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

MINISTER FOR SMALL BUSINESS AND TOURISM

Dr EMERSON (Rankin) (9.01 a.m.)—I move:

That so much of the standing and sessional orders be suspended as would prevent the Minister for Small Business and Tourism from apologising to the House for repeatedly and deliberately misleading the House by:

(1) claiming yesterday that the Member for Rankin had said in a press release that “In those cases where the small business is, in fact, insolvent, the redundancy obligations would be met through the Government’s GEERS arrangements”, while deliberately failing to complete the sentence which continued “...and Labor’s commitment to guarantee 100 per cent of employee entitlements”;

(2) falsely claiming on 27 May 2004 in relation to a COSBOA dinner that: “everyone who was at the dinner who was paying attention to his words knows that the Member for Rankin uttered the words that he did not employ someone because of the unfair dismissal laws”;

(3) falsely claiming on 30 March 2004 that: “Under the Labor Party’s industrial relations policy, every employer has to give to an employee coming back from maternity leave an entitlement to part-time work rather than full-time work”;

(4) falsely claiming on 30 March 2004 that Labor has a policy to: “push casual employees into permanent part-time employment”;

(5) falsely claiming on 23 March 2004 that Labor will introduce a national portable long service leave scheme; and

(6) ignoring personal explanations and repeating these false claims in the House.

This man is a serial liar. He is an embarrassment to the Australian parliament.

Mr McGAURAN (Gippsland—Deputy Leader of the House) (9.02 a.m.)—This is a pathetic attempt to cover your own tracks at that COSBOA meeting. I move:

That the member be not further heard.

Question put.

The House divided. [9.07 a.m.]

(Ayes 72 Noes 57 Majority 15)

AYES

Abbott, A.J. Andrews, K.J.
Anthony, L.J. Baird, B.G.
Baldwin, R.C. Barresi, P.A.
Bartlett, K.J. Billson, B.F.
Bishop, B.K. Bishop, J.I.
Brough, M.T. Cadman, A.G.
Cameron, R.A. Cauley, I.R.
Charles, R.E. Ciobo, 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.
Gambard, T. Gash, J.
Georgiou, P. Haase, B.W.
Hardgrave, G.D. Hartseyker, L.
Hawker, D.P.M. Hull, K.E.
Hunt, G.A. Johnson, M.A.
Jull, D.F. 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. Scott, B.C.
Secker, P.D. Slipper, P.N.
Smith, A.D.H. Southcott, A.J.
Stone, S.N. Ticehurst, K.V.
Tollner, D.W. Truss, W.E.
The SPEAKER—Before I call for a second to the motion—and I will—can I point out to the member for Rankin that I did not raise this issue a moment earlier, because the Minister for Science as Acting Leader of the House was seeking the call, but the member for Rankin’s reference to the minister as a ‘serial liar’ was of course unparliamentary, and I ask him to withdraw it.

Dr Emerson—I withdraw that reference in the speech but not in the motion.

The SPEAKER—This is not for qualification. I simply ask for the matter to be withdrawn.

Dr Emerson—I withdraw.

The SPEAKER—Is the motion seconded?

Mr McMULLAN (Fraser) (9.12 a.m.)—

Yes. This minister is a serial offender. He comes into the House and says what is not true, and he says it again—

Mr McGAURAN (Gippsland—Deputy Leader of the House) (9.12 a.m.)—I move:

That the member be not further heard.

The SPEAKER—The chair will determine these issues. The member for Fraser did not use an unparliamentary term.

Question put:

The House divided. [9.13 a.m.]

(Associated Press)
Question agreed to.

Original question put:

That the motion (Dr Emerson's) be agreed to.

The House divided. [9.16 a.m.]

(The Speaker—Mr Neil Andrew)

**AYES**

Adams, D.G.H. 
Beazley, K.C.
Bereton, L.J.
Byrne, A.M.
Cox, D.A.
Crosio, J.A.
Edwards, G.J.
Evans, M.J.
Ferguson, M.J.
Gibbons, S.W.
Grierson, S.J.
Hall, J.G.
Hoare, K.J.
Jackson, S.M.
Kerr, D.J.C.
Lawrence, C.M.
McLeay, L.B.
Melham, D.
Murphy, J. P.
O'Connor, B.P.
Pilbersek, T.
Quick, H.V. *
Roxon, N.L.
Sawford, R.W.
Sercombe, R.C.G.
Smith, S.F.
Swan, W.M.
Thomson, K.J.
Wilkie, K.
Windsor, A.H.C.
Zahra, C.J.

* denotes teller

**NOES**

Abbott, A.J.
Anthony, L.J.
Baldwin, R.C.
Bartlett, K.J.
Bishop, B.K.

Andrews, K.J.
Baird, B.G.
Barresi, P.A.
Billson, B.F.
Bishop, J.I.
This bill amends the Workplace Relations Act 1996 to prevent unfair dismissal provisions from applying to businesses with fewer than 20 employees. In doing so, it will encourage the creation of jobs in the small business sector and improve employment prospects for people seeking work.

Many small businesses have serious concerns about the financial and administrative costs imposed by unfair dismissal laws. These concerns have prevented many small businesses from taking on additional employees. This bill will permit small business to create the jobs that are currently being lost because of these laws.

The government is introducing this bill because it recognises the substantial benefits that will come from the new jobs it creates. They will provide employment for many people who are currently out of work and they will open up opportunities for many people who are looking for different jobs. The wealth generated will flow through to everyone in Australia.

The government has made a commitment to the people of Australia to free up these jobs and it intends to follow through.

Members will be familiar with the content of this bill. It reaffirms the government’s position as advanced in the Workplace Relations Amendment (Fair Dismissal) Bill 2002, which was laid aside for the second time on 25 March 2003 after members of this House again rejected Senate amendments that would have destroyed its employment creating potential.

This bill will require the Australian Industrial Relations Commission to order that an unfair dismissal application is not valid if it involves a small business employer. This provision will only apply to the new employees of a small business, not to existing employees.

The bill will not exclude employees of small businesses from the unlawful termination provisions of the Workplace Relations
Act. It will remain unlawful for any business in Australia, regardless of its size, to dismiss any employee for a discriminatory reason, for example, because of their age, gender or religion. In addition, all businesses in Australia will continue to be required to give employees appropriate notice of termination.

This government has produced an environment of sustained jobs growth through sound economic policies, good fiscal management and workplace relations reforms. Australian Bureau of Statistics figures show that over 1.3 million jobs have been created since the government came to office in March 1996. The unemployment rate has fallen from 8.2 per cent to 5.6 per cent, which is as low as it has been for 23 years.

Over 96 per cent of Australian businesses are small businesses and around half of Australia’s private sector work force is employed by small businesses. To ensure that the small business sector continues to contribute strongly, our workplace relations system must be responsive to its needs.

The current unfair dismissal laws place a disproportionate burden on small businesses. They do not have human resource specialists to deal with unfair dismissal regulation. Attending a commission hearing alone can require a small business owner to close for the day.

The time and cost of defending a claim, even one without merit, can be substantial. In evidence to the Senate committee inquiring into the Workplace Relations Amendment (Fair Dismissal) Bill 2002, the restaurant and catering industry indicated that it costs, on average, $3,600 and around 63 hours of management time to defend an unfair dismissal claim—money and time most small businesses can ill afford. In fact, according to a study by the Melbourne Institute of Applied Economic and Social Research, the cost to small and medium sized businesses of complying with unfair dismissal laws is at least $1.3 billion a year.

Research has found that many small businesses do not understand unfair dismissal laws. For instance, a survey by CPA Australia found that 27 per cent of small business owners thought that they were unable to dismiss an employee even if the employee was stealing from them, and 30 per cent of small business owners thought that employers always lost unfair dismissal cases.

A growing body of evidence shows that small businesses are reacting to the complexity and cost of these laws by not taking on additional employees. A report by the Centre for Independent Studies, for example, indicates that, if only five per cent of small businesses employed just one extra person, 50,000 jobs would be created, and concludes that ‘employment in small business would rise significantly in the absence of the unfair dismissal laws’.

Similarly, the Melbourne Institute study found that unfair dismissal laws had played a part in the loss of over 77,000 jobs. According to the report, unfair dismissal laws particularly disadvantage those most in need of protection—the long-term unemployed, young people and the less well educated.

It has even been reported that at least one opposition member has admitted that the existing unfair dismissal laws act as a disincentive for small businesses to employ more staff.

The burden of unfair dismissal regulation is unnecessarily impeding the entrepreneurship and dynamism of our small businesses. This bill will remove the impediments and help the small business sector create more jobs for Australian workers.

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

AUSTRALIAN INSTITUTE OF MARINE SCIENCE AMENDMENT BILL 2004

First Reading

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

Second Reading

Mr McGauran (Gippsland—Minister for Science) (9.28 a.m.)—I move:

That this bill be now read a second time.

The Australian Institute of Marine Science (AIMS) is a public sector research agency with the mission to generate and transfer knowledge to support the sustainable use and protection of the marine environment through innovative, world-class scientific and technological research.

AIMS was established by the Australian Institute of Marine Science Act of 1972 in recognition of the growing importance of the marine sector to Australia. The AIMS Research Plan 2003-06 identified that the work of AIMS contributes to four of the national research priorities: an environmentally sustainable Australia; frontier technologies for building and transforming Australian industries; promoting and maintaining good health; and safeguarding Australia. AIMS research also contributes to the implementation of Australia’s Oceans Policy, which provides an integrated strategy for the exploration and ecologically sustainable utilisation of marine natural resources. The development and actioning of regional marine plans is an important part of this policy and AIMS’ work is contributing to the progress of such plans for Australia’s tropical oceans.

AIMS’ research and other activities have a tropical and Northern Australia focus with scientists based at three locations, Townsville, Queensland (the main site); Darwin, Northern Territory; and Fremantle, Western Australia. AIMS builds critical mass through collaborative arrangements, both nationally and internationally. AIMS’ current research plan focuses on three new initiatives to enhance collaboration. These are the Arafura Timor Research Facility, a major national research facility run jointly with the Australian National University; the AIMS and United States National Ocean and Atmospheric Administration strategic partnership which examines coral reef ecology, water quality and climate change; and the AIMS@JCU joint venture, a formal collaborative arrangement being pursued by AIMS and James Cook University.

The AIMS@JCU joint venture has the purpose of formally strengthening the ties between AIMS and James Cook University. The Australian government provided AIMS with funds in the 2003-04 federal budget to help implement the joint venture and hence further contribute to making Townsville one of the world’s acclaimed centres for research and teaching in marine science. During this year both organisations have been engaged in determining the detailed arrangements for the AIMS@JCU joint venture.

The AIMS@JCU joint venture has identified to date two research programs as core activities under the agreement. They are: aquaculture; and coastal processes and marine modelling (the joint venture will examine the potential for a biotech program in 2005). AIMS and JCU have agreed to use the funds provided by the Australian government to build a state-of-the-art fibre optic communication link between the two institutions and to fund extra research student places.

The first part of the bill contains amendments that will support closer collaboration between AIMS and JCU. Through the appointment of a JCU-nominated member to the Council for the Institute of Marine Sci-
ence (the governing body of AIMS) greater coordination between the two institutions will be encouraged. Increasing council membership in this way, from the current six to seven members, is intended to specifically support the endeavours of the AIMS@JCU joint venture while maintaining the council’s current capacity to access expertise external to AIMS.

The inclusion of a JCU nominated member on the council is an action that accords with the findings from the recent Review of Closer Collaboration between Universities and Major Publicly Funded Research Agencies. This review found that the current level of collaboration is extensive, at the individual researcher level; but there is an opportunity to enhance the level of collaboration at the organisational and higher strategic level.

The proposed change of the title of the head of AIMS from ‘Director’ to ‘Chief Executive’, accords with current terminology for such a position. This amendment brings the AIMS Act into line with the titles used by the portfolio’s other science agencies. ‘Chief Executive’ clearly identifies the holder of the office as the head of AIMS, clarity that is important when developing professional relationships and arrangements on behalf of AIMS.

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

Debate (on motion by Mr Edwards) adjourned.

COMMITTEES
Procedure Committee
Report

Mrs MAY (McPherson) (9.33 a.m.)—On behalf of the Standing Committee on Procedure, I present the committee’s report entitled Renaming the Main Committee—celebrating the 10th anniversary of the Main Committee, together with the minutes of proceedings and evidence received by the committee.

Ordered that the report be printed.

Mrs MAY—by leave—it gives me a great deal of pleasure to present a report on the Main Committee this morning, which is the closest sitting day to the 10th anniversary of that body. The Main Committee first met on 8 June 1994. A home for the new body was created from an existing committee room—room 2R3. New furniture was provided and a dais for the Deputy Speaker and clerks was installed.

The trouble is that the room in which the Main Committee meets is rarely known as committee room 2R3. From its first days it was known interchangeably as the Main Committee room or the second chamber. Neither of these names is satisfactory. The use of the name Main Committee room for the room in which the Main Committee meets creates enormous confusion because there is another large room in the building called the main committee room. There are probably not many occupants of this building who have been spared the annoyance of going to the wrong venue when invited to a place called the main committee room. Perhaps we should have developed the habit of referring to these rooms as the second floor Main Committee room and the first floor main committee room, but we never did. Indeed, most people only became aware that there were two main committee rooms when they turned up to the wrong one.

Having proposed the name Main Committee in the 1993 report which resulted in the establishment of the body, the Procedure Committee addressed the problem in 2000 in its report The second chamber. At that stage the committee favoured renaming the Main Committee the Second Chamber to recognise a title which was already in use. However, the name Second Chamber was also prob-
lematic. In the parliamentary world the term second chamber is commonly applied to the upper house in a bicameral system. The government response to the committee’s recommendation on the changing of the name was that the name Second Chamber could itself cause confusion. At the same time, the response supported in principle a new name and noted that the government was prepared to consider an alternative name.

Today the Procedure Committee does have an alternative name to suggest. The new name should avoid confusion and enhance the status of the Main Committee. It should celebrate a significant aspect of Australia’s constitutional and parliamentary history. It should be bipartisan. Unlike the previous names put forward, the new name should not attempt to describe and define the functions of the body now known as the Main Committee. To do so would constrain the future development of that body. At the same time, the proposed name must be consistent with the body’s role as a secondary chamber but one that operates as a parallel debating chamber for a number of different types of House business. The committee proposes the name the Federation Chamber of the House of Representatives. If the House adopts this name, the committee expects it to be commonly known by the short title ‘the Federation Chamber’.

The committee strongly supports the building of a purpose-built venue for the Main Committee but does not want the introduction of the new name to await a new venue. We hope the new name can be introduced at the start of the 41st parliament. There is much more I would like to say to mark the 10th anniversary, but time permits me only to observe that the first 10 years of the Main Committee have proved its value beyond the expectations of those who acted as midwives at its birth. Happy birthday, Main Committee.

Mr PRICE (Chifley) (9.36 a.m.)—by leave—Mr Deputy Speaker Jenkins, it is very appropriate that you should be in the chair for this debate, and I will return to that a little later. Notwithstanding the effluxion of 10 years, this report is a message to the government and a reminder to all honourable members that it is not too late to have an appropriate name for the Main Committee. I sincerely hope that this is one of the Procedure Committee’s reports that is picked up.

Mr Deputy Speaker, I mentioned how appropriate it was that you are now in the chair because, back on Wednesday, 8 June 1994, you presided over the very first meeting of the Main Committee. Equally, to have the Clerk of the House in the chamber at this time is also most appropriate, as Mr Harris was the presiding clerk assisting you at that first sitting of the Main Committee. Apart from your speech on that day, it was the honourable member for Brand who spoke to the first bit of legislation before the Main Committee. Apart from your speech on that day, it was the honourable member for Brand who spoke to the first bit of legislation before the Main Committee. He was also Leader of the House. The honourable member for Bennelong also spoke in the Main Committee. It seems to me to be totally unexceptional that the honourable member for Banks made the first ever interjection in the Main Committee—and I do not wish to reflect on you, Mr Deputy Speaker, or other occupiers of the chair but, historically, that is a matter of fact.

I am fond of reminding the honourable member for Brand that, as Leader of the House, the Main Committee rescued his reputation for being one of the worst Leaders of the House for guillotining bills. The guillotining of bills was no longer required, although I see that we are again starting to guillotine a few bills under this government. Like the chair of the committee—and I thank her and all committee members—we would have liked to have said a lot more now, but we were allocated a very short period of time. I think it is appropriate that the House
should note the 10th anniversary of what has been a very worthwhile innovation which has been of assistance to all members, particularly private members in pursuing private members’ business.

Mrs MAY (McPherson) (9.39 a.m.)—I ask leave of the House to move that the House take note of the report.

Leave granted.

Mrs MAY—I move:

That the House take note of the report.

I seek leave to continue my remarks later.

Leave granted; debate adjourned.

POSTAL SERVICES LEGISLATION AMENDMENT BILL 2003

Consideration of Senate Message

Consideration resumed from 12 May.

Senate’s amendments—

(1) Clause 4, page 2 (line 4) to page 3 (line 2), omit subclauses (1) to (5).

(2) Clause 4, page 3 (lines 8 to 14), omit subclause (7).

(3) Schedule 1, items 1 to 5, page 4 (lines 4 to 27), omit the items.

(4) Schedule 1, item 6, page 4 (line 29) to page 5 (line 2), omit the item.

(5) Schedule 1, items 8 to 10, page 5 (lines 7 to 16), omit the items.

(6) Schedule 1, page 5 (after line 16), after item 10, insert:

10A At the end of section 28C

Add:

(3) Without limiting the operation of subsection (1), the prescribed performance standards may relate to methods of determining the level of mail service for a particular area.

(7) Schedule 1, page 5 (after line 16), after item 10, insert:

10B Subsection 28E(1)

After “Australia Post must”, insert “,

(8) Schedule 1, page 5 (after line 16), after item 10, insert:

10C After section 28E

Insert:

28F Minister may request additional reports

(1) The Minister may request the Auditor-General to monitor and report to the Minister on specified matters relating to Australia Post’s supply of postal services.

(2) The Minister may publish the report.

(3) The Minister may exclude from the report referred to in subsection (2) any information that Australia Post claims is commercial-in-confidence information if the Minister is satisfied that:

(a) the claim is justified; or

(b) it is not in the public interest to publish the information.

(9) Schedule 1, page 6 (after line 34), after item 14, insert:

14A After section 30

Insert:

30A Enforcement for infringement of reserved services

(1) A person shall not engage in conduct that involves an infringement of Australia Post’s exclusive right to undertake the reserved services.

(2) For the purposes of this section, person means any of the following:

(a) a company;

(b) a partnership;

(c) a person in the capacity of trustee;

(d) any other person.

(3) If the Federal Court is satisfied that a person has contravened subsection (1), the Court may order the person to pay to the Commonwealth such pecuniary penalty, in respect of each contra-
vention, as the Court determines to be appropriate.

(4) In determining the pecuniary penalty, the Court must have regard to all relevant matters, including:

(a) the nature and extent of the contravention; and
(b) the nature and extent of any loss or damage suffered as a result of the contravention; and
(c) the circumstances in which the contravention took place; and
(d) whether the person has previously been found by the Court in proceedings under this Act to have engaged in any similar conduct.

(5) The pecuniary penalty payable under subsection (3) by a body corporate is not to exceed $250,000 for each contravention.

(6) The pecuniary penalty payable under subsection (3) by a person other than a body corporate is not to exceed $50,000 for each contravention.

(7) The Minister or the ACCC may institute a proceeding in the Federal Court for the recovery on behalf of the Commonwealth of a pecuniary penalty referred to in subsection (3).

(8) A proceeding under subsection (7) may be commenced within 6 years after the contravention.

(9) For the avoidance of doubt, the remedy in this section is in addition to that provided in section 31 of this Act.

(10) Schedule 1, items 19 and 20, page 7 (lines 26 to 30), omit the items.

(11) Schedule 1, item 21, page 8 (line 2) to page 11 (line 14), omit Division 1.

(12) Schedule 1, item 22, page 12 (line 24) to page 13 (line 22), omit section 56A, substitute:

56A Recovery of costs incurred by the ACCC

Minister may estimate costs for financial year

(1) The Minister may, during a financial year:

(a) estimate the ACCC’s costs for that financial year; and
(b) notify Australia Post of the Minister’s estimate.

Minister may determine actual costs for previous financial year

(2) The Minister may, in a financial year, determine the ACCC’s actual costs for the previous financial year.

Minister may direct Australia Post to pay adjusted estimated costs to ACCC

(3) The Minister may, in a financial year, direct Australia Post to pay to the ACCC, on behalf of the Commonwealth, the Minister’s estimate of the ACCC’s costs for that financial year, adjusted in accordance with subsection (7) or (8).

