put the prospectors outside the fence. I propose that Woodside, the Commonwealth government, the Territory government and the Northern Land Council negotiate a deal that will not just realise a pipeline but be a great leap forward in the development of Northern Australia and in Aboriginal advancement.

The SPEAKER—Order! It being 8 p.m., the debate is interrupted.

House adjourned at 8.00 p.m.

NOTICES

The following notices were given:

Mr Ruddock to present a bill for an act relating to the protection of certain information from disclosure in federal criminal proceedings, and for related purposes. (National Security Information (Criminal Proceedings) Bill 2004)


Mr Ruddock to present a Bill for an act to amend the Telecommunications (Interception) Act 1979, and for other purposes. (Telecommunications (Interception) Amendment (Stored Communications) Bill 2004)

Mr Ruddock to present a bill for an act to amend customs legislation, and for related purposes. (Customs Legislation Amendment (Airport, Port and Cargo Security) Bill 2004)

Mr Truss to present a bill for an act to amend the Farm Household Support Act 1992, and for related purposes. (Farm Household Support Amendment Bill 2004)

Mr Hardgrave to present a bill for an act to amend the Aboriginal and Torres Strait Islander Commission Act 1989, and for re-
lated purposes. (Aboriginal and Torres Strait Islander Commission Amendment Bill 2004)

Mr Ross Cameron to present a bill for an act relating to charities and charitable purpose, and related purposes. (Extension of Charitable Purpose Bill 2004)

Mr Ross Cameron to present a bill for an act to amend the law relating to superannuation, and for other purposes. (Superannuation Laws Amendment (2004 Measures No. 1) Bill 2004)

Mr Ross Cameron to present a bill for an act to amend the law relating to superannuation, and for related purposes. (Superannuation Laws Amendment (2004 Measures No. 2) Bill 2004)
The DEPUTY SPEAKER (Hon. I.R. Causley) took the chair at 9.43 a.m.

STATEMENTS BY MEMBERS

Education: Funding

Mr SAWFORD (Port Adelaide) (9.43 a.m.)—Much is said about government commitment to the national interest, particularly its commitment—or not—to the human capital of the nation. There are many areas of investment in human capital but none is more obvious or important than education. Unfortunately, that investment has not occurred under the Howard-Costello federal government. I can confidently make that assertion without any fear of contradiction. I can do that because the most important measure of investment in education—the percentage of gross national product spent on education—has fallen under this government.

Given that the overall level of resources available for education as a percentage of gross national product has fallen, that situation is further complicated and diminished by additional factors. Firstly, funding according to need, whether private or public, is ignored and fairness and egalitarianism are conveniently forgotten. Secondly, merit of any kind is ignored and the decisions made are determined by financial matters only. Thirdly, disadvantage in any form is ignored, whether socioeconomic or geographical isolation. In place of those three factors, choice is championed by the government. In fact, it is a false god of choice that is worshipped and idolised by this government to the exclusion of everything else. Freedom of choice is not available to the able and the meritorious, to the financially or geographically disadvantaged, or to the physically, emotionally or intellectually disabled. All of those groups know that. As far as this government is concerned, freedom of choice is limited to only those with financial means. That is a very poor arbiter of investment in human capital and the national interest.

On Monday this week I received a very well-argued piece of correspondence pleading for justice and a fair go for those families who believe in and use public education. The Pennington schools combined councils made 10 recommendations on the States Grants Act: (1) that it be needs based; (2) that it take into account private school private income; (3) that the SES be based on parents’ actual income; (4) that effort be made to achieve equitable outcomes; (5) that fairer funding be achieved for public schools; (6) that the Commonwealth and the state work in partnership; (7) that funding be capped for schools that are already operating at superior resource levels; (8) that the proportion of funds going to targeted programs be restored rather than recurrent expenditure; (9) that funds for schools be based on an ‘equivalent school’ rather than a ‘per student’ basis; and (10) that the receipt of public money be conditional on full accountability, including reporting to parliament on all income and expenditure. I think the Pennington schools combined councils make some very valid points. The points made, if they continue to be ignored, could well decide winners and losers at the forthcoming federal election. (Time expired)

Science and Innovation

Mr HUNT (Flinders) (9.46 a.m.)—I recently had the pleasure of meeting and talking with Professor Paul Davies, one of the great cosmological theorists and physical theorists in the world today. We discussed the place and the role of science, both at its theoretical level and in its applied research capabilities. In particular, he talked about science which examined the
origins and the ends of the universe, concepts which may be unusual to discuss in this House. What was interesting was that he talked about the way in which the knowledge we take from the study of those disciplines has a practical impact on the world in which we live today.

There are two extremes of science. On the one end is cosmological physics, which in essence is the study of the big things, the great and gigantic things within the universe. From that we get the general theory of relativity, and from that we have developed theories about energy use which we can apply in our world today. The great prospects for environmental protection over the coming century come from that extraordinarily large body of science, that examination of the great things of the universe—and yet you would never have known that when it was originally done. Similarly, the study of the smallest things, quantum mechanics, has led us to the discovery of microchips, of nanotechnology, of the very essence of our communications.

So, on the one hand, the pure research into the great things of the world, and the general theory of relativity which came from that, gives us the capacity over the coming century to deal with some of our most extraordinarily challenging environmental issues. On the other hand, the study, through quantum mechanics, of the most minor things, of the smallest atomic and subatomic particles, gives us the capacity to transfer knowledge, to examine things in a way which we would never have believed possible.

In that context, I believe that the recent R&D package, the science and innovation package worth $5.3 billion which the Commonwealth introduced—the second great round—has a profound impact on both our search for knowledge and our capacity as a country to prepare for the future, to compete internationally and to have an impact on the world. In particular, there is $305 million in the package for the CSIRO. Core activities involve water and oceans, matters of an absolute passion to me personally. That $305 million goes to help solve generic questions for Australia, as well as specific questions, such as the treatment of water and oceans in areas such as Gunnamatta Beach in my own electorate. I commend the package and I commend the search, at the highest level, for knowledge. (Time expired)

Roads: Geelong Bypass Road

Mr GAVAN O’CONNOR (Corio) (9.49 a.m.)—The Geelong bypass road project is a critical piece of road infrastructure to the Geelong region, which when completed will deliver enormous economic benefits to the regional and national economies and substantial positive social and environmental outcomes as well. The estimated cost of the proposal is around $380 million, with the Bracks Labor government having committed around $190 million to its construction in the last state budget. The Geelong community is actively seeking federal funding to complete the project.

This project will deliver substantial benefits to the federal seats of both Corio and Corangamite. I am asking the government to evaluate this project on its merits, against the criteria it itself has established to determine priorities for Commonwealth funding. I am confident that, if this is done in a dispassionate way, the great benefits of this project can be acknowledged and funding allocated. I have written to the Prime Minister and the Minister for Transport and Regional Services on several occasions, seeking federal support for this critical piece of road infrastructure. Most recently, I wrote on 23 April 2004, when I requested the government to consider, in the context of its budget deliberations, federal funding for the Geelong bypass project. I said in the letter:
The bypass road has been the subject of intense local debate for many years. Indeed, the planning goes back three decades. This is an issue that affects not only the City of Greater Geelong but another nine municipalities in the region, with a total population of 260,000, and is above partisan and narrow, self-interested local politics.

I further said:

I acknowledge that the road does not strictly form part of our national road grid, but I urge you to consider part funding the project due to the significant benefits that will flow from its immediate completion not only to the Geelong region’s manufacturing, agricultural, tourism and retail industry but to the national economy.

I also said:

Geelong and its hinterland region is already a major contributor to Australia’s export effort, and the transport and logistical efficiencies that will flow from this project will further reduce costs and enable local firms not only to expand exports but also to meet international competition in the domestic market.

In various letters and representations, I have outlined the benefits of linking the Princes Highway with other highways in the region. Substantial economic benefits will flow from improved port access. It will directly stimulate international tourism, focused on the Great Ocean Road and the Otways area, and it will deliver very great economic benefits to the region. (Time expired)

Budget 2004-05

Mr NAIRN (Eden-Monaro) (9.52 a.m.)—Much has been said already, and much more will be said, about the 2004 budget, delivered a couple of weeks ago. The role of the budget in the overall economic management of the nation is something that ought to be concentrated on a lot more rather than people looking at tiny items within it, and I will say more about that elsewhere. What has concerned me has been the misuse of figures and, in fact, the downright wrong statistics being used by some people in relation to issues in the budget. We all heard initially the Leader of the Opposition’s comments that he personally would not get any benefit at all from the tax changes in the budget. That seemed like a good thing for him to say in an interview at the time. It went along with what he was saying, even though it was totally incorrect. We also saw the shadow Treasurer issue a press release immediately after the budget, talking about 8½ million families when there is something like only 4½ million to five million families in Australia. His attitude was: ‘It’s just a wrong statistic, but who cares? We’ll push that to one side.’ But he very quickly changed the press release later on.

It concerns me that these sorts of things have flowed right down to the local level as well. The local Labor candidate in my area, in sheep-like fashion, repeated that. He put out a statement in the paper also referring to 8½ million families, not getting the statistics right at all. Then, when caught out, he quickly put out another press release and changed it in the same fashion as the shadow Treasurer did. In that second press release, he also made the statement that 80,000 people in Eden-Monaro will miss out on a tax cut. I looked at the statistics for Eden-Monaro. There are 138,000 people in Eden-Monaro. There are 30,000 young people aged between zero and 14. There are in excess of 20,000 pensioners who do not pay tax. There are Newstart and youth allowance recipients who do not pay tax. You get to almost that 80,000 figure before you even start to look at people earning income. So this figure of 80,000 actually includes babies and kids at preschool, primary school and high school, and old age...
pensioners who do not pay any tax. You cannot give people a tax break if they do not pay tax in the first instance. This is the misuse of figures. Downright incorrect figures are being put out there just as a political spin—who cares, throw the figures around and some of it might stick. It is a disgrace for candidates to be out there saying such things.

Agriculture: Dairy Industry

Mr ZAHRA (McMillan) (9.55 a.m.)—An issue of concern to a lot of people in my electoral district is the state of the dairy industry. The dairy industry has gone through a lot of change over the course of the last four or five years in particular. What this has meant is that there has been some adjustment, some restructure, within the industry. To their credit, dairy farmers, particularly those in Victoria, have embraced the change and have been prepared to work constructively to try and ensure a positive future for their industry and for those communities that depend heavily on the dairy industry for their livelihoods.

However, we have some serious issues emerging in relation to the very low milk price which is being made available to dairy farmers by dairy cooperatives and milk companies. The milk price that people are getting is, on average, around 24c a litre at the farm gate. The people on the dairy farms tell me in very clear terms that that is not enough for them to be able to cover their costs and make a reasonable income from their farms. I just make this point: I think that what the farmers are saying in my electorate is true; there is a problem in the dairy industry. There is something very wrong with the dairy industry, where ordinary farmers who make the sacrifice to run their farms, taking the financial risk and doing all the hard work—often working 80 or 100 hours per week on their farms—get 24c a litre, but when you and I go to the corner store we pay $1.60 a litre. There is something very wrong indeed when they get 24c for all their work, all their financial sacrifice and all their great family sacrifice and we pay $1.60 or $1.70 a litre when we go to the corner store. As I understand it, the statistics reveal that, historically, that is the greatest disparity ever in Australia between what consumers pay and how much farmers get at the farm gate.

The federal government has an obligation to have a proper look into this industry and make sure that we have proper market forces operating between the farmer and the person to whom the farmer is supplying their milk. I am very concerned indeed that we have a situation where the milk price that is available to farmers is almost entirely uniform—they can get 24c from one milk cooperative, 24c from another milk company and 24c from another milk purchaser. There is something crook in an industry where we see that type of non-market situation emerging. It sends very bad market signals to farmers and does not create an environment in which we can see the growth of this industry and people planning for the future, with some reasonable prospects of financial success and good returns. (Time expired)

Health: Services

Mr DUTTON (Dickson) (9.58 a.m.)—One of the most significant issues in my electorate at the moment concerns health and the provision of medical services. It is an issue that I have been fighting for to bring more doctors to areas like Dickson. Today I want to put on the record that Dickson has received a record number of doctors under the More Doctors for Outer Metropolitan Areas measure. Over the period, it has been identified that Dickson has received 18 new doctors, which is the most significant number of doctors attracted to any region in the country.
I want to take the opportunity to thank the Minister for Health and Ageing for the work that he has put into this program and the success that it has provided to residents of Pine Rivers. When you look at the make-up of Pine Rivers, we have many young families and older residents. Obviously health and the provision of doctor services for their children is a major concern for young families. Interest rates and how much they pay on their house mortgage, of course, are significant issues for them as well, and this government has been able to deliver in both of those areas.

It is important to highlight to the Main Committee today that I will continue to fight for more doctors to come to our area of Pine Rivers. The fight is not over. We need to put more doctors on the ground. The government has been involved in this program of providing relocation grants of up to $30,000 to GPs and specialists who establish new practices in areas like the Dickson electorate and of up to $20,000 for those who join existing practices in areas like the Dickson electorate. We have been successful in attracting overseas doctors. We have been successful with the Medicare plan that we have put together to provide a sustainable basis for health care to be provided to people like those in Pine Rivers.

I want to assure the people of Pine Rivers today that we have not finished this fight. We will continue to get more doctors and medical services on the ground in Pine Rivers. I commit myself again to that today. It is an issue that faces many electorates right around the country. As an outer metropolitan area, Pine Rivers faces many challenges, like many other electorates. But I think it is a great indication of how successful federal government programs have been—particularly the More Doctors for Outer Metropolitan Areas measure, which again was rubbish by the Labor Party, who continue their negativity on health, as they do on every other issue. But the proof of the pudding is in the eating and the fact is that we have got 18 doctors. We need to get more in areas like Kallangur and Strathpine. Those sorts of areas need more doctors, and we will continue to fight for them. The issue of the Pine Rivers hospital is one that we are committed to, one we will continue to fight for and one that we call on the state government to provide funding to.

Mr Causley—Order! In accordance with standing order No. 275A, the time for members’ statements has concluded.

**MEDICAL INDEMNITY LEGISLATION AMENDMENT (RUN-OFF COVER INDEMNITY AND OTHER MEASURES) BILL 2004**

Cognate bill:

**MEDICAL INDEMNITY (RUN-OFF COVER SUPPORT PAYMENT) BILL 2004**

Second Reading

Debate resumed from 13 May, on motion by Mr Abbott:

Ms Gillard (Lalor) (10.01 a.m.)—I make it clear at the outset that the opposition will be supporting the Medical Indemnity Legislation Amendment (Run-off Cover Indemnity and Other Measures) Bill 2004 and the Medical Indemnity (Run-off Cover Support Payment) Bill 2004 today and has facilitated the government’s wish to have these bills dealt with in an expedited way. That is why they are before the Main Committee, the second reading having been moved in the House only on the last sitting Thursday. Having indicated our support, it is
my intention to use the opportunity to make some comments about the content of these bills and, of course, the government’s general approach to medical indemnity issues.

I never met my grandmother but, according to my mother, she was prone to say that patching a piece of clothing was fine, but putting a patch on a patch was disgusting. Given that world view, one can only wonder what she would have made of the Howard government’s approach to medical indemnity issues, where we have seen patch upon patch upon patch. The real tragedy is that it did not need to be like this. From the moment this government came into office in 1996, they were well aware that there was a looming medical indemnity crisis. They were well aware of that because sitting on then Minister Wooldridge’s desk the first time that he put his feet under the desk and sat down on the ministerial seat would have been a copy of a report put together by a woman called Fiona Tito—which, obviously, became known as the Tito report. It had been commissioned by Minister Carmen Lawrence in the then Keating government. The Tito report outlined that there was a looming problem with medical indemnity issues and that the government needed to react.

Unfortunately, instead of reacting, one does not know what Minister Wooldridge did with the report—whether he tossed it into one of his side cupboards and never looked at it again or gave it back to the Public Service to refile. But, whatever became of the Tito report, it was not responded to with substantial action. Indeed, as I have had cause to remark in the House before, Mr Wooldridge is proud of this record of inaction. Rather than making the usual round of excuses which you would expect a health minister to make, such as that they had too much else to do or other issues loomed larger, Mr Wooldridge is in fact proud of this record of inaction. When speaking at the University of Melbourne post his time as minister, he made the following statement:

As Minister, I was accused of doing far too little on medical indemnity. That’s completely unfair. I did absolutely nothing whatsoever.

That is an outbreak of uncharacteristic honesty from a Howard government minister. He was post his ministerial life, so perhaps he was seeing things a little more clearly. Mr Wooldridge was prepared to say that, in his time as health minister and for the first two terms of the Howard government, absolutely nothing was done to resolve the looming medical indemnity crisis.

Of course, the inaction had to come to an end when there was a crisis in medical indemnity—a bigger crisis in medical indemnity. The crisis was already emerging, but then something happened that even the Howard government could not ignore. That, of course, was the collapse of Australia’s largest medical indemnity provider, UMP, which left doctors around Australia, particularly in New South Wales, uncovered—with no coverage at all against potential claims. When that happened, even the Howard government, with its record of inaction about which it was so proud, was motivated to react.

And react they did, in a flurry and with a set of ill-conceived measures, which have all been the subject of patch-up jobs since. The first of those measures was the now famous IBNR levy, the levy that was imposed on doctors who had been members of UMP. This was the Howard government saying to those doctors, ‘You’ve been members of UMP; UMP has collapsed; there is obviously going to be a problem when claims that have been incurred during the period that you were covered by UMP are actually reported. We are going to fix that and make sure you are covered for those claims, but we are going to make sure that we recoup

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from you the money that is required to meet that financial liability.’ That was what the levy was for.

As we recall, it was those levy notices hitting doctors’ desks in around August and September last year that provoked the mass walkout of doctors, particularly in New South Wales. They were incensed by the Howard government’s insensitivity in simply sending them levy notices which when they were opened required payment of several thousand dollars—for some of them, tens of thousands of dollars, even into the hundreds of thousands of dollars. They were incensed by that insensitivity, and they disputed the basis on which the calculations were made, saying that the Howard government had not taken into account the effect of the round of tort law reform that state governments had engaged in to limit future negligence claims. According to the doctors, that was going to reduce liabilities and had not been properly factored into the calculations.

So patch-up job No. 1 was the IBNR levy, and, as we all know, that caused a crisis. That crisis led the health minister to chair a medical indemnity panel, as a desperate measure to try to get the doctors back to work, and caused that minister to say, ‘Let’s engage in the first patch-up job on the IBNR levy,’ which was to have a moratorium on payment. The opposition passed all that legislation expeditiously for the government, because we realised they needed to be dug out of a hole and we were prepared, in the interests of the health system, to help dig them out of that hole. So we did pass all that legislation for them. Then, of course, after the minister’s high-level panel on medical indemnity, there was a third patch-up job on the IBNR levy arrangements. Once again that patch-up job has been put in place with the support of the opposition, because we could not leave the Howard government and Australia’s health system down the hole the Howard government had managed to make for itself.

But the patch-up jobs did not end there. We had the premium subsidy arrangements. One of the things that the Howard government did to try to address the medical indemnity crisis was to say to doctors in high-risk occupations, ‘What about we give you some subsidies and support to help you meet the burden of your ongoing medical indemnity premiums.’ That first arrangement was once again seen to be unsatisfactory, so that patch-up job had to be repatched, following the high-level panel into medical indemnity issues, and that scheme has been changed—it has been broadened so that it now catches all doctors and gives them premium subsidy support if their premiums for medical indemnity exceed a specified percentage of gross income.

If only that was where it had ended. But no: we had the patch-up job that was the high-cost claims arrangement. That was, once again, another patch put into place by the Howard government, which, having put it into place, needed to repatch it post the high-level panel on medical indemnity. That has been done. Then we had the patch-up job for the whole industry, which was to require the medical defence industry to move into being an insurance based industry. Medical defence products had not historically been insurance products and the prudential requirements that were put on insurers generally had not directly applied to the medical defence industry. The Howard government came along and—in a flurry, very quickly—said, ‘Let’s patch all of this,’ by causing the industry to migrate from the way in which it has historically met medical defence claims to being an insurance industry. The government brought legislation into the parliament to enable that. The time at which they did that predates me being the shadow minister for health and predates the current Minister for Health and Ageing.
That legislation, the Medical Indemnity (Prudential Supervision and Product Standards) Act 2003, was once again passed expeditiously, with the assistance of the opposition.

By the very act of causing the medical defence arrangements to change from the way in which they had historically been offered to become traditional contracts of insurance, the government caused a series of collateral issues to arise, which have all required patch-up jobs. It just goes to show that when you make public policy with desperation you tend to make public policy fairly badly, and that was what was done in this case. To briefly explain this, historically, medical defence organisations had offered doctors support on the basis that, if they were paying premiums, any claim that was incurred during that period—whenever it was notified—would be covered by the medical defence organisation. An obvious example is that of the obstetrician who delivers a baby today and something goes wrong with the delivery and there is a negligence allegation. The lawsuit might not be made for 18 or 21 years—not until that infant has become an adult. In such a case the medical defence industry historically said, ‘If you were paying premiums when that incident was incurred, then we will offer you support, irrespective of when the claim is dealt with.’

The consequence of moving the industry from that basis to an insurance basis was that coverage was then limited to meeting claims that were both incurred and reported during the premium paying period of the doctor. So any claim made while the doctor was paying premiums would be dealt with by the medical defence organisation but, if that claim was made after the doctor ceased to pay premiums, it would be left uncovered. That was one of the collateral problems of having the industry migrate to an insurance model—but it was not the only one. The other problem related to what would happen if doctors had awards of damages made against them which exceeded in quantum the amount that they were insured for. The government has engaged in two rounds of patching up about that—the so-called blue sky claims. There was the pre high-level panel version and the post high-level panel version, but they have had to actually do a patch-up on that issue as well.

Because of the move to the insurance model, the obvious leftover problem is: what happens once doctors have stopped paying premiums because they have moved out of the medical work force? They might have moved out of the medical work force for a whole lot of understandable reasons. Obviously, despite the exhortations of our Treasurer, people retire at a certain point in life. People go on maternity leave. People have disabilities which mean they cannot continue their profession in the medical world. People die—and there might be claims outstanding in that situation—and people might move to other occupations, despite our best efforts to retain all our medical work force in the medical work force. Therefore, an issue arose about what might happen if, when someone had ceased to be a doctor, a claim was made against them. Who is going to cover the obstetrician who delivers a baby at 60 and moves into retirement a bit later that same year and has a claim made against them by a 21-year-old—when that doctor is 81? Who is going to cover his or her costs? Because of the change to the insurance model, you need to meet those claims somehow. The vehicle that has been designed to do that is the one which is being legislated into place by these bills. It is to provide what is referred to as run-off cover. It is to provide a scheme of arrangements for doctors in that position.

I have said before that perhaps if we were in the luxurious position of being able to unscramble the egg we might have rethought whether it was the best move in the world to force...
an insurance model onto the medical defence organisations. Views within medical defence organisations about that question vary. There are certainly some who strongly believe that, if they had been supported to offer their traditional form of cover and had not been forced to comply with an insurance model, we would not be in this current position where we are patching up for things like run-off cover when doctors retire.