Adjustment for ACCC

(7) If:

(a) in the previous financial year, the Minister directed Australia Post to pay an amount to the ACCC; and
(b) the Minister determines that the ACCC’s actual costs for that previous financial year exceed the costs the Minister estimated for the ACCC that year;

the amount the Minister may direct Australia Post to pay to the ACCC under subsection (3) is increased by that excess.

(8) If:

(a) in the previous financial year, the Minister directed Australia Post to pay an amount to the ACCC; and
(b) the Minister determines that the ACCC’s actual costs for that previous financial year fall short of the costs the Minister estimated for the ACCC that year;
the amount the Minister may direct Australia Post to pay to the ACCC under subsection (3) is reduced by that shortfall.

Note: Because the ACCC is a prescribed agency for the purposes of the Financial Management and Accountability Act 1997, its officials are required to deal with amounts received under subsection (3) in accordance with that Act.

Costs

(9) In this section:

ACCC’s costs means the costs of the ACCC in performing its functions under this Act.

costs means an amount that, in accordance with accrual-based accounting principles, is treated as a cost.

Mr WILLIAMS (Tangney—Minister for Communications, Information Technology and the Arts) (9.40 a.m.)—I indicate to the House that the government proposes that amendments (1) to (5) and (10) to (12) be agreed to, that amendments (6) to (8) be disagreed to and that amendment (9) be disagreed to but that an amendment be made in place thereof. I therefore suggest that it may suit the convenience of the House to first consider amendments (1) to (5) and (10) to (12), then consider amendments (6) to (8) and, when those amendments have been disposed of, then consider amendment (9).

The DEPUTY SPEAKER (Mr Jenkins)—It being the case that the House has no disagreement to that course of action, I will allow that course of action.

Mr WILLIAMS—I move:

That Senate amendments (1) to (5) and (10) to (12) be agreed to.

These amendments remove what would have been major consumer focused reforms to the monitoring of Australia Post’s quality of service. The government is prepared to accept these amendments in the interests of progressing some other important reforms to the Australian postal services market regulatory arrangements. The government still believes that giving the Australian Communications Authority a quality of service monitoring role in relation to Australia Post would be good for all consumers of Australia Post services. However, there are other aspects of the Postal Services Legislation Amendment Bill 2003 that relate to document exchanges and bulk mail aggregation that are also important to the users of these services which the government is keen to progress.

Ms O’BYRNE (Bass) (9.42 a.m.)—Senate amendments (1) to (5) of the Postal Services Legislation Amendment Bill 2003 deal with the intention of the government to introduce what they call consumer focused reforms but what we see as yet another level of regulation and inquiry into the way Post conducts its business. This arose out of some complaints that Australia Post was able to subsidise aspects of its business and therefore have a level of unfair competition against others.

I think that accepting these views is not something that government should do in a backhanded way but rather in an appropriate way, because we are seeing and are aware of the fact that the Auditor-General’s office have done a good job on this. They have really good investigations as to the way Australia Post conducts its business and there is no need for the ACA to do this separately. The government is obviously recognising that there are moves where we are incorporating or merging the ACA with the ABA. This is the point where we say: ‘The Auditor-General has done a good job. Well done.’ And I think the fact that the other place has had this view endorses that view.

Question agreed to.
Mr WILLIAMS (Tangney—Minister for Communications, Information Technology and the Arts) (9.43 a.m.)—I move:

That Senate amendments (6) to (8) be disagreed to.

The government does not support the opposition’s amendments. The Auditor-General is an agency whose principal function is that of auditing. These amendments are a poor attempt by Labor to try and make up for the fact that they do not support the government’s proposals to give an enhanced quality of service monitoring role to the Australian Communications Authority, the ACA.

The government’s proposal for expanded powers for the ACA in relation to Australia Post would have delivered more transparency and accountability to government and consumers and would have gone much further than auditing. Beefing up the role of the Auditor-General is no substitute for genuine consumer focused oversight by a regulator with the requisite portfolio experience such as the ACA. At the moment there is little, if any, independent oversight of Australia Post’s postal functions other than the audit against the performance standards. It should also be noted that the Auditor-General outsources its current function of monitoring Australia Post’s performance against prescribed performance standards to an accounting firm.

Under the bill there was the opportunity for the ACA to examine systemic failures on a geographic basis. Other issues which the ACA could have examined which are not currently done by the Auditor-General or provided for in amendments proposed by the opposition include geographic disaggregation of issues such as ongoing customer complaints, late deliveries and service performance in the bush in comparison to metropolitan areas. Having robbed the bill of its consumer protection component by disposing of the ACA’s proposed role in relation to Australia Post, the opposition is now making a half-hearted attempt to confer some of those functions, albeit watered-down versions of them, on an agency whose principal function is auditing.

The Labor Party appears to be calling the ACA’s impartiality or competence into question, but the question of how well the ACA has performed its telecommunications regulatory function is a separate question from whether or not the ACA is the appropriate regulator to provide greater consumer focused performance standards regulation of Australia Post. Any concerns about the effectiveness of the consumer regulatory functions of the ACA should be separately discussed and do not go to the principle of this bill.

Ms O’BYRNE (Bass) (9.46 a.m.)—I have to take issue with the statements of the minister. His analysis seems to imply that Australia Post is doing an absolutely shocking job, but as we know it is possibly the most reliable and affordable postal service in the world. It is a very good system. According to the 2002-03 Australia Post annual report, its on time letter delivery was 96.5 per cent, a record that Australia Post says is due to its increasing technology, developments and resources; its gross revenue was up by 4.3 per cent to $462 million; its profit after tax was up by 11.4 per cent to $330.8 million; it delivered 5.26 billion mail articles to 9.4 million delivery points; it served an average of 1.09 million retail customers each day; it employs around 35,000 Australians, which has to be a good thing, 27,000 of whom are full-time employees; it increased the range of products and services it offers; and it expanded banking services to 494 outlets, including some 300 regional centres. So I really take issue with the implication that we have to agree to the government’s reforms.
because somehow Australia Post is not performing its role or doing a decent job.

The minister also seems to think that Labor do not want a proper and decent level of accountability and regulation. We do—we want to beef up the Auditor-General’s powers. We believe that this is an appropriate way to do it and it is something that we can do. Following the line that the ACA should be taking control at this moment is a little bit ludicrous, given that we do not know what the outcome of an ACA-ABA merger is going to be. It would be taking a step before knowing what the outcome will be. It is not unreasonable for people in the community to have concerns about this, because they know what this government’s ultimate agenda and plan are with Australia Post. That is why they and areas of the industry are concerned.

The government are also very keen to investigate Australia Post’s capacity to be competitive, to underwrite services and to do all those sorts of things, to make sure that they are doing the right thing, but those people who raised complaints about Australia Post are not going to have to pay for that investigation. The government are not going to pay for it, unless of course they get a lesser dividend. They get many dividends these days from the very successful Australia Post organisation.

We obviously do not support the minister’s request that we disagree to these amendments, because we think Australia Post is doing a good job. We think it is farcical to argue that the Auditor-General is not doing a good job and is not an entity that should be beefed up to do that job. At the moment, without being critical of the ACA, there certainly have been some questions about its capacity to investigate in other areas and its ability to be independent of government persuasion, scrutiny, indications, beliefs and hopes. The Auditor-General is an office that is free of that and that does not need to have that suggestion raised about it.

Whether or not the ACA is independent, if people in the community and in the Australia Post industry, both in LPOs and in the current corporate services, believe that it is not—with even without touching on the concerns that we currently have about the new franchise agreements—it significantly damages the relationship that they can have. The only way that we can truly say to people, ‘We are serious about independent scrutiny, we are serious about making sure that there is no government interference and we are serious about making sure that Australia Post is treated appropriately and fairly,’ is to have the powers of the Auditor-General enhanced to be able to do that. That is something that Labor has asked for and something that the government is not doing.

Saying that the Labor Party do not support additional scrutiny frankly does not cut it. We are saying that we believe that there is a more efficient and effective way of doing this and one that is more acceptable to the community, and that is through the Auditor-General. Given the concerns that people have about the independence of the ACA; given that the ACA is having a merger with the ABA and we do not know when that is going to be; given that we have the capacity to beef up the Auditor-General; and given that Australia Post, under scrutiny from the Auditor-General, is a particularly successfully organisation—despite this government’s suggestions—I do not think that expanding the powers of the ACA is the way to go.

I certainly find it a concern that on one hand the government are saying, ‘They are not really doing a good job, so let’s put in some more scrutiny,’ and on the other hand they are saying, ‘They are doing such a good job; why don’t we start looking at the aspects of deregulation?’ That is what the govern-
ment have been up to since 2002. We saw the original bill in 2002 and we saw yet another bill come through. We have seen the government’s attempts and we know what they are really up to. Frankly, to suggest that Labor is not concerned about scrutiny is ludicrous, farcical and offensive. *(Time expired)*

**Mr WILLIAMS** (Tangney—Minister for Communications, Information Technology and the Arts) *(9.51 a.m.)*—I rise simply to repudiate the paranoid notion mouthed by the member for Bass and others in the debate on this bill that the government have an underhand agenda in relation to Australia Post. We accept that Australia Post is particularly successful. The government have no plans for the privatisation of Australia Post, as the Labor Party seem to think. We would urge the Labor Party to forget that as a reason for their opposition to what are quite sensible reforms.

**Ms O’BYRNE** (Bass) *(9.52 a.m.)*—I do not think that anyone in the community can take that view. This is the government that said that they were not really looking at selling Telstra, then said, ‘We’ll only sell just a little bit of Telstra, and that won’t require us to sell the rest,’ then ‘Well, we’ll sell just a little bit more of Telstra,’ and then ‘Oh no, here we are—we have to sell everything.’ The Prime Minister is actually on the record as saying, when the first part of the sale went through, that that did not presuppose the further sale of Telstra, so I suggest that the ministers opposite actually check what their leader says.

We do have a government that have form. We have a government that see something that makes a profit and want to sell it. We saw what they did in 2000; we have seen their continued approaches since then and we—as a community, as a Labor Party—do not trust this government’s intent on this. It is completely appropriate for us to continue these concerns. We will discuss this further, I hope, in the next amendment. But certainly we do not trust this government not to further deregulate Australia Post, and therefore we are entitled as representatives of the Australian community, as people who care about Australia Post, to raise those concerns whenever we can. They can say all they want to that they will never, ever sell Australia Post, that they will never, ever deregulate Australia Post. We do not have to believe that and we do not believe it.

**The DEPUTY SPEAKER** *(Mr Jenkins)*—The question is that Senate amendments (6) to (8) be disagreed to.

Question agreed to.

**Mr WILLIAMS** *(Tangney—Minister for Communications, Information Technology and the Arts)* *(9.53 a.m.)*—I present the reasons for the House disagreeing to Senate amendments (6) to (8) and I move:

That the reasons be adopted.

Question agreed to.

**Mr WILLIAMS** *(Tangney—Minister for Communications, Information Technology and the Arts)* *(9.54 a.m.)*—I move:

(1) That the Senate’s amendment (9) be disagreed to, but that, in place thereof, the Bill be amended as follows:

Schedule 1, page 6 (after line 34), after item 14, insert:

**14A After section 30**

Insert:

**30A Enforcement for infringement of reserved services**

(1) A person shall not engage in conduct that involves an infringement of Australia Post’s exclusive right to undertake the reserved services.

(2) If the Federal Court is satisfied that a person has contravened subsection (1), the Court may order the person to pay to the Commonwealth such pecuniary penalty, in respect of each
contravention, as the Court determines to be appropriate.

(3) In determining the pecuniary penalty, the Court must have regard to all relevant matters, including:
   (a) the nature and extent of the contravention; and
   (b) the nature and extent of any loss or damage suffered as a result of the contravention; and
   (c) the circumstances in which the contravention took place; and
   (d) whether the person has previously been found by the Court in proceedings under this Act to have engaged in any similar conduct.

(4) The pecuniary penalty payable under subsection (2) by a body corporate is not to exceed $250,000 for each contravention.

(5) The pecuniary penalty payable under subsection (2) by a person other than a body corporate is not to exceed $50,000 for each contravention.

(6) The Minister or the ACCC may institute a proceeding in the Federal Court for the recovery on behalf of the Commonwealth of a pecuniary penalty referred to in subsection (2).

(7) A proceeding under subsection (6) may be commenced within 6 years after the contravention.

(8) For the avoidance of doubt, the remedy in this section is in addition to that provided in section 31 of this Act.

In principle, the government is not opposed to the pecuniary penalty amendments moved by the Democrats in the Senate. However, the government will be opposing them at this stage and then moving similar amendments in which a minor legal drafting issue has been addressed. Currently, section 31 of the Australian Postal Corporation Act 1989 provides that Australia Post may apply to the Federal Court for relief where a person has engaged in conduct that infringes the reserved service. This relief may constitute an injunction and, at the option of Australia Post, either damages or an account of profits.

The specific legal drafting issue that the government believes should be addressed in the Democrat amendment which gives the minister and the ACCC power to apply for civil penalties is the definition of a person provided in the Senate amendments. As drafted, the definition would give rise to legal uncertainty about how the penalties would apply to partnerships. The government therefore opposes the amendment at this stage and—as I have done—moves a new amendment which addresses this issue.

Ms O’BYRNE (Bass) (9.55 a.m.)—By nature we always have to have concerns when we allow something that has taken place outside the regulations and then suddenly, to make everything better, legislate to say that that is okay. That is a form of deregulation. But what we have in front of us in this amendment is a little deal with the Democrats. We do not have something that the government really want or something that most people in the community want; what we have is a little mea culpa from the Democrats, because they feel a little bit ashamed of themselves—and so they should. They feel ashamed of themselves because they sat back in the Senate—where life is a little bit easy for them, obviously—and allowed the government to do some things which are wrong. They are wrong because of the way that they impact on Australia Post services—the threat that they put it under—and, despite the protestations of the minister, they are steps towards deregulation. They do open doors; they do allow possibilities to take place. So we have these dodgy little deals taking place. The Democrats are saying: ’No, really, honestly, we weren’t that bad. Honestly, we’re really good kids, and if somebody does that again we’ll punish them.’
The reality is that this has been going on for some time. We are now in a process of wanting to legislate to make it better, but then we will throw a bit of a punishment to make everybody feel as if they have actually done something. What we have is the government and the Democrats sitting down to cobble something together to make the Democrats feel a little bit better about themselves. I do not think they should feel better about themselves. This sort of mea culpa that we have here is, I think, really quite offensive. I certainly hope that they are not particularly proud of it. I know the government probably does not like it, and I think it is obvious what we think of it. The reality is that allowing things to take place outside legislation, outside the requirements, and suddenly fixing the rules so that they are allowed to do it but saying, ‘But we won’t let anybody else do it and if they do we’ll punish them,’ is, frankly, a pretty tawdry way to conduct government policy.

To be fair, I do not even know why the government wanted to bring in this bill. All they are doing is tinkering around, fooling around, not necessarily doing anything. Since we have had the amendments that have been put through today and the amendments that have been disagreed to, it is not the form of the bill that they really wanted. The question that we have to ask is: what are the government up to? What do they really want to do with Australia Post? Why do this sort of tinkering? Why waste the House’s time, the Senate’s time, the time of the Senate committee that investigated this and the time of all those people who came and presented to the committee and said, ‘We don’t know why you’re doing this,’ such as the union that represents the Australian postal workers?

The licensed post offices themselves, those small businesses, came up and said: ‘We don’t know why you’re doing this. We don’t know why you would want to. We don’t know why you want to have this impact on our small business.’ This is a government that claims to be working for small business and assisting small business. It brings up bills that do not do that sort of thing, and then we end up with these dodgy little ‘let’s make the Democrats feel better’ amendments. Frankly, I think the House is worth better.

Mr WILLIAMS (Tangney—Minister for Communications, Information Technology and the Arts) (9.58 a.m.)—After that diatribe that went nowhere, I cannot resist putting on the record that the Labor Party is the cause for this particular amendment being before the House, because in the Senate the Labor Party voted for the Democrats’ amendment.

Ms O’BYRNE (Bass) (9.58 a.m.)—Just because the minister is feeling a little embarrassed about having to move the amendment that he has put forward does not mean that this is the best outcome for Australia Post. The amendments that we had were completely appropriate. We obviously will do what we need to do in order to do the best thing by Australia Post services. This government does not have that in mind, so we will take those actions as they seem appropriate.

Question agreed to.
Heath and Ageing at Scarborough House, Woden Town Centre, ACT.

The Department of Health and Ageing proposes to fit out new leased premises at Scarborough House in the Woden Town Centre in the Australian Capital Territory.

Mr Bruce Scott—I’m glad they’re not leasing Centenary House!

Mr Slipper—They are not mentioning Centenary House, no. Scarborough House is a 15-storey building located at the northern end of the pedestrian precinct in the Woden Town Centre. It has been vacant and totally gutted since the rationalisation of the Commonwealth property portfolio several years ago, and it was sold to Indigenous Business Australia Pty Ltd.

Health proposes to occupy all floors of space, totalling approximately 16,000 square metres. The developer commenced the extension and refurbishment work in February this year, and completion of the base building works is expected by the end of April 2005. In its report, the Public Works Committee has recommended that this project proceed. Health will negotiate an integrated fitout at an estimated cost of $18.5 million. It is planned that the construction contractor will commence construction of the fit out in early July this year, with occupation by July next year. On behalf of the government, I would like to thank the committee for its support. I commend the motion to the House.

Question agreed to.

FARM HOUSEHOLD SUPPORT AMENDMENT BILL 2004

Second Reading

Debate resumed from 2 June, on motion by Mr Truss:

That this bill be now read a second time.

Mr Bruce Scott (Maranoa) (10.01 a.m.)—I am delighted to be able to speak today in support of the government’s Farm Household Support Amendment Bill 2004. This bill adds to and complements the existing Farm Help program to enable farmers to obtain financial assistance or advice. Farm Help has operated since 1997 and provides a strategy for farm enterprises which are in severe financial difficulty to make adjustments out of the industry. The bill extends the program to 30 June 2008 and offers, very importantly and rightly, a flexible range of opportunities for farmers to either improve the viability of farms through taking professional financial guidance or—the more difficult option for so many farmers—to leave the industry and make the transition to off-farm work or another career. I want to highlight the importance that this bill places on flexibility for farmers in looking at options for their future.

The focus of the Farm Household Support Act 1992 will be changed to differentiate between the Exceptional Circumstances Relief Payment and Farm Help Income Support, to avoid any suggestion that the two schemes are intended to be the same, because they are not. There will be greater scope for practical solutions for farmers to help them address some serious financial problems that they are confronting. Importantly, the Farm Household Support Amendment Bill will still provide short-term financial assistance to farmers who can no longer borrow against their assets, and this will enable them to take action to improve their long-term financial situation either on or off the farm.

The beauty of this program is that it gives our farmers the necessary breathing space so that they can assess their situation, less burdened—I emphasise this—by the pressure to find the money for day-to-day living expenses and to ensure that they can keep food on the table for their families. Another key benefit of the Farm Household Support Amendment Bill is that financial assessments
of an applicant’s enterprise will be conducted by a prescribed professional—in other words, a qualified financial adviser.

In light of the enormous emotional strain placed upon producers who find themselves in these very difficult situations, the bill also provides applicants with the ability to accept Farm Help with dignity and confidence. It removes the requirement to produce a bank certificate of inability to obtain finance, removing the embarrassment—and it is embarrassment for many farmers—that this may risk their future ability to borrow. The government recognises that that was causing enormous embarrassment for people and may have affected many farmers’ ability to borrow in the future.

Another proactive step is that activity plans will be reviewed quarterly, to make sure that farmers are maximising the benefits of this program. Farmers will have access to professional advice and training throughout the course of this program. It is terribly important that we highlight the point that there will be quarterly reviews once a person is on the Farm Help program, and people will also receive training throughout the course to help them understand the implications of better financial management and the situation that they are confronting.

Many producers these days are forced into untenable financial situations through no fault of their own. Many of them struggle against the collapse of commodity prices, deregulation that affects the viability of a farm, and corrupt world markets—because there is no level playing field when you are on the international market selling your commodities. The impacts go right back to the farmer, who is the price taker rather than the price maker. Also, as we know, we are suffering because of this exceptional drought which has ravaged so much of Australia and continues to have an impact on many parts of Australia, even as I speak today.

On top of these external and environmental pressures comes the preposterous impediment to farm viability that is now going to impact on our farmers, particularly in Queensland. I refer to the Peter Beattie Labor government in Queensland and its laws which ban tree clearing by 2006. The ban is going to diminish the productive capacity and value of properties across Queensland. Just to make the point, I was talking to a farmer in the west of my electorate only a couple of days ago. Peter Beattie’s ban is going to diminish the productive capacity of his property and he will be unable to manage his vegetation—his grass and trees—to the point where, at some time in the future, he will have to make a decision whether he will be viable in the long term or whether he should adjust now.

I will give an example to the House. In the last 10 years this land-holder made a decision to go out into the west and buy a large property with the capacity to be developed. He is currently running some 500 breeding cows. The property is between 20 per cent and 30 per cent developed. There is a capacity to bring the development up to 50 per cent or 60 per cent while still retaining a large amount of vegetation and managing the vegetation in a responsible manner. If he were able to do that he could double the carrying capacity of that property from 500 cows to 1,000 cows. That land-holder is not going to be able to develop the land because of Peter Beattie’s Labor government in Queensland and the ban on tree clearing by 2006.

Further, this will impact not only on the land-holder but also on small businesses in those country towns which are so dependent on the commerce that is generated by the farm sector around those rural towns. This
land-holder, like so many in my electorate, has a son who wants to make a life on the land. He has a daughter at home who would love to be on the land in the future. But their future now looks very bleak. We all know that, in the situation in which they live, running 500 cows may be a viable proposition for one family, but it is not a viable proposition for two or three families—in this case, the families of the son and the daughter, who would love to be part of the development of that land and to remain on the land as productivity increased.

The AAP report said:

The Productivity Commission’s draft report into the impact of native vegetation and biodiversity laws found that regulations were overbearing and hurting many rural communities. This is the Productivity Commission speaking—not me, the government or the Minister for Agriculture, Fisheries and Forestry, who is at the table. The commission is an independent body. The AAP report continued:

It found that, in some cases, the value of farm properties was being wiped out because of regulations which had little community support.

I will highlight what the Productivity Commission report said in relation to the Murweh Shire council region in my electorate and the Mulga lands of western Queensland. The AAP report said:

The report said that, in the case of Moree Shire in NSW, and the Murweh Shire in Queensland, bans on broadscale land clearing had cost farmers $80 million to $87 million.

That has been the immediate impact:

When the potential cost of woodland thickening on currently grazed land across the Murweh Shire is taken into account, the cost of vegetation laws is almost $180 million.

That is not the government’s report; it is the Productivity Commission’s draft report. I want to highlight this in my address this morning because the impact on the land-holder and his son and daughter who want to make a life on the land and the effect that the ban on tree clearing laws in Queensland, which remove the right of those land-holders to manage their land—I emphasise the word ‘manage’—responsibly, is ultimately going to affect their opportunities to stay on that land for the long term. In relation to the Farm Household Support Amendment Bill, whilst I hope that the land-holders do not have to access Farm Help, the bill certainly does provide that—not in the instance of this farmer, but for many farmers. I hope they do not have to access it, but I really do fear that they may because of the Labor government in Queensland. The Minister for Primary Industries, Henry Palaszczuk, parades himself around the countryside as being the farmer’s friend when he is the biggest enemy of the farmers in Queensland. He is probably the weakest primary industries minister we have ever seen in Queensland. He supported the ban on tree clearing laws in Queensland. He of all people in the Labor government in Queensland should have been sticking up for the farmers, because he knows that their very viability is going to be affected by the ban on tree clearing that his government introduced into Queensland.

One of the Labor members in Queensland—a city based Labor member—the member for Aspley, Ms Bonny Barry, in relation to the ban on tree-clearing laws—this gives you some idea of the naivety and lack of understanding of Labor members in Queensland—was quoted in a media release as saying:

We have problems with crows because we have cleared too much land.

That was her comment on the vegetation laws amendment bill which bans tree clearing by 2006. It continues:

Mr Pat Purcell (ALP Member for Bulimba) went so far as to suggest some re vegetation strategies—‘the wasted land along our roads, why do we not have tree lined thoroughfares along our roads.’
It just shows you the absolute naivety and ignorance or lack of understanding of the Labor Party in Queensland in relation to farmers’ rightful opportunity, which they have been denied, to manage their vegetation and grasslands in the best interests not only of their own enterprise but also of their whole region.

Time is limited and I will not take any more of the time of the House. In conclusion, I am pleased that Minister Truss has the carriage of this bill. It is my pleasure to speak on and advocate the passing of the Farm Household Support Amendment Bill 2004 so that farmers who cannot remain viable—and there will be many more in Queensland under the Labor government at a state level because of what they are doing in relation to vegetation management and so many other aspects of the agricultural sector in Queensland—are given the opportunity to adjust out of the industry and do so with the utmost help and support of the Commonwealth government and also with dignity. It is not an easy or ideal transition for any farmer. However, these hardworking people in our rural communities deserve our utmost respect and support.

Mrs MOYLAN (Pearce) (10.15 a.m.)—I support everything that my good colleague the member for Maranoa has said. Today, he probably has emphasised more the difficulties for some people remaining on the land because of changes within the farming sector. One of the great privileges of serving in the federal parliament is that you have an opportunity to engage with a wide range of people, to be closely in touch with what is happening in the communities and, indeed, to participate in the development of public policy.

I rise to speak on the Farm Household Support Amendment Bill 2004 today because it has been a matter that has concerned me since I first came into this parliament. Rarely have I ever been more affected, emotionally and in every other way, than in 1994 when, as the shadow minister for small business, I travelled through central New South Wales farming areas to talk to small business people and farmers to try to get some idea of how the sustained years of drought in this region had impacted on them—particularly on the farmers, but also on the hundreds of small business people who provide goods and services to the farming sector.

Just to take the House back for a moment, this was a time when the Labor Party, under former Prime Minister Keating, was in power. Keating had allowed these years of sustained drought to go on, bringing farmers to their knees, without any plan to provide relief. I think it was the public Farmhand support program—that, as I recall, Ray Martin established—which brought thousands of dollars from ordinary Australians all over the country to provide relief for these communities. During that trip, when the Labor government was still vacillating about what to do for farmers in the grip of a most terrible and sustained drought, I saw that people were hurting. I do not think anything could have prepared me for the shock.

In the little town of Coraki, I was met by a group of people, including business people, farmers and townspeople. The effects of the drought were devastating, as they were right down through those areas. The common theme with farmers in that area, many of whom had stock, was the effort to survive financially and the importance to the farming communities of keeping their breeding herds alive. Farm families had sold off all other stock, or destroyed their stock, because they were unable to feed them. Water was in short supply to such an extent that it was being used only for their breeders. In fact, the family washing and showering were done in the regional centres courtesy of local town fami-
lies. The women were taking the family washing once a week into the larger centres, and they were going in for their once-a-week showers, because people in the big towns were realising just how devastating this drought had been.

These were men and women who had been self-sufficient, working the land for many years. Most of them had never asked for assistance in their lives. They were struggling and they had this proud tradition of self-sufficiency, which placed their families under increasing mental and physical strain because they did not want to ask for charity.

There was a domino effect for communities: as the production on farms ground to a halt, products and services provided by the townspeople were no longer in demand. Businesses were folding and service providers were moving out of town. Going to those towns really made it clear to me that the move of just one family from a town had a devastating effect on the local economy—and indeed on the schools and medical services, as these were being closed down in the smaller towns and moved to the larger centres.

I returned to Canberra after that visit in 1994. To this day the memory of that trip is indelibly printed on my mind as it is on the mind of the staff member who accompanied me on that trip. I returned to this place committed to trying to ensure that people here understood the hardship and that we had a concerted plan in place to deal with drought—just as we do for flood and fire. We do not wait five, six or seven years to respond to people whose lives are devastated by fire and flood, and yet we had a policy in the past of waiting years before we had any plan for dealing with the hardship on the land as a result of sustained drought.

I put that proposition to our shadow cabinet at the time. I am glad that the Minister for Agriculture, Fisheries and Forestry is in the House today, because I think we are fortunate to have a government and a minister, who have been responsive. Not only have we put into place a far better plan, a more responsive plan, but we have continued to improve and upgrade it. There are constant improvements being made. I note that the South Australian Centre for Economic Studies submitted an evaluation of the Farm Help program and made some recommendations, which the minister has responded to and been sensitive to. The Australian National Audit Office has also made some recommendations, which again the minister has responded to. We are fortunate that, a year after the Howard government came to office, Farm Help—which was formerly called the Farm Family Restart Scheme—has assisted 9,000-odd farmers. In addition, thousands of farmers have received re-establishment assistance, and the program has funded over 10,000 professional and training sessions for more than 7,300 farmers.

Under Farm Help, those accessing assistance are required to develop a pathways plan to help them return their farm to a financially viable position or to find alternative employment. Sometimes, there is nothing that can be done to help farmers. There are some very marginal farming areas in Australia, and no amount of assistance is going to ever make these viable propositions—that is a fact of life.

The Farm Help program will continue to provide much needed assistance to farm families who find themselves in severe financial difficulty and give them the opportunity to assess their future in farming, with the benefit of strategic information, analysis and professional advice. It is designed to support farmers’ decision making. The program has a grant of $5,500 for advice and training and during a period of up to 12 months they will qualify for income support. Fifty thousand
dollars will be available for re-establishment if farmers decide that the best option for them and their family is to sell the farm. The passing of this bill will provide improvements to the program to make sure it reaches farmers on low incomes and those who are most in need.

It is important to stress that the extension of the Farm Help program will not affect the ongoing exceptional circumstances relief program. Again, I say thank you to our minister for having worked so hard to try to make the exceptional circumstances relief program much more responsive, in consultation with his counterparts at state level. Certainly in Western Australia and in parts of my electorate drought has been a major problem and we are still concerned—out of my electorate and the further east you get in Western Australia the more risky it gets. The rainfall is quite patchy. I have argued for a very long time in this place that we need to have responsive programs that do not take long periods to deliver the much needed assistance to farmers to help them to keep going. If assistance is needed because of the drought and there are not other factors involved, they can be sustained for a period until they get back on their feet and back into production the following year.

The government has recognised the need to monitor the operation of the Farm Help program. As I said, these amendments reflect the ongoing commitment by the minister to ensure the smooth operation of the program and to ensure that assistance is available to those most in need of it. The government continues to improve its responses to farmers in severe financial difficulty in practical ways, and this further builds on the 1997 integrated rural policy package Agriculture Advancing Australia, which is a very good package, if I may say so.

I am not going to go through the key elements, because I am aware that we have shortened the debate on this important matter today. The minister went through the key elements in his second reading speech. The Howard government has worked very hard to provide assistance to alleviate the hardship in the farming community as a result of adverse conditions. I do, though, remain concerned about the impact of drought for sustained periods on town families who operate small businesses supplying goods and services to the farming community. I realise that there are no simple solutions and no simplistic answers to these adverse events and their impact on this group in the town.

These events devastate many Australian families and communities. We need to continue to explore ways that we can deal with these adverse events and make sure that we are responsive to the needs of these communities—often hundreds of thousands of miles from cities and many hundreds of miles from major town centres. They do need to be considered. They do a fantastic job, they add immensely to our economic prosperity and they provide great social cohesion in many country towns, both the farming and the town community, and it is important that we do everything we can to ensure that we support them through times of hardship.

Mr TRUSS (Wide Bay—Minister for Agriculture, Fisheries and Forestry) (10.27 a.m.)—in reply—I thank all members who have contributed to this debate. Many have expressed their concerns about farmers who are struggling with change and difficult economic circumstances, drought and other issues that lead them to a position where they need to make key decisions about their future in agriculture. The farm household support scheme, Farm Help, is designed to provide assistance to farmers during those difficult periods. The Farm Household Support Amendment Bill 2004 reflects the govern-
ment’s ongoing commitment to the development of self-reliant, competitive and sustainable rural industries.

The bill will give effect to the 2004 budget commitment to extend the Farm Help program until 30 June 2008. It will deliver improvements to the program that will support the adjustment of farm families in severe financial difficulties, strengthening mutual obligation, and assist them in their decision making. In the 2004-05 federal budget $134.9 million over four years is allocated to this program. However, Farm Help is a demand driven program and so the estimates of uptake are made to determine annual allocations. But the actual figures, historically, have varied substantially depending on the circumstances at the time and, in particular, industry specific programs that are introduced in any year—most notably, exceptional circumstances relief payments. Few farmers will choose to take up the Farm Help scheme when there are in fact other options around like the sugar adjustment program or the exceptional circumstances program. So the expenditure varies quite substantially—a point that seemed to have been lost on the honourable member for Corio in his response to this legislation.

The disallowable instruments that will be established under the Farm Household Support Act 1992 are to be amended to implement the program enhancements. The Farm Help Advice Scheme 1997 instrument is to be amended to specify the operational details of the Farm Help advice and training grant. The Farm Help Re-establishment Grant Scheme 1997 instrument is to be amended to extend the closing date for applications for the re-establishment grant to 30 June 2007 and increase the maximum re-establishment grant to $50,000. A regulation will be developed to detail who can provide financial assessments under the program. The regulation and amendments to the disallowable instruments are currently being drafted. These cannot take legal effect until the relevant amendments in the Farm Household Support Amendment Act 2004 are in force.

Farm Help will remain available to all eligible farmers. However, canefarmers should not be focusing upon accessing income support under Farm Help once the Sugar Industry Reform Program finishes. Rather, they should be focused upon making serious and informed decisions about their future using the range of measures available under the sugar industry reform package.

The honourable member for Corio asked some questions about how the sugar package would relate to Farm Help, and it is appropriate that I provide a response. The Sugar Industry Reform Program has a sustainability grant which will be paid under the sugar package. It will not impact on canefarmers’ income support payments paid under the same package. The sustainability grant, though, may impact on Farm Help income support, depending on the assessable net income from the farmer’s business. The sustainability grant will be a part of the farmer’s income, so naturally it is treated like other income. It will be paid essentially through the same system by which farmers currently receive their payments for their cane, so naturally it will be considered to be a part of their farm income. This means that the sustainability grant will be assessed as farm business income and can also therefore be offset against farm losses. It depends on whether sugar farmers will want access to the Farm Help program. I think farmers are unlikely to choose the Farm Help program when the Sugar Industry Reform Program 2004 is available. After all, the re-establishment assistance under the sugar package allows farmers to access grants of up to $100,000—double what is available under Farm Help—and there are a range of other elements of the Sugar Industry Reform
Program which will be more attractive to cane farmers, naturally, than what is offered under the Farm Help program.

If someone involved in the sugar industry were to access the Farm Help program, I also clarify that the restructuring grants under the Sugar Industry Reform Program will not affect the rate of the Farm Help income support a person may be entitled to receive. I also clarify how the income and assets test will operate for the sugar re-establishment grants under the Sugar Industry Reform Program 2004. Re-establishment grants are subject to an assets test. An applicant and their partner can have up to $212,500 in net assets. Net assets also include household contents and personal effects worth up to $10,000. The value of the principal place of residence, the house and curtilage, is excluded from the assets test. For a partner home-owner, up to $212,500 is exempt; and for a single home-owner, up to $149,500 is exempt.

This information is all available on the Centrelink web site. I encourage farmers or their financial advisers, if they have access to the Internet, to just click on the sugar reform link on the Centrelink web site and they will be able to get all of the information that they need. In addition, Centrelink has been undertaking a series of workshops and seminars explaining how the package will operate. I have been advised that these seminars have been very well attended. There were around 200 people at the seminar in Bundaberg recently. Up and down the coast, Centrelink will conduct about 20 of these seminars to explain to farmers, their financial advisers and others how the package will work.

The re-establishment grant is only one of numerous measures being provided to the sugar industry in the $440 million package, which also includes business planning assistance, retraining assistance, assistance with intergenerational transfer of farms, not to mention the sustainability grant and restructuring grants. The package was developed after careful consideration and in close consultation with industry. Some of the elements of that package will require amendments to legislation which will be brought before the parliament in due course.

The honourable member for Corio could not resist a couple of forays into political debate, and I guess I should respond also to those, although I note that Labor’s interest in this bill was limited to just the member for Corio. No-one else chose to speak on it, although I was impressed to see a large number of coalition members expressing their concerns about the issues and their constructive support for the bill. The honourable member for Corio made a number of allegations about the fact that the FarmBis and Agricultural Development Partnership programs have not used all of the allocated funds, and that is absolutely right. It is absolutely right for the reason that the honourable member for Corio identified: namely, that both of these programs required state matching funds and the state Labor governments refused to provide the money.

Only one state—South Australia—has cooperated with the agricultural development program, a scheme that was designed to help disadvantaged rural communities to endeavour to undertake the kind of restructuring that was necessary to secure their future. I thought this was a visionary program that offered enormous potential for those communities facing particular difficulties. There have been previous regional partnership programs that the states—including Labor states—have cooperated with, but on this occasion they have simply gone on strike and refused to provide any financial help at all to these struggling rural communities. Naturally, therefore, the Commonwealth matching funds were not called on. I regret that,
because I think it was a very good program and it could have been made to work in every state the way in which it is now being put to work in South Australia. The South Australian Labor government have responded with several projects that are being funded. I think that there will be real benefits to those South Australian communities, and I am sorry that other rural communities were not given that opportunity.

The same applies to FarmBis. FarmBis has always been a program that has been funded fifty-fifty by the Commonwealth and the states. When we provided the original budget allocations, we received an indication from the states as to approximately what they expected to spend. Three states in particular—Western Australia, South Australia and, to a lesser extent, Tasmania—have slashed their allocations to the program. Western Australia have only spent a tiny proportion of what they originally indicated they wanted to use for FarmBis; South Australia slashed their allocations; and Tasmania have also not spent the funds that were available to them.

On the other hand, New South Wales spent more than was allocated. They asked the Commonwealth for some additional funds, and I transferred unspent money from Western Australia’s allocation so that New South Wales could undertake more FarmBis activities. Queensland also overspent and I offered them similar funds, but the Queensland government declined to put up any additional money. Essentially, the program has ground to a halt in Queensland, again because of the state government’s unwillingness to provide any funding for programs that might be of benefit to farmers.

When the allocations were provided in this year’s budget, we reckoned on providing funds that were approximately equivalent to what we expected the states to request. The states are now putting in their bids for FarmBis programs, and I suspect that the amount that we have allocated will be about right. Western Australia have indicated a willingness to put forward a bit more money this time, although it is still far less than they had originally proposed. Obviously, we are still waiting for indications from other states. Essentially, FarmBis is a matching program, and for the honourable member for Corio to blame the federal government because the state governments would not put up their share of the money is, I think, a very shallow excuse indeed.

The Australian government remain committed to FarmBis. We want to work cooperatively with the state governments, and we are encouraging them to match the Australian government funding so that regional areas can manage change and the difficult issues associated with risk management, continuous learning and market orientation, which are the key objectives of the FarmBis training program.

Of course, we would have to be concerned about the future of FarmBis if there were to be a Labor government in Canberra. Not only have we seen the record of many of the state Labor governments in slashing funding for FarmBis, but FarmBis was specifically identified by the Leader of the Opposition on his hit list of programs in the rural sector that he wanted to see abolished. Of course, that was when he was on the backbench and writing freely about his views on a whole range of issues. He has never retracted his notorious articles in the Sydney Telegraph or his comments in this parliament when he listed a whole range of farm programs which he considered to be rorts and ought to be brought to an end. Farmers would have good reason to be concerned if the current Leader of the Opposition were ever to be Prime Minister, because he is on the record about a whole range of farm programs—a record that he has never sought to retract.
This legislation will provide a number of improvements to the Farm Help program. It is a proven and effective safety net for farm families facing severe financial difficulties. It has worked well. It is well appreciated in the community. It will help Australian farmers build their capacity to manage risk, adopt new practices and improve strategic planning. The new program, I think, will better support farmers during the tough decision-making stage in their lives and ensure that there is practical assistance for them and their families to deal with these sorts of issues. I thank members who have contributed to the debate. I am grateful for the bipartisan support for the legislation and the recognition of the valuable role that this program plays in many rural communities.

Question agreed to.

Bill read a second time.

Third Reading

Mr TRUSS (Wide Bay—Minister for Agriculture, Fisheries and Forestry) (10.41 a.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

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

Second Reading

Debate resumed from 26 May, on motion by Mr Pyne:

That this bill be now read a second time.