I am also aware that there are other sections of the medical defence community that put the case equally strongly the other way. Whichever view is right, I believe we are in a situation where it is very difficult to unscramble the egg and where medical defence organisations have been put to all sorts of costs and expense in moving into an insurance model. It is probably impossible to move them back to another model, but one wonders, when the history is written, whether the movement to the insurance model will be viewed as a grand error. Having said that, obviously, whatever model was used, there would have been the need for strict prudential supervision. UMP shows us what can happen if prudential supervision is not as strong as it should be.

As a result of that carry-on—a crisis ignored; a crisis that then could not be ignored; a series of patch-up jobs; perhaps a historic error at the core of the package—we are where we are, and we are trying to ensure that medical indemnity works and that it works to keep doctors actually providing care to people and not walking away from doing that because they are so concerned about the financial liabilities on them. Because we are where we are, the opposition—and I am sure the minister will acknowledge this—has always facilitated quick passage of these medical indemnity bills to help out with ensuring that we keep doctors doing what they do best, which is providing care to patients.

The details of the arrangements in this bill are fairly simple. A levy is being put on medical defence organisations. That levy will finance cover for doctors who are in the position that I have described: that is, they are beyond the premium paying parts of their working life, for whatever reason, but they might have a claim made against them in that period. The run-off reinsurance will be funded by the levy that is imposed on medical defence organisations. Through those arrangements, run-off reinsurance will cover practitioners who are retirees over the age of 65. Obviously people can work beyond 65 if they choose to, but those arrangements cover those who have declared that they are retired permanently from the private work force; doctors who are permanently disabled; those who are under 65 and have not engaged in private medical practice for three years; those who are on maternity leave; and those who have died. Those are the categories of doctors who will be assisted through the arrangements in this bill and through the placing of an annual levy on medical defence organisations.

Regarding the amount of the levy, medical indemnity insurers will contribute to the scheme by an annual charge on their individual gross insurance premium incomes. The bill sets a default rate of 15 per cent and in his second reading speech the minister said that he proposed to put forward regulations which would set a lower rate of 8.5 per cent. So that is the nature of the arrangements. As I have said, we are supporting this bill. I say this, though: we remain concerned—and indeed the Minister for Health and Ageing has indicated a concern about this himself—that even this package of arrangements stemming from the medical indemnity high-level panel which the minister chaired and which reported in December last year will need to be reviewed in 18 months.
I think we would make an error if we assumed that, even after all of these patch-up jobs and all of the flurry that there has been in the public debate about medical indemnity, we were at the end of the road in responding to Australia’s medical indemnity crisis over the longer term. I suggest that one of the things that remain undone and needs to be done because of the medical indemnity situation, and also because of equity issues more broadly, is for the Commonwealth to agree with the states on the way in which long-term care arrangements for catastrophically injured people should be financed. If there were determined mechanisms for providing those packages of care, then we would address the equity issue of whether it should really matter that your catastrophic injury arises as a result of a car accident, something that happens at work, an adverse medical event involving negligence, or something that happens at home in your private life. Should it really matter what circumstance your injury arises from? Shouldn’t people with comparable injuries be entitled to comparable packages of care from the government—state and federal? The scheme would resolve that problem.

In terms of direct medical indemnity, the scheme would reduce doctors’ premiums. It would take from medical defence organisations the burden they fear most, which is being responsible for the huge care costs of someone with a catastrophic injury who requires a lifetime of intensive care and support. There is more to be done, but we will be supporting the passage of this stage of the bills today.

Mr TUCKEY (O’Connor) (10.21 a.m.)—I rise to speak on the Medical Indemnity Legislation Amendment (Run-off Cover Indemnity and Other Measures) Bill 2004 and the Medical Indemnity (Run-off Cover Support Payment) Bill 2004. It is very interesting for me to observe in recent times how, particularly in New South Wales, the state governments have been creating problems seemingly for the purpose of then fixing them—railways being a classic example. First they closed the railway service between Sydney and Canberra, and then all their elected so-called country members ran around taking credit that it was reinstated. I read in the press that in the area that the Minister for Children and Youth Affairs represents another railway line has been closed, and now there is consideration being given to reopen it.

I make that point because, when one looks at these issues, they became a real problem when sections of the legal fraternity—who gave themselves the label ‘plaintiff lawyers’—decided to aggressively pursue public liability issues to get the American disease well and truly introduced into Australia. When one hears those people crying crocodile tears in this place as the government tries to respond with taxpayers’ money, one wonders if it is not just another circumstance of, ‘We’ve created the problem; we’ll come to parliament and we’ll save you.’

These are the circumstances that arise with these issues. We did not have this problem. We did not need to apply insurance principles—notwithstanding the very excellence of that decision, which I will address a little bit more. We did not need to do that while there was a community view that the medical profession did its best. It was highly regarded, and the occasional misadventure was just that; it was not necessarily negligence. I have a view about negligence—that is, if a doctor is prepared to admit that they have been negligent or grossly negligent in the performance of their duties, that is an issue of their right to practise; that is an issue of licensing. If we, as drivers of vehicles, commit certain offences, our licence is taken off us. But I have always wondered why, if that is the case, only money can absolve it. That is
the argument put by the Australian Plaintiff Lawyers Association, of which the previous speaker was once an activist.

In speaking to these bills in her usual style, the member for Lalor mentioned the fact that the government keeps addressing issues as they arise. I do not recollect that, on obtaining her present responsibilities, she made a substantial statement to the parliament explaining how Labor would fix all these problems before they happened. I cannot remember the previous ministers for health anticipating these issues eight or 10 years ago and coming up with some answers. But I was astounded to hear the member for Lalor talk about how a huge adjustment was not needed in these matters because the states had fixed the tort law. It is my understanding that we still have the Labor Party opposing changes to the Trade Practices Act, by which all of that state legislation can be subverted by the simple act of going to a totally unrelated legal mechanism within the Trade Practices Act. As the government level that has the least opportunity to address these issues in legislation, we have gone straight to the parliament with a solution to that problem and, of course, Labor frustrated it in the Senate. We may be back to those previous assessments if that is not fixed, and damages can be assessed in an arena where no legislator at any time perceived it was appropriate.

It is easy to remark that people who suffer an injury in their own kitchen or things of that nature should be entitled to comparable packages of taxpayer funded care. Does that mean that the plaintive lawyers ought to be able to sue the government on any of those matters? Early in my career in this place I was a member of the House of Representatives Standing Committee on Road Safety, and we had an inquiry into driver licensing. That included the licensing of disabled persons. As part of that we visited a hospital—I think it was in New South Wales—where they had a very excellent training program in which paraplegics and others were trained to use specially altered cars so that they could virtually conduct all of the activities of driving a vehicle with their available limbs. I was most impressed.

Taking the member for Lalor’s point, there was one fellow there who had fallen off his roof—having got up there to fix a cracked tile—and fallen across a fence. He was in the same situation as someone who had suffered a similar injury at work. There was a clear differential between the sort of car and facilities that the work injury individual had and that the other person had. I made the comment then, and I stand by it today, that it might be better if the taxpayer, through available welfare mechanisms, was a little more generous according to the type of injury—but not necessarily to the tune of $20 million 20 years after a misadventure at birth. I think our welfare system has adequate capacity to better respond to these injuries, but not in the context—which I would not be surprised to hear put forward by our opponents in this place—that we should go down the New Zealand road of no-fault insurance, where everybody can claim, irrespective of the difficulties that they have actually experienced.

It is an unfortunate fact that, throughout this liability area, through the public’s sympathy for people who suffer workplace and other injuries, there is a group of people who exploit it. With car crashes, it was well publicised that people were buying beaten-up cars to run into one of their relatives, who then claimed neck injuries and all sorts of things. It is an issue that has been well publicised, and it is a tragedy that the proposals before us are abused by some. So it is ridiculous to make that particular point.

The member for Lalor also talks about catch-up. Part of that catch-up comes again from the exploitation by the legal profession. One would think that this is something that only arose in
medical indemnity. Every time the government writes a new piece of legislation about anything, the legal profession runs around trying to find loopholes in it to benefit the people they represent—and it is frequently at the cost of others. I think it was Friedman, the noted economist, who once said that there is no such thing as a free lunch. For every winner there is a loser when one talks about the administration of government money.

But why should the government be criticised for responding to an initiative which has proven to be inadequate? I am delighted to identify that within this legislation we have come up with a response to the problem of visiting doctors. My electorate is highly dependent on overseas doctors who do not come here with any intention of permanency; rather, they are encouraged by the Western Australian AMA to come to Western Australian as locums and virtually make a working holiday of their stay. Typically, they operate in various parts of the state for a year. Up until now—that is, when this legislation gets passed by both houses—they have been virtually obliged to insure themselves back in their home country for the rest of their lives in case any claims are lodged, for instance, 20 years after the event.

We have to remember that many of these overseas doctors operate in country areas where the quality of medical facilities is not as high as in, say, a major teaching hospital in a metropolitan area. Over the years, they have to attend to medical emergencies which can occur at any time of any day—births, road traumas and other unpredictable medical problems. To suggest that they should be under the scrutiny of the Plaintiff Lawyers Association for the rest of their working lives back in their home country is ridiculous, and this legislation means that will not happen. Hopefully, that will allow the continuation of a proposal that has brought a lot of assistance. One of the great downsides of being a medical practitioner in a small community is the inability to get some time off—either by way of annual holidays because a locum cannot be found or just some time off during the day. Doctors have always advanced this as the greatest problem they suffer when they leave a multi-doctor practice in a big city.

The reality is that the government again has come forward with some excellent solutions and responses to a difficult area. For the member for Lalor to have two bob each way on whether or not the government should have moved medical indemnity companies under the insurance umbrella has got to be populism of the highest nature. Why did the companies have a problem? Because they had insufficient reserves. They had worked on a day-to-day basis. They had worked on the principle that the public generally accepted misadventure as something that could be fixed, until all of a sudden we got the American disease where as people were leaving the outpatient clinic in a hospital they were confronted by someone with a clipboard asking them, ‘Have you had an operation? Did the medical practitioner undertake all of the items on this tick list?’ and, if they did not, an offer was made there and then on a contingency basis that they would sue for money—withstanding the fact that the person appeared perfectly healthy and was walking out of the hospital. This disease has resulted in America having some of the highest medical costs as a percentage of GDP of any nation in the world. It is not the settlements that have caused that; it is the cost that medical practitioners incur through pathology tests and all sorts of other processes simply to ensure they have met the tick list that these representatives of contingency plaintiff lawyers have. Frequently, their own medical judgment tells them that those tests are not necessary, but they have got no choice but to cover them.
A couple of states in America actually capped the claims that the plaintiff lawyers could request on behalf of their clients. Of course, when they did that, the cost of delivering medicine to the community fell because the lawyers were not making enough money—to put it simply—and they went to other states. I am always amazed at the story of that lady who was so altruistic as to save a small community from pollution. They made a movie about her. Her firm got $40 million out of that case and she got $3 million. Altruism? Excuse me! These are the sorts of circumstances we do not want in Australia—and we are getting them, unfortunately.

There is a solution. Were I in a position to move an amendment to this legislation, and I am not, I would move that plaintiff lawyers, or any legal firm that took a case on the basis of a success fee—contingency arrangements are not permitted under the Australian legal system—should immediately become responsible for the defendant’s costs. Let them decide whether or not they are able to recover it from their client. I believe that that would put a bit of responsibility into this area. This is often an issue for insurance companies. In the general public liability area, for example, $60,000 was paid to a woman coach of a basketball team who turned her ankle while she was coaching. The other day in Western Australia she got $60,000-odd from the local authority—from the ratepayers—probably because they mow that sports-ground less often because they have got to find the money to pay ridiculously high premiums.

The whole issue, therefore, is one as to why, when somebody like that person makes an application of that nature through their legal firm, frequently the first thing the insurance company looks at is, ‘If we go to court and we win, can we pursue our costs, which may exceed the claim?’ The answer is, ‘No, you cannot, unless you are prepared to sell off the plaintiff’s house, which is probably their only asset.’ Of course, considering their reputation and everything, they do not do it. The legal firms and lawyers involved do not have to sell their houses; they should pay the costs, and that would give an incentive to the insurers to take a lot more of these cases, in the broader context, to the courts and seek some reasonable judgment. That would also require something of a slightly different attitude from the judiciary, but that has varied from state to state, as we know.

All in all, this legislation is appropriate and it sets out to address issues that have arisen as the government has struggled to deal with the massive claims that have materialised in recent years because of this aggressive pursuit of public liability claims—which simply never existed—in the courts. Everybody who walks through the door of a doctor’s surgery needs to be reminded that they will pay. There is a sort of alchemist approach that is appearing in this parliament, which says, ‘I’ll save you,’ but does not tell you who is going to pay. It says that you can turn lead into gold—alchemy. That sort of argument is ridiculous. If you want to increase the cost of running government, if you want to pay even more to the medical profession to help them—in what is a quite proper way—by defending them and their family assets from aggressive pursuit under these laws, then in fact you must ask the taxpayer to pay. In the budget of the Minister for Health and Ageing, that might result in his inability to fund some new and important drug that should go on the PBS. It might have all sorts of effects. It might require an increase in, say, the Medicare levy or, worst of all, entry into debt, with the effect that has on the average taxpayer of higher interest rates. Interest rates are a tax on the community simply because they are influenced by government activity and, more particularly, by borrowing. They put a huge demand on the savings of Australians.
All in all, I reject the remarks of the member for Lalor. I think the government has done very well. This legislation, with its various measures—which the member for Lalor has explained—to better protect the medical profession from these aggressive claims, is to be applauded. The suggestion is that there is some sort of catch-up mentality. These issues often are not apparent at the time. We all know about hindsight—we can all be very smart with that. But if the member for Lalor and the opposition were of the view that there was a solution to this when the first $20 million payout happened, then they should have said so. They do not have the right to stand here arrogantly saying, ‘We knew better but we didn’t tell you.’ That is outrageous.

The government has continued to find solutions. It has naturally attempted to protect the taxpayer in that process, and I applaud it for that. It made a decision that the normal rules of insurance, which above all else require provision for future claims, were appropriate and it exposed the weaknesses of the doctors’ own arrangements. They did not have those sorts of provisions and they were not going to be able to meet claims of that nature. I recommend the legislation. (Time expired)

Mr ABBOTT (Warringah—Minister for Health and Ageing) (10.42 a.m.)—in reply—I thank the members who have contributed to the cognate debate today on the Medical Indemnity Legislation Amendment (Run-off Cover Indemnity and Other Measures) Bill 2004, and the Medical Indemnity (Run-off Cover Support Payment) Bill 2004. I particularly thank the member for Lalor for her contribution and for indicating that the opposition will support this legislation. I thank the member for O’Connor for his timely reminder that an unfortunate legal culture has been largely responsible for getting us into the mess that these bills are designed to get us out of. But I do indicate to the chamber and to the member for O’Connor that tort law reform has taken place to a considerable extent in New South Wales and, to a more limited extent, in other states. That tort law reform does appear to be reducing very dramatically the number of claims brought against doctors, as well as pretty substantially reducing the number of claims for common-law damages brought generally.

These bills establish the Run-off Cover Scheme. This was agreed to by the Medical Indemnity Policy Review Panel which reported to the government earlier this year. The government accepted the panel’s recommendations and this is the final piece of legislation to put the panel’s recommendations into effect. This legislation gives doctors ‘claims incurred’ insurance under a ‘claims made’ insurance system. As the member for Lalor pointed out earlier, as part of insurance reform generally and as part of the changes that have been made to medical indemnity insurance following the UMP crisis a couple of years ago, there have been changes to the supervision of medical indemnity insurers. There have been changes to the way they run their business and offer their policies. Those changes meant that doctors who retired were left exposed. This legislation means that doctors will be able to retire with security. It is the last, and in some ways the most critical, piece of the range of measures put in place by the government to address the medical indemnity issue which has been bedevilling the medical profession for quite a few years now and which came to a crisis point late last year.

Again, I want to thank the member for Lalor for her support. I sometimes wish that her support was a bit less grumpy and reluctant, but nevertheless support is support, even if it carries a bit of rhetorical baggage. I would particularly like to thank the medical indemnity review panel; my colleague Senator Coonan; John Phillips, the former Deputy Governor of the
Reserve Bank; and Nancy Milne, the Clayton Utz insurance partner. I thank most especially the doctors who were part of the panel: Professor Don Sheldon, Dr Sue Page, Dr Andrew Pe- sce and, above all, Dr Bill Glasson, the President of the AMA. It was a very constructive ex- ercise. The panel worked under considerable pressure and at high speed, and the results of its work are now passing into legislation to the benefit of both doctors and patients.

I have said on previous occasions in this House that the government’s response to medical indemnity insurance matters is a work in progress. I have previously said that it is unlikely that I have been on my feet for the last time to talk about medical indemnity insurance. I am not so sure now. I think that the package of measures which the government has put in place today is likely to solve this problem—if not for all time, at least for some considerable time.

As I said earlier, the number of claims brought against doctors has dramatically reduced in the last 12 months. Medical indemnity insurers seem to be responding far better to the concerns of their members and owners than they have in the past. It is, of course, far too early to declare victory in this important cause, but it is not too early to declare progress—very con- siderable progress, thanks to the measures that the government has put in place with the sup- port of the opposition, but above all else with the support and cooperation of the medical pro- fession. I commend the bills to the chamber and I thank the opposition for their help in this matter.

The DEPUTY SPEAKER (Ms Corcoran)—I remind members that this debate has been a cognate debate, but we are now dealing with the bills one at a time. The first bill is the Medical Indemnity Legislation Amendment (Run-off Cover Indemnity and Other Measures) Bill 2004. The question is that the bill be now read a second time.

Question agreed to.
Bill read a second time.

Message from the Administrator recommending appropriation announced.
Message from the Governor-General recommending appropriation for the proposed amendments announced.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr ABBOTT (Warringah—Minister for Health and Ageing) (10.48 a.m.)—by leave—I present a supplementary memorandum to the bill and move government amendments (1) and (2):

(1) Clause 2, page 3 (after table item 13), insert:

13A. Schedule 6, Immediately after the commencement of the Medical Indemnity Act 2002.

(2) Schedule 6, page 51 (after line 12), after item 1, insert:

1A Paragraph 30(1)(d)

After “practitioner”, insert “, or becomes aware of the incident”.

These are minor technical amendments. It has become apparent over the last few months that, notwithstanding the introduction of the High Cost Claims Scheme by the government, reinsurers are requiring reinsurance coverage for 100 per cent of insurers’ liabilities rather than simply 50 per cent as should be the case, given what the government is doing to cover pay-
ments over $300,000. Insurers have found that the wording of part of the act underpinning the scheme has not allowed them to reduce their reinsurance cover. These amendments correct the problem.

Question agreed to.

Bill, as amended, agreed to.

Ordered that the bill be reported to the House with amendments.

MEDICAL INDEMNITY (RUN-OFF COVER SUPPORT PAYMENT) BILL 2004

Second Reading

Debate resumed from 13 May, on motion by Mr Abbott:

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.

INDUSTRIAL CHEMICALS (NOTIFICATION AND ASSESSMENT) AMENDMENT (LOW REGULATORY CONCERN CHEMICALS) BILL 2004

Second Reading

Debate resumed from 31 March, on motion by Ms Worth:

Mr Griffin (Bruce) (10.50 a.m.)—We are here today to consider the Industrial Chemicals (Notification and Assessment) Amendment (Low Regulatory Concern Chemicals) Bill 2004. This bill, which is mainly administrative, amends the Industrial Chemicals (Notification and Assessment) Act 1989 by establishing mandatory registration for businesses importing low-risk or low-hazard chemicals. It also aims to ensure greater public access to information, increased record-keeping and enhanced compliance.

The main provisions include processes for audited self-assessment for low regulatory concern chemical categories. The bill also introduces annual reporting and record-keeping requirements to provide information and to validate self-assessment data to the National Industrial Chemicals Notification and Assessment Scheme. It introduces new permit categories for low-hazard and low-concern chemicals and new categories for annual reporting. This includes exemptions for chemicals offloaded but unopened before leaving Australia; exemptions for some non-hazardous and non-cosmetic chemicals; an increase in the current volume level limits that apply for some exemptions for research, development and analysis; mandatory registration for all chemical introducers, with the cost of mandatory registration being set at approximately $330 per annum; and new offences and penalties for breaching these registration requirements.

Prior to the drafting of this bill the government, in November 2002, established a task force to investigate reforms to the regulation of industrial chemicals of low regulatory concern. As part of the task force process, a consultative forum was established and it received submissions from groups such as the ACTU, industry and health and environmental bodies. The bill sets out a number of safeguards that aim to balance the fast-tracking processes. These reforms
include enhanced public access to information, enhanced record-keeping and annual reporting and enhanced compliance activities.

The Bills Digest does raise a number of concerns about the proposed self-assessment process. In particular, concerns are raised regarding health and environmental risk assessments and how health and environmental risk assessments will be carried out. I will take the opportunity to raise these concerns with the parliamentary secretary for health at a later stage, although, if she were to respond in her comments now, I would appreciate that. But, as you can see, this is not a controversial bill. It is frankly administrative but it is something that is necessary and it should go ahead. On that basis, I do not intend to take the time of the Main Committee any further. I wish it a speedy passage.

Ms WORTH (Adelaide—Parliamentary Secretary to the Minister for Health and Ageing) (10.53 a.m.)—in reply—I take this opportunity to thank the member for Bruce for his contribution and thank the opposition for their support for the Industrial Chemicals (Notification and Assessment) Amendment (Low Regulatory Concern Chemicals) Bill 2004. I am happy to ensure that any questions he might have which arise from the library paper are dealt with. I understand that the Director of NICNAS has already given the shadow minister a briefing. If he wishes to have another one then that will be fine. I guess that the library did not have the opportunity to have a personal briefing like that, and we can iron out any issues that may be there. But I did not think it was worth while having the director drive from Sydney today when this was a non-controversial bill being supported by the opposition.

As the shadow minister said, the bill makes a number of changes to the Industrial Chemicals (Notification and Assessment) Act 1989. The amendments in this bill have been developed in response to industry concerns and in consultation with industry, government and the community. The reforms for fast-tracking of assessment processes are counterbalanced with enhanced public access to information, increased record-keeping requirements and enhanced compliance activity. The proposed amendments do not change the objects of the act but introduce flexibility into the current assessment process for industrial chemicals to enable the fast-tracking of low regulatory concern chemicals while maintaining existing levels of worker safety, public health and environmental standards.

These amendments are designed to introduce a new process for audited self-assessment for low regulatory concern chemicals categories; new permit categories for low regulatory concern chemicals; new exemptions for low regulatory concern chemicals; and improved public access to chemical safety information. These new categories are accompanied by annual reporting and record-keeping obligations. The bill also introduces new offences and penalty provisions to support these measures.

The amendments will also introduce mandatory company registrations for all chemical introducers; give the director of NICNAS the ability to put the particulars of a chemical, including any conditions to which it is subject, on the Australian Inventory of Chemical Substances and make these conditions enforceable under the act; give industry the option to nominate an assessed chemical for immediate inclusion on the inventory; and change the definition of cosmetics in the act to align it with that used under the trade practices legislation.

The amendments in this bill deliver real reform by creating long-term, sustainable competitive advantage for the chemicals and plastics industry. These reforms offer an innovative approach to introduce flexibility into the regulation of industrial chemicals while improving
health, safety and environmental standards and public access to chemical safety information. I commend this bill to the parliament.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Ordered that this bill be reported to the House without amendment.