Mr SWAN (Lilley) (10.42 a.m.)—The Family and Community Services and Veterans’ Affairs Legislation Amendment (Income Streams) Bill 2004 gives effect to measures announced earlier this year in the government’s statement ‘A more flexible and adaptable retirement income system’. The measures in the bill seek to amend the social security and veterans’ affairs means test assessments of income streams to: (1) provide a 50 per cent assets test exemption for market linked income streams from 20 September 2004 and (2) 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. According to the government, it wishes to encourage the use of retirement income stream products through a range of incentives built into the social security and taxation arrangements. The government has come to the view that the present 100 per cent assets test exemption for complying income streams is overly generous. The government says:

It enables wealthy individuals with assets substantially above the assets test thresholds to obtain an age pension. This is inconsistent with the intended role of the age pension to provide retirement income for people who have not been able to fully save for their retirement.

That exemption will be reduced to a 50 per cent exemption to match the treatment of market linked products from 20 September 2004.

While the opposition will not oppose this bill passing the House today, I do have a concern and we may have to look at it further and, if necessary, address it in the Senate. In particular, we do have some concerns about the potential impact of this measure on people with quite modest amounts of superannuation, who might stand to be disadvantaged in terms of access to a government age pension. We do need to be careful here that these changes do not leave people with modest means reliant on private growth pensions with high fees and charges and locked out of the age pension.

There is a background to this suspicion. Over the last 12 months, the government has been making a number of statements about the future of the age pension that Labor is
extremely concerned about. As we all know, the Treasurer has an agenda of ‘work till you drop’. This has been put forward by Treasury head Ken Henry. He has been, if you like, the stalking horse in Treasurer Costello’s campaign to lift the age pension qualifying age. Reports of 23 February this year in News Ltd papers have Dr Henry calling for people to defer retirement. This is of course linked to the Howard government’s plans which were outlined in a Centrelink submission to the government’s own parliamentary inquiry into ageing, which called for:

Options for encouraging work force participation include increasing the retirement age, ‘loosening’ income-testing provisions in relation to earnings after retirement, and widening the Australians Working Together initiative to encompass programs for workforce participation after age 65.

This submission outlined a range of proposals actively considered by a high-level task force which included Dr Henry’s department and which has the distinct direction of pushing for an increase in the retirement age or imposing mutual obligation on people above the age of 55. As I have said before, the comments from Dr Henry have echoed those of his boss, Treasurer Costello, in the Intergenerational Report, as well as a finance department policy paper that was leaked some months ago. So I think the government does have its eye on hundreds of millions of dollars of savings that would come from lifting the age pension qualifying age from 65 to 70, not to mention the money that would come from activity testing existing pensioners. That is a policy of ‘work till you drop’. This is no way to treat people who have given a lifetime of service and taxes to this country.

We should look a bit further at this Centrelink submission, which included a number of government agencies. I would like to quote from it a bit more extensively. Page 5 of that submission says:

Options for encouraging work force participation include increasing the retirement age, ‘loosening’ income-testing provisions in relation to earnings after retirement, and widening the Australians Working Together initiative to encompass programs for workforce participation after age 65.

If that is not a ‘work till you drop’ policy, what is? If the Centrelink plan to impose Australians Working Together style mutual obligation initiatives on age pensions were successful, the government would be effectively saying that age pensioners have to work for the pension. To be eligible, they have to work. This is certainly an agenda of the Howard government that seeps out from time to time. I do not think that the government denials about these plans can be believed. As I have said before, it all links up with Peter Costello’s Intergenerational Report and leaked papers from the finance department. There is a deliberate strategy under way to soften up the Australian community for the plans to force people to work beyond retirement.

Apart from the government’s agenda to get older Australians to work until they drop, they have been busy gouging existing age pensioners to reduce age pension outlays. Indeed, in Senate estimates hearings this week we have received the latest data on the government’s debt recovery pilot program. This program is an attempt to gouge age pensioners for the government’s administrative failures in data-matching over the past eight years. On 4 March in the Senate, Senator Patterson defended the coalition’s data-matching bungle, which has resulted in thousands of pensioners being stung with significant debts which should never have been allowed to accumulate.

What is the background here? The government simply had not been checking on the amounts it had been paying pensioners for a long period of time. That is despite all the rhetoric that we have had from this govern-
ment about how tough it is on welfare. The truth is that, through no fault of their own, many pensioners who had supplied all of the correct information regarding their income have suddenly been told that they have accumulated debts because this situation had not been corrected by the government. The government had no data-matching program in place to detect that these debts were accumulating. These overpayments would never have occurred in the first place if the government had been doing the proper checks. It has left many pensioners with the nasty surprise of debts running into thousands of dollars.

The incomes of pensioners and their partners should have been checked annually—certainly when most lodged their tax returns—but this never occurred. Many pensioners are now standing to lose their life savings or funeral money to repay these debts. In some cases, pensioners have been urged to sell or remortgage their homes. That is what the former Minister for Family and Community Services, Senator Vanstone, actually said. When the opposition described Senator Vanstone as a political hyena, we did it for very good reason. I think I first used that description following an interview that she did on A Current Affair on 22 August 2003 when a couple from my electorate were interviewed by Ray Martin about the fact that they had had a debt which had accumulated generally, through no fault of their own, and that they had been threatened by government officials with the sale of their home. They went to A Current Affair and put their case, and then A Current Affair interviewed Senator Vanstone:

Interviewer: What if they do not have the cash?
Vanstone: Well, we would look at their assets.
Interviewer: So you would be prepared to sell up their family homes?
Vanstone: Well I would be.

So we not only have this subterranean agenda of ‘work till you drop’ but also have this agenda to knock a lot of existing age pensioners off the benefit altogether or to take their homes. The fact is that this government has called in the heavies and taken out the knuckledusters to force pensioners to repay money they never knew they owed. They never knew it. This is not a question of fraud or deliberate fraud; this is a question of very lax and loose administration. People have submitted all of their details on many occasions, but they have simply been paid incorrectly and the government has had no system in place to detect that overpayment. So these debts have been accumulated because the government has not been conducting even the most basic data-matching checks. As we all know, small variations in fortnightly pension entitlements can accumulate over the years and they can add up to thousands of dollars.

Imagine an age pensioner living on her own—perhaps she has no family in the area—who suddenly gets a call or a letter from Centrelink telling her that she owes them $30,000. What sort of government would approach age pensioners in that way, without any sort of warning, and then send in the debt collectors? What sort of government have we got here? It is an absolutely heartless one—that is readily apparent across a whole range of areas.

If there was a problem, why did they not honestly come out and say there was a problem and put in place—as they have done with the farmers and the sugar package—a process of working their way through the problems with these people instead of scaring the hell out of them, intimidating them and sending in the debt collectors? What sort of government would do that? Pensioners are facing a range of threats from the government to repay debts, including intimidating and frequent phone calls from overzealous
debt recovery officers, the garnisheeing of their funeral savings, demands that family homes be mortgaged, demands that they take out personal loans and directions to pay debts with credit cards.

This is where it gets really sick, because what we managed to flush out in Senate estimates this week was the new figures on the collection of debt. In the last year the government has raised 2,003 debts against age pensioners whose income details it has failed to check. These debts total almost $10 million. The government has already recovered $2.4 million from elderly Australians. This is an average debt of $4,500. Or, to put it another way, a single age pensioner is being slugged with a debt equivalent to a third of their annual income. It is a disgrace that they would treat older Australians, who have spent a lifetime working hard and paying taxes, in this way.

This is the real rub. To make matters worse, in estimates the government confirmed that approximately four per cent of these debts have had to be paid using a credit card. It is beyond me how the government could allow anyone on a low income to pay a debt using a credit card instead of making other repayment arrangements. I acknowledge that these are debts which must be repaid. What I am appalled by is (1) that the government does not admit its culpability and (2) that it does not enter into some form of lenient and compassionate arrangement with elderly Australians to solve the problem. Imagine the interest they are paying on their credit card, which would be $675 a year on top of their $4,500 debt.

It is a disgrace that the government would force so many older Australians to use credit cards at interest rates of up to 15 per cent to pay off debts raised because the government simply had not checked the accuracy of their payments over the years. As I said before, last year we saw the terrible spectacle of the then Minister for Family and Community Services, Amanda Vanstone, saying that people should be forced to sell their homes to pay off their debts. It seems that nothing has changed about this government’s debt gouging of age pensions.

I turn now to further details of the bill and income stream products. By way of background, there are two main types of lifetime income stream products: lifetime pensions and lifetime annuities. A lifetime pension is provided by a superannuation fund and can be purchased with any moneys. A lifetime annuity can be purchased with any moneys. Lifetime income streams are payable for the person’s lifetime, paying income payments at least annually. Purchase involves exchanging a lump sum superannuation amount for a guaranteed series of future periodic payments.

Separate to lifetime products, which are paid during the purchaser’s life, there are also life expectancy products, in which the full dollar amount is paid to the purchaser over the term of the product. The term of the product is usually set to the estimated life expectancy of the purchaser at the time of purchase. Life expectancies are taken from the latest Australian life tables published by the Australian government.

Since the early 1990s allocated pensions and annuities—that is, income stream products—have become the most popular structured private retirement income stream plans in the financial market. Billions of superannuation funds and other funds have been rolled into or used to purchase income stream funds. Also, there are rapidly increasing numbers of self-managed superannuation funds that are being designed to switch from accumulating benefits to income streams. The advantage of income streams is that (1) they can be designed to meet individual
needs; (2) moneys can be pooled into a di-
verse range of managed investments, respon-
sive to market fluctuations and trends; (3)
savings can be made to last longer; (4) ac-
count balances can rise and fall with fluctua-
tions in pooled fund earnings and market
value of investments; (5) money is not nec-
essarily locked away and there is scope to
make capital withdrawals and to be taxed
under lump sum tax rules; (6) there is capac-
ty to vary income received; (7) there are tax
advantages for income withdrawals if taken
at a steady pace; and (8) investment income
earned is not taxable. The income stream
fund balance mainly reduces by the regular
income payments any capital withdrawals
and ordinary fees and charges.

The measures in this bill follow those in
the 1997-98 budget which changed the pen-
sions and benefits income and assets tests
treatment of income stream products. The
reforms were mainly in response to the in-
creased use of income stream products by
retired people and the increased diversity,
design and complexity of those products.
Currently, most investments are subject to
the income and assets tests. Under the cur-
rent rules, income stream products are gener-
ally caught by both income and assets tests,
with some exceptions.

For the income test, special rules apply as
the income stream payments generally in-
clude a return of a part of the capital used to
purchase the product. Mostly, it is only the
income part which is counted under the in-
come test. In brief, the features of the current
treatment arrangements are: (1) the prohibi-
tion on residual capital value was based on
the view that it would be unreasonable to
expect taxpayers to support the use of the
product for purposes other than a retirement
income stream—for example, to intention-
ally leave a lump sum to the purchaser’s es-
tate; and (2) the asset test exemption for
long-term products was aimed at providing
an incentive for people to use lump sums to
purchase an income stream that could be
expected to last for the duration of their re-

tirement, rather than relying on the age pen-

sion.

This government does not have a retire-
ment incomes policy. It is simply not there.
We have had this charade and pretence of the
Treasurer saying that he is addressing the
ageing of our population through his Inter-
generational Report. It is a report that denies
the importance of superannuation in the age-
ing of our population and in the future of our
economy. It is a report that denies the sig-
nificant influence of birthrates on the de-
pendency ratio in our community. The only
tool that this government is going to rely on
when it comes to taking measures to affect
the ageing of our population is that people
work longer and harder—that people work
till they drop. We on this side of the House
have a balanced approach to this issue across
the board. We intend to bring all the arms of
social and economic policy to bear when it
comes to a decent retirement incomes policy
for Australians, but it will also be a program
which will address the ageing of our society.

We will do it in a variety of ways. The
great irony of the recent budget was that the
Treasurer de facto had to admit that birth-
rates do have an impact on the ageing of the
population. Suddenly he gets up on budget
night and says, ‘I’m family friendly.’ This is
after denying time after time in this House
that there is any link between the financial
circumstances of families and the services
they can access, such as child care, and birth-
rate and age dependency ratios in the popula-
tion. He has denied that outright for years,
then he suddenly comes in, says he has a
family-friendly budget and insultingly calls
on the families of Australia to have one for
the country. Nothing could have been more
demeaning. Nothing could have been more
threadbare in this whole debate than those stupid comments made by the Treasurer of this country on the evening of the budget. Nothing revealed more the barrenness of this government’s policy approach to retirement incomes and the ageing of our population than the stupidity and the facile nature of the Treasurer’s budget some weeks ago.

We do need a family-friendly policy in this country. We do need better financial arrangements for our families so that they can receive their government family payments in a timely and more accurate way, when their kids need them, on a fortnightly basis. We absolutely need a commitment to family-friendly workplaces—something this government will never, ever touch. We absolutely need a commitment to enhance retirement incomes in this community. We absolutely need every arm of our policy working to the same goal, to increase productivity in the community so that we can enrich our nation and provide decent support for those who are already in their retirement years or approaching them. There is nothing in this bill that fundamentally affects any of the great policy challenges before us, except a few measures which tinker at the margin.

Mr LINDSAY (Herbert) (11.02 a.m.)—One thing about the Howard government is that we have a vision for Australia’s needs; we have a vision for the future of the country. We introduce, argue and debate ideas that are good for Australia over the long term. Just as the AusLink program that will be announced next week is the next piece of that vision, the government’s more flexible and adaptable retirement income system is also a vision and a combination of ideas that are good for the future of the country. I am disappointed to hear the ongoing suggestion from the member for Lilley that the government’s flexible and adaptable retirement income system is really nothing more than work till you drop. That is mischievous and misleading and in fact downright incorrect. Our vision is about enabling Australians to retire when they are ready, not to work till they drop. We want them to be able to retire when they are ready to retire, with products that will assist them to enjoy their retirement and to have security in their retirement.

The Family and Community Services and Veterans’ Affairs Legislation Amendment (Income Streams) Bill 2004 is part of that package. The principles of the bill were announced earlier in the year. Industry has had a substantial amount of time to consider it, as has the cohort of people who will ultimately be using the products that will come out of this bill. The government has basically received no objection whatsoever. There has been no significant correspondence from industry or from retirees or potential retirees. Indeed, the numbers who will be influenced by this bill are small. I would also point out to the parliament that it is important to understand that this bill does not affect any current retirees who have any particular arrangements. All of that stays in place. This bill refers to new products purchased and available from 20 September. Because industry and retirees expect that this is what is going to happen—and this bill delivers it—it would be exceedingly unwise to make any changes to what has been announced.

It is also important to note that this bill is called the Family and Community Services and Veterans’ Affairs Legislation Amendment (Income Streams) Bill 2004. The reason that Veterans’ Affairs is included in the title of the bill is that we have to make sure that there is consistency between the Social Security Act and the veterans’ affairs legislation. They have to be aligned so that those who receive payments under either of the acts are dealt with in the same way. The bill basically does two things. Firstly, it extends a 50 per cent assets test exemption to a new non-commutable product: market-linked in-
income streams. That takes effect from 20 September this year. Secondly, it changes the social security assets test exemption from 100 per cent to 50 per cent for certain non-commutable income streams that are purchased from 20 September and meet the requirements for exemptions from the assets test.

While a small number of people are affected negatively, you could also say that a small number of people are affected positively. In my view, there is no change in net terms as to how this affects the community. Indeed, we are going to see increased competition in the provision of income stream products. That can only be good for the country and for retirees. Customers will also benefit from having greater choice in selecting an income stream that best meets their retirement needs. The new product will offer potentially higher but more variable market returns than existing insurance-based non-commutable income streams. This is how we get the benefit to a number of retirees.

I indicated that I would speak only for a short while on this bill. I have had a number of briefings on this through the government members family and community services backbench committee. I asked a lot of questions and I am convinced that this bill should be 100 per cent supported because it does reinforce the vision that the government has and it is good for Australia over the long term.

**Ms HALL (Shortland)** (11.09 a.m.)—I will be supporting the legislation before us today. However, I express similar concerns to the shadow minister for family and community services and I know that this bill will be further examined when it reaches the Senate. The *Family and Community Services and Veterans’ Affairs Legislation Amendment (Income Streams) Bill 2004* seeks to amend the asset test exemption income stream from 100 per cent exemption from the social security assets test to 50 per cent exemption. It also seeks to extend the social security exemption to market linked income streams that are purchased. That will be in place from 20 September this year.

The income stream that has been exempt up until now has a fixed interest rate. That usually earns very low interest, or a very low rate of return, whilst market linked income streams earn market interest rates and, therefore, usually a higher rate of return. That will obviously benefit the pensioner or investor receiving that return and, to that extent, that extension would appear to be beneficial. The reduction in the assets test exemption for pensioners who have invested in fixed income stream products prior to 20 September 2004 will remain, and the 50 per cent assets test exemption for pensioners investing in market linked income streams will apply, as I have already stated, from 20 September this year.

Whenever any legislation that changes the rules is presented to members on this side of the House, we are concerned because we know how tricky and mean spirited the Howard government is. We know and we worry. We are concerned that this legislation is a step along the way to getting Australian pensioners to pay for their own retirement. We have all looked at the *Intergenerational Report*, we have all heard statements by the Treasurer and we all know the direction that this government is going in with regard to retirement income and to ensuring that older Australians have a secure income stream.

This government is about cutting the cost of an ageing population. Rather than addressing the issue and developing proactive policies that cover a wide range of areas, it is tinkering at the edges and trying to cut costs. The Howard government and the Treasurer lack vision and an innovative approach to
problem solving. This legislation is part of the Treasurer’s work-until-you-drop proposal. When the Treasurer made his work-until-you-drop statement earlier this year, my electorate office was inundated with calls from concerned pensioners. You might ask what the concerns that they raised were. The first concern was that they believed that this government is moving to take away their pension. That statement created insecurity. They feel vulnerable and are frightened. I must say that the Shortland electorate, the electorate that I represent in this parliament, is the 10th oldest electorate in Australia and there is a considerable population over the age of 65. So it is not surprising that my office received a number of phone calls.

Also very predominant in those phone calls was the fear that the government was moving to increase the age at which people become eligible for the pension. I do not think that this fear is unreasonable, given the government’s direction and the statements it has made. The government’s approach to introducing legislation is to, first, float an idea in the community. There is then a lot of debate about it and a little further down the track legislation is introduced that does just what the idea proposed. So people in my electorate were very concerned about those two issues: increasing the age of eligibility and the move by the government to take away the pension.

Another issue that was raised with me when I was talking to an older person from my electorate was baby boomers. If we look at the Intergenerational Report, at a lot of statements made by the government and at its policy direction—forgive me for saying ‘policy direction’; we on this side of the House are very confused about policy direction because it seems to be all over the place—

Mr Hardgrave—You haven’t got any.

Ms Hall—that is right—you do not have any. The minister acknowledges that the government does not have a retirement income policy or a policy to address our ageing population. I want it noted in Hansard that the minister acknowledged that his government does not have any policies to address the ageing population or the issue of retirement incomes. It was put to me that baby boomers have been at the cutting edge of all changes in our society. This final fuzzy policy direction that the government is introducing of ‘work until you drop’ is just another example of how this government is attacking baby boomers.

It is also important when we are talking about this legislation to express some concerns about the impact it will have on people who have rather modest incomes and rather modest superannuation payments. We really need to be mindful of that and look at the implications of this legislation. This legislation comes from the statement that the Treasurer made earlier this year about looking at a more flexible and adaptable retire-
ment income stream. Also included in this statement was a reference to the fact that the work test for people between the ages of 64 and 65 will be simplified from a weekly to an annual work test. That is not included in this legislation.

Accompanying that was a statement that people will be able to access their superannuation and non-commutable income stream once they reach the preservation age. I note that that is not included in this legislation either. When we look at this legislation we must look at the whole picture, which is that the government is really interested in getting people to work longer and to pay for their own retirement. It is not interested in ensuring that people have a good standard of living when they retire; it is interested in ensuring that it can save money.

I will now look at the issue of work for mature age workers. I am passionate about the fact that mature age workers should be able to work if they choose to. Unfortunately, I do not believe that the Howard government, the Treasurer and members on the other side of the House have addressed this issue. In the budget I believe $23 million is put aside to look at stereotypes and promoting employment, but it does not address the real issues that are stopping older workers from getting jobs. There is a perception amongst employers that older workers are not as efficient or effective as younger workers. You only have to turn to Westpac, an employer that has undertaken a very proactive employment policy where it actively seeks and employs mature workers, to know that that is not true. The government is not doing anything that will break down the active discrimination against older workers.

Age discrimination legislation recently went through this parliament. I think it is important to note, in relation to the age discrimination act in New South Wales, that the greatest number of complaints received about age discrimination related to employment. In the federal legislation, there was a higher requirement to demonstrate that age discrimination was the only reason that the person did not get the job. That is not in any other antidiscrimination legislation; just in the age discrimination legislation. I really feel that that legislation needed to be stronger, because the government is sending out a message that it probably is okay to discriminate against older Australians.

The government has failed to put in place initiatives to encourage employers to employ older people. It is all very nice to go out there and attack stereotypes, but employers actually need to know that they will benefit by employing older workers—and that is not happening. The Centre for Independent Studies, which this government favours in a number of circumstances, argues that mature workers cannot be retrained. This government needs to attack those kinds of statements and to put very positive messages out there, because older workers can be retrained, they are flexible, they have excellent attendance rates at work and they are able to master technology. As I mentioned earlier, you only have to turn to Westpac and see the types of initiatives that they have introduced and the successes that they have had.

The government approaches encouraging mature age employment by putting in place legislation that will force people to work longer, that will cut their income support, that will make it harder for them; whereas what they should be doing is putting in place positive, proactive initiatives. Whenever the Howard government introduces legislation that looks at changing eligibility for income support, changing asset tests or changing the rules in any way, it always makes members on this side of the House very nervous, very concerned, because we know that a change
will ultimately come back to bite the person whom that change is directed towards.

I know that members on this side of the House have had many phone calls from pensioners who have been concerned about the enormous debts that they have been incurring. Quite often these debts have been raised because there has been a mistake made at a Centrelink office, and an older person who is very vulnerable, who is faced with a debt that goes back seven years, becomes extremely upset and distressed. This government’s inhumane approach to this—threatening to sell their house or suggesting that they sell their house—is not the approach that we on this side of the parliament favour.

We recognise that older Australians are more vulnerable. We recognise that they become quite frightened when their financial security is threatened, and we would argue that any changes that are made should take into account all the issues that will affect those older people. This government has no respect for pensioners and veterans. It is a government that constantly changes the rules, and when it changes the rules those rules usually advantage the government, decrease its obligation, and disadvantage those people in Australia who are most vulnerable.

This government’s approach to a sustainable income and retirement policy in Australia is abysmal. It is a policy of work till you drop. It is not about support. It is not about choice. It is not about recognition of the contribution that older Australians have made and continue to make to Australia through volunteering—and, I might add, that is an enormous contribution to our economy. Older Australians who work as volunteers keep many organisations going. Without their contribution, Australia would be a much poorer place and many families would no longer be able to function. This government is about cutting costs. I support this legislation. I do so in the terms that the shadow minister expressed, and at the same time I would like to put on record my concern about this government’s treatment of older Australians and its policy of work till you drop.

Mr ALBANESE (Grayndler) (11.29 a.m.)—I am pleased to make a contribution to the debate on the Family and Community Services and Veterans’ Affairs Legislation Amendment (Income Streams) Bill 2004. This bill is of course a response to the Treasurer’s statement, ‘A more flexible and adaptable retirement income system’, which was issued on 25 February 2004. Of course, out in the suburbs of Australia, that report has become known as ‘work till you drop’—the Treasurer’s philosophy on what older Australians should do, to quote the Treasurer himself.

This bill attempts to change the income stream products which come in two forms: lifetime pensions and lifetime annuities. Over the last decade we have seen a massive increase in the number of Australians who, when they retire, rely upon these income stream products. We have seen the growth of superannuation funds—thanks to the previous Labor government making superannuation universal for the first time ever in this country—to literally billions of dollars. There are a number of products aimed at ensuring that older Australians have a steady income stream. These products can be designed to meet individual needs. Moneys can be pooled in a diverse range of managed investments which are responsive to market fluctuations and trends. Savings can be made to last longer. Account balances can rise and fall and money is not necessarily locked away. Many of these products are flexible. There is a capacity to vary income received, there are tax advantages for income withdrawals if taken at a steady pace, and in-
vestment income earned is not taxable. These products are the subject of this bill, which reflects the government’s philosophy.

The government’s philosophy is also reflected in its attitude towards older Australians—as has been outlined by the member for Shortland and by the shadow minister for family and community services. At the same time as the government is promoting legislation which it says is about ensuring that there is a steady income stream for older Australians, a number of measures are being introduced which in fact cause great concern and trepidation amongst these same older Australians about their future. Of course, one of those is the clawback of debts, as is occurring under the government’s debt recovery program.

The Labor Party does not have an issue with the concept that if you have a debt you have to pay it back. But this issue is far more complex. Indeed, we have seen arrangements entered into with special interest groups, such as the sugar plan, and other sections of the community who have financial hardship. But with age pensioners it is a different story. Many of these pensioners have accumulated massive debts which can run into not just tens or hundreds of dollars but indeed into thousands of dollars. And it is not because they have done anything wrong, it is not because they have lied about their income, and it is not because there is some fraud involved. These are elderly Australians who have made a contribution through the taxation system for all of their working lives; but, because of the government’s failure to undertake any basic data matching, they have been left with massive debts. The budget estimates suggest that there will be, in the coming year, some 105,000 matches conducted and that that will net $58 million—it will claw back $58 million.

In the budget estimates processes which have been going on for the past fortnight, we have found that, for just over 2,000 people who had to pay back debts, the average debt was $4,500. That is an enormous debt to be payable by an elderly Australian, when they had no expectation that that debt would be there and when it is a result not of any fault of the aged pensioner but, indeed, the result of a failure of the government system. Some of these debts, we found out in Senate estimates, have been repaid on people’s credit cards. What that means is that when the government sent in the debt collectors to visit elderly Australians, to ring them up and harangue them about this debt that they did not know was coming, four per cent of those people have actually been harangued into paying off the debts, in a block, with their credit cards. So they are not only paying the debt back—the debt that they did not know they were going to have—but also paying an interest rate of 15, 16 or 17 per cent on the debt, thereby accumulating further financial difficulty as it goes on.

That should not be of any surprise to those people who have watched the government’s administration of the family and community services portfolio. Senator Patterson is just following in the fine tradition of her predecessor, ‘Senator Vandalstone’, who said that pensioners should sell their family home. This is what the previous minister said back in August 2003, on A Current Affair on the Nine Network. The interviewer asked the minister:

What if they don’t have the cash?
The minister said:
Well, we would look at their assets.
The interviewer asked:
So you would be prepared to sell up their family homes?
The minister replied:
Well I would be.
That is a disgraceful threat from any minister of the Commonwealth of Australia. On the one hand, we hear about the issue of the ageing of the population and the need to handle the challenge of Australia’s future: within 20 years we will have more people leaving the work force than we will have entering it. We have statements by the Treasurer, legislation and an Intergenerational Report, which is required by legislation and which was brought down for the first time in last year’s budget. We thought that the Intergenerational Report would lead to a raft of legislation, an ongoing community debate and measures and support from the government to meet the challenge of Australia’s ageing population. But, of course, we see none of that occurring.

The issue of older Australians and their participation in the work force is one which must be addressed. During this term of the parliament I have held two shadow portfolios—that of ageing and seniors and that of employment services and training. Having the ageing and seniors portfolio was a great preparation for looking at the issues of employment services and training. During the period of developing relationships with organisations such as COTA and National Seniors, I was impressed by the absolute commitment that those organisations had to their constituent organisations and members. Since I changed shadow portfolio they have amalgamated into one stronger body. The government could do a lot worse than listen to what they have to say and their criticisms about the failings of the government to develop policies which are appropriate and sensitive to the needs of our older Australians.

The Job Network has as one of its major inadequacies a failure to deliver for more mature Australians. That was recognised in part by the government, which has a pilot program running—a very small pilot program—that concentrates support in particular areas for mature job seekers. But it simply does not go far enough. My office receives complaints certainly every week if not every day from older job seekers who write and say that they have been out of work for two, three or four years and they simply are not even being referred to any interviews, let alone being granted those interviews or making short lists. That can be extremely disheartening.

We have a real challenge in this country for older Australians who find themselves displaced due to the changing nature of our economy. The changing nature of work in particular regions has meant that many older Australians, due to no fault of their own, find themselves unable to gain employment. This is a situation that will become more acute, not less. We live in an economic age of globalisation, where economic change is very swift and where new industries appear. Because of that, we need to develop employment policies linked in with social security policies and retirement income policies which recognise that the days of my grandparents’ generation or perhaps even my parents’ generation, where a young person got a job after they left school and stayed in a career path in the Public Service, the bank, at the local council or with a private company for 30 or 40 years and worked their way up, have long gone. That challenge means that we need to address the issue of providing retraining, reskilling on the job and recognition of prior learning. All of those issues need to be addressed, but we need to address them in the context of valuing the contribution that older Australians can make and cherishing the experience that they bring to their communities.

I can think of no more practical example and demonstration of this than that which occurred last Friday at the Worldskills competition in Brisbane. This was a truly excit-
ing event—600 largely young Australians brought together from all over the nation competing against each other in trades as diverse as carpentry and joinery, motor mechanics, panel beating, bricklaying, cooking, hairdressing, hospitality and retail to be Australia’s best and then to compete at the Worldskills international competition to be held in Helsinki in May next year.

I went to this event last Friday with David Hind, the new chair on the ANTA board, and other guests—no-one from the government bothered to go. With the assistance of Australia’s young champion bricklayer, I tried to lay a brick—fairly incompetently, I must say. What struck me and hit home was the contribution that the older Worldskills volunteers were making. These people gave not only three days of their own time but also their skills and experience to younger Australians. I am told that over the three days 50,000 people went to the event. It was extremely successful. Australia can be very proud of its young Australians. They send a fantastic economic message to the international community when they go out and come back as the world’s best fridge mechanic—one of the people I met.

We should value our Worldskills competitors in a similar way to the way in which we value our young sportspeople. These people carry the flag for our nation—and they do it with the support of older volunteers. At the last census my electorate of Grayndler had some 14,768 people aged 65 and over—a bit over 11 per cent of my electorate. These people deserve to carry out their retirement with dignity and in the knowledge that the government will provide them with support as a priority. Unless we do that, Australia as a nation suffers. I believe that the Treasurer’s statement of ‘work till you drop’ was entirely inappropriate but it reflects more honestly what the government’s real approach is towards older Australians—uncaring and uncompassionate, as reflected by the way it has attempted to claw back payments from our aged pensioners. (Time expired)

Ms PLIBERSEK (Sydney) (11.49 a.m.)—I rise today to speak on the Family and Community Services and Veterans’ Affairs Legislation Amendment (Income Streams) Bill 2004. This legislation gives effect to measures announced earlier this year in the government’s policy paper A more flexible and adaptable retirement income system. The names of these policies never quite reflect the actual outcome of the policies as they apply to people’s lives. The measures in the bill apparently seek to amend the social security and veterans’ affairs means test assessments of income streams to: firstly, provide a 50 per cent assets test exemption for market linked income streams from 20 September 2004 and, secondly, to 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 government states that it wishes to encourage the use of retirement income stream products through a range of incentives built into social security and taxation arrangements, but says that, in its view, the present 100 per cent assets test exemption for complying income streams is too generous as:

It enables wealthy individuals with assets substantially above the assets test thresholds to obtain an age pension. This is inconsistent with the intended role of the age pension to provide retirement income for people who have not been able to fully save for their retirement. The exemption will be reduced to a 50 per cent exemption to match the treatment of the market linked products from 20 September 2004.

We are not declining to give the bill a second reading today, but we do have some
concerns, and we will look at those more in the Senate. In particular, we are concerned about the potential impact of this measure on people whose superannuation is quite small and who might be disadvantaged in terms of access to a government pension. I think it is relevant, when we are talking about people’s ability to save for their future and put money away into superannuation, to consider just how hard it is for some families to put that money aside throughout a working life.

I want to share with the House some correspondence I have received from a couple of people. The first is a constituent of mine, Joanne Marr, who has written to me on a number of occasions and urged me to make her situation public. She believes she exemplifies how difficult life has become for ordinary working people. She says:

I get extremely irate whenever I see Mr Howard or Mr Costello on television stating how much they have/are doing for Australian families. …

I do not feel my circumstances are particularly unique and in some ways I am much better off than other Australians who are classified as the ‘working poor’—I am lucky enough to live in a Department of Housing Property and receive a rental subsidy.

In 1997, my wages totalled $15464 and I received $5396 in Family Allowance payments—total income of $20,860. I was able to run an older model car, take annual holidays and generally live a comfortable lifestyle.

In 2003, my wages totalled $33716 and I received $4312 in Family Tax Benefit (finished in April 2003 when my child turned 16)—total income $38028. I had been forced to sell my car in 2002. The last time we had an annual holiday was in 1999 and it is a battle to get quality of food on the table let alone pay other household expenses.

Joanne has written to me in the past to make the point that, with the introduction of the GST, her cost of living increases and the decrease in the family tax benefit that she has received, day-to-day life gets much harder. For a person in this sort of situation, the idea that she will be able to take up the government’s incentives for superannuation is patently ridiculous. She is going to be very lucky if she saves enough in superannuation to have any sort of comfort as she gets older.

I have another constituent letter that I want to refer to a little later, but I want to turn for a moment to the issue of the government making life harder for working people—making it difficult for them to put money aside for their future—and what happens when pensioners, through no fault of their own, make some error in declaring their income to Centrelink and Centrelink raises debts against them. In the last year, the government raised 2,003 debts against aged pensioners whose income details it had failed to cross-check. Those debts totalled almost $10 million. The government has recovered $2.4 million from elderly Australians already, which adds up to an average debt of $4,500.

When I was growing up, I remember my mother’s friend Lill Fletcher saving for 10 years to accumulate the $7,000 it was going to cost to repaint her house. When she was on her deathbed, after having just saved the $7,000, she wanted to be reassured that the painting had started on the house as it had taken such a long time to save $7,000. Granted, that is a few years ago, and of course inflation makes these amounts different. But I can tell you that $4,500, one-third of a pensioner’s annual income, is an enormous amount of money for them. What is alarming about this is that many of these people will certainly go without. I remember Lill Fletcher buying sausage mince for dinner a few nights a week rather than meat because it was less expensive.

What has happened is that at least four per cent of the debts have been paid back using a credit card. If someone pays off the $4,500
debt using their credit card, they would pay $675 annually in interest rates on top of that. When someone is earning or receiving very little income these figures are quite substantial. I believe that these people, who have incurred debts through no fault of their own and who are being forced to pay them back—frightened into paying them back—by using a credit card, will certainly get themselves into financial trouble. But for most people of a certain age and a certain generation their aversion to debt means that they will certainly go without to repay those debts as quickly as possible.

There is no sympathy from the government on this. We heard the then Minister for Family and Community Services, Senator Vanstone, saying that people could be forced to sell their homes to pay off large debts. Even if this happens in a tiny minority of cases—even if it never happens—it is an absolutely terrifying message for people whose only security is in their own home.

The tragedy of these situations is that the debts are incurred through no fault of the person who incurs the debt, in many cases, and you see the same with family payment debts. It is almost impossible for people to estimate their incomes accurately up to a year in advance. The problem that the government faces is in the design of the overall system which requires people to do so. It is hard enough for someone who is receiving a full-time permanent wage to know their income a year in advance, but it is almost impossible for people who receive casual pay and part-time pay—casual pay in particular. We know that there has been an increase in the casual work force in Australia.

The other issue the government faces is that people are so severely penalised for telling the truth that even when they do I am sure that they sometimes wish they had not. I had another email from a woman called Meredith in Tasmania. I want to share that with the House as well. She says:

I would just like to let you know of my situation. I work as a counsellor and gender and sexuality educator for a community based organisation in Tasmania. This is quite specialised employment. I work a 9 day fortnight and earn around $37000 per year. After tax, including HECS, this gives me a take home pay of $522 a week.

I have one child. Her father doesn’t support his daughter in any way. As I believe in the importance of her having her father in her life, it has been me who has paid for her to go and see him on holidays. This is now not happening as it is unaffordable.

Recently I moved in with my current partner, so I went to Centrelink and told them. I was receiving $150 per week in family payments to help with the costs of raising my child. When I told Centrelink that my partner and I had moved in together they immediately cut my family payment completely. I believe I get the base rate now, but as I opt for a 6 monthly advance, I receive nothing each fortnight. I asked why they would take payments off me because there is an extra mouth to feed—and they said that the income tests are different if you are partnered. I have also lost my health care card.

My partner recently lost his job. He did receive Centrelink payments. Now he cannot get any assistance because my income is too high. So, due to our being honest, we have lost over $500 a fortnight.

That is $500 a fortnight for telling Centrelink how her situation has changed. She continues:

We choose to live remotely, in a little village outside of Burnie in Tasmania. I drive 45 minutes, one way, to work each day. With petrol costs escalating this is now becoming unaffordable for me.

I have now discovered that I am pregnant. I don’t have a health care card, and honestly—I can’t afford to go to the doctor as none of them bulk bill—and the few who do require a health care card! I NEED to go to the dentist, but can’t afford that either. My daughter is still entitled to use the
state dental clinic—but I desperately need dental care too—and I just can’t afford it. Neither can my partner.

I am buying my own home, so have loan repayments to make. I am paying off my car, so have car repayments to make. I try to be a good parent, so I have soccer games every weekend—and an hour drive every Saturday to get my daughter to soccer (petrol prices!). I couldn’t afford a great house, so I need to constantly work on it to ensure it stays warm and livable. I have to heat my home, so I have extortionate electricity bills to pay—and wood bills. I work, and I love my work, so I have petrol bills to pay to get to work—over $100 a week. We all need to eat—food prices have risen so much that eating is becoming almost unaffordable.

I work hard but can never seem to make ends meet. My partner wants to work hard. He wants to support us but he simply can’t find the work right now.

I am faced with a tough decision. To stop working and for us all to be on benefits together. We could then afford health care for myself and the baby I’m carrying, and for my daughter and partner. I then wouldn’t have the terribly high petrol bills. I could then get assistance with my electricity bills (not enough to make much of a difference really but honestly—every little bit helps). I would have the time to work in the garden to grow my own food. We would be better off as a family if we were on benefits.

In essence what is likely to happen is that my partner and I will split up. The tension created in our relationship caused by poverty is enormous. His lack of self esteem due to not working, and the stress I have due to being unable to afford simple things, like new bras for my pregnancy, is devastating our relationship. It would be different if he could work on our house during the week but we simply don’t have the money to buy materials needed to do that.

I honestly don’t know what to do. I am in a position that I never thought I would be in. I cannot make ends meet. $500 a week doesn’t make ends meet for a family of 3, soon to be 4. We are the working poor.

I am hoping that in explaining my situation to you, you will be able to highlight these issues amongst your party colleagues and the broader community so perhaps we can see positive change for myself and the many many others in situations similar to this.

I realise there are no quick fixes, but I hope, in this election year, this could be an issue raised and addressed in your party election platform. It isn’t the rich who need tax cuts—they can afford their electricity bills and petrol bills—it is us, the working poor. Because really, what is the incentive for me to work?

I replied to Meredith, and I was really very disturbed to get a reply from her a few days later that said:

Hi again Tanya,

It all seems quite irrelevant now, really. I got home from work today to find a note saying that he has left—that he loves me and my daughter and our unborn baby but he can’t stay here and watch our family go through all this and that he will be back when he can support us.

He knows we’ll be better off financially without him here. I don’t know where he is, when he’ll be back, how he’s feeding himself.

He’s been indoctrinated into a culture that says the male has to support the female partner—

Mr Pyne—I appreciate the member for Sydney’s genuineness in recounting this story to the House, and I in no way suggest that—

The DEPUTY SPEAKER (Mr Wilkie)—Is the parliamentary secretary wishing to raise a point of order?

Mr Pyne—I raise a point of order, Mr Deputy Speaker. My point of order—

Ms O’Byrne interjecting—

Mr Pyne—Thanks, Michelle. Don’t try and be tough—it doesn’t suit you. This is a bill about income streams for retired people, and the member for Sydney is talking about a matter which has no relevance at all to this bill. There is no provision in the standing orders as there is in the United States for the
filibuster, and therefore I ask you to draw her back to the legislation from an obvious filibuster so the government cannot debate its Marriage Legislation Amendment Bill 2004, which is what is happening here.

The DEPUTY SPEAKER—The member will know that the bill is referring to family and community services and veterans legislation taxation changes. I believe that the member for Sydney has been relevant to the bill and I will ask the member for Sydney to continue her remarks.

Ms PLIBERSEK—Can I address the point of order?

Mr Pyne—On the point of order, Mr Deputy Speaker: could you explain to the House how she is being relevant to the bill?

The DEPUTY SPEAKER—Excuse me! I will determine whether someone is being relevant to the bill or not. I do not need advice from the member for Sturt. The member for Sydney has been given the call and will continue her remarks.