TOURISM AUSTRALIA BILL 2004

Cognate bill:

TOURISM AUSTRALIA (REPEAL AND TRANSITIONAL PROVISIONS) BILL 2004

Second Reading

Debate resumed from 1 April, on motion by Mr Hockey:

That this bill be now read a second time.

Mr MELHAM (Banks) (10.57 a.m.)—The Tourism Australia Bill 2004 and the Tourism Australia (Repeal and Transitional Provisions) Bill 2004 implement the structural reforms of Commonwealth funded tourism bodies outlined in the tourism white paper. These bills bring together the Australian Tourist Commission, the Bureau of Tourism Research, and the Tourism Forecasting Council into one new tourism marketing body, Tourism Australia. See Australia, the domestic marketing organisation, will, I understand, be brought into Tourism Australia by mechanisms outside these bills. These bills also create a new body within Tourism Australia—Tourism Events Australia. This is the body which Labor and the industry hope will enhance Australia’s ability to attract major events, particularly business events. Labor anticipates that Tourism Events Australia will enhance Australia’s ability in this area, rather than hinder the great work already undertaken by state funded tourism bodies, such as the Victorian Major Events Corporation. We will watch with great interest to see how Tourism Events Australia performs.

This is critical legislation for a very important and often underrated industry. Tourism is one of Australia’s most significant export industries. The industry employs more than half a million Australians, many in regional areas, and it generates around $17 billion each year in sustainable export earnings. Given its regional focus, tourism provides one of the few glimmers of hope to regional Australians still burdened by the ongoing drought. It is an industry that attracts and has long attracted the commitment of Labor. It was the Paul Hogan campaign delivered in the mid-1980s by the Hawke Labor government that first put Australia on the map, particularly in the major market of the United States.

As I said earlier, this is an industry which has long been underrated, and never more so than since March 1996. Some of the government’s more damaging actions impacting on this vital industry have included the abolition in 1996 of the Commonwealth Department of Tourism, a decision announced before the Prime Minister was sworn in; the dismissal of a major industry crisis as a blip by the then minister in the wake of a predicted 40 per cent industry downturn following the Ansett collapse and the US terrorism attacks of September 2001; and the imposition of the GST, which effectively added 10 per cent to the cost of taking a holiday in Australia. Unlike the imposition of the GST on other discretionary expenditure items such as electrical goods, tourism did not benefit from the removal of sales taxes. The GST has skewed
discretionary expenditure away from the tourism industry. The detrimental effect of the GST together with the broader neglect by the government of the tourism industry is reflected in the numbers which I will outline.

Labor’s analysis of the Bureau of Tourism Research’s quarterly visitor survey reports for the last two years reveals that for the year ended 31 December 2003 expenditure by overnight Australian visitors plummeted by $300 million; Australian residents took 1.7 million fewer overnight trips in Australia; Australians spent 4.5 million fewer nights away from home; and Australians took three million fewer day trips during 2003. These figures give us two indications. The first indication is that the tourism industry has never done it harder than under this government. The numbers alone cannot convey the stress and hardship experienced by individual tourism operators and tourism reliant employees in regional communities. The second indication we can draw from these sinking domestic tourism numbers is that, whatever See Australia has been doing, it is not encouraging Australians to see Australia.

See Australia was belatedly given extra Commonwealth funding after the events of 11 September 2001. It is interesting that the tourism white paper flags a significant increase in funding for See Australia. Given the imminent election, the demonstrated poor performance of See Australia and the Howard government’s inclination for pork-barrelling in preference to genuine industry assistance, Labor have deep concerns about the Howard government’s plans for See Australia. We will watch closely to ensure taxpayers and the tourism industry get value for money.

There is one positive that has come from the hard times experienced by the tourism industry in the last eight years—that is the great professionalism in advocacy, not least demonstrated by the tourism white paper these bills are to enact. There was a time when Australia’s tourism industry attracted media and government attention only in connection with the aftermath of a disaster like the destruction of the World Trade Centre, the collapse of Ansett or the outbreak of a new virus. Almost never in the past has this industry attracted the attention it deserves. Thankfully that has largely changed. They are industry champions. In the wake of the collapse of the Tourism Council of Australia the industry has regrouped and found new voices in organisations such as the Victorian Tourism Industry Council, so ably chaired by the former Labor senator and industry minister John Button.

There are many other great peak bodies who bring the needs of this industry to the attention of the nation as they tramp the hallways of this place. Such bodies include the Queensland Tourism Industry Council; the Australian Federation of Travel Agents; the tourism industry council of New South Wales; Restaurant and Catering Australia; the Australian Tourism Export Council; TTF Australia Ltd, formerly known as Tourism Task Force; and the National Tourism Alliance. All of these bodies—and others I may have neglected to mention—have had a great deal of input into the green and then white papers. They have represented their membership, largely without compensation from the Commonwealth, on advisory panels to the government. They are to be congratulated on their work and given the recognition they deserve. The truth is that the functional and workable parts of the white paper are the result of the industry’s contribution to the white paper. In the white paper, the tourism industry has identified high-value niche markets as the future for the growth and prosperity of this industry. In short, the best path to profitability is to steer away from an industry based purely on
volume and to target and encourage tourists who will come to Australia for longer periods and spend more while they are here.

Besides the issue of profitability is the matter of the environmental sustainability of the industry. We must ensure that we do not overexpose our unique and fragile land to tourism or, indeed, to any other industry. Clearly, this is a key object for the tourism industry. Again, Labor congratulates the Australian tourism industry on its ongoing efforts to be more environmentally sustainable.

A positive example of an industry sector acting as good environmental stewards is the Association of Marine Park Tourism Operators, or AMPTO. This association works closely with the Great Barrier Reef Marine Park Authority to continually monitor and improve the management of the Great Barrier Reef. It works with its members to ensure that marine tourism remains a minimal impact industry. Through the Association of Marine Park Tourism Operators, the industry is committed to sustainable practices to ensure the future of the reef and contributes around $1.2 million each year to fund the Cooperative Research Centre for the Great Barrier Reef World Heritage Area. What a great pity it is that the government has not demonstrated the same commitment to the unique environment of the Great Barrier Reef and has seen fit to slash the funding of the Cooperative Research Centre for the Great Barrier Reef World Heritage Area.

As I indicated earlier, targeting niche markets in conjunction with a type of environmental stewardship, as demonstrated by the Association of Marine Park Tourism Operators, is the way forward for our tourism industry. The niches to be targeted are many and varied. For instance, according to research conducted by Community Marketing Inc., the North American gay and lesbian market is worth more than $US$4 billion. North American gay and lesbian tourists travel extensively, with 97 per cent taking a holiday in the past 12 months—well above the US national average of 64 per cent. They generally stay longer and spend more than other travellers. According to the research, 57 per cent of gay and lesbian travellers from the North American market who travel on business seek out gay-friendly service providers. That is why Labor’s spokesman for tourism, my colleague Senator Kerry O’Brien, was honoured to be asked in January this year to launch Australia’s travel guides aimed at the American gay and lesbian markets.

Another niche market includes backpackers. Besides having an average yield of more than $5,000, backpackers provide an itinerant work force especially in regional areas where seasonal work such as fruit picking is vital to those local economies. Senator O’Brien is the shadow minister for both tourism and Indigenous affairs. He is greatly concerned that Australia is failing to meet market demands in the key niche area of tourists looking for Indigenous tourism experiences. I share this concern, as should all in this place. The white paper identifies that currently we meet less than half that demand. Tourism has a great potential as a tool to be used by Indigenous Australians to help them raise their level of economic independence and social wellbeing. This is particularly so in remote and regional areas where poverty and mortality, during the eight years of this government, have reached levels worse than those of Third World nations, including India.

Despite the fact that the industry recognises the potential for Indigenous tourism to grow, despite the benefits it can bring to Indigenous communities and the opportunities it can bring to showcase the Australian Indigenous perspective, these bills currently have no requirement
that the board of Tourism Australia should contain knowledge and experience of Indigenous tourism or culture. This is a great shame. Labor has a different approach. To ensure Indigenous Australian tourism has at least a fair chance to develop, my colleague Senator O’Brien in the other place will move, amongst others, an amendment to the Senate to address this. Labor wants to ensure that industry expertise in Indigenous tourism and culture has a seat on the board of Tourism Australia. We reasonably expect the Democrats tourism spokesman, Senator Ridgeway, and the Australian Greens to support our amendments.

Whilst on the subject of amendment, may I add that the minister will be aware from the Senate inquiry into the Tourism Australia Bill that Labor is considering moving an amendment with regard to the ability of board members of Tourism Australia to be reappointed when their term expires. I understand the minister sees this amendment as being unnecessary because this matter is dealt with in the Acts Interpretation Act 1901. I would be grateful if the minister would explain how the Acts Interpretation Act may satisfy Labor’s concern in this area.

In conclusion, Labor recognises that this is an important industry and one that does much for regional Australia but it can do much more for Indigenous Australians. These bills herald important changes to the Commonwealth’s activities in this industry and will, we hope, help this important industry enjoy a brighter future. Therefore, Labor will support these bills.

Mr CIOBO (Moncrieff) (11.10 a.m.)—I am very pleased to rise to speak to the Tourism Australia Bill 2004 and the associated bill. This legislation is a consequence of the Howard government’s very solid and unquestionable commitment to the future of the Australian tourism industry. The legislation establishes Tourism Australia, a statutory body which will be responsible for international and domestic tourism marketing and tourism research. It merges four existing organisations to form the new Tourism Australia: the Australian Tourist Commission, See Australia, the Bureau of Tourism Research and the Tourism Forecasting Council. The legislation follows through on a promise that the Howard government made in November 2001 to develop a policy framework that would not only assist the tourism industry but ensure that its future is one that is prosperous and enables it to grow.

The reality is that the tourism industry in Australia has suffered in recent years. As a consequence of external shocks—in particular, SARS, the collapse of Ansett airlines, September 11 and the Bali bombings—and the general climate of fear and concern that exists throughout the world as a consequence of terrorist attacks, the tourism industry has suffered. The Howard government have moved in a decisive way to ensure that we are providing the kind of support that the industry is looking for. We did this most notably through the introduction of the plan of the Minister for Small Business and Tourism, Joe Hockey, for a tourism white paper. This plan culminated, on 20 November 2003, in a medium- to long-term strategy for the tourism industry that also saw the introduction of new spending for this industry.

As the federal representative for Moncrieff, on the Gold Coast, I arguably know more than most in this parliament about the vital importance that the tourism industry has not only for the future of Australia but, in particular, for the generation of export income. The Gold Coast, more so than any other city, is heavily reliant and dependent upon the long-term sustainability, livelihood and success of the Australian tourism industry. That is why I have been very pleased to be able to talk to the industry groups in my electorate of Moncrieff, as well as to various industry representatives across Australia at different times, about what this govern-
ment has been doing to ensure that there is a long-term future, and a very successful future, for tourism in this country.

The Howard government announced recently some $235 million of additional spending over the next 4½ years for the tourism industry. This brings the total amount of spending over this period to over $600 million—one of the largest amounts of spending that any government worldwide is putting towards the promotion of the tourism industry. It is an industry that employs over 500,000 Australians and generates some $17 billion to $20 billion worth of exports for our country. I and, in particular, members such as the member for Cook, Bruce Baird, have been tireless advocates for the future of the tourism industry. At this point, I will say that it was bemusing for me to hear the comments from the Labor Party about the future of the tourism industry. When you consider that the Labor Party, to the best of my knowledge, has had six shadow members for the tourism industry in the last little while, you really must question the commitment of the Labor Party. It is a classic case of ‘Don’t look at what the Labor Party says but, rather, look at what the Labor Party does’.

At a time when the Howard government and, in particular, the advocate of the tourism industry within the Howard government, Joe Hockey, are putting forward some $600 million of spending of which $235 million is new spending to try to assist the tourism industry in this country, the Labor Party in their various state governments are withdrawing money from the tourism industry. The reality is that, if the Labor Party were very serious about assisting the future of the Australian tourism industry, they would not at a state level be withdrawing marketing dollars from the tourism industry at a time when the federal government is doing more than it ever has to try to promote the future of tourism in this country.

In my own state of Queensland it is of particular concern to me that the state government— in particular, Peter Beattie as Premier—has received in excess of $400 million in GST windfall this year alone as a consequence of the new tax system. Yet, despite the fact that the Queensland government has $400 million in additional money, it is withdrawing spending from the tourism industry because it is not interested in marketing the benefits of tourism for the state of Queensland. It is a classic example of the Labor Party once again talking the talk but not walking the walk.

I notice the member for Oxley in the Main Committee today and I say to him: you are a Queenslander; do something with your Queensland Labor mates. Do not get them to withdraw funding—noting the fact that they have $400 million of additional spending—but get them to put some more money into marketing the tourism industry. This would recognise that tourism is a very good thing for Australia and that the tourism industry is one of our major exporters. In classic Labor Party style, the Labor Party talk the talk but do not walk the walk. I ask and invite those Labor members that follow me in the debate on these bills to show some gumption and stand up to Sandra Nori in New South Wales and Margaret Keech in Queensland and tell your state Labor mates to not withdraw funding from tourism but try to match the Howard government’s commitment and, in particular, Joe Hockey’s commitment to the future of the tourism industry.

I note that there have been comments made that the Howard government has ignored the tourism industry. What rot! The reality is that the tourism minister recently received a lifetime membership award at the ATEC Symposium on the Gold Coast in recognition of the contribution that he has made to the long-term sustainability of the tourism industry. The reality is that
this tourism minister has done a lot to ensure the long-term sustainability and profitability of the tourism industry. The tourism white paper goes to great lengths to ensure that we are not focused on profitless volume but, rather, are focused on high-yield niche markets. That is the theme that runs throughout the tourism white paper, and it is certainly one that I fully support.

In closing, I would like to say that the Tourism Australia Bill 2004 and the Tourism Australia (Repeal and Transitional Provisions) Bill 2004 are thoroughly worthy of support. They build on a very strong commitment that I and all members of the Howard government have towards the tourism industry. They recognise the contribution that flows to the Australian economy as a consequence of a sustainable and profitable tourism industry. In particular, I would also like to acknowledge the very hard and diligent work of Matt Hingerty, Holly and Sascha from the minister's office as well as Ken Boundy and Olivia Wirth at the ATC.

I will continue to consult regularly with the Gold Coast Tourism Bureau and the new CEO, Ian Macfarlane, as well as with other members of the tourism industry to ensure that the future of the tourism industry is able to leverage off the $600 million that is flowing into the sector over the next 4½ years and promises a very rosy future indeed. The tourism white paper is the fourth white paper that the Howard government has delivered. It provides a whole-of-government response to ensuring that the tourism industry continues to be profitable and an industry of which all Australians can be proud as we cast an image of this nation worldwide that demonstrates how all Australians are not only aspirational but also warm and friendly. I commend the bills to the committee.

Mr GAVAN O'CONNOR (Corio) (11.19 a.m.)—I rise to support the Tourism Australia Bill 2004 and the associated bill. I note the comments that have been made by the honourable member for Moncrieff about the importance of this industry and the measures in this bill. I put it to the member for Moncrieff that the government thought so much of the industry and this legislation that it shunted it off to the Main Committee to be debated. It could not even get a slot for it on the floor of the House of Representatives. I think we ought to take some of the huff and puff of the honourable member with a grain of salt.

He also mentions the numbers of shadow ministers who have been in this portfolio over a period of time. Of course, people in glass houses ought not to throw stones. I understand that the current minister is the third minister in the government to have this particular portfolio—and indeed he sits outside the cabinet. In another debate in another place, the honourable member for Moncrieff ranted and railed about the poor economic state that Labor left the Australian economy in for the coalition. Then I had to remind him that we left the Australian economy with four years of four per cent growth; we had broken the back of Liberal inflation—from 11 per cent to two per cent. And that is the honourable member’s definition of poor economic performance! I would not be so harsh as to call the honourable member for Moncrieff an economic imbecile—I would not go that far—but certainly he needs to bone up on the definition of a good economy and a poor economy.

The current minister has been able to generate more hot air in this portfolio than the two duds who preceded him. I have to say that for him. The crowning achievement here is the government’s funding package for the tourism industry. I note the objectives set out for Tourism Australia in this legislation. The first is to influence people to travel to Australia, including for events. That is something new! I think that has been a longstanding objective of Labor governments as well as the current government—but there you go. The second principal ob-
jective is to influence people travelling to Australia to also travel throughout Australia. We have been doing that in my community for over 20 years, attempting to get the tourists out of Melbourne and down the Great Ocean Road to take in some of the delights of not only my seat of Corio but also the seat of Corangamite.

The third principal objective set out for Tourism Australia is to influence Australians to travel throughout Australia, including for events. I thought it was fairly obvious that we ought to get Australians out of the cities and enjoying their own environment. That has been a major platform of successive state and federal governments of all political persuasions. The fourth principal objective set out in the legislation is to help foster a sustainable tourism industry in Australia. The industry has been talking about the need for sustainability over a very long period of time. The fifth objective is to help increase the economic benefits to Australia from tourism.

I do not think there would be anybody on this side of the House who would have any objection to any of the objectives that are set out in this legislation. Indeed, the honourable member for Moncrieff, the honourable members opposite, my colleague here and I would be able to put the whiteboard up and I would say that no sooner had the member for Oxley lifted the lid off a bottle of red wine than we would have those five objectives up on the board. And that is not flattering any of us.

For the benefit of the House, I have to talk about the time it has taken for the government to come to this particular position. The honourable member for Moncrieff said that this grand plan for Australian tourism was first mooted in November 2001. In May 2002, the government released *The 10 year plan for tourism: a discussion paper*, with the promise to the industry that it would publish the green paper and have the white paper put to bed by December 2002, as I understand it. But we got to December 2002 and we had not got the white paper at all. Thirteen months later, the green paper entitled *A medium to long term strategy for tourism* emerged. That was released in June 2003 and in November 2003, 18 months after the initial discussion paper, finally the *Medium to long term strategy for tourism: a tourism white paper* was released.

I cannot believe the breathtaking incompetence of the government. I cannot believe the length of time that it took the government to bring this particular white paper and policy through gestation. As I said, here we have legislation with an objective list that the honourable members on both sides of the House, over a bottle of wine, could have had up on the wall by the time the honourable member for Oxley had popped the cork on the red. But it took you some 18 months after the publication of the discussion paper to actually get around to doing something about the industry. So when the honourable member for Moncrieff gets up and accuses Labor of not caring about this industry, we really do have to take it with a grain of salt.

This is a very important industry to Australia because of the extraordinary export earnings that it generates—in excess of $17 billion in 2001—and of course throughout Australia there are some 550,000 Australians who derive their income from tourist related activities. This industry also dovetails quite nicely with many other industries. You have industrial tourism, where some towns are playing off their industrial heritage and the history of their communities and developing tourism assets around those themes. I am the shadow minister for agriculture, and there have been very strong attempts to link the farm sector with tourism to generate
extra income in communities. Of course, in many communities throughout Australia, the wine industry is pivotal to tourism performance.

Tourism is not an industry that has been without its substantial difficulties in recent years. We had the September 11 disaster, SARS, the Iraq war and the Bali bombings. These have all impacted on international tourists visiting this country. More recently, we have had similar scares with disease, with avian flu, and that has certainly put a damper on travellers taking to the skies and coming to a place like Australia.

This is a wonderful place to visit. Not only do we have physical assets; our assets are also the Australian people. I am pleased to see that the marketing advantages that we have are people based. I speak to tourists who come to Geelong and the Geelong region. The honourable member for Moncrieff comes from the Gold Coast. We are the gateway to the Great Ocean Road and we are endowed with the wonderful tourism assets of the Bellarine Peninsula and the Otway Ranges. In my discussions with international tourists that I have met, the thing that distinguishes the Australian experience from the European and North American experience is the way tourists are treated by the Australian people, the way Australians relate to them. I think it is very important that Australians understand that part of their economic development and economic growth is tied up with maintaining that particular view of tourists and welcoming them to Australia and to regional communities.

In the general outline section of the explanatory memorandum to this bill, the government states:

... the Australian tourism industry has endured the adverse impacts of a series of international events. These events exposed weaknesses in our capacity to maintain sustained tourism growth and respond quickly and effectively to major incidents.

If we go back to September 11 and the SARS epidemic, the government has had a lot of warning of the impacts of these particular measures and yet, as I have explained to this Committee, the government has taken an extraordinarily long time to deliver this $235 million package to the industry. The government goes on to say:

In recognition of the importance of tourism to the Australian economy and society, and the need to ensure that tourism continues to provide a positive contribution to the Australian economy, the Australian Government developed a medium to long term strategy for tourism.

It took an inordinately long time to develop that particular strategy.

In my discussions with the tourism industry over time, one of the key points concerning them is the state of Australia’s infrastructure, particularly road infrastructure as it relates to tourism in regional areas. If you go to many of the local economic development committees in regional areas you will see that tourism forms a central part of their particular economic strategies. When you talk to them and get behind what they are attempting to do they always tell you that it is absolutely critical that they have the best infrastructure.

In my community at the moment we have a request in to the federal government to fund the Geelong ring-road. This critical piece of infrastructure will provide a seamless link between the Princes Highway, the Midlands Highway, the Hamilton Highway and, ultimately, the Surfcoast Highway, which goes down to the Great Ocean Road and the Otway Ranges region. The bypass will provide a direct stimulus to Australian and international tourism focused on the Great Ocean Road and the Otway Ranges. As members would know, the Great Ocean

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Road is now one of Australia’s premier tourist destinations along with the Gold Coast, the Great Barrier Reef and, of course, Ayers Rock. The industry is already a substantial employer in the region.

Mr Baldwin interjecting—

Mr GAVAN O’CONNOR—The honourable member for Paterson mentions the Hunter. Of course, it is a most attractive destination for Australian and international tourists.

Mr Ciobo interjecting—

Mr GAVAN O’CONNOR—I think the honourable member for Moncrieff is agreeing with me. It probably does not rate as highly as the Great Ocean Road, the Great Barrier Reef or Queensland’s assets but, nevertheless, the Hunter is very important to regional New South Wales. The completion of the Geelong ring-road will considerably enhance the economic potential of the industry in the region, as well as value add to the nation’s economic growth. We have substantial social as well as environmental spin-offs that will flow from the completion of this very important piece of road infrastructure. It is a critical piece of infrastructure for the region and for the tourism industry. We are now, with this project, attempting to link major population centres with our tourism assets. This missing link will certainly provide an enormous stimulus to regional tourism. Already we have seen structural changes occurring in local economies as a result of tourists coming to our community. I would imagine that is reflected by all members who have a substantial tourism industry in their areas.

Mr Ciobo—What about state governments?

Mr GAVAN O’CONNOR—The honourable member talks about state governments. State Labor governments have always held tourism as a central plank of their economic growth strategies—as have state Liberal governments before them—and they have funded it accordingly. I think we need to appreciate the tourism industry’s value to the nation, because it goes far beyond the revenue figures that many people quote. It is a labour-intensive industry employing 550,000 people which is some six per cent of the workforce. It is important in an employment sense, because it caters to young people outside of the capital cities.