Ms PLIBERSEK—The reason this is relevant is that we are talking about how people provide for their old age. How can a woman in this situation or a family in this situation provide for their old age? They cannot make ends meet today. You do not want to hear about it because it is your government that has put them in this position. It is outrageous! I have almost completed reading this letter from Meredith, and I think it is very important for you to hear it; I think it is very important for this House to hear it. I return to her letter about her partner:

He’s been indoctrinated into a culture that says the male has to support the female partner, especially when she is pregnant, but the jobs just aren’t there.

This really sucks, you know—really badly—and is so unfair. Now it is back to Centrelink and, because they tend not to believe people when they separate, I don’t believe this will be easy. Because we still love each other, they will probably say this constitutes us still being together. What sort of a system do we live in? I truly thank you for your support.

The reason I wanted to bring this correspondence to the attention of the House is that we are now in a situation where this government is saying it is going to make it harder for people to access pensions. I do not think it is unreasonable for wealthy people not to be able to access pensions. But when we are talking about making it possible for people to provide for their own retirement, it is worth remembering that this is almost impossible for many people—for women in Meredith’s or Joanne’s situation, it is certainly impossible.

Turning to the details of the bill, there are two types of lifetime income stream products: lifetime pensions and lifetime annuities. I would have liked to have gone a little more into the detail of the types of products that are available. However, unfortunately, because of the interruption by the member for Sturt, I appear to have run out of time. The opposition will not, as I said, decline to give the bill a second reading, but we do need to examine the principles and motivations behind this government’s plan to make Australians work till they drop.

Mr PYNE (Sturt—Parliamentary Secretary to the Minister for Family and Community Services) (12.08 p.m.)—in reply—I thank the members of the House who have contributed to this debate: the members for Lilley and Shortland; the member for Herbert, from the coalition; and, of course, we had the interventions at the end of the debate from the members for Grayndler and Sydney. We thank them for the contribution that they have made and for the genuineness of their interest in the establishment of income streams for retired people.
The Howard government is about providing choice and support for people in their older age, and the Family and Community Services and Veterans’ Affairs Legislation Amendment (Income Streams) Bill 2004 is about providing just that. The government is trying to give people the opportunity to provide for themselves beyond retirement age through either the pension or private means. Some of the speakers in the debate—recently, of course, the members for Grayndler, Sydney and Lilley—have strayed into the area of debating the government’s policy of allowing people to work past retirement age and take care of their own financial interests. The government’s policy on that is very clear: it is not a policy that requires people to work; it is a policy that gives people the opportunity, if they wish, to continue to work or to mix both retirement and work.

There certainly is a cadre of people amongst older Australians who do not wish to retire at retirement age and who feel that they can continue to contribute. We have examples of course in our own House, which we welcome. Not only do they want to contribute but they want to learn new skills. Research into this area shows that about 20 per cent or 30 per cent of people of retirement age are very keen to learn new skills, whether it is in computing or work that they might have hankered after all their lives but did not actually ever get the chance to do. Retirement presents them with the opportunity to change the way that they use their skills and continue to work into the future. That is the type of person to whom we want to give the opportunity to continue to work, learn new skills and contribute to the community in a working sense.

The government’s policy is a generous policy; it is open for people to either use it or not use it. There is no sense in which it forces people to continue to work. The generous benefits that the government provides through the taxpayers to people on pensions and to the many self-funded retirees who access pension benefits in terms of their concessions all remain in place. In fact, they have been enhanced and extended in every budget. I represent a seat in which there are many self-funded retirees, and I have been very proud over the last 8½ years that this government has allowed people to continue to be self-funded retirees and gain a small pension in order to access benefits and has recognised the contribution that they have made to society over their working lives.

The members opposite have also made some outlandish claims about the government increasing the age pension age. This is typical of the scaremongering which we have come to expect from the Labor Party, especially from the sorts of members who contributed to this debate. The members for Lilley and Grayndler are veteran scaremongers in this House and regularly frighten old people, not just at the local supermarket when they are campaigning but also in regard to their policy stance. They try and frighten old people into believing that the government would do things like increase the pension age, take away their pensions and reduce their pensions. None of this is true. The government has achieved an extraordinary outcome for pensioners that the Labor Party never managed to achieve in the time that they were in office. The government has absolutely no intention of raising the age pension age and the Labor Party know that. They are simply trying to frighten older Australians.

In the speeches today, the Labor Party tried to accuse the government of not having a retirement incomes policy—which is quite remarkable. The real emperor with no clothes is the Labor Party on the matter of retirement incomes policy. In most areas, the Labor Party do not have policies; in this area,
it is obvious they do not. What could be clearer than the member for Sydney in her address focusing on so many interesting but entirely irrelevant issues to this debate? I did actually make that point, Mr Deputy Speaker, as you know. She did so, and the member for Grayndler did as well, because there was nothing of any substance that the Labor Party could talk about in terms of their retirement incomes policy. Yet again, they just continue to try and frighten older Australians. As they see the election approaching and as the shine is coming off the Leader of the Opposition, in whom they put so much store, the Labor Party is recognising that the victory they thought was assured is not quite as assured as it might have been a little while ago. So they will turn, as they always do, to frightening older Australians, pensioners, children and anybody who they can try and force to vote for the Labor Party out of fear, not out of merit.

The members for Lilley and Shortland tried to put forward a case that the Howard government had not legislated the maximum single rate age pension to at least 25 per cent of male total average weekly earnings with proportional increases to the partnered pension rate. The Howard government did do that. It should be on the record that it was the Howard government that achieved the single rate age pension at 25 per cent of male total average weekly earnings. It is very important to get that right, of course, because the shadow minister in this area made such a catastrophic error in the Labor Party’s own superannuation policy that they announced a couple of months ago. We also have achieved that with proportional increases to the partnered pension rate. I commend this bill to the House. I welcome the contributions that have been made. I understand that the Labor Party will not be opposing this bill.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Third Reading

Mr PYNE (Sturt—Parliamentary Secretary to the Minister for Family and Community Services) (12.16 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

TAX LAWS AMENDMENT (2004 MEASURES No. 2) BILL 2004

Cognate bill:

TAX LAWS AMENDMENT (2004 MEASURES No. 3) BILL 2004

Second Reading

Debate resumed from 1 April, on motion by Mr Ross Cameron:

That this bill be now read a second time.

Mr COX (Kingston) (12.16 p.m.)—The Tax Laws Amendment (2004 Measures No. 2) Bill 2004 and the Tax Laws Amendment (2004 Measures No. 3) Bill 2004 are omnibus tax bills with largely technical amendments to the tax law, and Labor will support them. However, the limited time made available by the government to consider Tax Laws Amendment (2004 Measures No. 3) Bill 2004 makes it prudent for Labor to refer that bill to the Senate Economics Legislation Committee for closer examination.

Tax Laws Amendment (2004 Measures No. 2) Bill 2004 includes 12 schedules. While Labor supports all the measures in the bill, it welcomes in particular the Howard government’s backflip on providing public ambulance services with the same fringe benefits tax treatment as public hospitals. On 2 December last year, the government voted against a Labor amendment to Taxation Laws Amendment Bill (No. 5) 2003 which
would have provided relief. In doing so, the
government created anxiety and uncertainty
amongst ambulance officers around the
country. Many ambulance officers faced a
drop in income of around $200 per week, yet
the government did nothing. That was until
the secretary of the Victorian ambulance of-
ficers association and I went on Neil
Mitchell’s radio program on 3AW in Mel-
bourne highlighting the issue. Within 24
hours on the same radio program, Treasurer
Costello overruled his junior minister Sena-
tor Helen Coonan and announced that an
FBT exemption would be granted to public
ambulance services.

This was another example of the Treasurer
having to step in to fix the errors of an in-
competent minister who cannot be trusted to
deal adequately with the sensitive issues in
her portfolio. It was another example of the
growing list of issues where the Howard
government has been forced to follow La-
bor’s agenda. It is quite satisfying watching
the coalition steal Labor’s ideas and imple-
mement them. The Australian people could be
forgiven for thinking that Mark Latham, not
John Howard, is actually running this coun-
try today. Australians know that they have a
tired old government that is out of ideas,
slow to respond to problems and has to resort
to adopting the other side’s policies.

Labor also welcomes the government’s
decision unveiled in the budget to implement
another Labor proposal—that is, to recognise
the need for transitional relief for organisa-
tions that have recently lost their public be-
evolent institution status, and therefore their
fringe benefits tax exemption, as a result of
decisions by the tax commissioner. Most of
these organisations are medical research,
health and disability services undertaking
very important work for the community.
Workers in these organisations, particularly
in the disability area, are notoriously under-
paid and have relied on their salary-
sacrificing arrangements just to get by. The
loss of these arrangements cut the incomes of
thousands of workers on 1 April. I would like
to catalogue some of the effects that this
change had on individuals. We implored the
Minister for Revenue and Assistant Treas-
urer, Senator Coonan, to announce the gov-
ernment’s position on this before the loss of
these salary-sacrifice arrangements, and she
deprecated. It was all a little bit complicated.
These people were left to wait until budget
night. This had very severe effects on a
number of individuals. I am not going to
identify them by name, but I will read into the
Hansard some of the things that they
were being forced to do to make their own
household budgets balance. One person
writes:
The change to salary sacrifice coincided with
changes in my personal circumstances. Having
done a yearly budget, I fall $6,000 short of being
able to pay my basic living expenses, mortgage,
school fees, utilities, health insurance et cetera. I
have made a decision for my daughter and I to
move back in with my parents for one year to
give me time to re-establish more control over my
finances.

Another person writes:
I had to sell my house because I was not able to
afford the mortgage payments after losing salary
sacrifice.

An early indication of the government’s in-
tention would have obviated the need for that
person to do that. Another person writes:
I had to place my home unit on the market.

Hopefully that sale did not go through before
the budget announcement. A further person
writes:
I salary sacrificed in the beginning because my
husband and I do not have enough super when I
retire and we wanted to be responsible for our
finances and not rely on a pension. My husband
was retired due to ill health. We bought a rental
property as well as a life plan bond and the bond
was paid out of the $200 we were saving each
fortnight. The rent on the house almost pays the mortgage and management costs but we will get that back on tax. At the moment I am robbing Peter to pay Paul. I am paying the ETSA and Telstra bills by my Bankcard and paying minimum payments on this. This financial year I have studied and paid for this out of the renovation money saved and so I am hoping that at tax time I will get enough back to cover the Bankcard. Really, I am limping along hoping that the decision re the salary sacrifice will be overturned, so I am prepared to carry on like this for a few months.

They had to. Another writes:
I have put my house on the market and need to purchase a cheaper house to reduce my overall costs.

Another writes:
I have cancelled both my health cover and resigned from the Public Service Association. We purchased our house last year based on my total salary. I have lost $95 per week and even without paying union fees and health cover I am still behind. I have found the whole situation most stressful and anxiety producing.

Another person writes:
My wife and I have refinanced, i.e. we have renegotiated our home loan, the net effect being that we have extended it. This was needed to enable us to meet the costs of the financial commitments that we had made premised upon ongoing salary sacrifice.

Another says, ‘I had to cancel my health fund contribution.’ Another person writes:
I had to take out a loan to cover the cost of my studies. I also have two 18-year-olds that are at uni who have had to take on extra part-time work to help pay for their studies as I am restricted financially in continuing to support them. Due to having an older, unreliable car I was also about to update my car but have had to abandon this.

Here is another:
I am struggling to make mortgage payments and I am having to cut back in other areas. I have also recently accepted a new job that pays more money but would have preferred to stay where I am had salary sacrifice remained in place.

So there is somebody who has made a life-changing decision which was caused by the minister’s tardiness in making an announcement about what the government was contemplating when it was urgently required. Instead she waited another six weeks for the budget. Another person writes:
I am requesting extra permanent working hours as and when they become available—tough, though, with IDSC staffing. I am also about to cancel my extras medical tables.

Another person writes:
We have reduced our mortgage payments down to the minimum monthly payment and increased additional part-time work in order to supplement our income. At present we are attempting to struggle through in the hope that it will be reinstated. But if that does not occur we will be stopping our private health benefits and our personal contributions to superannuation.

Another writes:
I had planned to reduce my expenses by budgeting further on general expenses, eliminating regular payments to a specific charity, ceasing Public Service Association membership, reducing superannuation payments and keeping mortgage to interest only.

These are only a few of the individual cases that have been drawn to my attention by some of the people working for those organisations. One of the things that I think is important to put on record is that the relief that has been offered in the budget for these people is only transitional. It is for four years. That means that, in four years time, some adjustments are going to have to be made to these people’s personal finances—typically along the lines of the ones that people were arranging to make after 1 April. So there is an onus on their employers and an onus on their unions to negotiate improved salary arrangements that are commensurate with what will be their ongoing financial need and payment situation when salary sacrifice for them eventually expires. I hope that both
their employer and their union take this issue on board early and do something about it. It is going to be a significant cost to employers. It is going to be a significant industrial issue for unions. The onus is on the unions to get in there and do something about it, and they need to do it early. I would not like to be standing here in four years time dealing with the same issue because it has been allowed to run on.

I want to turn to the details of these bills. Schedule 1 of the Tax Laws Amendment (2004 Measures No. 2) Bill 2004 amends the taxation of life insurance companies. Before 1 July 2001, life insurance companies were exempt from tax or were taxed concessionally on certain income. As part of the government’s business tax reforms, life insurance companies are now taxed as companies. These were major reforms and the amendments in this bill seek to respond to industry and ATO concerns about the operation of the new taxation regime. The income of life insurance companies is divided into different types for income tax purposes. The three main types of income, which reflect the different types of business of life insurance companies, are: the ordinary class of taxable income which is taxed at company tax rates, income derived in relation to risk business and ordinary investment business being included in this class; the complying superannuation class of taxable income that is taxed at a rate of 15 per cent; and non-assessable, non-exempt income derived in relation to immediate annuity business.

The bill clarifies that tax losses in each class of income can only be used against taxable income in each class of income. If a tax loss occurred in the superannuation business, it cannot be used against taxable income in the ordinary side of this business. Previously, life insurance companies had to apply tax losses from the ordinary side of the business against either ordinary income or superannuation income.

The amendments also modify the taxation treatment of each type of business. In relation to risk business, the amendments ensure that provisions in the Income Tax Assessment Act 1936 relating to reinsurance with nonresidents apply only to accident and disability risks covered by the relevant reinsurance contracts. Certain reinsurance commissions are included in assessable income and the basis for determining the amount of the decrease in the value of policy liabilities that is included in assessable income is the same as the basis for determining the amount of the increase in the value of policy liabilities that is deductible.

In relation to ordinary investment business, the amendments clarify that the deduction for the capital component of ordinary investment policies does not apply to other types of policies, ensure that the funeral policies issued by friendly societies are taxed as ordinary investment policies, ensure that the amount of the reduction in exit fees over the term of a life insurance policy is deductible and ensure that risk rider premiums are included in assessable income.

In relation to complying superannuation business, the amendments clarify the scope of the deduction for the capital component of premiums received in respect of virtual pooled superannuation trust policies, clarify the scope of the liabilities that can be supported by virtual pooled superannuation trust assets, allow up to 30 days after the time of the transfer value of virtual pooled superannuation trust assets is determined or the time that the value of the virtual pooled superannuation trust policy liabilities is determined, whichever is later, to transfer excess assets out of the virtual pooled superannuation trust; and impose administrative penalties for the failure to undertake the required valua-
tions of assets and liabilities or to transfer excess assets out of the virtual pooled super-
annuation trust within specified time periods.

In relation to immediate annuity business, the amendments modify the types of policies that are exempt life insurance policies, clarify the scope of the liabilities that can be supported by segregated exempt assets, allow up to 30 days after the time that the transfer value of segregated exempt assets is determined or the time that the value of the exempt life insurance policy liabilities is determined—whichever is later—to transfer excess assets out of the segregated exempt assets; and impose administrative penalties for the failure to undertake the required valuations of assets and liabilities or to transfer excess assets out of the segregated exempt assets within specified time periods.

The bill also includes a number of technical amendments to the operation of the life insurance regime. Schedule 2 of the bill deals with the consolidation regime. The consolidation regime began on 1 July 2002 and allows groups of companies to be treated as single entities for taxation purposes. The amendments in this bill will provide greater flexibility to consolidated groups and will clarify the operation of the consolidation regime. There is a range of amendments to the consolidation regime included in the bill, including allowing corporate unit trusts and public trading trusts to head up a consolidated group. This is appropriate, as these types of trusts are taxed like companies.

The amendments also include aligning the period in which a choice is made to continue as a consolidated group when shares in one company are exchanged for shares in another company, with the notification period for events affecting consolidated groups, and ensuring that the assets of a joining entity that do not become assets of the head company under the single entity have their tax cost reset when the entity joins the consolidated group. The amendments further include implementing special rules for determining the income tax consequences that arise when a partner or a partnership leaves a consolidated group. They provide that, where entities with excess foreign tax credits join a consolidated group at the start of the head company’s income year, the head company will be able to use those credits at the end of that income year. The amendments provide modifications to the clear exit rule and the pay-as-you-go instalment liability rules and clarify that a group liability can be subject to only one tax-sharing agreement.

Schedule 3 of the bill deals with the venture capital regime which established three kinds of limited partnerships as a mechanism for accessing tax concessions. These amendments simply ensure that limited partnerships that are separate legal entities are eligible to access the venture capital concessions. Schedule 4 of the bill amends the Fringe Benefits Tax Assessment Act 1986 to allow for continuity of FBT treatment for non-remote housing benefits where administration and payment of FBT is devolved by state or territory governments to a departmental level. Schedule 5 of this bill amends the Income Tax Assessment Act 1997 to ensure that a capital gains tax event is not inadvertently created by the disposal of new interests in demerged entities.

Schedule 6 provides an explicit income tax deduction for individuals who must make United Medical Protection Ltd support payments. Without these amendments only practising doctors could claim a deduction for their UMP support payments. Retired or non-practising doctors who are required to make support payments would not be eligible for a deduction because these payments do not relate to their taxable income. This is consistent with the general rule that deductions are available only for expenses incurred in gen-
erating taxable income. The amendments ensure that all individuals who make UMP support payments can deduct those payments from their taxable income. This is done on fairness grounds, as retired or non-practising doctors are effectively incurring expenses related to past income.

Schedule 7 of the bill amends the A New Tax System (Goods and Services Tax) Act 1999 to ensure that the goods and services insurance provisions apply as intended to transactions undertaken by operators of compulsory third party schemes. Schedule 8 of the bill provides a limited response to recommendations made by the Senate Select Committee on Superannuation on the taxation of transfers from overseas superannuation funds. Australian residents can transfer superannuation funds from overseas accounts into Australian superannuation accounts. If such a transfer occurs within six months of an individual becoming an Australian resident, the funds are not taxed. However, if the transfer occurs after six months then any investment earnings from when that individual became an Australian resident are taxable.

Currently that tax must be paid by the individual at their marginal tax rate, not at the concessional superannuation tax rate of 15 per cent. This can create significant financial difficulties for individuals because they cannot access their superannuation funds until retirement to actually pay the tax. To avoid the situation of individuals not being able to meet their tax liability or being deterred from bringing overseas superannuation to Australia, the amendments in this bill make the superannuation fund liable for the tax. The investment earnings on the overseas superannuation will be taxed at the normal concessional superannuation rate of 15 per cent rather than at the individual’s marginal tax rate.

The bill also amends the foreign investment fund rules to ensure that transfers of overseas superannuation into complying Australian superannuation funds are not taxed twice. Schedule 10 includes some minor amendments to the simplified imputation system. The bill contains a minor amendment which ensures that provisions for the carry forward of excess foreign tax credits operate properly following changes to the foreign tax credit provisions that were made as a result of the Timor Sea Treaty. Finally, schedule 12 of the bill amends the alienation of personal services income provisions to clarify when the Commissioner of Taxation can make a personal services business determination which is consistent with policy intent. The effect of the commissioner granting a PSB determination is that the PSI provisions do not apply to the taxpayer.

In comparison to the Tax Laws Amendment (2004 Measures No. 2) Bill 2004, the Tax Laws Amendment (2004 Measures No. 3) Bill 2004 is a much smaller bill. It includes three schedules with no financial impact. Schedule 1 of the bill deals with the venture capital regime. The venture capital regime came into effect on 1 July 2002 and aims to facilitate the development of a venture capital industry in Australia by providing incentives for non-resident investment in relatively high-risk businesses. Eligible taxpayers and registered venture capital partnerships are exempted from Australian income and capital gains tax on their Australian investments. The concessions are limited to investments in companies with assets of up to $250 million. The amendments in this bill aim to ensure that the regime operates as intended and extend the eligibility criteria for the concessions to investments in holding companies that meet the eligibility criteria.