As the alternative government, we understand that Australia needs jobs with a future, particularly sustainable jobs in rural and regional Australia, and high export earnings. That is why we strongly support the industry and we will be supporting the measures that are contained in this bill. We intend to take a far more ambitious approach to Australia’s international tourism promotion. I note that the ATC has officers in 15 overseas markets. They correlate almost exactly with Australia’s top 15 source countries for inbound tourists. We have a concern that the ATC is concentrating its promotional work in markets which are already performing well. I note that the $120 million new advertising campaign is targeting the UK, the USA and other English-speaking countries, and that reinforces that view. I would question whether Richie Benaud is a household name today, even in Australia and the world of cricket. We are committed to directing Australia’s international promotion efforts towards new markets. We will use new criteria to identify potential inbound tourists. These could be entire national markets or adventurous, well-resourced groups within other countries.

We believe that this industry is an important source of regional economic development. We want communities across Australia, at the local level particularly, to ensure not only that they commit resources to developing their infrastructure but also that their promotional and mar-
keting efforts are integrated and have some reach. Tourism is an important industry. It is a generator of jobs; it is a generator of export earnings. I am disappointed that the government has taken so long to deliver this particular package to the industry. I note the industry’s response to it. I guess if you have been starved, if you have been given an expectation that your industry would receive better treatment from the government and you are then disappointed, at the end of the day you are thankful for small mercies—that, before the government is thrown out of office, it comes good with a promise that it made to the industry. Labor will be supporting this legislation.

Mr NAIRN (Eden-Monaro) (11.38 a.m.)—The Tourism Australia Bill 2004 and the Tourism Australia (Repeal and Transitional Provisions) Bill 2004 are crucial bills not only for Australia but certainly for the electorate of Eden-Monaro, which I represent. Australia needs and deserves a viable and sustainable tourism industry, especially in rural and regional areas. In many cases there is an expectation that tourism will be the saviour of regional areas and rural towns which have suffered from the effects of some structural adjustment. In my electorate the dairy industry and the timber industry, for instance, have both undertaken a process of structural adjustment. While the dairy industry has been strengthened through this process, the timber industry has suffered greatly from the creation of national parks, which have restricted the resource available to that industry. The creation of South East Forest National Park has caused further decline in the timber industry, which has resulted in the decline of some of the towns and villages that relied very heavily on that industry—places like Bombala and Nimmitabel.

It was always promised that tourism would be the salvation of such towns, and I think there are some dividends coming through. The domestic tourism industry, particularly along the coast from Bateman’s Bay to Eden, has done very well in recent times. I do not think we have realised some of the potential for tourism in the two towns I mentioned before—Bombala and Nimmitabel. They benefit from pass-through traffic from Canberra and Sydney as they lie on the corridors from Canberra to the far South Coast and Victoria. The tourism industry in the Alpine region of my electorate has always been very strong, but following the atrocious events of the bushfires of January 2003 the industry has needed a lot of attention to rebuild and recover. Tourism in that area may take some time to recover its former glory.

I am pleased to say that upon the completion of the multipurpose Navy wharf in Eden, funded by the Australian government through Defence, the first cruise ship to use the wharf will be visiting my electorate for a stopover on 9 November this year. The Pacific Princess is already marketing its Eden itinerary. It placed advertisements in the Herald Sun in Melbourne last week. There are also other cruise ships considering an itinerary for Eden, including one of the world’s most luxurious cruise ships, The World. Orion is also considering an itinerary for the far South Coast. These ships are able to come to Eden following the completion of the multipurpose Navy wharf at Eden but it was not until they received a CD-Bis card from Sapphire Coast Tourism that they realised the potential of the region. The CD-Bis card was funded by the Australian government through the Regional Partnerships Program. Sapphire Coast Tourism did a fantastic job creating this CD-Bis card, which was aimed at attracting cruise ships to the regions. It has obviously been a successful marketing tool. Eden and the South Coast will benefit enormously from the tourism spending that will occur when these cruise ships arrive in town.
Examples from my own electorate highlight the success of domestic and international tourism marketing and also the need for domestic tourism marketing to help rural towns to move on from industries which are no longer viable due to decisions that were made on land management. The tourism white paper from which the Tourism Australia Bill comes will certainly go a long way towards advancing the interests of areas dependent upon tourism and will perhaps expand the tourism market beyond its current scope. Tourism is important to all parts of my electorate and it will certainly benefit from this. I would like to talk about some specific parts of the electorate in that sense.

Across the nation tourism accounts for about 4½ per cent of GDP, 5.9 per cent of total employment and 11.2 per cent of exports. In an electorate like Eden-Monaro those figures would be a lot higher. It is very hard to get exact figures for particular areas. We have done some work particularly on the figures for the Snowy Mountains region and the far South Coast. For the Snowy Mountains region, which covers the local government areas of Bombala, Cooma-Monaro and the Snowy River, in the year ending 2002 there were 544,000 domestic tourists and 26,000 international tourists. Accommodation takings amounted to $32 million. Expenditure by domestic visitors amounted to $522 million. Unfortunately, we do not have a figure for international visitors. That demonstrates how significant this industry is for that part of my electorate.

Of domestic visitors to the region, 76 per cent were from intrastate and 24 per cent were from interstate. Eighty per cent of visitors to the region did so for the purpose of holiday or leisure, 15 per cent to visit family or friends and three per cent for business. Ninety-eight per cent of visitors used road transport to get to the area. Basically, that is because there is not much other way that you can get there. There are no trains and there is very limited air access. The average duration of a visit to the Snowy Mountains region was 3.6 nights while the median length of stay was three nights. Those visiting the region were predominantly aged 25 to 44, followed by those aged 45 to 64. The most popular month for visitors to the region is August—which fits in with the snow season—with 23 per cent of visitors, followed by July, September and January. The lowest visitation month is in fact December.

The most popular activities undertaken by visitors were active outdoor and/or sports activities. Only a small percentage of visitors—less than five per cent—visited arts, heritage and/or local attractions, but the number is increasing. The months are changing as well. The key issue in the Snowy Mountains region is to expand the visiting periods, making the tourism period longer, not just restricting it to the snow period. For instance, Thredbo has a very active tourism program right through summer. I am sure many people from particularly the Canberra area travel there for things like jazz festivals, blues festivals et cetera. The tourism season has really expanded in places like Thredbo, which is traditionally there for ski activities. There were 26,000 international visitors to the Snowy Mountains for the year ending June 2002. This was a 53 per cent increase in international visitors to the region compared to the previous year, 2001. That is a very good sign. Almost all international visitors coming to the region do so for the purpose of a holiday.

I now look to the far South Coast. Unfortunately the only figures that I have include not only Eurobodalla and the Bega Valley, which are wholly within the electorate of Eden-Monaro, but also Shoalhaven, which falls within the federal electorate of Gilmore. If you take those three local government areas together and call that the South Coast region, there have
been 2.6 million domestic visitors and 66,000 international visitors each year. Accommodation takings came to $27.4 million, but expenditure by domestic visitors came to $856 million, which is a huge amount. It is certainly a major income earner for that region. Eleven million dollars came from international visitors, which is certainly very good news as well, and the figure is growing.

Seventy per cent of domestic visitors to the region came from intrastate and 30 per cent came from interstate. The ACT and Victoria were the major interstate markets. Sixty-eight per cent of visitors coming to the region did so for the purpose of a holiday or leisure, 24 per cent came to visit families or friends and five per cent came for business. I guess the figure of 24 per cent, representing people who came to visit families and friends, indicates the extent of the retirement industry on the coast, with many people moving there to retire and bringing all their families and friends along to visit them. Those are very good figures, and growing figures as well, for that region.

Getting the Tourism Australia Bill 2004 up included a process of consultation with the industry and people in the community. It was a proper process. I heard the member for Corio seemingly criticise the fact that we had the temerity to go out and actually consult over a period of time to make sure that we put together the best possible white paper. I was pleased that quite a number of organisations from around my electorate participated in that consultation. They tell me how pleased they were to have had such a good input into the preparation of a wonderful policy document.

Some of the people who made submissions included representatives of BIG4 Holiday Parks of Australia. One of those parks is at Pambula Beach in my electorate and is run by Garry and Narelle Hetherington. They have won state awards a number of times. They provide an excellent facility. I took the Minister for Industry, Tourism and Resources there when he was visiting the region recently to look at the great facility that they have. They made a submission to the consultation process for the development of the white paper. The Eurobodalla Coast Tourism Board also put in a submission.

Murrarangar Resort is just north of Bateman’s Bay at South Durras. It is a fantastic high-class resort. They also put in a submission. They certainly understood the importance of having input into the policy development process. Sapphire Coast Tourism, Snowy Mountains Tourism, South Coast Regional Tourism at South Durras and the South East New South Wales Area Consultative Committee also submitted. The South East New South Wales Area Consultative Committee is the committee which, on behalf the federal government, looks at employment opportunities in our region and certainly it understands the importance of tourism.

As part of this whole process, a number of programs came from the Minister for Small Business and Tourism. I congratulate the minister for tourism on the process that he has gone through. You can understand why, right across the board, the tourism industry is very pleased with the outcome and extremely complimentary of the job done by the tourism minister. Out of that has come a number of programs. There is $120.6 million to boost international marketing and attract new and return international visitors to Australia. There is also $45.5 million to support regional tourism marketing. This is a key program for my area. Already we are seeing a number of the tourism organisations working together to access some of this money.

This is real visionary stuff for the future growth of tourism. Once upon a time, people tended to look at their own little area and say, ‘Right, we’re going to go out there and fight to
get as much tourism as we can into our region.' That is fine, but the smart way now is to work with other regions. This is something that I raised when I was first elected to this parliament. The Canberra region is naturally attractive to tourists because it is the national capital, so people come to Canberra for no other good reason than that it is the national capital. I said to those in the Queanbeyan area—the part of my electorate around the national capital—the Snowy Mountains and the coast: 'You’ve got all of these tourists coming into Canberra—you should be working with the ACT to then move those tourists on into the mountains and down the coast. If you are on the coast and you are attracting people there, you should work with the mountains to keep those people in our region a bit longer. Send them up to the mountains and then back up into Queanbeyan and the ACT.' That is what this particular program is all about—helping those regional areas to work together and maximise the benefits from tourism. The electorate that I have is an absolutely ideal electorate for maximising the benefit from that program.

There is $24 million for the Australian Tourism Development Program to help tourism in cities and regions throughout Australia—$19 million of this is new funding, with $5 million rolled in from the Regional Tourism Program. That has been a great program for our area. A number of businesses have benefited from that in recent years. When the Minister for Industry, Tourism and Resources was on the far South Coast with me, I took him to Wheeler’s Oyster Farm, which sits between Merimbula and Pambula. They received a regional tourism grant to help to enlarge their facility. Mogo Zoo, which is really quite an innovative zoo just south of Bateman’s Bay, has some fantastic animals. They also got some assistance through the Regional Tourism Program to develop a giraffe enclosure. The national parks got money from that program as well for marketing Montague Island, which sits off Narooma. So that has been an excellent program and it is great that more money has gone into that. I am sure that there will be many locations around the Eden-Monaro electorate that will benefit from it.

Finally, there is $21.5 million to improve and extend the quality and provision of research and statistics. You always have to be doing your R&D so that you can move to the next category and level of tourism promotion. There is $4.6 million for tourism and conservation. For the Snowy Mountains and the far South Coast, conservation and environment issues are paramount—these areas have great tourist attractions—so this program helps conservation and environment groups work with tourism organisations to maximise that side of tourism. There is $3.8 million in funding to assist Indigenous tourism to develop management, business planning and marketing skills, and there is $2 million in funding to develop a voluntary national tourism accreditation framework.

This is a great bill. It has been a great process. It is an excellent program. It is great to see that the other side of politics strongly support this bill, as they should. It has been a proper process—an absolutely proper process—and many parts of Eden-Monaro have been able to be part of that process. I look forward to a much greater developing industry throughout the region that I represent in the coming years as these various tourism programs are implemented.

Mr Baldwin (Paterson) (11.55 a.m.)—I rise to speak on the Tourism Australia Bill 2004 and the Tourism Australia (Repeal and Transitional Provisions) Bill 2004. At the outset I want to acknowledge the leadership and vision that the Minister for Small Business and Tourism, Joe Hockey, has shown in developing a white paper for Australian tourism. I do not think any
tourism minister, federal or state, has ever awarded such importance to tourism as the current minister has, and I want to acknowledge his boldness. I know that the tourism sector was impressed with the work and the consultation that went into the white paper and the fact that it obtained a cohesive plan for the future.

I know a bit about tourism from the days when I ran a scuba diving business. I ran my own boats out of Port Stephens, Port Hacking and Jervis Bay and at times I have worked on the Great Barrier Reef—fulfilling divers’ dreams. I know the value of having a product to sell to an overseas visitor keen to see something new and different. The product will attract the visitor, but the product must have a good reputation and it must be reliable to allow word of mouth to have a positive effect.

In 2002-03, tourism directly contributed to the Australian economy through: $73.3 billion in consumption, with 77 per cent by domestic tourists and 23 per cent by international visitors; 4.2 per cent of our GDP; over 540,000 jobs, or 5.7 per cent of all employed; $16.7 billion in export earnings, or around 11.2 per cent of our total exports; and, most importantly from my point of view, 47c in every tourism dollar was spent in regional Australia.

In my electorate of Paterson, I have two areas of the New South Wales region which attract mainly domestic visitors—in the south, Paterson takes in part of the Hunter tourism region; and, in the north, there is the North Coast region. The Hunter and North Coast regions are the second and third most popular regions in New South Wales. Most visitors come for the beaches—in Nelson Bay and Forster Tuncurry—or they come to go bushwalking in the Barrington Tops. New South Wales recorded 27.5 million domestic visitor nights in 2002, and 11 per cent of those visitors came to the Hunter and North Coast areas—around three million visitor nights.

The key strategy outlined in the Tourism white paper: A medium to long term strategy for tourism is structural reform leading to the establishment of Tourism Australia. Amalgamating the Australian Tourist Commission, See Australia, the Bureau of Tourism Research and the Tourism Forecasting Council makes sense and will provide an organisation that can research Australia’s tourism market and provide a comprehensive and cohesive marketing plan for Australian tourism operators and the states. Tourism Australia will contribute to the return on the government’s investment by allowing better interaction and increased cooperation within the industry. After all, we need the industry to contribute to tourism development, because they know what they have and they have some idea of who is interested in their product. The Tourism Australia Bill 2004 will establish Tourism Australia, and the Australian Tourist Commission Act 1987 will be repealed. Tourism Australia will be established as a statutory authority under the Commonwealth Authorities and Companies Act 1997, and the main objectives of Tourism Australia will be to influence people to travel to and within Australia.

In my electorate, the Bucketts Way is a major road and when upgraded will provide tourists with an alternative route from Newcastle to Armidale and, of course, access to the Barrington Tops. I hope the grey nomads take the Bucketts Way and stop in at Stroud or Gloucester for lunch at the bakery or the local cafes, where the owners make jam and chutneys. In turn, Gloucester has made an effort to create a small town with a strong heritage feel. Old buildings have been preserved and new cafes have been opened to cater for the Sydney passing traffic. I was up there last Friday and I noticed that there were four sports bike riders stopping for a coffee break, and I observed them. They sat in the cafe I went to and ordered four coffees.
Then they ordered four more coffees and biscuits. In total they would have spent $30 in the cafe. I also observed that one of the bike riders picked up a jar of chutney on the way out. That is another $10—and I hear that the chutney in Gloucester is something special. That is what it is all about. Tourism is having something worth seeing or going to a town to get to. This little cafe in Gloucester, which has the best coffee and chutney, made $40 out of four bike riders on their way to somewhere else. Having a good road for a car or an interesting road for a motorbike will attract people to take a drive and stop in areas like Gloucester. They could have easily stopped in Dungog or Stroud—perhaps they did on the way back.

If we are going to encourage Australians to go on, get out there and see Australia, we have to make sure they are safe on our roads. By increasing the yield of each visitor, we increase the value of their visit. Getting numbers through the door is not enough; we must encourage them to stay for a few weeks and visit more than just Sydney and the Blue Mountains. Tourism Australia will also help facilitate bringing major events to Australia and build a national events calendar so that long-term visitors can plan their trip to meet up with events held around the country.

The Australian Tourist Commission, formed in 1967, has done a great job marketing Australia overseas for the past 27 years, but obviously it is time to broaden the role of the ATC to develop strategies to increase the yield of the visitor, not just the number of visitors. Bringing See Australia into the fold of Tourism Australia will reduce infrastructure double-up and staffing overlaps. See Australia is the body that was formed to encourage us to take a holiday. I have to say that Ernie Dingo is the best ambassador for this program. Not only is he an identifiable character but he hosts a travel program.

I am not one of those Australians who does not take a holiday. I take them occasionally, and I like to take my family with me when I do, and I also like to pack in as many experiences as I can. But some people just do not take holidays, and one of the latest statistics I have seen is that more than half of Australia’s work force did not take a holiday entitlement last year. That is bad for business and for our work force. See Australia has done a tremendous job in developing public-private partnerships to encourage Australians to go on, get out there. Its commercial flexibility will be maintained in the new organisation to allow it to set up some incredible deals for the government to encourage Australians to take a holiday. A good example of one of these partnerships is the MasterCard advertisement run last year, encouraging Australians to see Australia.

Tourism Australia need autonomy and flexibility to ensure their marketing strategies are responsive to their research findings. When market demands change, Tourism Australia should be able to adapt to the market accordingly. The sort of flexibility that allows responsiveness to market demand changes will also be invaluable when forming public private partnerships. For the first time ever, the marketing and research arms will be complying to make sure the numbers we are counting suit the marketing needs. The key function of Tourism Australia will be to carry out the objectives set out in the white paper for Australian tourism, which was released by the Minister for Small Business and Tourism, Joe Hockey, on 20 November last year. The plan set out in the white paper goes beyond getting tourists to Australia; it sets about creating a product which people can depend on. It is also the first plan ever to recognise that Australian tourism is just as susceptible to downturns as other domestic products such as coal and iron ore. Most people think that tourism downturns started with September 11, but the
reality is that Australia was losing its appeal in overseas markets as other products became new and interesting—just look at the popularity of New Zealand off the back of the *Lord of the Rings*.

Tourism in Australia depends on our reputation overseas. It depends on safety, so border protection is necessary to provide a safe reputation. It is not just physical safety; it is quarantine and health as well. If people know that we can respond rapidly to a crisis such as SARS, they will feel comfortable in coming to Australia. If they get sick here, knowing that there is a hospital system they can count on also helps attract tourists. One key concern for older Australians is whether or not they are covered by ambulance from state to state. Seniors from New South Wales will not visit Queensland if they are not covered for ambulance services. To date, I am aware of three constituents who have refused to take their annual holiday on the Gold Coast until they know for sure they are covered for ambulance in Queensland. There is food for thought for Premier Beattie in relation to his new universal coverage.

Around $360 million has been allocated over the next four years to brand together all the marketing activities of the new national tourism organisation. The big question on the lips of individual tourism operators last year was: ‘How do I get some of that money?’ The short answer is that they cannot, but they can tap into the research and knowledge of Tourism Australia to target markets and maximise their yield. Gloucester might even set themselves up on an events calendar for a chutney festival—who knows. Or regional tourism organisations could band together, as they have in Queensland, and develop tourist roads—not just 20-kilometre tracks through the orchids or wineries but roads that go from the top of Queensland down to New South Wales and through the outback. It might be a great road for driving or an interesting road for motorbikes.

Then, if each town coordinates activities and attractions, they can create complementary towns which offer lots of different types of things to see and do along the way. The sky is the limit; the only limit is a town’s determination and creativity. I am also pleased to see the Australian regional tourism grants program being run again this year, with the scope of projects allowed to be bigger. The larger categories—of $500,000 and $200,000—will allow those operators with larger projects a chance to develop them. I know that these grants are currently open, and I hope operators in my electorate will be successful in their applications for funding.

The most important thing to remember is that Australia is a product and it needs to be sold overseas. Trade delegations to China, Singapore, the USA and the UK strengthen trade relationships and allow Australian operators to show their products overseas. Many people do not realise that the Australian Tourism Commission has offices in key markets throughout the world, including the UK, Japan and the USA. These offices work closely with Austrade offices in promoting Australian products at expos—it works well.

The real issue is competition from within the states of Australia. Those who have read my maiden speech know that the duplication and waste that is, due to the form that our federation took, a recurring theme in Australian government is a bit of a bugbear for me. Each Australian state has a tourism office in the UK, the US and Japan, and each of them competes with each other for the European, UK and Japanese tourism markets. If you raise the logical argument that we are Australia—not Queensland, New South Wales or Victoria—to our overseas markets, parochialism takes over and logic falls to the ground. Putting an officer from each state...
and territory in the Tourism Australia offices overseas will ensure the interests of all states and territories are looked after. Until we can market Australia as a whole, without having to compete against a campaign for Queensland beaches or the Victorian jigsaw, we will waste our advertising dollar overseas—and it is not cheap to advertise overseas. When Asian governments are spending 10 to 20 times what Australia spends on advertising, advertising a segmented product with no cohesive strategy will let down the Australian tourism product.

Until the introduction of this Tourism Australia Bill, Australia did not have what the states have had for years—that is, a research facility and a marketing ability all in the one organisation. When Tourism Australia comes together and proves it can deliver the marketing and research ability needed to compete overseas and produce real results, maybe then the states will want to participate in a whole-of-Australia campaign. Until then, there will be seven Australian products competing against each other—and against Asian nations, which have many millions of dollars to spend on advertising. Their advertising budgets are almost bottomless. When Malaysia can offer a car each month to an Australian travel agent as a reward for selling the most Malaysian holidays, how can we compete, except on the quality and reputation of our product—and that only comes through a consistent message about Australia.

In conclusion, let me state clearly that I support the Tourism Australia Bill and the white paper that has been developed over recent years. This is the first opportunity I have had to speak on the white paper since it was launched last year. It is a testament to how seriously the Howard government take tourism in Australia. The additional funding for tourism advertising overseas would not be possible without strong economic management by the Howard government. Last November, $235 million was announced—the biggest increase in tourism spending that Australia has ever seen—but that would not be possible were there not a surplus and enough money for aged care, roads, defence and tax cuts. I notice that the Carr Labor government in New South Wales has reduced its tourism budget for the second year in a row, despite putting taxes up and being the highest taxing state in Australia. Tourism operators need to be aware that that is an example of what would happen under a Latham-Crean Labor government. Simply put, they are not good for tourism, they are not good for small business and, in particular, they are not good for the regions.

Mr LINDSAY (Herbert) (12.09 p.m.)—The passing of the Tourism Australia Bill 2004 and the Tourism Australia (Repeal and Transitional Provisions) Bill 2004 is urgent and critical for the implementation of all the new initiatives in the tourism white paper. The Australian industry is most supportive, because the initiatives in the Tourism Australia Bill comprehensively respond to many longstanding concerns. I am delighted to see that two of Tourism Australia’s five objects relate to influencing people to travel throughout Australia. The specific inclusion of regional Australia is welcome. Under the Australian Tourism Commission, no such recognition was ever given. This always puzzled me, because I have been able to travel widely in our great country, and I certainly know that Australia’s best attractions are not in our cities. I have often observed that a city is a city, no matter where you are in the world.

North Queensland is well served by Townsville Enterprise Ltd, the peak marketing and development body in the north. It is a highly respected and professional organisation, ably led by Chairman Graham Jackson and CEO Glenys Schuntner. Today I can say with confidence that the North Queensland tourism industry is excited by the new branding and advertising campaign that has already been launched, and I wish to congratulate the government on its
implementation. Brand Australia advertisements and messages no longer just promote icon destinations but paint Australia, including our regions, as great places to visit and experience. This is a terrific outcome.

The $24 million commitment to the Australian Tourism Development Program for regional programs is a strong commitment to the regions of Australia. In the case of North Queensland this is especially good news because the growth potential in my area is significant, as the base is still quite small. Townsville and the North Queensland region attract approximately 546,000 VFR and holiday visitors a year. You can compare that to nearly one million visitors in total, including business. Cairns attracts double that and the Gold Coast attracts six times that, so there is clearly an opportunity for the Townsville region to attract more. This funding program will encourage greater visitation throughout the state, with resultant economic benefits.

The $45 million available for promoting domestic tourism is a win for regional Queensland as well. Townsville’s main market is the domestic drive market from within our own state and from interstate. Boosting this market will be a definite win for North Queensland in particular. Cheap airfares will also push the fly-drive market, which is also important to North Queensland. All tourists are welcome. Townsville enjoys a strong mix of domestic tourism, which has ensured resilience through tough international downturns. This also reflects our overall strength as a diverse economy. The news for our region just gets better. In the north, we have two significant World Heritage areas—the Great Barrier Reef region, including Magnetic Island, and the wet tropics rainforest. Under the conservation tourism fund of $4.6 million, there are further opportunities for enhancing our conservation and tourism products.

Events—especially business events—are important to Australia. They bring travellers and spending money and, importantly, they also deliver the opportunity for future investors to become familiar with our economy. Outside the industry, few people know that one in three conference visitors are expected to return to the host region within two years of a conference. We hope they bring back their family and friends and spread the word. We very much welcome initiatives being undertaken to support events. North Queensland has already benefited from the focus and economic impact of, for example, the Rugby World Cup and from hosting many national business conferences. I am looking forward to the Tourism Futures Conference to be held in Townsville this year in early August.

From the government’s perspective, regions in Australia need to focus on the combined visitor experience and not just on parochial views about trying to promote individual towns or components of the area. I believe that the best outcome for everyone is achieved when the region as a whole is promoted and sold as a complete experience. Trying to promote Townsville, Ingham, Charters Towers, Innisfail, Atherton, Cairns or Port Douglas individually just results in scarce dollars being inefficiently spent. Combining the resources, however, results in a much better outcome. That is why our region should reinvigorate the Great Green Way concept. This is a way we should be selling North Queensland to the rest of Australia, and indeed to the rest of the world.

And what a great product we have to sell when we offer the combined attractions of the region in our wonderful, heritage-filled environment. This could be a major step forward for North Queensland. The concept needs community leaders to see the vision of this idea and to join together to make it a reality. We should be bidding for funding to support regional promo-
tion and North Queensland, and we should go for it with one voice. This funding would enable us to drive new initiatives in tourism product planning, development and implementation, along with innovative promotional activities to open up this part of the world to not only domestic tourists but also international tourists.

In our region in North Queensland, we have a diverse range of attractions. Magnetic Island, for example, is about eight kilometres off the coast of Townsville and is World Heritage listed. When you step off the boat onto Magnetic Island, you are offered the unique experience of feeling that everything should run at half-speed and that you should take off your shoes. That is the kind of thing that a lot of tourists look for. Charters Towers had the first stock exchange in Queensland and has remnants of the old goldmining days; it is a fascinating place. Undara has the longest lava tubes in the world. It is spectacular, and you can stay in a railway carriage. It is a terrific experience to see what nature is about and to hear the stories that are told around the bush breakfasts in the morning.

Gould Island is right in the middle of the Great Barrier Reef World Heritage region, and everything there is pristine. It is a similar situation with Pelorus and Orpheus islands. Up in the Cairns region, there is the Atherton Tableland, Port Douglas and, particularly, Chillagoe. The experience to have in Chillagoe is to visit the caves. It is not widely known, but in Chillagoe they are actually above the ground. People will say, ‘How can you have caves above the ground?’ The caves occur in limestone casts, and the surrounding country has weathered away. The casts are left above ground, and the caves are actually inside the casts. It is an amazing experience to go into caves but not actually go underground.

Then there are the Wet Tropics—the magnificent sugarcane fields and the magnificent rainforests and waterfalls. The Wallaman Falls have the largest single drop in Australia—almost 1,000 feet. There are great attractions, and we can promote this—as a region, as the Great Green Way. We can give visitors from other parts of the country, and indeed other parts of the world, a fantastic experience that they will never in their lives forget.

In closing, I want to pay tribute to Minister Joe Hockey and his staff for their vision in seeing this legislation through the parliament today. Minister Hockey has the united support of the tourism industry and, I believe, the united support of the parliament.

Mr BAIRD (Cook) (12.18 p.m.)—It is my pleasure to rise today and support the Tourism Australia Bill 2004 and the associated bill. I congratulate those who have been involved in the preparation of the legislation: people from the Department of Industry, Tourism and Resources, and also the staff of the Minister for Small Business and Tourism—Chief of Staff Matt Hingerty, Tony Petkovic and all the people there who have worked so hard. I also congratulate Minister Joe Hockey, who has had the drive and determination to see these changes through.

It is very interesting that there has been total silence from the other side in terms of the initiatives they would take in the tourism area: what changes they would implement, how they would see the money spent, where they would find the money. It has taken this government to transform the whole of the industry sector into one which is now alive with opportunities, given the very significant increase in funding. Not only does the ATC get an average of $100 million a year but there is also this new grant of $235 million, which has been provided over a four-year period by the government and through the initiatives of Minister Joe Hockey. We really appreciate that and congratulate both him and his staff on that achievement.
There is no doubt that the tourism industry remains a very significant part of the Australian economy. It is, first and foremost, the largest employer in the country, employing some 600,000 people directly and another 350,000 indirectly. If we look at its contribution, the total spend is approximately $70 billion, with the major part being in relation to domestic tourism. Nevertheless, $17 billion is achieved in foreign exchange earnings through the tourism industry. That puts it right amongst the top money earners in our export markets. Tourism is actually No. 1 if we count the mineral industries on an individual basis; if we look at the minerals industry as a whole, tourism is No. 2. It is a very important and significant area of the national economy. Last year alone, we saw 4.7 million international visitors, who spent 117 million nights here. These international visitors spend, on average, $2,500 per person. With regard to domestic tourism, Australian residents took 73.6 million trips within Australia and spent $51 billion. Some 77 per cent of spending comes from the domestic sector. In 2002-03, tourism contributed some $32 billion to our gross domestic product. This figure is up $1 billion on the previous year and works out at 4.2 per cent of our GDP. This means that the tourism industry is important to the nation’s economic success.

Why was this legislation necessary? Why was the white paper necessary? We did see a downturn in the numbers coming to Australia following the Olympics. If we look at the official figures from Australia’s Tourism Facts and Figures at a Glance, they show that in the year 2000 we reached a high point of 4.9 million international visitors. That was a 10.6 per cent increase on previous years. That then dropped progressively until 2003—and of course we had September 11, the SARS problem and the Bali bombing coming into play. Last year there were 4.74 million visitors. Since September last year the numbers have been coming up progressively and obviously that is a response to some of the initiatives taken by the ATC and the expectation of further funding to promote international tourism.

There has been widespread discussion with the industry. The industry have been consulted at all levels. They have been enthusiastic about this process. They have been integral to the process and every sector of the tourism industry has provided significant input to this paper. It has been well received by both the government sector—that is, the various tourism authorities around Australia—and the private sector. This legislation consolidates the extra spend that we are going to have, which is going to mean a big increase in the number of visitors and will result in benefits throughout the economy, not only for the airlines and the major hotels but for the tour operators, the restaurants, the taxis and the hire cars. All of these things come into the tourism industry. I am very pleased to see the man who initiated this whole process, Mr Joe Hockey, coming into the chamber and I am sure we all wish to congratulate him on these great achievements.

This legislation means the merging of four significant bodies, including the Australian Tourist Commission, which is responsible for the international marketing of Australian tourism. It does a great job. Ken Boundy, who leads the organisation, has performed well in that role. The ATC is the largest and most involved organisation of the four. It is very well respected internationally and is regarded as one of the best tourism authorities in the world. The second body is See Australia, an initiative that was started as a result of promises made by the government in 1998. Its small amount of funding has grown significantly and we are now looking at $12 million a year for the See Australia program. The Bureau of Tourism Research, the BTR, is also being merged into the organisation, as is the Tourism Forecasting Council.
These two organisations provide timely, significant data, with the Tourism Forecasting Council looking to the future and the Bureau of Tourism Research consolidating the overall information coming through from the private sector and government sources.

The funding is there—$235 million. The legislation also provides for financing from the private sector and the ability to obtain sponsorships from private organisations. It gives Tourism Australia the capacity to provide financial assistance to projects or organisations that are engaged in activities which further Australia’s tourism objectives. Overall, this is a great initiative and one of which we can all be proud. It is going to lead to further jobs and further increases in visitor numbers to Australia. Throughout Australia we will see major beneficiaries, from small to large companies alike. It takes a minister of great determination to do this, and a great staff who provide the impetus. To them and to the department: thank you, and congratulations on a job well done.

Mr NEVILLE (Hinkler) (12.25 p.m.)—I would like to speak briefly on the Tourism Australia Bill 2004 and the Tourism Australia (Repeal and Transitional Provisions) Bill 2004. I congratulate the Minister for Small Business and Tourism on a job well done. There is no question that Minister Hockey has made a huge difference to the promotion of tourism in this country. It was my pleasure to hear him address an international gathering in Brisbane some years ago. He was only new in the job and people were surprised at his grip of the subject. I remember that I was sitting next to the state minister, who said, ‘What an outstanding address.’

My other reason for speaking briefly on this legislation is that, prior to entering politics, for many years I managed a tourism and industry development region. In that capacity I was responsible for the tourism activities in the northern Wide Bay-Burnett region of Queensland, which was known in those days as Bundaberg and the Coral Isles. Part of my duties was to coordinate the activities of 11 local authorities in that area. That was an important role, because they were the southern gateway to the Barrier Reef. That brought with it a lot of domestic tourism. It also brought with it a lot of international tourism, because it was the belief of many tourist operators that some of the finest dive spots in the world were on the southern Barrier Reef at places like Lady Elliot Island and Lady Musgrave Island.

The name of that organisation has changed in recent years. It is now known as Bundaberg Region Ltd. It is very ably led by Carol Waring. She has placed the organisation very firmly in the tourist profile of Queensland. I think the Queensland model highlights where the feed-in to international tourism is very good. The 13 tourist regions of Queensland are well supported not only by the state government and the local authorities but also, according to where you are in the state, by anything from 400 to over 1,000 tourist operators. In more recent times, since we have come to government, there has been an overlay of federal funding coming into that formula, albeit on a project basis.

I think we need to recognise that the structures of tourism at the regional level are very important so that we can take advantage when people leave the well-known destinations of Cairns, the Whitsundays, Sydney, the Blue Mountains, Uluru and the outback. When they start to move out into the other regions it is very important that we have a structure of regional tourism that coordinates activities on the local scene. That has been underdeveloped in some states, and it shows when people leave the mainstream of the capital cities and the more read-
ily identified tourist regions like Cairns, the Gold Coast and Sydney. I would like to com-
pliment the minister on this legislation. It is forward thinking—

A division having been called in the House of Representatives—

Sitting suspended from 12.29 p.m. to 12.42 p.m.

Mr SECKER (Barker) (12.41 p.m.)—It gives me great pleasure to add my support to the
Tourism Australia Bill 2004 and the Tourism Australia (Repeal and Transitional Provisions)
Bill 2004. In my electorate and throughout Australia the tourism industry is thriving. That is a
simple fact. The Howard government are aware of this and want to ensure that it continues to
thrive, which is what this legislation seeks to do. When I describe my electorate in Barker, I
like to say that it is the home of good food, good wine and good people—three very good in-
gredients for a successful tourism industry. It is very interesting that there was an article in the
local paper in South Australia, the Advertiser, on Tuesday which said that tourism contributed
an extra $1 billion to the Australian economy in 2002-03. It also said that, in the 2002-03 fi-
nancial year, tourism contributed $32 billion to the gross domestic product. Further research
informed me that, during 2003, 4.4 million international visitors came to Australia, spending
117 million nights in Australia, with the average length of stay being 27 nights. They spent
$11 billion on Australian products—an average of $2,498 each.

According to the South Australian Tourism Commission’s fact sheet, At a Glance, in 2001
tourism generated $3.4 billion of expenditure, which supported 36,800 full-time equivalent
jobs in South Australia. Under this legislation, we will be forming a new, single national tour-
ism body, Tourism Australia, which will encompass the functions of four bodies. The first
body is the Australian Tourist Commission, which is currently the statutory body responsible
for international marketing to promote Australia overseas and for undertaking market research
to help grow our nation’s industry. The second body is See Australia, which is currently re-
sponsible for developing and implementing strategies to raise the desire among Australians to
travel more in Australia, as well as making it easier for them to find tourism information and
book and pay for Australian holidays. The third body is the Tourism Forecasting Council, es-
established in 1993, which is currently responsible for developing forecasts to assist with the
making of tourism policy and investment decisions. And the fourth body is the Bureau of
Tourism Research, which provides timely and relevant statistics and analyses to the tourism
industry. Tourism Australia will certainly by very much an encompassing body.

My electorate of Barker, which has just been expanded to some 64,000 square kilometres,
contains some of Australia’s most amazing tourist attractions and experiences—from the
World Heritage listed Naracoorte Caves, which date back 350,000 years and are amongst the
five most fossil rich deposits in the world, to Broken Cliffs at Waikerie, which is yet another
interesting fossil site, to the mystifying Blue Lake in Mount Gambier and the Monarto Zool-
ogical Park at Monarto, just to name a few. The electorate of Barker offers tourists some
pretty amazing tourism adventures, not to mention some outstanding wineries for those inter-
ested in wine tourism. For example, in the electorate of Barker is the world-renowned Barossa
Valley, which attracted 2.4 million cellar door visitors in 1999. That was 60 per cent of the
total cellar door visitors to South Australia. Just to show the importance of the Barossa Valley,
43 per cent of all international visitors to South Australia in 2002 visited the Barossa for either
da day trip or a longer stay, and around 36 per cent of the domestic visitors who stayed in the
Barossa visited a winery during their visit. Whilst I have focused very briefly on only one
wine region in the Barker electorate, I feel that this kind of success must be mirrored in the other wine regions in the electorate—the Limestone Coast, the Lower Murray and the Riverland, home of the famous Coonawarra Estate wines, Padthaway Wines and so on.

This is a great bill and I am very pleased to support it. I congratulate not only the government but, most importantly, the Minister for Small Business and Tourism, Joe Hockey, and his very good support staff—people like Matt and Tony, who are sitting behind me. They do a great job. It is a great service industry, which is growing in Australia and doing a great job for Australia.

Mr HUNT (Flinders) (12.47 p.m.)—I am delighted to speak on the Tourism Australia Bill 2004. In speaking to this bill, I want to do two things: first, I want to address the question of tourism within my electorate of Flinders and, second, I want to address the reforms, the program and the pathway set forward for tourism across Australia by the Minister for Small Business and Tourism through this bill and package.

Within my electorate of Flinders, tourism plays a significant part. It is a rural and regional electorate; it is a coastal electorate. As a result, we are able to sustain the economy and we are able to sustain the population. In particular, on the Bass Coast, we have Phillip Island and all of the areas surrounding Phillip Island. Phillip Island is arguably Victoria’s single greatest tourism attraction outside of Melbourne city. The penguin parade is known not just throughout Australia but throughout large sections of the world. It attracts enormous numbers of people and it is a great environmentally based tourism attraction. The island itself brings countless thousands of visitors each year. As a result, the local economy booms, there is money to protect the environment and it is a net gain for everybody.

On the Mornington Peninsula and around Westernport, we also find a very high concentration of tourism through beaches, wineries and golf. Those are the three mainstays of tourism. Looking forward, I hope we will be able to achieve the Westernport Oberon Association’s plan to bring the HMAS Otama Oberon-class submarine aboard at Hastings; we just need the barriers to that to be removed. That will be a benefit to the town of Hastings and the region surrounding Hastings. In addition to that, I look forward to the completion of the Point Nepean National Park and in particular the establishment of the Australian Maritime College’s National Centre for Marine and Coastal Conservation. That will be an outstanding educational and marine attraction on the Mornington Peninsula.

In looking at all those things, I also want to say that the Tourism Australia Bill 2004 sets out a framework for taking regional and rural tourism throughout Australia forward over the coming decade. The bill implements significant structural reform as outlined in the minister’s tourism white paper. I commend the minister and all those involved in putting forward that paper, because it establishes a significant, funded, long-term framework for Australia. Secondly, the reforms enhance the future of Australian tourism. The bill does this by consolidating four key tourism organisations into one body—Tourism Australia—which seeks to maximise the impact of the Australian government’s investment in our tourism industry.

What is the background to the reforms set out in this bill? Since its inception by the coalition government in 1967, the Australian Tourist Commission has been responsible for promoting Australia overseas. The commission has played a great role, doubling Australia’s international visitors since the early 1990s. Its work should be recognised and all those involved should be commended. The bill is an essential element of the medium- to long-term strategy
for tourism outlined in the tourism white paper of last year. The funding measures—and this is critical—which have been used to support the implementation of the paper include, firstly, an increase in international marketing funding of $120 million over 4½ years, to help brand and promote Australia overseas. For regions like the Mornington Peninsula, Phillip Island, the Bass Coast and Westernport, it is critically important that we have not just domestic travellers but also international visitors. Secondly, the package which underpins this bill brings a domestic tourism marketing increase of $45.5 million. With the Minister for Small Business and Tourism in this chamber, I very specifically make the request that we have a fair and reasonable focus on the Mornington Peninsula and the southern parts of Victoria. I thank the minister for his no doubt favourable consideration in the future.

The third element of the package is that the Tourism Development Program, which has a specific focus on regional Australia, has an increase of $19 million. I am working with a series of groups on the Mornington Peninsula and around Westernport to pitch for funding and to ensure that we have a real shot at getting funding for these initiatives, whether it is in relation to winery tourism, to sports tourism on Phillip Island or to the educational tourism which will flow from the presence of the Australian Maritime College or from the Oberon Association submarine in Hastings. All those things would be tremendous recipients and beneficiaries of support under the Australian Tourism Development Program. The final element of the package is that it extends the provision of quality research and statistics—core information necessary for planning, for making decisions and for capital infrastructure—and $21.5 million will be allocated to that program.

This bill has two effects. Firstly, it has an effect for Australia as a whole. It has an impact on our domestic tourism within the country and it has an impact on our external, imported tourism—that is, tourism from abroad. That is a very important thing. Secondly, it offers regions such as that of the seat of Flinders—comprising the Bass Coast, Phillip Island, Westernport and the Mornington Peninsula—the opportunity to specifically participate in and benefit from the Regional Tourism Development Program. I recognise the importance of those programs to jobs in the electorate of Flinders and to the capacity to maintain employment without creating heavy industry but by providing important, environmentally focused services. On that basis, I welcome the bill, I welcome the opportunities for tourism operators within the electorate of Flinders and I commend the bill to the House.

Mr HOCKEY (North Sydney—Minister for Small Business and Tourism) (12.54 p.m.)—I would like to take the opportunity to thank all my colleagues for their bouquets and their incredible support during this quite challenging period for one of Australia’s largest industries over the last three years and during the course of the development of the tourism white paper. I also appreciate the support for these bills from the Labor Party. I thank Senator O’Brien and the member for Banks for their supportive approach. I would like to also acknowledge the ongoing support for this process from Senator Ridgeway, which has been very important.

The member for Banks asked for a clarification of one issue relating to the appointment of board members. I can advise him that proposed sections 13(1) and 13(2) of the Tourism Australia Bill refer to the appointment of board directors. Of course, section 2 of the Acts Interpretation Act will apply to this bill. Therefore, as it says at section 33(4A) of the Acts Interpretation Act:

In any Act, appoint includes re-appoint.
So, in view of the above, the word ‘appoint’ at proposed section 13 of the Tourism Australia Bill also means ‘reappoint’.

The speeches delivered in the course of the debate on this legislation say it all. The Tourism Australia Bill 2004 and the Tourism Australia (Repeal and Transitional Provisions) Bill 2004 are very comprehensive. It has been a comprehensive, albeit short, debate. I know that many other members were keen to speak but recognised that we want to get this legislation through as quickly as possible. Having heard all the speeches and having been through this process, this is my last opportunity to thank all those people who have been involved not just in these bills but importantly in the tourism white paper process. I want to begin by thanking the 430 individuals and organisations who made submissions, together with the 770 people who attended hearings right around Australia in the development of this.

Matt Hingerty, my chief of staff, has been outstanding on this. He was instrumental in the development of the white paper and can take much of the credit for it. He has been through hell at times, trying to get it together, but has valiantly continued as we pursued the vision. I thank him enormously. I also thank Holly Davidson and Sasha Grebe, in my office, who have done a great job. I would also like to thank Tony Petkovic, who was with the department and now works in my office. He has seen the entire process through and has done a great job with so much of the detail. I would particularly like to thank Arthur Sinodinos and Patrick Coleman, in the Prime Minister’s office, who were instrumental in helping to get the white paper up.

From the department, David Mazitelli can take much of the credit for the whole process. He is now the head of ATEC, but the parliament and the people of Australia should be aware that without his great sense of history and his understanding of the detail of the tourism industry this would not have been possible. I also thank David McCarthy, Patricia Kelly, Janet Murphy and Sarah Clough for their great work. Sarah has done a lot on these bills under adverse circumstances. I also thank the Bureau of Tourism Research and the team that Peter Robins leads, and the Tourism Forecasting Council, which is led by Michael Shield.

The Australian Tourist Commission is in fact the face of tourism. I would like to thank the board, and Chairman Tony Clarke in particular, for all their work and support. I thank Ken Boundy, the chief executive, and Olivia Wirth, who has been diligently working behind the scenes to help to hold everything together. Without their support this would not have been possible. I want to thank the board of See Australia: Sir Peter Derham, who has been a great support, and also Graham Perry, the chief executive, who has been fighting very hard for domestic tourism and who won on the day. From industry I thank Andrew Burnes, who has been instrumental in the passage of this. I thank John Morse, Chairman of Tourism Victoria, Col Hughes and all at NTA, and all at ATEC. I particularly want to take the chance to thank my friends and colleagues: the member for Leichhardt, Warren Entsch, who has been instrumental in the development of the new initiative; and the member for Cook, Bruce Baird. It is my great pleasure to commend the bills to the House. I thank everyone for their great support for this initiative.

Question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.
TOURISM AUSTRALIA (REPEAL AND TRANSITIONAL PROVISIONS) BILL 2004

Second Reading

Debate resumed from 13 May, on motion by Mr Entsch:
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.