Holding companies are often used as investment vehicles by venture capitalists. Investments are made through holding compa-
nies in businesses eligible for the venture capital concessions. However, investments through holding companies are currently not eligible for the concessions. The amendments deem holding companies to have met the eligibility criteria for the concessions if they meet the other requirements that a company must meet to access the venture capital investment concessions. The bill also amends the permitted entity value rules under the venture capital regime. An eligible venture capital investment cannot be made into a company whose asset value, together with the asset value of any connected entity, exceeds $250 million immediately before the investment is made. The amendments in this bill will exclude the value of the assets of any connected entity that will not be connected with the investee company after the investment is made. New integrity rules will ensure that venture capitalists cannot over time purchase connected entities of a group and claim the concessions for each purchase.

Schedule 2 deals with worker entitlement funds. Worker entitlement funds are funds that provide for employee entitlements, such as leave and redundancy payments. They are used extensively in the building industry to allow workers to transfer their entitlements between employers and ensure that workers’ entitlements are secure in the event of insolvency. The ATO issued a taxation ruling in 1999 which would have resulted in payments to worker entitlement funds being subject to fringe benefits tax from 1 April this year. This would have resulted in payments to worker entitlement funds effectively being taxed twice, once on the way in and then when payments were made to workers. In response, the government—again, belatedly—introduced legislative changes in Taxation Laws Amendment Bill (No. 4) 2003 to exempt payments to prescribed employee entitlement funds from FBT. In order to allow existing funds adequate time to comply with the requirements for a prescription under the legislation, an FBT exemption was provided for certain contributions until May of this year.

I would like to acknowledge the role that Senator Marshall played in the other place in what was a fairly lengthy and difficult campaign to ensure that the government did provide that transitional arrangement which we are today extending, because some worker entitlements funds are still making adjustments to their arrangements to comply with the requirements of the exception to ensure that these funds are not adversely affected. The bill extends the exemption period until 30 May 2005. Again, Senator Coonan should have gotten on to this early and given it adequate priority. The commissioner originally issued his ruling in 1999 but it was not until almost four years later that the government decided to introduce the corrective legislation that the commissioner had effectively foreshadowed—

Dr Emerson—They were reluctant to amend their streamlined new tax system.

Mr Cox—They are always reluctant to amend their streamlined 8,000 additional pages of ‘a new tax system for a new century’. We are going to have to address improving tax administration in this country. We are going to have to be a lot more ready to give priority to administrative issues in the taxation system so that we do not have this continuing, serial list of near train wrecks that have to be averted with emergency legislation. Employee entitlement funds is one example of government policy that we have now had to revisit twice. The FBT exemption for health and disability workers is another that has been revised belatedly, as I was saying earlier before the member for Rankin entered the chamber.

Dr Emerson—Was that done in response to your information?
Mr COX—It was in response to an amendment that was moved by the Labor Party at the end of last year, and it took the government six months to come to a definitive position. They obviously had plenty of time to think about it. They were slow to act. Senator Wong asked a series of questions in the Senate pressing the minister before the deadline in April—when the FBT exemption was to be lost—to state a clear position so that the people who were going to be affected would know where they were going, and preferably to provide some relief. Senator Coonan fobbed her off and said that it was all very complicated and she was not going to make any hasty decisions. She had had five months to think about it at that stage and it took more than a month more to get an answer. An awful lot of people suffered a great deal in the meantime. Their lives had been disrupted and they had been put through a great deal of financial stress. People had put homes on the market and people had changed employment.

One of the ongoing issues in relation to the differential treatment of FBT in this area is that in four years time we are going to have two classes of workers in the disability area: those who continue to work for private PBIs, who will have access to salary sacrifice, and those that do not. That will be an ongoing complexity. There will obviously be a drift away from the non-PBI organisations towards the PBI organisations, and the non-PBI organisations will find it very difficult to retain their workers. That is a significant industrial issue that has to be addressed.

The final schedule in this bill, schedule 3, contains minor technical amendments that ensure that the provision for allowing foreign tax credits to arise in certain circumstances will continue to operate properly following changes to the foreign tax credit provisions that were made as a result of the Timor Sea Treaty. These changes are needed due to changes in the numbering of sections in the Income Tax Assessment Act in relation to the Timor Sea Treaty. (Time expired)

Mr CADMAN (Mitchell) (12.46 p.m.)—The Tax Laws Amendment (2004 Measures No. 2) Bill 2004 and the Tax Laws Amendment (2004 Measures No. 3) Bill 2004 contain a series of amendments to the tax act. It is no wonder, as one can see when one looks through the amendments, that the country is in such a good state. The budget revealed that the fiscal outlook for Australia remains really positive, with a forecast of an underlying cash surplus of $2.4 billion. Across the forward estimates the government will maintain the budget in surplus, after providing $36.7 billion in new assistance to families, tax cuts and increased incentives to boost retirement savings. All of this is due to good management, and that is what this legislation is about—care in the tax act to collect what is due and not to go beyond that. There are a range of measures in the legislation. Some of them draw in tax where holes have been established and some of them give concessions where concessions are due.

I noted the comments of the previous Labor speakers. I have looked back over the years to assess where the Australian Labor Party and the current government, my side of politics, lie in regard to taxes. I found that the Australian Labor Party has introduced 27 new taxes and the coalition has introduced six; the ALP has increased taxes 19 times and coalition governments have done so twice only over a period of 50 years; the Australian Labor Party has made no major changes abolishing taxes and coalition governments have made 12; the ALP has increased taxes 19 times and coalition governments have done so 25 times; and Labor governments have made no financial relations changes to the states—not one consideration of the states of Australia—and the coalition has made three. I could run through
I think the life insurance company provisions would attract the attention and support of all Australians. The current law as it applies to insurance companies means that tax losses of the complying superannuation class can only be applied to reduce future complying superannuation class income. Tax losses for the ordinary class must be applied to reduce both future ordinary class income and future complying superannuation class income. The new laws mean that tax losses for the complying superannuation class can be applied only to reduce future complying superannuation class income and tax losses of the ordinary class can be applied only to reduce future ordinary income.

There is also a provision here which I know that you would agree with, Mr Deputy Speaker Barresi—that is, the capacity for reinsurance to be done onshore or offshore. That means that for some measures such as accident insurance and small measures, insurance companies can reinsure offshore—that is, take it out of the country for reinsurance—but our life funds are preserved onshore. I think that is a very welcome change to the legislation. I think that gives assurance to those holders of life policies that the process remains in the country. I think it is a very sensible proposal. It should remain in the country so that any provisions to change the way in which insurance is held cannot be affected by international events; it is totally reliant on Australian circumstances. So that is a sensible provision in the new legislation.

Our proposals today are laid out very clearly in the amendments and in the explanatory memorandum for each bill. The explanatory memorandum is a useful document for people seeking to understand precisely what is going on in the tax act. It makes easier reading than the legislation itself, although it is still full of diagrams and changes.

Another provision of particular interest to me—and an issue that has caused concern, I know, to the accounting profession and to large companies—deals with the consolidation process. Companies have been looking for the greater flexibility that is brought about by this legislation for some time. The confusion of the original presentation was put to one side. It was not so much confusion as misunderstanding, but now, with greater clarity and flexibility, I know that companies and their advisers will be better able to deal with consolidation and particularly the capital gains tax aspect of consolidation.

The venture capital partnerships provision is something that we have sought for some
time, because Australia needs to be able to raise venture capital and invest in innovative items that are going to provide impetus to change in Australia. Unless we are on the cutting edge of technology, we are not going to be able to stay competitive. So the partnership arrangements for income tax purposes are dealt with in this legislation. The new law will be that a limited partnership that is incorporated as a separate legal entity and formed solely for the purpose of becoming a venture capital limited partnership, an Australian venture capital fund or funds, or a future capital management partnership, and to carry on activities carried out by such bodies, is a partnership under the income tax law. That just gives concessions the capacity to be considered appropriately, in full legal format. It is the sort of thing that we need to encourage, because often these partnerships are between a funds provider and the person or persons who have innovative ideas but lack resources. For all of these people, the partnership is a very useful arrangement.

Fringe benefits tax on housing for remote areas is dealt with in this legislation. This is something that has been of concern to many members on this side of the House representing regional and rural seats. Deductions for United Medical Protection Ltd are a flow-on from the failure of UMP. The legislation allows a deduction for those former members of UMP who may now no longer be practising medicine and who form part of the so-called ‘tail of payments’, where a practitioner may be eligible for a claim up to 25 years after the operation or procedure was finished. In these instances, they need to be able to claim protection from their insurer, and United Medical Protection Ltd is the preferred insurer—for New South Wales, anyway. So doctors can continue to make their contribution to this insurance to claim the protection, and it is tax deductible.

That, in brief, is a summary of the legislation, and I am pleased that the House is dealing with it today. In all of these issues, we have to be positive, as far as the tax office is concerned, and pay the tax that is due, but not pay too much. I leave the debate on this legislation by reminding the House that it is the promise of the Australian Labor Party that they will spend more, that they will give bigger tax cuts, that they will have larger surpluses, that they will reduce the net debt and that they will lower taxation and spending as a share of GDP—an impossible target, taken together. I remind the House that, when one looks back over the history of taxation, the imposers of new taxation are the Australian Labor Party. Those who will remove taxation are the parties from this side of the House. Those who seek to give relief and decent tax cuts come from the coalition parties. Those who seek to impose new taxes, to invent new taxes and to tax areas promised not to be taxed are the Australian Labor Party. With those remarks, I conclude my comments and commend the legislation to the House.

Dr Emerson (Rankin) (12.59 p.m.)—I am happy to indicate that Labor will support this omnibus bill, the Tax Laws Amendment (2004 Measures No. 2) Bill 2004, with its numerous sections. But I will respond early in my remarks to the comments from the member for Mitchell, who you might recall convened a group of 40 coalition members of parliament in a very late lunge for the job of Treasurer. They developed a set of proposals around family tax policy but forgot to tell the Treasurer, other than through the media. So the Treasurer woke up one morning and nearly choked on his Weeties when he saw in the newspapers an outline of the plan that had been developed by the member for Mitchell with his 39 colleagues. He held a press conference and slapped it down that day. So a lot of work from the member for
Mitchell bit the dust in a most spectacular way, and the Treasurer then resumed his Weeties.

The member for Mitchell also recited spurious numbers about taxes that had been introduced by previous Labor governments and asserted that a very small number of taxes had been introduced by the present coalition government. That is untrue. For my information, I rely on a report from the Clerk of the Senate, current to March 2004, that shows that the coalition, in government, has introduced or increased 144 taxes. The way the government tries to disguise this is by arguing that particular taxes are not in fact taxes but levies, fees or charges—anything but a tax. Members should look at *Hansard* to see the most humorous reference I can recall—the Minister for Agriculture, Fisheries and Forestry, trying to disguise the fact that the sugar levy was a tax, described it as ‘an opportunity to contribute’. He wanted to provide all Australians with an opportunity to contribute to the sugar industry through a levy. That is just one of the tricks of this government—redefining the taxes they introduce as levies, fees, charges and ‘opportunities to contribute’.

The bills before the parliament today are very substantial in volume. That should come as no surprise, and I want to make a number of remarks about the so-called streamlined new tax system for a new century, of which the Treasurer so proudly boasted in 2000 when he introduced a tax that, ever since, the government has been denying ever existed as a Commonwealth tax. I refer, of course, to the GST. The Auditor-General has identified it as a Commonwealth tax, and just about every member of this parliament debated the passage of that tax. Having given birth to it, the coalition government immediately disowned it. In Budget Paper No. 1, in the aggregates in relation to taxation as a share of GDP, you will not find any reference to the GST. It is an orphaned child that the government, having conceived and given birth to it, disowned immediately upon its introduction.

These bills are technically complex. For that reason Labor, whilst supporting them in the House, will refer them to a Senate committee. We welcome in particular the Howard government’s belated move—a backflip, in fact—on providing to public ambulance services the same fringe benefits tax treatment as public hospitals. In December last year the government voted against a Labor amendment to Taxation Laws Amendment Bill (No. 5) 2003. That amendment would have provided the relief that belatedly is provided in this bill. In December last year the government said it was a bad idea. Here we are in June—a full seven months later—and the government says it is a good idea.

In that seven-month period, the government has created unnecessary anxiety and uncertainty amongst ambulance officers around the country. We are not talking about small beer: many ambulance officers faced a drop in income of around $200 a week. Yet, for that seven-month period, and for quite a long period before that, the government did nothing. The government only changed its view when the secretary of the Victorian ambulance officers association and the member for Kingston—who is in the House today—appeared on the Neil Mitchell program on 3AW in Melbourne to highlight the issue. The government had been dragging its feet and refusing to move. Yet, within 24 hours of that radio interview, the Treasurer overruled the Minister for Revenue and Assistant Treasurer, Senator Coonan, and announced that an FBT exemption would be granted to public ambulance officers.

On behalf of the ambulance officers of Australia, I take the opportunity to thank the member for Kingston for bringing this to
public attention and for embarrassing the government into moving in a favourable way which has meant that ambulance officers are not confronted with an income loss of around $200 a week. Good on the member for Kingston and the ambulance officers association, and faint praise for the government for moving so slowly and creating such anxiety over such a long period of time.

Mr Deputy Speaker, I have with me the explanatory memoranda and the two bills—the Tax Laws Amendment (2004 Measures No. 2) Bill 2004 and the Tax Laws Amendment (2004 Measures No. 3) Bill 2004—which, as you can see, are indeed voluminous. This should come as no surprise, because it is the track record of the government to make the income tax system more and more complex. When the government was in opposition, the Prime Minister made certain commitments in relation to red tape. On 30 January 1996, not long before the election upon which the government assumed office, he said:

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

That task force was assembled, and it met. We are still waiting for any substantial visible evidence of any reduction in the taxation red tape burden on small business. In fact, through the GST—the orphaned child that the government has disowned ever since—a major new paperwork burden was imposed on small business. We see in the taxation law amendment bills before us today yet another amendment to the GST. This is the GST that was the centrepiece of the ‘streamlined new tax system for the new century’, as it was described by the Treasurer.

In those early days after the introduction of the GST, I vividly recall—from memory, it was around January 2001—the Treasurer being asked: ‘Have you got it right now?’ While we were debating the GST, more and more amendments were being brought in, some of them being brought in during the debate with no genuine opportunity for the parliament to consider those amendments. I vividly recall the Treasurer saying, ‘Now we’ve got it right; there will be no more amendments to the GST.’ In fact, the amendments flowed and flowed—and they continue to flow today in the form of the bills that are here before us.

But, to continue the Prime Minister’s set of commitments in relation to income tax legislation: on 24 March 1997—a bit more than a year after his first undertaking to seek to cut the regulatory and paperwork burden on small businesses by up to 50 per cent—the Prime Minister said:

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

So a ‘tidal wave’—as described on 24 March 1997. He also said on 24 March 1997:

During the election campaign we committed ourselves to the goal of reducing the burden of paperwork and red tape on small business by 50 per cent in our first term. I am confident that our response to the Bell report, along with other initiatives that we have already taken, will make a substantial contribution to that objective by the end of our first term.

Small business may have taken some heart from that. They might have thought, ‘At last we’re going to get a bit of relief; the income tax system is going to be simplified for us,’ but instead of that they got whacked with a massive $30 billion new tax on small business, which has become a compliance nightmare—as revealed by a recent Australian National Audit Office report on the GST which showed that neither the Australian
Taxation Office nor the small business community is satisfied because of the complexity of the GST, which is supposed to be the centrepiece of a ‘streamlined new tax system for a new century’.

I will now move to specific commitments in relation to the Income Tax Act, to which this legislation provides an amendment. On 14 August 1998, Alan Jones asked the Prime Minister:

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

The Prime Minister answered:

Yes it will because some of the anti avoidance measures which take up a lot of pages are going to disappear.

That was the Prime Minister’s undertaking: that the Income Tax Act, rather than being augmented with voluminous amendments, would in fact be reduced and simplified. He was asked whether the number of pages would be reduced and he said that, yes, it would. More than a year later, the Treasurer appeared on the Alan Jones program. Alan Jones asked the Treasurer:

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

And the Treasurer said:

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

On 22 September 1999, they were working on getting down the number of pages of the tax act. That is more than four years ago, and yet the Chairman of the Productivity Commission, Mr Gary Banks, gave a speech on 2 December last year in which he said:

The Income Tax Assessment Act—often taken as a regulatory ‘barometer’—has grown particularly rapidly since its inception. At nearly 7,000 pages, the ITAA (the 1936 and 1997 statutes together) is now nearly 60 times longer than the paltry 120 pages that did the job when it was first introduced in 1936.

He went on to say, quite cheekily:

To take a fanciful turn, were this rate of growth to continue unabated, I am informed that by the end of this century the paper version of the Tax Act would amount to 830 billion pages; it would take over 3 million years of continuous reading to assimilate and weigh the equivalent of around 20 aircraft carriers!

It is the fervent hope of Labor members of this parliament that we are not confronted with an Income Tax Act that is equivalent in weight to around 20 aircraft carriers and which constitutes 830 billion pages.

It is not quite 830 billion pages yet, but it is growing by the day. I have not had the opportunity to count the number of pages here, but they are very substantial. I will not weigh them, in deference to you, Mr Deputy Speaker, and to considerations of occupational health and safety in this parliament, but I will point out that the Income Tax Act grows day by day. And today is a big day! For those who are in favour of growth of the Income Tax Act, today is a celebration, because this is a particularly large addition that we are debating through the Tax Laws Amendment (2004 Measures No. 2) Bill 2004 and the Tax Laws Amendment (2004 Measures No. 3) Bill 2004.

On 15 January there was an interview that related to this very matter. On Life Matters, an ABC program, Julie McCrossin, who was hosting the program, welcomed Michael Inglis, a Sydney based tax barrister—who I think probably does all right, with all due respect to Mr Inglis, out of the complexity of the tax act. Barristers, accountants, solicitors and lawyers—an entire profession—gain a lot of their livelihood out of the complexity of the tax act. Mr Inglis said:

But I can’t resist. When I spoke to you last time, April of last year, Income Tax Act, 8,500 pages. Do you know what it is currently?
Julie McCrossin said:
I want you to tell me, because I was disappointed when you arrived today in the studio without the Tax Act, because last time you had a little wheelbarrow to bring it in.

Michael Inglis obliged. He said:
We did a great service last year, we really improved things—
I think he was being a bit facetious—
Currently, in fact it’s a few months old, 10,500 pages for your income tax legislation. Add in GST, FBT, super, 13,500 pages, 9.5 million words.

Julie McCrossin finished by saying:
Well, that’s worked for you, you’re a tax barrister.
So Julie McCrossin was onto the caper: that this is good for barristers and good for accountants—but it is not good for small business. The proliferation and the complexity of the Income Tax Act are not good for small business; yet this government says that it is the champion of small business.

Labor has developed a proposal that, if commonsense had prevailed, could well have formed one of the provisions in this legislation today—there are amendments in relation to the GST in this legislation. A very good amendment would have been to implement Labor’s private member’s bill on the so-called ratio method. Labor has developed an option for small business that it could choose a ratio method. Upon application to the tax office it would get a single ratio based on its historical GST performance and experience, it would multiply that by its GST sales for the relevant period and, Bob’s your uncle, the small business works out its GST obligation with no reconciliation. That would have constituted a genuine streamlining of the tax system in this country.

But when it comes to genuine streamlining the government is absent. Instead of streamlining the new tax system, the government is using taxation legislation such as Tax Laws Amendment (2004 Measures No. 2) Bill 2004 and Tax Laws Amendment (2004 Measures No. 3) Bill 2004 to make it evermore complex. I point out that even the explanatory memorandum—which is supposed to explain some aspects of the government’s so-called streamlined new tax system for a new century—runs to 234 pages. There is the commitment from the government to reduce the size of the Income Tax Act. The so-called revolutionary changes of 2000 that introduced the GST were going to produce a streamlined new tax system for a new century. It was going to reduce the number of pages in the Income Tax Act and reduce complexity, yet it takes 234 pages just to explain the content of the two taxation law amendment bills that are before the parliament here today.

When the Australian people analyse this government’s record and promises, they will not look at what the government says it will do or at what the government promises to do; they will look at what the government actually does. When it comes to the income tax burden on the Australian people and the tax legislation complexity, this government gets an absolute fail. The income tax burden on the Australian people has risen. It is now the highest taxing government in Australia’s history, as revealed and confirmed by Budget Paper No. 1, which shows that over the forward estimates period personal income tax revenue will increase by 25 per cent or in the order of $24 billion. That is a lot of growth. Some of that is income growth but a lot of it is bracket creep.