Main Committee adjourned at 1.01 p.m.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

Immigration: Student Visas
(Question No. 1992)

Mr Murphy asked the Minister representing the Minister for Immigration and Multicultural and Indigenous Affairs, upon notice, on 3 June 2003:

(1) Further to his reply to parts 1(f) and 3 of question No. 1110 (Hansard, 4 February 2003, page 151), for how many of the following successful interventions were applications previously considered under s.417 on (a) one, (b) two, and (c) three or more prior occasions: (i) the 79 interventions out of 947 in 1996/97, (ii) the 55 interventions out of 3,122 in 1997/98, (iii) the 154 interventions out of 3,838 in 1998/99, (iv) the 179 interventions out of 4,100 in 1999/00, (v) the 260 interventions out of 2,306 in 2000/01, and (vi) the 199 interventions out of 3,309 in 2001/02.

(2) In respect of each of those matters, how many of these interventions were successful by satisfying him on the following Ministerial Guideline criteria: (a) 4.2.1 – Significant threat to that person's security, human rights etc, (b) 4.2.2 – Substantial grounds for believing a person may be in danger of being subject to torture etc in contravention of the Convention Against Torture, (c) 4.2.3 – Circumstances that may bring Australia’s obligations as a signatory to the Convention on the Rights of the Child, (d) 4.2.4 – Circumstances that may bring Australia’s obligations as a signatory to the International Covenant on Civil and Political Rights, (e) 4.2.5 – Circumstances that the legislation could not have anticipated, (f) 4.2.6 – Clearly unintended consequences of legislation, (g) 4.2.7 – Intended, but in the particular circumstances, particularly unfair or unreasonable consequences of legislation, (h) 4.2.8 – Strong compassionate circumstances etc such that failure to recognise them would cause irreparable harm … to an Australian family unit, (i) 4.2.9 – Exceptional economic, scientific, cultural or other benefit to Australia, (j) 4.2.10 – Length of time that person has been in Australia, (k) 4.2.11 – The age of the person, and (l) 4.2.12 – The health and psychological state of the person.

Mr Hardgrave—The Minister for Immigration and Multicultural and Indigenous Affairs has provided the following answer to the honourable member’s question:

(1) When the Honourable Member’s question of 13 November 2002 was answered on 4 February 2003, the figures used were provided by my Department and were the best available at the time. These drew on manually collected records. In the light of interest in issues relating to Ministerial intervention, my Department undertook a major exercise to manually cross check and validate departmental electronic and other records for intervention cases since July 2000. As a result, figures relating to the number of requests received and cases in which the former Minister for Immigration and Multicultural and Indigenous Affairs, the Hon Philip Ruddock, intervened may vary from those provided in February.

This exercise identified that in 2000-01, the former Minister for Immigration and Multicultural and Indigenous Affairs, the Hon Philip Ruddock, exercised his s417 discretion in 289 cases and intervened after previously considering and declining to intervene in the case on:

- one occasion in 82 cases;
- two occasions in 12 cases; and
- three or more occasions in 4 cases.
This exercise identified that in 2001-02, the former Minister for Immigration and Multicultural and Indigenous Affairs, the Hon Philip Ruddock, exercised his s417 discretion in 203 cases and intervened after previously considering and declining to intervene in the case on:

- one occasion in 71 cases;
- two occasions in 10 cases; and
- three or more occasions in 2 cases.

Reliable data predating 1 July 2000 is not available on the number of times the former Minister for Immigration and Multicultural and Indigenous Affairs considered particular cases before intervening.

(2) My Department does not record the grounds for intervention under s417 intervention power beyond the information contained in statements that are tabled in Parliament in relation to such cases. The Minister determines whether to intervene on a case by case basis, depending on the facts in the individual case.

**Taxation: Australian Business Number**

*(Question No. 2858)*

Mr Murphy asked the Treasurer, upon notice, on 4 December 2003:

(1) Further to the answer to question No. 1615 (Hansard, 2 December 2003, page 23136), can the Registrar cancel an Australia Business Number (ABN) where it is identified that the sole or substantial purpose of holding that ABN is the commission of taxation fraud.

(2) If no other statutory grounds exist for the cancellation of an ABN, what action is he taking to ensure that the Registrar's powers are fortified and, if no action is being taken, why not.

(3) Is a report available on data cleansing to improve the integrity of the Tax File Number and ABN registers and, in particular, the elimination of multiple ABNs; if so, where can that report be found; if no report is available, will he commission one.

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

(1) and (2) The Registrar can initiate the cancellation of an entity’s ABN registration in three factual situations:

- The entity is registered under an identity that is not its true identity;
- At the time the entity was registered it was not entitled to have an ABN; and
- The circumstances of the entity have changed so that it is no longer entitled to have an ABN.

(3) A report on the progress of Tax File Number and ABN data cleansing was included in the Australian Taxation Office (ATO) Annual Report for 2002/03 and in the ATO 2003/04 Compliance Program.

**Taxation: Audits**

*(Question No. 2862)*

Mr Murphy asked the Treasurer, upon notice, on 4 December 2003:

(1) Has the Commissioner of Taxation implemented a system of routine taxpayer audits; if so, what are the provisions empowering the Commissioner to undertake such an audit.

(2) For the financial years ending 30 June (a) 2001, (b) 2002, and (c) 2003, how many random audits of self-assessment tax payers did the Commissioner of Taxation perform.

(3) Can he say what procedures are in force to prevent defaulting tax payers avoiding tax for long periods.
(4) Will he implement procedures that more vigorously pursue the enforcement of the laws against tax evaders; if so, when; if not, why not.

(5) Will he work with the Attorney-General to align the provisions of the Bankruptcy Act 1966 and the Family Law Act 1975 to ensure greater legislative support in the early detection and prosecution of persons who use instruments within those Acts to evade or avoid tax or to place their assets out of the reach of the Taxation Commissioner; if so, when will this action occur; if not, why not.

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

(1) The Commissioner advises that all activities undertaken in the Australian Taxation Office’s (ATO’s) compliance program are risk based.

(2) The Commissioner advises that income tax audits of self assessment taxpayers are undertaken on a risk basis, not a random basis.

(3) The ATO has strategies in place to support taxpayer compliance with payment obligations. These range from early intervention by reminder letter or personal contact, through to legal action. Debt recovery activities can include:

- the issue of Director Penalty Notices making Directors personally liable for certain debts of companies;
- the issue of garnishee notices;
- liquidation and bankruptcy processes;
- injunctions preventing debtors from disposing of their assets; and
- the issue of orders preventing debtors from leaving the country.

Generally, legal or garnishee action is not taken without the taxpayer being advised of the possibility of such action.

(4) Enforcement is the responsibility of the Commissioner of Taxation. The ATO’s compliance program sets out the Commissioner’s strategies to improve compliance yearly. Included in this program are a range of activities that are designed to address evasion. In recognition of the Commissioner’s increased focus on serious evasion and fraud a new Business Line, Serious Non Compliance (SNC), was created on 1 July 2003 to ensure a more purposeful and co-coordinated approach to this issue.

(5) Refer to the 16 December 2003 Media Release R048/2003 by the Attorney General, the Hon Philip Ruddock, and Joint News Release R049/2003 between the Attorney General and the Minister for Revenue and Assistant Treasurer, Senator the Hon Helen Coonan.

Superannuation Guarantee Arrangements
(Question No. 2865)

Mr Murphy asked the Treasurer, upon notice, on 4 December 2003:

(1) Can he confirm that, under the Superannuation Guarantee arrangements, employers must contribute 9% of employee-earnings as (a) defined by law, (b) by the terms of employment, and (c) by the superannuation fund trust deed; if not, why not.

(2) Can he confirm that under the Superannuation Guarantee arrangements employees aged over 70 years of age are not entitled to a 9% superannuation contribution from their employer; if so, why are employees over 70 years of age and working over 30 hours a week not entitled to this superannuation contribution.

Mr Costello—The answer to the honourable member’s question is as follows:
(1) Subject to a limited number of exemptions, all employers are required to make superannuation contributions to a complying superannuation fund or retirement savings account for their employees.

The minimum level of employer superannuation support required is calculated as a percentage of an employee’s notional earnings base. From 1 July 2002, 9% of an employee’s earnings base must be contributed to a superannuation fund. The relevant earnings base is usually specified in the superannuation fund trust deed, a law of the Commonwealth, a State or Territory, an industrial award or a workplace agreement. In certain cases, the earnings of a standard employee (in place before 21 August 1991) or the earnings base established for a particular industry may be an acceptable notional earnings base.

If there is otherwise no acceptable earnings base, the ordinary time earnings of the employee as defined in the Superannuation Guarantee (Administration) Act 1992 (SGAA) is used as the notional earnings base.

On 25 February 2004 I announced that the Government will simplify the earnings base provisions. This will be achieved by removing earnings bases that existed prior to 21 August 1991 from the SGAA and standardising the earnings base for the purposes of the SGAA to ordinary time earnings. It is proposed that these changes should take effect from 1 July 2010.

(2) Employers are not required to make SG contributions on salary or wages paid to an employee who is aged 70 and over (SGAA sec 27 (1) (a)).

This restriction reflects that individuals in this age group can generally access their superannuation at any time and are therefore able to reduce their income tax liabilities artificially by making deductible employer contributions to superannuation (for instance, through a salary sacrifice arrangement) and withdrawing them almost immediately.

Environment: Natural Heritage Trust

(2891)

Mr Kelvin Thomson asked the Minister for the Environment and Heritage, upon notice, on 10 February 2004:

(1) In respect of clause 1 of the Natural Heritage Trust (NHT) bilateral agreement signed with Victoria, (a) why are the three overarching objectives of the second phase of the Trust inconsistent with the Purposes of the Reserve, (b) does the Natural Resource Management Ministerial Council have the prerogative or mandate to set objectives that are inconsistent with the Purposes of the Reserve in order to implement the second phase of the Trust and (c) why are the Purposes of the Reserve not explicit in this Bilateral Agreement, in accordance with subsection 19(4) of the Natural Heritage Trust of Australia Act 1997 (NHT Act)

(2) In respect of clause 9 of the agreement, (a) what is the budget estimate for each year of the Trust extension for the “Australia wide competitive regional component”, (b) what is the purpose of this component, (c) how is this component administered, what are the objectives and what unique role does this component have in comparison to non-competitive regional and national component funding, (d) are projects funded under this stream required to have as contributing partners multiple regions from different States/Territories, and (e) why is this national level funding opportunity not administered as a national component project.

(3) In respect of clauses 9 and 13 of the agreement, (a) how much of the $50.77 million commitment over 2002-2005 has been (i) spent or (ii) committed, (b) how much of the amount at (i) and (ii) is also counted in the $350 million for water quality, and (c) has advice been provided to Victoria on 2005-2006 and 2006-2007 budget allocations; if so what are these amounts.
(4) In respect of clause 10 of the agreement, (a) what is the allocation for Statewide and within State investments for the financial years 2003-2004 to 2006-2007, (b) how do projects funded under this stream differ, in terms of jurisdictional delivery, from projects funded under the competitive regional component, and (c) is there competitive bidding for project funding by regions within the same State or Territory; if so, why are these projects not administered as priority or foundation projects.

(5) Does clause 11(ii) of the agreement include supporting the implementation of nationally agreed strategies, for example National Principles for the Provision of Water for Ecosystems, the National Framework for the Management and Monitoring of Native Vegetation and the National Water Quality Management Strategy.

(6) In respect of clause 19(viii) of the agreement, on what basis are the proportional budget allocations made to the four programs of the Trust, as designated in Attachment A.

(7) In respect of clause 22(ii) of the agreement, what criteria are provided to the Victorian members of the Steering Committee for the purpose of assisting in identifying Trust expenditure accountable against the $350 million commitment to ‘directly improving water quality’.

(8) In respect of clause 24 of the agreement, (a) what type of national/state investment activity does a ‘regional competitive component’ project relate to, and (b) which clause(s) of the NHT Bilateral Agreement with Victoria describe the purpose, process or outcome of regional competitive component projects.

(9) Why is clause 43 inconsistent with clause 11(ii) and which clause prevails to the extent of any inconsistency.

(10) In respect of clause 47 of the agreement, (a) what are the implications of the Commonwealth recognising “existing mechanisms and frameworks in place for the sustainable management of Victoria’s coast and marine waters”, (b) does the Commonwealth accredit those mechanisms and frameworks for the Purpose of the Reserve to meet the non-statutory objectives of the Trust, and (c) has the Commonwealth assessed these mechanisms and frameworks against sustainability or other criteria in forming an opinion on whether to “recognise” these mechanisms and frameworks; if so, (i) how and (ii) against what criteria.

(11) In respect of clauses 49(xi) and 67 of the agreement, (a) has the Commonwealth told the Catchment Management Authorities (CMAs) about the protocols it will employ should there be a failure by a CMA to “deliver agreed activities under regional investment proposals” and failure to meet “agreed expenditure and the achievement of targets” and (b) will he provide a copy of any protocol or similar document, including the criteria and timeliness of any action the Commonwealth or Victoria will take should a CMA fail to meets its contractual arrangements.

(12) In respect of clause 55 of the agreement, (a) why is implementation of the National Water Quality Management Strategy (NWQMS), in particular, the Australian and New Zealand Guidelines for Fresh and Marine Water Quality, limited to coastal and marine areas within a CMA region, (b) is the NWQMS an agreed national strategy; if so, for plan accreditation purposes why would the NWQMS not be implemented in non-coastal regions, (c) how have the requirements of Clause 55 been met in respect of the accredited Glenelg-Hopkins Regional Catchment Strategy, and (d) for which coastal or marine areas will the NWQMS be implemented for the purposes of accrediting the Corangamite, West Gippsland and East Gippsland Regional Catchment Strategies.

(13) In respect of clause 63 of the agreement, (a) how do the “agreed principles and criteria for making investment decisions” give priority to investments in the protection and management of Ramsar wetlands within a CMA region, (b) how do these principles give effect to this objective through the allocation of investment activities within regions and across Victoria, and (c) how are these
principles and criteria applied to implementation of the Glenelg-Hopkins Regional Investment Strategy.

(14) In respect of clauses 72 and 74 of the agreement, (a) who are the members of the Independent Advisory Panel, and (b) what organisations do they represent.

(15) In respect of clause 83 of the agreement, (a) does this clause suggest natural resource condition targets must be set for all of the minimum set of matters for targets, (b) is this inconsistent with the Standards and Targets Framework which suggests that, where there is a good reason not to do so, resource condition targets need not be set, and (c) does this mean a less flexible approach to the range of resource condition targets set in Victorian regions compared to other States.

(16) In respect of clause 90 of the agreement, (a) has the specification of bulk water entitlements for the non-NAP (National Action Plan for Salinity and Water Quality) supply systems (Melbourne, Tarago, Ovens) been completed; if not, when will this be completed, (b) have streamflow management plans on high-priority un-regulated waterways in non-NAP regions been developed; if not, when will this be completed, and (c) which aquifers are currently stressed and for which of these have groundwater management plans been established.

(17) In respect of clause 93(a) of the agreement, (a) has the proposed native vegetation clearing permit tracking system been established, and (b) are the ‘regions’ able to monitor the cumulative impacts of planning permits issues in Trust regions if not, when will they be able to.

(18) In respect of clause 93(d) of the agreement, has a ‘working model’ been developed to pilot the proposed “program based on land stewardship principles, which supports the protection of native vegetation with broader farming systems”; if not, when will this be established.

(19) In respect of clause 108(ii) of the agreement, (a) is it the case that if the State of Victoria fails to meet its commitments under this Agreement (for example commitments in clauses 97, 95 and 90) the Commonwealth will withdraw all or part of its funding commitments through the NHT, (b) what would be the implications of funding to CMAs, and (c) can we explain the inconsistencies between clauses 108(ii) and 108(iii).

(20) In respect of clause 110(vi) of the agreement, will the “source, quantum and expenditure of all resource contributions under the NHT including…on an agreed project by project bases” be made publicly available; if not, what is the interpretation of ‘transparent’ for the purpose of this clause.

(21) In respect of clause 123 of the agreement, will he provide a copy of the ‘monitoring and reporting strategy’ or indicate where this is publicly available.

(22) In respect of clause 125 of the agreement, will he provide a copy of the ‘evaluation strategy’ or indicate where this is publicly available.

(23) In respect of clause 128 of the agreement, will he provide a copy of the ‘cost sharing and allocation framework’ or indicate where this is publicly available.

Dr Kemp—The answer to the honourable member’s question is as follows:

(1) (a) The Purposes of the Reserve and the objectives of the Bilateral Agreement are not inconsistent. Amongst other things the Purposes of the Reserve cover environmental protection, supporting sustainable agriculture, natural resource management (and a purpose incidental or ancillary to those). The objectives of the Bilateral Agreement are biodiversity conservation, sustainable use of natural resources and capacity building to support these activities. Therefore, the objectives clearly fit within the Purposes of the Reserve.

(b) The Natural Resource Management Ministerial Council has not set objectives that are inconsistent with the Purposes of the Reserve.

(c) Clauses 19(2) and 19(4) of the Natural Heritage Trust of Australia Act 1997 state that financial assistance should be granted under a written agreement and that the agreement may establish a
framework under which the Commonwealth and the State are to work cooperatively to achieve common and complementary outcomes in relation to environmental protection, natural resource management and sustainable agriculture. They do not require that the Purposes of the Reserve be explicitly expressed in the Bilateral Agreement.

(2) (a) The Regional Competitive Component budget is as follows:
   • $17.08 million in 2003/2004
   • $22.98 million in 2004/2005
   • $25.20 million in 2005/2006
   • $25.23 million in 2006/2007

   (b) The Regional Competitive Component of the Natural Heritage Trust is intended to support higher-cost, large scale, multi-regional or cross-jurisdictional, multi year projects that will lead to significant improvements in the sustainable management of natural resources.

   (c) The Joint Australian/Victorian Government Steering Committee will be responsible for managing the projects, as is the case with all regional projects. The Regional Competitive Component targets large-scale proposals that can be developed and delivered collaboratively by several regions or across jurisdictions. It seeks proposals addressing particular geographic areas (the rangelands, coasts and sheep-wheat belt) and particular thematic areas such as river systems, headwaters, invasive species, water use efficiency, biodiversity hotspots and fire management. Other regional funding is usually delivered within a specific region. National activities are those that have a broadscale national, rather than a regional or local outcome.

   (d) No, eligible activities may be proposed by multiple regions within a state/territory or from different states/territories.

   (e) The Regional Competitive Component is administered from the regional component rather than the national component of the Natural Heritage Trust because it addresses large scale regional issues faced by a number of regions, rather than broadscale national outcomes.

(3) (a) $30.08 million has been spent in Victoria to 29 February 2004.

   (b) This analysis has not yet been completed for Victoria.

   (c) Advice has been provided to Victoria on their 2005-2006 and 2006-2007 allocations as follows; $23.19 million and $23.23 million.

(4) (a) The allocation for Statewide investments for Victoria in 2003-2004 is $848,000. The breakdown by State for subsequent years has not yet been provided by the Natural Heritage Ministerial Board.

   (b) Statewide investments differ from Competitive Regional investments in that bids are developed at a State level rather than a regional level, albeit with input from the regions. Competitive Regional investments are developed and put forward by regions.

   (c) Yes. As stated in my answer to question 2b, the Regional Competitive Component of the Natural Heritage Trust is intended to support higher-cost, large scale, multi-regional or cross-jurisdictional, multi year projects. Priority or foundation projects are region-specific.

(5) Yes.

(6) The funding percentages between the four programs were designed to reflect a range of issues as follows:
   • the ten priorities for the Trust;
   • the Government’s election and other commitments;
• different project complexities and the scale of known threats, addressed by the four Trust programs; and
• the need to secure well-targeted investments across the range of issues covered by the programs.

(7) For Natural Heritage Trust expenditure to be accountable against the $350 million commitment to 'directly improve water quality' the following criteria must apply;
• the marine or aquatic ecosystem and/or waterbody that will benefit from the water quality improvements arising from the Trust investment must be clearly identified,
• the Trust funded activity must contribute to:
  • directly improving one or more of the physical, chemical or biological attributes of the identified marine or aquatic ecosystem and/or waterbody; or
  • to establishing specific management plans and baseline data for, and/or monitoring of, marine or aquatic ecosystems and/or waterbodies.

(8) (a) Regional Competitive investment does not fall under Clause 24.
(b) Clause 9 of the Bilateral Agreement states that Victoria will have access to a competitive regional component. The purpose and process for the regional competitive component are not set out in the Bilateral Agreement but can be found on the Department of the Environment and Heritage web site at www.deh.gov.au.

(9) There is no inconsistency between clauses 43 and 11(ii).

(10) (a) There are no implications of this clause as the Commonwealth is simply acknowledging that there is existing and continuing work being undertaken by the State Government in this area.
(b) The Commonwealth has not ‘accredited’ and does not intend to ‘accredit’ either of these instruments.
(c) Not applicable.

(11) (a) The CMAs are aware that, as per the requirements of the Bilateral Agreement, the Joint Steering Committee reviews quarterly financial and progress reports and that subsequent payment is contingent on milestone achievement.
(b) Attachment D to the Bilateral Agreement states the provisions described in the answer to question 11(a) and is attached.

(12) (a) The National Water Quality Management Strategy (NWQMS) is not limited to coastal and marine implementation and is a requirement in the generic accreditation criteria and guidelines. Mention of the guidelines is to emphasise the importance of considering coastal issues.
(b) The NWQMS is a national strategy and applies to non-coastal as well as coastal regions.
(c) The Glenelg-Hopkins Regional Catchment Strategy is consistent with and has been developed in accordance with the NWQMS.
(d) Prior to accreditation, the relevant sections of the Regional Catchment Strategies for West Gippsland and East Gippsland will be assessed for consistency with the NWQMS. The Corangamite Regional Catchment Strategy has already been accredited.

(13) (a) The agreed investment principles under clause 63 provide guidance to the type of investments governments are likely to support. Clause 64 and its reference to Attachment A identify the particular priorities and outcomes (including protection of Ramsar sites).
(b) Please see my answer to the previous question 13 (a)
(c) The Glenelg-Hopkins Investment Plan was assessed for the degree to which it addresses priorities in the Glenelg-Hopkins Regional Catchment Strategy, addresses high priority assets...
and achieves the objectives of the Natural Heritage Trust, including biodiversity conservation, which encompasses protection of Ramsar wetlands.

(14) The membership of the Independent Advisory Panel and the organisations that they represent is as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Christine Forster</td>
<td>Chair</td>
<td>Victorian Catchment Council</td>
</tr>
<tr>
<td>Julie Kirkwood</td>
<td>Conservation Representative</td>
<td>Environment Victoria</td>
</tr>
<tr>
<td>Ron Hands</td>
<td>Primary Producer representative</td>
<td>Victorian Farmers Federation &amp; Farmer</td>
</tr>
<tr>
<td>Gregory Carlson</td>
<td>Primary Producer representative</td>
<td>dryland farmer, member of land-care group</td>
</tr>
<tr>
<td>Alex Arbuthnot</td>
<td>Landcare representative</td>
<td>Farmer</td>
</tr>
<tr>
<td>Noel Harvey</td>
<td>Local Government</td>
<td>Municipal Association of Victoria</td>
</tr>
<tr>
<td>Collon Mullet</td>
<td>Indigenous representative</td>
<td></td>
</tr>
<tr>
<td>Diane James</td>
<td>Coast representative</td>
<td>Victorian Coast Council</td>
</tr>
<tr>
<td>Tim Allen</td>
<td>Coast representative</td>
<td>Coastal Community Network</td>
</tr>
</tbody>
</table>

(15) (a) Clause 83 requires that regional targets are to be set in accordance with the National Framework for Natural Resource Management Standards and Targets, which states:

“10. Governments will require all regions to undertake an initial assessment of all matters identified in the minimum set of required targets, as part of their integrated NRM planning process. If there are no significant NRM issues raised with regard to a particular matter, a statement that a target is not applicable and the evidence for this conclusion should be included in the plan. The need to set a target should be reconsidered again when the accredited plan is reviewed.”

(b) No

(c) No.

(16) My department has been informed by Victorian government officials that;

(a) negotiations with stakeholders are complete on the Ovens water supply system and applications from relevant water authorities have been requested. Bulk water entitlements should be granted by the end of 2004. The work to define the bulk entitlements for the Melbourne system (which includes the Tarago system) has largely been completed but cannot be finalised until state policy decisions are resolved. This matter is linked to the water reforms now under review by the State Government.

(b) to date, Victoria has established 19 Water Supply Protection Areas (12 in non NAP areas) to better manage surface water catchments under stress. Two plans have been approved, they are Diamond Creek and Hoddles Creek (both in non NAP areas). Six plans already approved (4 non NAP) under old legislation await review and approval under new legislation – they are; Merri River, Gellibrand River, Upper Latrobe, Avon, Upper Ovens and Kiewa. Eleven plans are in preparation (6 non NAP) – they are; Barwon River, Olinda Creek, Stringbark Creek, Tarra River, Moorabool River, Upper Wimmera, Upper Maribyrnong, Plenty River, King Parrot Creek, Yea River, and Steels, Dixons and Pauls Creek.

(c) to date, Victoria has established 23 Water Supply Protection Areas, (including 7 in non NAP areas) to better manage aquifers under stress. Eight Groundwater Management Plans have been approved - they are; Shepparton Irrigation Area, Murrayville, Neuarpur, Yangery, Nullawarre, Spring Hill, Katunga and Campaspe Deep Lead - all in NAP areas. Fifteen plans are under preparation, seven of which are in non NAP areas - they are; Apsley, Bungaree, Condah, Denison, Deutgam, Kaniva, Koo Wee Rup, Mid Loddon, Sale, Telopea Downs,
Upper Loddon, Wandin Yallock, Warrion, Wy Yung and Yarram. There is currently a proposal for one new Water Supply Protection Area, at Murmungee (in a NAP area).

(17) My department has been informed by Victorian government officials that:

(a) Yes, the Native Vegetation Permit Tracking system has been developed for use by the Department of Sustainability and Environment. A NAP funded project is now enhancing the system to meet the additional needs of local government.

(b) Full monitoring capacity will be available by 2006.

(18) My department has been informed by Victorian government officials that the model is currently under development and should be in draft form by the middle of this year with a view to Victorian Ministerial endorsement later in the year.

(19) (a) Clause 108 applies to obligations related to Commonwealth funding under the bilateral agreement. Clauses 97, 95 and 90 are not related to Commonwealth funding therefore Clause 108 does not apply to them. In general if Victoria does not meet any of its commitments under the Bilateral Agreement then the Commonwealth may choose to invoke the conflict resolution clause (144).

(b) Money that had been committed to CMAs would not be affected.

(c) Clause 108(ii) and 108(iii) are not inconsistent.

(20) Clause 110 addresses matching contributions for Commonwealth funding under the Trust. Part (vi) of clause 110 refers to transparency for funds that are managed jointly under accredited plans or resources that are matched on an agreed project-by-project basis. The intent is that matching contributions be transparent to the regions so the regions can monitor receipt of those contributions. As well, the source and quantum of resource contributions under the NHT are made publicly available in funding announcements, and expenditure is reported in the NHT Annual Report.

(21) The Victorian NRM Monitoring and Evaluation Implementation Plan is currently in draft format and not publicly available. When completed it will be made publicly available.

(22) The Victorian NRM Monitoring and Evaluation Implementation Plan is currently in draft format and not publicly available. When completed it will be made publicly available.

(23) In September 2002 the Natural Resource Management Standing Committee agreed an Approach to Funding for monitoring and reporting programs under the National Action Plan for Salinity and Water Quality and the extension of the Natural Heritage Trust. These principles have been incorporated into the Draft Victorian NAP/NHT Monitoring and Evaluation Implementation Plan, which is shortly to be presented to the Victorian NAP/NHT Joint Steering Committee for endorsement. The Implementation Plan, when endorsed, will fulfil the requirements of clauses 123 – 128 of the agreement.

**Forest Industry Structural Adjustment Program (Question No. 2907)**

Mr Martin Ferguson asked the Minister for Agriculture Fisheries and Forestry upon notice, on 10 February 2004:

(1) In respect of the Commonwealth funding for the Forest Industry Structural Adjustment Program (FISAP), (a) what was the total FISAP funding commitment under the original program, and (b) what was the FISAP allocation for each state under the original program.

(2) At the expiration of the initial FISAP in June 2003, what was the unspent FISAP allocation in each State.
(3) For each of the Regional Forest Agreements (RFAs), what payments were made between 1996 and 2003.

(4) Since Budgetary approval was given in 2003 to extend the FISAP over the following two financial years, has any additional funding been made available for the program.

(5) Since the decision to extend the program, what FISAP payments have been made, to which states and under which RFAs.

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

(1) (a) $103.144 million.
(b) New South Wales: $60 million.
    Victoria: $13.8 million (subsequently increased to $18.8 million).
    Queensland: $10 million (subsequently reduced to $5 million).
    Western Australia: $15 million.

(2) New South Wales: $21.031 million.
    Victoria: $3.845 million.
    Queensland: $2.053 million.
    Western Australia: $14.661 million.

(3) It is not possible to allocate FISAP expenditure to individual RFAs as recipients of FISAP assistance may move from one RFA region to another to invest in new businesses or take up new employment opportunities.

FISAP payments in each State from 1995/96 to 2002/03 were as follows:

New South Wales: $38.969 million.
Victoria: $14.955 million.
Western Australia: $0.339 million.

There is no RFA in Queensland. However, the Australian Government through the Forest Industry Development Assistance Program for South East Queensland paid $2.947 million in industry development assistance in South East Queensland.

(4) No.

(5) New South Wales: $3.538 million.
    Victoria: $0.642 million.
    Queensland: no payments.
    Western Australia: no payments.

As explained in (3) above, it is not possible to allocate FISAP expenditure to individual RFAs.

Australian Taxation Office: Tax File Numbers

(Question No. 2991)

Mr Murphy asked the Treasurer, upon notice, on 11 February 2004:

(1) What action is being taken to reduce the number of taxation fraud cases where a single person has more than one tax file number without a legitimate reason.

(2) What steps are being taken to better integrate taxation law with border protection and anti-terrorism laws, including the better monitoring of money flows into and out of Australia, in particular, taxation and identity fraud.

(3) Is he aware of the sale and purchase of taxation numbers on the black market.

QUESTIONS ON NOTICE
(4) What steps is he taking to reduce the incidence of trading of tax file numbers on the black market.
(5) Can he say how many tax file numbers are being sold on the black market.

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

(1) I am advised by the Australian Taxation Office (ATO) that a number of strategic approaches are in place which are aimed at reducing risks associated with Tax File Numbers (TFNs).

The Government has provided the ATO with $13 million over two years to undertake increased TFN integrity action. The ATO has established a TFN Integrity Unit and over 3.5 million TFN records have been updated or identified as inactive.

Data matching is undertaken with other agencies, for example, use of the Births, Deaths and Marriages verification service. Automated TFN registration has been implemented for non-residents where the Department of Immigration and Multicultural and Indigenous Affairs confirms identity information. Proof of identity procedures have been improved. The ATO also receives information on potentially fraudulent identities from the Australian Crime Commissioner’s identity protection register.

(2) The ATO is represented on a range of national, regional and local cross-agency forums which are concerned with improving legislative and administrative integration of tax laws. These include the Financial Action Task Force on Money Laundering, Heads of Commonwealth Operational Law Enforcement Agencies and the Attorney General’s Commonwealth Reference Group on Identity Fraud. A key focus of these forums is developing more integrated approaches to identity fraud.

The ATO uses a variety of intelligence, techniques and tools to identify abusive tax haven arrangements and their promoters. These include AUSTRAC data, information from other Australian organisations, tax returns, the internet and banking information including credit and debit card transactions. AUSTRAC, which is in the Attorney Generals portfolio, is the primary source of data used to monitor money movements into and out of Australia. It is also used to profile individuals, industries, occupations and geographical areas and identify potential high-risk transactions. More detailed information on the ATO view of tax havens, how compliance is approached in this area, what the ATO is finding, and some situations were the ATO suggests taxpayers be cautious is available in the Tax havens and tax administration booklet published by the ATO in February 2004.

Both the Treasury and the ATO are actively involved in international forums, including the OECD, which are working to improve the global framework for information exchange and winding back of bank secrecy for tax administration purposes.

(3) to-(5) In addition to the matters in (1), I am advised that the ATO liaises closely with the Australian Federal Police and other key agencies to detect and deal with cases of fraudulent or illegal activity, including matters relating to tax file numbers. A significant number of matters are currently with the Office of the Commonwealth Director of Public Prosecutions for consideration of prosecution action.

Immigration: Asylum Seekers
(Question No. 3001)

Mr Andren asked the Minister representing the Minister for Immigration and Multicultural and Indigenous Affairs, upon notice, on 11 February 2004:

(1) Will he explain the steps that are taken by the Australian Government to check on the security of asylum seekers who are returned to their country of origin from either the Australian mainland or offshore detention centres.

(2) Is he aware of reports that some returnees from Nauru to Afghanistan may have been killed and what steps were taken to investigate these claims.
(3) What investigation has been undertaken into the death of Musa Nazari who was confirmed by Julian Burnside QC to have been killed on his return to Afghanistan from Nauru.

(4) If no investigations occur, at what point does the Australian Government absolve itself of any responsibility for asylum seekers.

(5) Is he aware of reports that asylum seekers repatriated to Afghanistan have been targeted by individuals or gangs aware of the resettlement money the returnees are carrying.

(6) Is he confident in the assurances from the Afghanistan Ambassador Mahmoud Saikal that there is no sign that returnees are targets of the terrorists’ operations.

(7) Is he satisfied the security environment in Afghanistan is sufficiently secure to warrant the return of Hazara asylum seekers; if so, what evidence supports this view.

Mr Hardgrave---The Minister for Immigration and Multicultural and Indigenous Affairs has provided the following answer to the honourable member’s question:

(1) The Australian Government does not have programs to actively monitor non-Australian citizens when they leave Australia, including persons who have sought Australia’s protection and been found not to need it.

(2) While the Australian Government does not have programs to actively monitor non-Australian citizens when they leave Australia, the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) takes seriously reports that individuals have experienced harm after their return. The International Organization for Migration (IOM) has advised DIMIA that it has investigated allegations made in some Australian media and found them to be unfounded. As well, the Embassy of Afghanistan in Canberra issued a Press Release on 29 December 2003 which stated that there were no reports from Afghanistan that any of the 20 asylum seekers who had arrived in Kabul from Nauru and Australia in early December 2003 had been persecuted, killed or executed.

(3) Mr Mussa Nazari, a Hazara Afghan, died in August 2003, after his voluntary return to Afghanistan from Nauru in 2002. Australia’s enquiries at the time revealed no basis for concluding that Mr Nazari’s death related to Refugees Convention grounds. The motive for his killing appeared solely to be robbery.

Mr Nazari was not a refugee and did not engage any obligation for protection under any other human rights instruments. He chose to return to Afghanistan voluntarily and lived there without apparent difficulty for some ten months. Australia is not responsible for all aspects of the future well-being of a person in their homeland merely because at some stage they spent time in Australia.

(4) As set out in the answer to part (3) above, enquiries have been made into the reports of Mr Nazari’s death.

(5) I am aware of such reports, but it is not clear to what extent these reports reflect the situation in Afghanistan. The UNHCR, some other organisations and a number of other countries make similar payments to returning Afghans. A substantial proportion of the 2.3 million Afghan nationals who have returned to Afghanistan since the beginning of 2002 under the UNHCR’s Assisted Voluntary Repatriation to Afghanistan would have received assistance from the UNHCR (in conjunction with the Afghan Ministry of Repatriation and Refugees) including a transportation allowance, food, basic household items and/or tools.

(6) Afghan asylum seekers have their claims for protection assessed by DIMIA or, in the case of some individuals on Nauru, by the UNHCR. Information from a wide range of sources is considered. His Excellency Mr Mahmoud Saikal, as Afghan Ambassador to Australia, is well placed to express an opinion about the situation of Afghan returnees. His comments are consistent with information available from other sources, including international agencies such as the UNHCR and the IOM, that are involved in the return of Afghan nationals to Afghanistan.
Refugee assessments are based on comprehensive country information gathered from a wide range of sources including non-government organisations and the UNHCR. Decisions are based on the merits and circumstances of each individual case. The risk to a person inherent in his or her return to Afghanistan is assessed as part of these processes. All Afghans available for return have had access to robust refugee determination processes.

Where country situations change, as has occurred recently in some parts of Afghanistan, Australia has robust arrangements to ensure that refugee decisions, which might be affected by such changes, are re-examined.

In addition, it is important to note that significant numbers of Afghans with Hazara ethnicity have voluntarily returned to Afghanistan; 178,000 Hazaras returned from Pakistan and Iran with UNHCR assistance between 1 March 2002 and 31 October 2003. A further 3,280 Hazaras returned to Afghanistan from Iran during December 2003. The UNHCR has also recently restarted its assisted returns from Pakistan. These had been suspended as a result of security concerns in late 2003.

**Immigration: Detainees**

(Question No. 3058)

Ms Plibersek asked the Minister representing the Minister for Immigration and Multicultural and Indigenous Affairs, upon notice, on 19 February 2004:

(1) What was the cost of the incarceration of Dr Khurassani, an Afghan national, who has been held in immigration detention for the past two and a half years.

(2) Can the Minister confirm that checks such as medical, penal and character checks remain uncompleted over four months after the Refugee Review Tribunal ruled that Dr Khurassani was “a person to whom Australia has protection obligations under the Refugee Convention”; if so, why were these checks not completed during the two and a half years he was held in detention.

(3) When will the checks be completed and Dr Khurassani released.

Mr Hardgrave—The Minister for Immigration and Multicultural and Indigenous Affairs has provided the following answer to the honourable member’s question:

Due to privacy considerations, details of individual cases cannot be discussed.

The following general information can, however, be provided.

(1) Total detention costs for a period of detention such as this would be in the order of $190,000.

(2) Some checks for applicants in these circumstances would be carried out during the early stages of the application process. Where a matter is remitted by the Refugee Review Tribunal (RRT) the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) must also be satisfied that character issues do not prevent the individual concerned from being granted a visa. It is sometimes the case that such checks and character considerations are conducted after an RRT decision. This ensures their currency at the time of visa decision and also enables any further relevant information, which might emerge during RRT processes, to be taken into account. This process can take varying periods of time, but it is essential that such matters be thoroughly explored to ensure that visas are not granted to persons of adverse character. DIMIA has robust arrangements in place to regularly monitor and manage finalisation of all protection visa applications from persons in detention and strives to finalise all such cases as quickly as possible, consistent with maintaining the integrity of the decisions.

(3) All checks on this case have been completed and the case has been finalised.
Defence: Operating Costs
(Question No. 3107)

Mr McClelland asked the Minister representing the Minister for Defence, upon notice, on 19 February 2004:

What is the average steaming day operating cost of a Fremantle class patrol boat.

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

See Senator Hill’s reply to Senate Question on Notice No. 343, published in the Senate Hansard on 19 August 2002.

Defence: Memorandum of Understanding
(Question No. 3115)

Mr McClelland asked the Minister representing the Minister for Defence, upon notice, on 19 February 2004:

(1) Which agencies within his portfolio have entered into a memorandum of understanding with Coastwatch and on what dates were those memoranda finalised.

(2) What is the nature of those memoranda.

(3) Are they publicly available; if not, will he provide a copy.

Mr Brough—The Minister for Defence has provided the following answer to the honourable member’s question as follows:


(2) The trial of a high-frequency surface wave radar in the Torres Strait.

(3) No. A copy of the memorandum of understanding has been forwarded separately to your office.

Coastwatch
(Question No. 3126)

Mr McClelland asked the Minister representing the Minister for Immigration and Multicultural and Indigenous Affairs, upon notice, on 19 February 2004:

Did any agencies within the Minister’s portfolio, during the course of calendar year 2003, have cause to correspond with a representative of Coastwatch about the tasking of aircraft or marine vessels for services provided by Coastwatch; if so, what was the nature of that correspondence.

Mr Hardgrave—The Minister for Immigration and Multicultural and Indigenous Affairs has provided the following answer to the honourable member’s question:

The Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) corresponds regularly with Coastwatch regarding the tasking of aircraft and marine vessels that are allocated to the civil surveillance program. This is to ensure that the Department’s strategic surveillance and response needs are clearly and regularly expressed to Coastwatch so that they can be incorporated into Coastwatch’s long-term planning processes.

DIMIA officers participate in Coastwatch’s operational planning and planning advisory forums where any issues of concern regarding the implementation of DIMIA’s surveillance and response requirements are addressed and resolved.

DIMIA also undertakes regular consultations with Coastwatch on a case-by-case basis to address specific events that warrant a tactical response on DIMIA’s behalf. Such events may include the approach of a Suspect Illegal Entry Vessel, an unauthorised incursion by a foreign fishing vessel, or specific tacti-
Aviation: Australian Airspace

(Question No. 3128)

Mr McClelland asked the Minister representing the Minister for Defence, upon notice, on 19 February 2004:

Does any agency in the Minister’s portfolio have a role in managing issues related to suspect illegal flights into and out off Australian airspace; if so, which agencies have a role and what is that role.

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

While aircraft breaching civil law are dealt with by civil agencies, Defence may provide tracking data to civil agencies through Coastwatch. Headquarters Air Command manages a general surveillance monitoring function of Australian airspace and northern approaches. Airspace monitoring activities may reveal the presence of illegal flights. Defence provides the first level of investigation in attempting to correlate the aircraft with registered, reported flights. Coastwatch passes information on any suspected unidentified air movements from Defence to the area of Customs that has the designated responsibility for responding to unidentified air movements.

Aviation: Australian Airspace

(Question No. 3132)

Mr McClelland asked the Minister for Agriculture, Fisheries and Forestry, upon notice, on 19 February 2004:

Does any agency in the Minister’s portfolio have a role in managing issues related to suspect illegal flights into and out of Australian airspace; if so, which agencies have a role and what is that role.

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

The Australian Quarantine and Inspection Service (AQIS) has a legislative responsibility to undertake quarantine clearance of all aircraft flights upon their landing in Australia, including the clearance of passengers and any cargo.

Aviation: Australian Airspace

(Question No. 3133)

Mr McClelland asked the Minister representing the Minister for Immigration and Multicultural and Indigenous Affairs, upon notice, on 19 February 2004:

Does any agency in the Minister’s portfolio have a role in managing issues related to suspect illegal flights into and out of Australian airspace; if so; what agencies have a role and what is that role.

Mr Hardgrave—The Minister for Immigration and Multicultural and Indigenous Affairs has provided the following answer to the honourable member’s question:

The Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) has broad responsibility for managing the lawful and orderly movement of people into and out of Australia. However, many of these responsibilities are delegated to the Australian Customs Service and DIMIA would not normally be involved in a first response to an illegal flight. The Department may well be involved subsequently particularly where it involved illegal non citizens.

A range of agencies would potentially be involved in such movements including the Australian Customs Service, Defence and the Department of Transport and Regional Services.
Immigration: Border Protection
(Question No. 3136)

Mr McClelland asked the Minister representing the Minister for Immigration and Multicultural and Indigenous Affairs, upon notice, on 19 February 2004:

What intelligence collection and analysis programs do agencies in the Minister’s portfolio conduct in respect of border security and what operational outcomes exist for any such programs.

Mr Hardgrave—The Minister for Immigration and Multicultural and Indigenous Affairs has provided the following answer to the honourable member’s question:

The Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) conducts a comprehensive and multi-faceted intelligence analysis and reporting program to support the Government’s high priority on combating people smuggling and other forms of immigration malpractice and fraud. This program is undertaken by the Intelligence Analysis Section (IAS) which was substantially upgraded by the Government in 1999 in response to an escalation of illegal boat arrivals.

Information concerning people smuggling activities and organised immigration fraud is collected from a range of channels. These include specialist compliance officers at Australian missions overseas, Airline Liaison Officers at key hub airports overseas, compliance officers onshore as well as Community Liaison and Investigations officers. A network of State Intelligence Officers in Australia provides an interface between DIMIA’s onshore operations and IAS.

Information gathered by DIMIA is analysed and distributed internally to support the Department’s ongoing programs and activities. It is also shared with other government agencies as either raw information or intelligence product. This product is then used to target investigative efforts in order to prosecute organisers within the jurisdiction of the Australian justice system or to detect and deter the efforts of smugglers overseas. This information is also shared where possible with like-minded foreign governments in recognition of the international effort being made to combat the multi-billion dollar people smuggling trade. Such sharing of information also takes into account efforts being made in relation to transnational crime, including additional threats pursuant to the terrorist attacks since September 2001.

DIMIA has implemented a range of initiatives that utilise the outcomes of its intelligence analysis and reporting program to assist the Department’s border security agencies. These include:

- distributing intelligence and analytical reports to program areas to inform them of trends in migration fraud in specific visa caseloads such as Protection Visas;
- contributing to alert lists and other databases concerning identified people smugglers and persons known to be associated with other activities of border security concern, such as terrorism;
- supporting the activities of other government agencies which have particular border protection responsibilities; and
- participating in appropriate government intelligence forums and working groups.

Employment and Workplace Relations: Trade Unions
(Question No. 3153)

Mr Bevis asked the Minister for Employment and Workplace Relations, upon notice, on 1 March 2004:

(1) For the year (a) 2000, (b) 2001, (c) 2002, and (d) 2003, what payments were made by the Minister’s department to (i) registered unions of employees, (ii) registered unions of employers, (iii) unions of employees peak body, and (iv) unions of employers peak body.

(2) In respect of each payment, (a) how much money was provided, and (b) what was its purpose.

Mr Andrews—The answer to the honourable member’s question is as follows:
Information is provided in financial years as captured by the department’s financial management system. To collect the information for the registered unions of employees and unions of employees peak bodies the financial management system was interrogated for any vendor with ‘union’ in the vendor title as well as specifically searching for all employee bodies identified on the Australian Council of Trade Unions web site. To collect the information on registered unions of employers and unions of employers peak bodies the bodies identified in House of Representatives Question on Notice 1011 answered on 4 February 2003 was utilised.

The information requested follows.

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The 2003-2004 funding represents the first two instalments under the Department’s contractual arrangements with ACCI for the period 1 June 2003 to 30 June 2005 to promote private sector employment of Indigenous Australians and Indigenous enterprise. Specific deliverables include:

• Provision of strategic level advice to the Department from an Industry perspective on employment of Indigenous Australians in the private sector;
• Provision of coordinated industry advice to the Department on aspects of the Government’s Indigenous Employment Policy (IEP);
• Working with industry associations to secure the development of Indigenous Employment Strategies in which industries and organisations commit to generate Indigenous employment outcomes and promote Indigenous enterprise opportunities;
• Assistance with business development opportunities under the IEP;
• Identification and promotion throughout the ACCI network of case studies of private sector businesses employment Indigenous Australians and/or encouraging Indigenous enterprise;
• Provision of advice on industry trends with respect to
### QUESTIONS ON NOTICE

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The Maritime Union of Australia | Reimbursement of of costs for members to attend Seacare Authority Meetings. | $218.40 | $250.50 | $-
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Ms Roxon asked the Minister for Agriculture, Fisheries and Forestry, upon notice, on 1 March 2004:

1. How much did the Minister’s department spend during 2002-2003 on outsourced (a) barristers and (b) solicitors (including private firms, the Australian Government Solicitor, and any others).
2. How much did the Minister’s department spend on internal legal services.
3. What is the Minister’s department’s projected expenditure on legal services for the 2003-2004 financial year.

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

1. (a) $100,550.
   (b) $3,270,000.
2. Nil.
3. $2,800,000.

Defence: Classified Military Information
(Question No. 3313)

Mr Brereton asked the Minister representing the Minister for Defence, upon notice, on 11 March 2004:

Can the Minister confirm that the Australian Government is engaged in discussions or negotiations with the United States Government with a view to making an agreement governing the protection of classified military information relating to industrial operations; if so, (a) when did these discussions or negotiations commence, (b) what are the broad elements of the proposed agreement, (c) what is the current status of these discussions or negotiations, (d) when is it anticipated they will be concluded, and (e) what elements of the Department of Defence are involved in these discussions/negotiations.

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

1. Yes.
   (a) 17 February 2004.
   (b) The broad elements of the proposed agreement are:
      (i) marking, downgrading and reproduction of classified information;
      (ii) transmission of classified information;
      (iii) visits;
      (iv) security procedures for industrial arrangement;
      (v) contract security requirements;
(vi) contract security classification guidance;
(vii) security assurances;
(viii) subcontracts;
(ix) operating procedures involving United States of America classified contracts awarded in Australia, and visa-versa; and
(x) loss, compromise or possible compromise of classified military information or materiel.

c) Parties are conducting an initial review of existing security procedures for the industrial arrangement.

d) The anticipated time of conclusion is late 2004.


**Taxation: Tobacco Products**

(Question No. 3353)

Ms Plibersek asked the Treasurer, upon notice, on 23 March 2004: How much revenue does the Government collect from the sale of cigarettes and other tobacco products.

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

According to the most recent published Taxation Statistics, the ATO collected $4.840 billion in excise duty on tobacco products in financial year 2001-02. For financial year 2000-01, the excise duty collected on tobacco products amounted to $4.698 billion. In the 2003 Budget papers, tobacco excise duty for financial year 2002-03 was estimated at $5.140 billion.

Tobacco products are also subject to the goods and services tax (GST), revenue from which goes to the States. No information is available on the GST collected specifically on tobacco products.

**Taxation: Bankruptcy Laws**

(Question No. 3355)

Mr Murphy asked the Attorney-General, upon notice, on 23 March 2004: Further to the answer to question No. 2458 (Hansard, 3 March 2004, page 25317), when does he intend to introduce legislative amendments which will implement a number of proposals set out in the issues paper.

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

On 14 May 2004, I announced the release of an exposure draft of the Bill containing proposed amendments to implement a number of proposals set out in the issues paper. I have also referred the Bill to the House of Representatives Committee on Legal and Constitutional Affairs for its consideration.

**Migration Act**

(Question No. 3372)

Mr McClelland asked the Minister representing the Minister for Immigration and Multicultural and Indigenous Affairs, upon notice, on 24 March 2004: Has the Minister’s department provided advice on options to address provisions in the Migration Act 1958 which have been found by the High Court to be unconstitutional, and the possible implications of those High Court decisions for similar provisions in the Act; if so, what is the nature of that advice and what steps has the Minister taken in response.

Mr Hardgrave—The Minister for Immigration and Multicultural and Indigenous Affairs has provided the following answer to the honourable member’s question:
There has not been a High Court decision that has found a provision of the Migration Act 1958 to be unconstitutional since the Government was elected in 1996.

**Coastwatch**

(Question No. 3384)

**Mr McClelland** asked the Minister representing the Minister for Immigration and Multicultural and Indigenous Affairs, upon notice, on 24 March 2004:

(1) What was the initial reaction of the Minister’s department to the recommendation in the Auditor-General’s report ‘The Management of Boat People, Department of Immigration and Multicultural and Indigenous Affairs, Australian Protective Services and Australian Custom Service – Coastwatch’ dated 17 February 1998 recommending that a memorandum of understanding should be developed between the department and Coastwatch incorporating a performance agreement setting out targets, indicators and respective responsibilities.

(2) Has that recommendation been acted upon; if so, how.

**Mr Hardgrave**—The Minister for Immigration and Multicultural and Indigenous Affairs has provided the following answer to the honourable member’s question:

(1) Recommendation No. 1 in the Auditor-General’s “The Management of Boat People” report of 1998 was:

“A Memorandum of Understanding (MOU) should be developed between DIMA and Coastwatch incorporating a performance agreement setting out targets, indicators and respective responsibilities.”

The Department’s response was:

“2.31 Not agreed. Coastwatch services to DIMA are frequently not as a result of specific tasking by DIMA but are part of its general surveillance role and are thus inextricably linked with its service to a number of other agencies. Attempts to arbitrarily differentiate and notionally cost the value of Coastwatch services to DIMA would be non-productive and would fragment the valuation of overall Coastwatch performance.

2.32 In addition, the performance measure of detection is critically dependent on the intelligence Coastwatch receives. Any surveillance other than routine tasking by other agencies is linked directly to the overall intelligence received. Since this intelligence has been gathered from a wide variety of sources, its quality is likely to be variable. In the circumstances, it would be unsatisfactory for Coastwatch performance to be evaluated solely on detections or indeed on instances of ‘non-detection.”

(2) Although the recommendation to develop a MOU between the Department and Coastwatch has not been acted upon, the Department and Coastwatch did enter into a detailed service level agreement (SLA). Funds were allocated to the Department for additional aircraft for offshore electronic surveillance. This was on the basis that the money would be delivered by the Department to Coastwatch through a purchaser/provider relationship. Accordingly in November 2000, the Department signed a SLA with Coastwatch defining roles and responsibilities of each party and describing the means by which Coastwatch would provide certain civil maritime surveillance services and performance would be monitored.

**Australian Electoral Commission**

(Question No. 3412)

**Mr Murphy** asked the Minister representing the Special Minister of State, upon notice, on 29 March 2004:
QUESTIONS ON NOTICE

(1) Has his attention been drawn to the article by Megan Saunders titled ‘Turnbull sets up his own fundraising arm’ in The Australian on 24 March 2004 which reported that Mr Turnbull has acted to set up his own fundraising body for the purpose of raising Federal election campaign funds for the electoral division of Wentworth and marginal Liberal and Labor seats in New South Wales.

(2) Has the Australian Electoral Commission been approached by Mr Turnbull, or any other person acting on his behalf, to register a political fundraising organisation.

Mr Abbott—The Special Minister of State has provided the following answer to the honourable member’s question:

(1) Yes.

Mr Abbott - The Special Minister of State advises that the following answer has been provided to him by the Australian Electoral Commission (AEC):

(2) The AEC advises that it is aware of the newspaper article. There is no requirement under the provisions of the Commonwealth Electoral Act 1918 (the Electoral Act) for a person or entity to register a fundraising organisation with the AEC. The AEC does not comment on interaction it may have had with individuals or entities that is outside the requirements of the Electoral Act.

Taxation: Bankruptcy Laws

(Question No. 3415)

Mr Murphy asked the Treasurer, upon notice, on 29 March 2004:

Further to the answer to question No. 2837 (Hansard, 24 March 2004, page 26173), does the education program for barristers include instruction on compliance with taxation legislation in respect of instruments within bankruptcy and family law that may be employed to avoid taxation or to place a debtor’s assets out of reach of the Commissioner of Taxation; if not, why not.

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

The educational seminars conducted by the Australian Taxation Office generally concentrate on providing guidance to barristers in respect of special interest topics and advice about the application of taxation law to them as individual taxpayers and business operators. They also often cover other aspects of their taxation obligations, such as their requirement to register, to keep accurate and complete records, and to lodge relevant forms and make payments on time. They do not include references to abuse of bankruptcy law and family law as they lie outside the scope of the seminars and the ramifications of the use of these devices has been communicated separately via media coverage and discussions with regulatory bodies.

Taxation: Bankruptcy Laws

(Question No. 3416)

Mr Murphy asked the Treasurer, upon notice, on 29 March 2004:

Further to the answer to question No. 2856 (Hansard, 24 March 2004, page 26173), what powers does the Commissioner of Taxation possess to recover unpaid tax from serial taxation avoiders.

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

The Commissioner of Taxation is, within the various taxation laws, given general powers to recover unpaid tax. He uses these powers in accordance with the relevant facts of each case.

His general powers to recover unpaid tax include instigating formal legal action in courts of competent jurisdiction, up to and including the liquidation of companies or the bankruptcy of an individual or the issue of injunctions preventing debtors dealing with their assets. They also include the granting of arrangements to pay over time, garnishee powers, taking action to recover liabilities from company directors personally and the issuing of departure prohibition orders.
Taxation: Bankruptcy
(Question No. 3417)

Mr Murphy asked the Treasurer, upon notice, on 29 March 2004:
(1) Further to the answer to part (1) of question No. 2860 (Hansard, 24 March 2004, page 26173), will he explain why he cannot provide this information and does he anticipate being able to provide it in the future; if so, when.
(2) Further to the answer to part (2), is he able to say whether all barristers and solicitors who have previously defaulted on their obligations to the Australian Taxation Office are now fully complying with taxation law; if not, why not.
(3) Is he able to say whether there are other barristers or solicitors who are not complying with taxation law; if so, (a) how many, and (b) what are the nature and details of their non-compliance.

Mr Costello—The answer to the honourable member’s question is as follows:
(1) The Australian Taxation Office (ATO) does not disaggregate legal costs incurred in connection with its overall debt recovery activities.
(2) and (3) The ATO monitors the compliance of the legal profession to determine whether all barristers and solicitors are participating in the tax system as expected. In situations where they fail to do so the ATO takes appropriate corrective action. At any time there are some barristers and solicitors who fall behind with their taxation obligations and the ATO continually pursues outstanding returns, activity statements and outstanding debts.

Immigration: Asylum Seekers
(Question No. 3422)

Mr McClelland asked the Minister for Agriculture, Fisheries and Forestry, upon notice, on 29 March 2004:
How many instances have been reported of persons who have arrived unlawfully on Australian soil causing concern about the importation of exotic diseases.

Mr Truss—The answer to the honourable member’s question is as follows:
Advice from the Department of Immigration, Multicultural and Indigenous Affairs is that there have been 2,269 unauthorised people arrivals since 1 July 2001. All arrivals into Australia, both authorised and unauthorised, have the potential to pose a quarantine risk, and quarantine screening processes are in place for all arrivals to manage these risks appropriately.

Defence: Navy Patrol Boats
(Question No. 3424)

Mr McClelland asked the Minister representing the Minister for Defence, upon notice, on 29 March 2004:
Is his department in the process of acquiring Navy patrol boats; if so, what will be the primary purpose of the patrol boats and how will they be equipped for this purpose.

Mr Brough—The Minister for Defence has provided the following answer to the honourable member’s question.
Yes. Twelve Armidale-class patrol boats are being acquired, with the first to be delivered in 2004-05. The patrol boats’ purpose is to undertake surveillance, patrol and response operations. They will also be equipped with two large sea boats for patrol, surveillance and boarding operations, more than doubling the current capacity. In addition, they will be fitted with the Rafael 25mm Typhoon stabilised cannon and state-of-the-art communications systems.
International Labor Organisation
(Question No. 3440)

Mr Melham asked the Minister for Employment and Workplace Relations, upon notice, on 1 April 2004:
(1) What is the name and position of each Australian who observed the 289th session of the International Labor Organisation’s Governing Body which was held from 11 to 26 March 2004.
(2) What matters concerning Australia were considered at the session and with what result.

Mr Andrews—The answer to the honourable member’s question is as follows:
(1) The following Government officials were registered as observers and attended the 289th Session of the Governing Body of the International Labour Organisation (ILO) in Geneva during March 2004:
Mr John Lloyd, Deputy Secretary, Australian Department of Employment and Workplace Relations, and
Mr Mark Sawers, First Secretary, Australian Permanent Mission to the United Nations Office in Geneva and other agencies.
The Permanent Representative to the United Nations Office in Geneva and other agencies, H.E. Mike Smith, was also registered as an observer to the Governing Body session, but did not attend any of the sittings as he was chairing the United Nations Commission on Human Rights which was meeting at the same time as the Governing Body.
(2) No matters concerning Australia were considered by the Governing Body.

Australian Electoral Commission
(Question No. 3441)

Mr Murphy asked the Minister representing the Special Minister of State, upon notice, on 1 April 2004:
(1) Has the Minister’s attention been drawn to the article by Megan Saunders in The Australian on 31 March 2004 titled ‘Abbott offers olive branch to Turnbull’ which reported that Mr Turnbull was about to embark on his own political fundraising venture that would pump money into marginal seats in New South Wales and that the proceeds raised from a fundraising dinner organised by Mr Tony Abbott would be split by Mr Abbott and Mr Turnbull.
(2) Will he inquire of the Australian Electoral Commission whether such arrangements conflict with the Electoral Commissioner’s reporting requirements; if not, why not.

Mr Abbott—The Special Minister of State has provided the following answer to the honourable member’s question:
(1) Yes.
(2) As the Australian Electoral Commission is an independent statutory authority, the Special Minister of State does not interfere in the way it conducts its inquiries.

Foreign Affairs: Domestic and Overseas Travel
(Question No. 3454)

Mr Quick asked the Minister for Foreign Affairs, upon notice, on 1 April 2004:
(1) For the financial year (a) 2000/2001, and (b) 2002/2003, what sum was spent by the Minister’s department on domestic and overseas air travel.
(2) For the financial year (a) 2000/2001, and (b) 2002/2003, what proportion of domestic air travel by employees of the Minister’s department was provided by (i) Ansett, (ii) Qantas, (iii) Regional Express, and (iv) Virgin Blue.

(3) For the financial year (a) 2000/2001, and (b) 2002/2003, what was the actual expenditure by the Minister’s department on domestic air travel provided by (i) Ansett, (ii) Qantas, (iii) Regional Express, and (iv) Virgin Blue.

(4) For the financial year (a) 2000/2001, and (b) 2002/2003, what sum was spent by the Minister’s department on business class travel on (i) domestic routes, and (ii) overseas routes.

(5) For the financial year (a) 2000/2001, and (b) 2002/2003, what sum was spent by the Minister’s department on economy class travel on (i) domestic routes, and (ii) overseas routes.

(6) For the financial year (a) 2000/2001, and (b) 2002/2003, what proportion of the expenditure on air travel by the Minister’s department was on the domestic routes (i) Sydney to Canberra, (ii) Melbourne to Canberra, (iii) Sydney to Melbourne, (iv) Sydney to Brisbane, (v) Melbourne to Hobart or Launceston, and (vi) Sydney to Perth.

(7) For the financial year (a) 2000/2001, and (b) 2002/2003, how many employees of the Minister’s department had membership of the (i) Qantas Chairman’s Lounge, (ii) Qantas Club, (iii) Regional Express Membership Lounge, and (vi) Virgin Blue’s Blue Room paid for by the department.

(8) Which company provides travel management services to the Minister’s department.

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

(1) (a) FY 2000/2001 = $9,087,597
(b) FY 2002/2003 = $10,437,957
(2) (a) Data is not in an accessible form for financial year 2000/2001, manual compilation would require unreasonable diversion of resources.
(b) FY 2002/2003
   (i) Ansett = 0%
   (ii) Qantas = 98%
   (iii) Regional Express = 1%
   (iv) Virgin Blue = 0%
(3) (a) Data is not in an accessible form for financial year 2000/2001, manual compilation would require unreasonable diversion of resources.
(b) FY 2002/2003
   (i) Ansett = Nil
   (ii) Qantas = $1,061,818
   (iii) Regional Express = $9808
   (iv) Virgin Blue = Nil
(4) (a) Data is not in an accessible form for financial year 2000/2001, manual compilation would require unreasonable diversion of resources.
(b) FY 2002/2003
   (i) Business class domestic = $283,055
   (ii) Business class international = $8,323,343
(5) (a) Data is not in an accessible form for financial year 2000/2001, manual compilation would require unreasonable diversion of resources.
(b) FY 2002/2003
   (i) Economy class domestic = $797,570
   (ii) Economy class international = $1,033,989

(6) (a) Data is not in an accessible form for financial year 2000/2001, manual compilation would require unreasonable diversion of resources.
   (b) FY 2002/2003
   (i) SYD/CBR Route = less than 2% ($161,336)
   (ii) MEL/CBR Route = less than 1.5% ($125,431)
   (iii) SYD/MEL Route = less than 0.015% ($13,586)
   (iv) SYD/BNE Route = less than 0.01% ($5,617)
   (v) MEL/HBA Route = less than 0.01% ($4,106)
   (vi) SYD/PER Route = less than 0.01% ($2,558)

(7) (a) FY 2000/2001
   (i) Qantas Chairman’s Lounge = Nil
   (ii) Qantas Club = 32
   (iii) Regional Express Membership Lounge = Nil
   (iv) Virgin Blue’s Blue Room = Nil
   (b) FY 2002/2003
   (i) Qantas Chairman’s Lounge = Nil
   (ii) Qantas Club = 16
   (iii) Regional Express Membership Lounge = Nil
   (iv) Virgin Blue’s Blue Room = Nil

(8) Carson Wagonlit Travel (with effect from 5 April 2004)

Agriculture, Fisheries and Forestry: Domestic and Overseas Air Travel
(Question No. 3460)

Mr Quick asked the Minister for Agriculture, Fisheries and Forestry, upon notice, on 31 March 2004:

(1) For the financial year (a) 2000/2001, and (b) 2002/2003, what sum was spent by the Minister’s department on domestic and overseas air travel.

(2) For the financial year (a) 2000/2001, and (b) 2002/2003, what proportion of domestic air travel by employees of the Minister’s department was provided by (i) Ansett, (ii) Qantas, (iii) Regional Express, and (iv) Virgin Blue.

(3) For the financial year (a) 2000/2001, and (b) 2002/2003, what was the actual expenditure by the Minister’s department on domestic air travel provided by (i) Ansett, (ii) Qantas, (iii) Regional Express, and (iv) Virgin Blue.

(4) For the financial year (a) 2000/2001, and (b) 2002/2003, what sum was spent by the Minister’s department on business class travel on (i) domestic routes, and (ii) overseas routes.

(5) For the financial year (a) 2000/2001, and (b) 2002/2003, what sum was spent by the Minister’s department on economy class travel on (i) domestic routes, and (ii) overseas routes.

(6) For the financial year (a) 2000/2001, and (b) 2002/2003, what proportion of the expenditure on air travel by the Minister’s department was on the domestic routes (i) Sydney to Canberra, (ii)
Melbourne to Canberra, (iii) Sydney to Melbourne, (iv) Sydney to Brisbane, (v) Melbourne to Hobart or Launceston, and (vi) Sydney to Perth.

(7) For the financial year (a) 2000/2001, and (b) 2002/2003, how many employees of the Minister’s department had membership of the (i) Qantas Chairman’s Lounge, (ii) Qantas Club, (iii) Regional Express Membership Lounge, and (vi) Virgin Blue’s Blue Room paid for by the department.

(8) Which company provides travel management services to the Minister’s department.

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

(1) (a) 2000/01 Department’s expenditure on domestic air travel, $3,856,992
2000/01 Department’s expenditure on overseas air travel, $2,983,553
(b) 2002/03 Department’s expenditure on domestic air travel, $4,384,649
2002/03 Department’s expenditure on overseas air travel, $1,936,821

(2) (a) 2000/01 proportion of Department’s domestic air travel provided by
   (i) Ansett, 86.86%
   (ii) Qantas, 13.14%
   (iii) Regional Express, 0% (Regional Express not operating)
   (iv) Virgin Blue, 0%
(b) 2002/03 proportion of Department’s domestic air travel provided by
   (i) Ansett, 0% (Ansett Airlines collapsed in 2001)
   (ii) Qantas, 96.79%
   (iii) Regional Express, 0.88%
   (iv) Virgin Blue, negligible

(3) (a) 2000/01 Department’s actual expenditure on domestic air travel by
   (i) Ansett, $3,350,271
   (ii) Qantas, $506,721
   (iii) Regional Express, Nil (Regional Express not operating)
   (iv) Virgin Blue, Nil
(b) 2002/03 Department’s actual expenditure on domestic air travel provided by
   (i) Ansett, Nil (Ansett Airlines collapsed in 2001)
   (ii) Qantas, $4,245,826
   (iii) Regional Express, $44,533
   (iv) Virgin Blue, $183

(4) (a) 2000/01 Department’s expenditure on business class travel
   (i) domestic routes, $597,650
   (ii) overseas routes, $2,632,687
(b) 2002/03 Department’s expenditure on business class travel
   (i) domestic routes, $581,767
   (ii) overseas routes, $1,414,472

(5) (a) 2000/01 Department’s expenditure on economy class travel
   (i) domestic routes, $3,259,342
   (ii) overseas routes, $349,970
(b) 20002/03 Department’s expenditure on economy class travel
   (i) domestic routes, $3,802,883
   (ii) overseas routes, $407,994

(6) (a) 2000/01 proportion of Department’s air travel expenditure on the domestic routes:
   (i) Sydney to Canberra, 8.00%
   (ii) Melbourne to Canberra, 14.72%
   (iii) Sydney to Melbourne, 1.79%
   (iv) Sydney to Brisbane, Not available
   (v) Melbourne to Hobart or Launceston, Not available
   (vi) Sydney to Perth, 1.84%

(6) (b) 2002/03 proportion of Department’s air travel expenditure on the domestic routes:
   (i) Sydney to Canberra, 5.34%
   (ii) Melbourne to Canberra, 9.14%
   (iii) Sydney to Melbourne, 1.24%
   (iv) Sydney to Brisbane, 1.90%
   (v) Melbourne to Hobart or Launceston, 0.70%
   (vi) Sydney to Perth, 1.09%

(7) (a) 2000/01 number of employees with memberships paid for by the Department
   (i) Qantas Chairman’s Lounge, Nil (complementary by invitation for Secretary and Senior Executive)
   (ii) Qantas Club, Not available*
   (iii) Regional Express, Not applicable
   (iv) Virgin Blue’s Blue Room, Not available*
   *majority of memberships paid for by the Department in 2000/01 were for Ansett Golden Wing Lounge

(b) 2002/03 number of employees with memberships paid for by the Department
   (i) Qantas Chairman’s Lounge, Nil (complementary by invitation for Secretary and Senior Executive)
   (ii) Qantas Club, Not available
   (iii) Regional Express, Nil (complementary for Government travellers on Regional Express Airlines)
   (iv) Virgin Blue’s Blue Room, Not available

(8) Qantas Business Travel (QBT)