While the Australian people are being slugged with ever higher income taxation through bracket creep by this government, Australian businesses at the same time are bearing an increasingly heavy burden through the ever increasing complexity of the Income Tax Act and the GST—which is amended yet again here today. The GST was
supposed to be a simple tax. It has proved to be anything but that. In the first year following its introduction there were in the order of 85,000 private binding rulings, made simply to clarify the operation of the GST. Senator Ludwig has a question on notice in relation to the number of private binding rulings that have applied since then in respect of the Income Tax Act and the GST. That is now 60 days old. We await the answer to that question from the Treasurer or the revenue minister. I am quite sure that the answer will show that, far from being a streamlined new tax system for a new century, the Treasurer’s Income Tax Act is a fiasco. It is a massive burden on the small business community of this country.

Mr HATTON (Blaxland) (1.19 p.m.)—In regard to these two pieces of legislation, Tax Laws Amendment (2004 Measures No. 2) Bill 2004 is an omnibus bill and deals with a range of different changes. These changes affect a number of employees in semi-government organisations in South Australia and the problems they have in terms of the loss of their particular status under the legislation. The changes also deal with the question of consolidation of assets, problems with life insurance companies and so on.

As the member for Rankin has indicated, and as argued previously by the member for Kingston at length in dealing with the provisions of this bill, this bill is not only omnibus but covers an extraordinary range of changes to the existing provisions of the Income Tax Act. Those changes add to the complexity of that act and they add to the difficulty of interpretation. It would be and it should be a goal to make that tax act simpler and more accessible.

The only group of people that the member for Rankin left out were economists and accountants. Certainly Treasury and the tax office have employed enough of those over time. They are growth industries if ever there were any. If we look at the move from the wholesale sales tax regime, where Australia took in $6 billion a year of income, to the GST based regime—based on the 1960s model—which was a $32 billion tax regime when it was initiated, the amount of time and effort by economists, tax accountants, lawyers and other specialists in regard to this increased greatly, because of the BAS and so on.

If you look at the bulk of the amendments made here in these two bills—with the omnibus bill being No. 2—they deal with a lot of things that need changes because they have not worked well enough in their original form or alternatively because there is disagreement among those people who specialise in interpreting these things as to what they really mean and therefore the law needs to be clarified in regard to that.

I do not want to speak at length on the Tax Laws Amendment (2004 Measures No. 2) Bill 2004, given that it involves areas I do not have all that much association with. I do want to deal with what the Parliamentary Secretary to the Treasurer dealt with at length, the Tax Laws Amendment (2004 Measures No. 3) Bill 2004. That has two fundamental parts. The second part, which he alluded to in his speech, concerns worker entitlements. The first part deals with venture capital and the difficulties we have in attracting venture capital from overseas in significant enough quantities and with directed purpose so that we are able to get the funds we need to allow Australia to expand.

The Tax Laws Amendment (2004 Measures No. 3) Bill 2004 seeks to address some fundamental failings of the operation of the act that was put into place in July 2002. It is not the fault of the people who put it together or who thought up the ideas. It is a question of what happens when you aggregate all of
the previous approaches that have been taken to try to attract venture capital to Australia and when you look at the significant problems that Australia has compared to other countries which exercise a great deal in the venture capital area—in particular, the United States. The greatest example of the operation of venture capital in the United States is Silicon Valley. We have seen in Singapore, in particular, and also in the developments in Malaysia, attempts to mirror the activity that has occurred in the United States. Likewise, in a number of places in Australia there have been attempts by new industries, particularly knowledge industries, to duplicate the kinds of approaches that the Americans have taken to venture capital.

We have learned that we have a series of interconnected problems, which this parliament has attempted to address. They lie not only in research and development but also in attracting appropriate funding for new companies and in trying to ensure that they are able to grow from small and medium enterprises into much bigger ones. We have the R&D Start initiative and a series of others, which are directed towards helping very small companies to get onto the first stage of growth and development.

Two of the parliament’s committees that I have been involved in over the period from 1999 until now—the industry, science and resources committee, which is now the industry and resources committee, and the science and innovation committee—have examined research and development done within Australia and in report after report have addressed the problems we have of not having enough business research and development and having too much on the government side. One of the first such reports, which came from the industry, science and resources committee in August 1999, was The effect of certain public policy changes on Australia’s R&D. We have recently seen another report by that committee in this parliament, dealing with the lack of R&D in the mining industry and impediments to Australia’s growth in that area, where there has been a dramatic downturn.

One of the other key focuses has been on venture capital. In particular, it was a recommendation of that committee that Australia look at flow-through schemes such as that operated in Canada—one of our chief competitors in trying to attract funding. The recommendation is that we seek to draw on that Canadian experience. After taking extensive evidence, the committee said: ‘Yes, this is a fundamental problem. There’s not enough current venture capital. There are ways in which you can address this. Venture capital schemes in Australia have not operated to the benefit of the mining industry and are really not as applicable there as they might be. Therefore, the flow-through schemes bear close looking at by the government.’ Unless we can effectively compete with Canada and other countries for new money to come into risky ventures, we have no real chance of succeeding.

There are also a series of other areas of the Australian economy where we have extremely small companies operating. There are many one- to two-person operations, through to those with eight, 10, 15, 20 or even 50 people, in areas of the creative arts. I am involved with another committee, the communications committee, which is currently finalising its report into the whole question of how we are best able to assist newer industries in the digital area to push through. From the publicly available evidence that came to that committee, one of the problems they have is that there is simply not enough venture capital available for them to be able to access funds on a ready basis and take up the opportunities that are there. They are stuck with the problem of having to rely on their own resources and, particularly in
the games area—where they can end up making far more profit that you would ever make from a film—they can be stuck with the problem that the up-front costs are very high and that the pool of venture capital in Australia is very small. Although that venture capital pool has grown somewhat over the years, it is still not as sophisticated or as broad as what is available overseas, in particular in the United States. Most of the work that Australia does in the games industry—the tens of millions of dollars that come back to Australia in the games industry, for instance—is being done for overseas markets. Because of the success of our Australian product, the industry have been able to draw some funds from overseas.

The amendments to the original operation of the Venture Capital Act of July 2002 addressed in this bill run to the fundamental problem of where the big money is and the question of what we were really trying to attract. Was it just individual venture capital companies or also the really big money? The really big money is held in the United States pension funds. When this bill came forward in July 2002 there was an express hope that a very small part of those funds, which are in the billions of dollars, might be available in Australia for risky ventures. Although you might think those funds would be staid, given that the money that goes into them comes from the pockets of American workers who contribute to their pensions throughout their working lives, Americans show entrepreneurship, competitiveness and, indeed, venturesomeness.

Americans realise that they need not only a balance of stable and productive assets in the manufacturing and property areas but also a part of their portfolio to be at the cutting edge—most innovative and risky—of things in order to obtain larger benefits. That is the case, despite the fact that we know that the dotcom boom had a dramatic effect on the way that not only US pension funds but also other investors in the United States and, indeed, venture capitalists saw the whole area of digital activity. They overreacted tremendously. The dotcom boom burst and dramatically affected the amount of money that was available. Too much had been committed to something with poor prospects. The reality is that, as everyone involved in venture capital knows, out of the number of projects that money goes into, some will perform extremely badly, others will perform moderately and others will be investment stars. That is the business they are in: getting investments stars identified.

One of the ways in which this bill attempts to address the current perceived problems is to do away with the prohibition on holding companies. The existing bill says that, in order for companies to access the provisions of this bill and therefore be eligible for what this bill allows, they must approach it in the right way. An eligible taxpayer, including US pension funds and registered venture capital partnerships, would be exempted from Australian income and capital gains taxes on Australian investments. That is a very significant thing to put out to people, to say: ‘We want you to come and invest in our country. You won’t be treated like an Australian company, subject to capital gains tax and company tax. We won’t treat you that way. We want your money. We really need it in these areas where Australians have been incapable of adequately providing money.’ But, being careful, the original bill said that it was only registered venture capital partnerships or funds like pension funds that it was really after and that there were big questions about holding funds.

The reason there are big questions is explained appropriately in the explanatory memoranda. It is a question of what is normally the primary activity of a holding
that is, the receipt of dividends and interest. If it is the case that the primary definition of a holding company is that it just gets the dividends and the interest coming in, then its primary activity is not one of the three tested areas within the original bill and within the specific changes here. They are:
(1) that 75 per cent of the assets of a company are primarily used for those activities, (2) that 75 per cent of employees are engaged primarily in those activities or (3) that 75 per cent of total assessable income is derived from those activities—those activities that would seek to get the benefit in areas that, shall I say the almost Shakespearean but certainly inelegant way that the bill puts it, are ‘not ineligible’. The bill deals not with ‘eligible’ activities or entities but with those that are ‘not ineligible’. What are they? If they are low risk or low innovation, they do not get a guernsey here—that is, property development, finance, insurance, construction and investments that generate passive income; the bulk of the activity in the economy, and the bulk of the activity, of course, venture capital should not repay. We want to promote the hard edged, innovative activity.

It should be noted that it is possible for the pooled development funds that are looking at the proposals that are being put forward either by venture capital partnerships or by US pension funds to make an assessment that, even if two out of the three criteria are failed—even though they are fundamental criteria in terms of the predominant activities—they can still make a decision that the investment could continue. If it were decided that 75 per cent of the total income or of the employees were not engaged in the primary activity of a fund, they can still say that this investment is of such importance that the fact that 75 per cent of the assets of the company are involved in this area is what is most significant. This is an indication of how much Australia needs those venture capital funds and how much the government is willing to put forward a case to say: ‘The initial bill so far certainly hasn’t attracted the funds that we thought it would. Therefore, we want to clarify the situation and to send a very strong message to US pension funds that we’re open for business in this area.’

I am not sure—and the Parliamentary Secretary to the Minister for Industry, Tourism and Resources may choose to clarify this—if the question is whether or not we are dealing with Australian registered holding funds. I can think of one holding company—an investment company—that has done reasonably well. Its activity has certainly been primarily the receipt of dividends and interest. It is a company called Berkshire Hathaway, which is run by Warren Buffett. Warren Buffett is one of the most wealthy people in the world. He started with nothing, and he has now got something like $42 billion in personal wealth, built out of a holding company that invested in other companies, taking dividends and investments back in. It invests primarily in a range of companies that would not normally be part of this venture capital bill, because the companies have been a lot safer and surer in their performance. Berkshire Hathaway as part of its portfolio has, in relation to some items, been more innovative in what it has done. I take it that, in relation to the sort of activity that this bill is contemplating, if a company of that type were registered in Australia and were doing it in this way, it would be able to undertake its activities. Berkshire Hathaway is so big and if most of what it is involved in—certainly more than 25 per cent of what it is involved in—is not innovative so it might not succeed. But the model is right. If the company is constructed in such a way that it wants to get involved in these more venturesome things then it can do it.

I welcome the fact that the government has been willing to face this situation. After
putting together the original Venture Capital Bill almost two years ago—which has not operated successfully in drawing in strong funding surges, particularly from the United States—the government is willing to make the situation absolutely plain to foreign investors in order to encourage them to put their money into our more risky activities. We are forced to do this because of the history of Australian investment. We are a country that is dependent upon investment from overseas, and that has been the case since first settlement. We are a country where there has been an antipathy towards foreign ownership of some of our assets. The countries, the people and the entities have changed over time, but the reality is that we cannot develop this continent on our own. We cannot, on our own resources, develop the new industries that will take us further forward in the 21st century. Through our own superannuation funds, we have gone some part of the way towards building a fundamental financial foundation that we can draw on to attract foreign investors into more risky ventures, to support Australian companies, young people, SMEs—who are working in the digital area, for instance—or to support the mining area more directly, or our other sources of investment through venture capital. That will do its work in the future; it is already up $600 billion and will be working its way through. I commend the changes in this bill—\(\text{(Time expired)}\)

Mr ROSS CAMERON (Parramatta—Parliamentary Secretary to the Treasurer) (1.39 p.m.)—in reply—It is my pleasure to sum up the debate on the Tax Laws Amendment (2004 Measures No. 2) Bill 2004 and the Tax Laws Amendment (2004 Measures No. 3) Bill 2004, and to thank all members for their contributions. Tax reform that makes business more competitive represents an investment by the government in securing a successful economy. It is in this setting that jobs and investment and trade opportunities are created for Australia, all of which are fundamental to our continuing economic prosperity. These bills further deliver on the government’s commitment to creating an economic environment in which business can prosper for the benefit of all Australians. The government has listened and been responsive to industry calls to remove impediments to business investment and restructuring. The open and constructive engagement of business in the design and implementation of tax reform has been a hallmark of this government’s approach. These bills further demonstrate our commitment to consultation and a preparedness to listen and act as a result.

In addition to this range of business tax measures, the first bill also implements a number of other tax measures. The government has introduced a scheme to address the unfunded incurred but not reported liabilities of medical defence organisations, and introduced a contribution scheme which imposes a liability on doctors to fund the scheme. The bill ensures that all individuals who make United Medical Protection support payments will be entitled to an income tax deduction for the amount of their contribution in that income year. The bill also contains the government’s response to the recent court decision which found that some public ambulance services were ineligible for the fringe benefits tax exemption of up to $30,000 per employee available to public benevolent institutions. Following this court decision, the government announced that it would make an FBT exemption of up to $17,000 per employee available to public ambulance services consistent with that currently available for public hospitals. In addition, it was announced in the budget that Commonwealth grants will be made to support organisations in the transition to this lower fringe benefits tax concession. In relation to the ambulance measures, the member for Kingston argued
that this was an example of the government following Labor’s lead. While I say that a government ought not be too proud to pick up a good idea from an opposition, in this instance it is simply not the case.

The Australian people are eager to hear the Labor Party’s own position on tax. I see that the member for Kingston—one of the more thoughtful members of the opposition; one of the more literate in financial matters—has been left somewhat high and dry by the Leader of the Opposition in relation to the member for Kingston’s own suggestions or hints regarding Labor’s tax policy, particularly in respect of his view that the second tranche of tax cuts are non-binding on the Australian Labor Party. That may or may not be the case. The Leader of the Opposition may come to the rescue of the member for Kingston and confirm that Labor regards the second tranche of this budget’s tax cuts as non-binding on the ALP, and that that money would be better spent elsewhere and taken back from the taxpayer. However, to date, we are all breathlessly waiting for the arrival of Labor’s tax policy. In the lead-up to our budget, the Leader of the Opposition was peppered with questions as to whether he would match the government’s tax cuts. He said, ‘Just wait until budget week.’ He said that budget week was the time when the opposition’s tax policy might properly be given to the Australian people and a comparison be made, and that he would not be pressured into releasing his tax policy before the government released ours. Budget week is disappearing into the mists of time and yet, still, we have not seen the first glimmer of an ALP tax policy. So, we look forward to that development with bated breath.

In relation to the public benevolent institutions, the government’s response is, in fact, a comprehensive response to the relevant federal court decision. Labor’s amendment of last year would have left ambulance services—which are public benevolent institutions—hanging without any support in the movement away from the $30,000 capped FBT exemption. The government looked at the issue more carefully and has provided transitional grants to assist these organisations, which would have been entirely absent had we adopted the opposition’s more superficial analysis of the needs of ambulance public benevolent institutions. The FBT laws will also be changed to permit the continuity of FBT treatment for non-remote housing benefits where the administration and payment of FBT is devolved by state or territory governments to an agency. This will reduce compliance costs for those governments.

The bill will encourage those who have come from overseas to transfer their foreign pension entitlements to Australia. The change will enable a taxpayer who is transferring their overseas superannuation to an Australian complying superannuation fund to elect to have part of the transfer treated as a taxable contribution in the Australian superannuation fund. By doing so, the fund rather than the individual taxpayer will pay the relevant tax arising from the transfer, and tax will be paid at the concessional superannuation fund rate rather than at the individual’s marginal rate. Lastly, Tax Laws Amendment (2004 Measures No. 2) Bill 2004 amends the alienation of personal services income provisions to clarify when the Commissioner of Taxation may make a determination that the alienation provisions do not apply to a taxpayer. Technical anomalies in the current law may give rise to unintended outcomes. The amendments will ensure the law operates according to the original policy intention.

The second bill considered in this debate, Tax Laws Amendment (2004 Measures No. 3) Bill 2004, completes the government’s commitment to establish a best practice venture capital investment regime, which was introduced in July 2002. Under the venture
capital tax regime, eligible foreign investors are exempt from income tax on profits from the disposal of their investment in eligible Australian venture capital investments. The amendments ensure the venture capital tax concessions operate as intended and expand the range of investments eligible for the venture capital tax concession. Finally, this bill will amend the fringe benefits tax law to extend by one year the transitional arrangements for employer contributions to worker entitlement funds.

I listened with interest to the member for Rankin and his impassioned plea to government to reduce the compliance burden on business. I note that this follows his remarks earlier this week, when he raised with COSBOA, the small business representative group, concerns about the impact of unfair dismissals. I am pleased to see this newfound concern—in effect, the first real flicker of concern in the Australian Labor Party—about the impact of the unfair dismissals laws. It is a welcome development, and we hope that the member for Rankin’s desire to alleviate the burden of unfair dismissals laws on small business will continue and that he will become the leader of a crusade within the Australian Labor Party to overturn their resistance in the Senate to amending these harsh and oppressive measures.

This collection of tax laws is of that character. It is designed to make the Australian economy more efficient. It is designed to widen the range of tax concessions available to Australians, who need and deserve them. In particular, it is an acknowledgment of the contribution made by the ambulance services, whom none of us want to see in our driveway but whom we are most grateful for in our moments of most urgent need. It is part of the ongoing commitment of this government to present Australia to the world as one of the most competitive and efficient economies available. I commend the bills to the House.

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

Third Reading
Mr ROSS CAMERON (Parramatta—Parliamentary Secretary to the Treasurer) (1.49 p.m.)—by leave—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

TAX LAWS AMENDMENT
(2004 MEASURES No. 3) BILL 2004
Second Reading
Debate resumed from 27 May, on motion by Mr Ross Cameron:
That this bill be now read a second time.
Question agreed to.
Bill read a second time.

Third Reading
Mr ROSS CAMERON (Parramatta—Parliamentary Secretary to the Treasurer) (1.50 p.m.)—by leave—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

TELECOMMUNICATIONS (INTERCEPTION) AMENDMENT (STORED COMMUNICATIONS) BILL 2004
Second Reading
Debate resumed from 27 May, on motion by Mr Ruddock:
That this bill be now read a second time.
Mr McCLELLAND (Barton) (1.50 p.m.)—The opposition supports the second reading of the Telecommunications (Interception) Amendment (Stored Communica-
Before turning to the provisions of the bill, I will say something about the bill’s extensive and somewhat turbulent history. As the Attorney-General alluded to, the Telecommunications (Interception) Act 1979 was developed a quarter of a century ago. At that time, Australia’s telecommunications system was relatively homogenous, based around live, fixed line phone calls. Since then, there has been a range of new communications technologies developed. It is probably the greatest area in which technology has developed and expanded, and it has certainly developed on a large scale, including things that are now commonplace, such as mobile telephones, text and multimedia messaging, voice mail, email and other Internet based applications such as voice over Internet protocol—which, given my ignorance of these matters, I essentially understand is making telephone calls through the medium of one’s computer. With these technologies, uncertainty can arise as to whether a communication is actually live, passing over the telecommunications system, and consequently whether a telecommunications interception warrant or some other lawful authority is required to intercept it.

It is fair to say that, with respect to transmissions that are live and require warrants under the telecommunications interception regime, more paperwork is required, there is greater accountability and essentially, without following the procedures set out in the act, it is illegal to intercept such live communications. It is desirable, I believe, to address the uncertainty as to when a communication is live and when it has been a received communication so that everyone understands their rights and obligations under the law and, indeed, specifically that intelligence and law enforcement operations can proceed smoothly. It is also desirable that this be done in a comprehensive and considered way. In that context, we welcome the government’s decision to ask the Attorney-General’s Department to conduct a comprehensive review of the act.

The Telecommunications Interception Act has been the subject of a considerable number of reviews in recent years, substantially as a result of technology but also as a result of greater law enforcement demands. For example, in 1994 Mr Pat Barrett, then deputy secretary in the Department of Finance and now the Commonwealth Auditor-General, reviewed the long-term cost effectiveness of the regime. In 1999 Mr Dale Boucher, then an associate member of the Australian Communications Authority and a former Australian Government Solicitor, revisited the issue, following the deregulation of the telecommunications market. Also in 1999 Mr Peter Ford, a first assistant secretary in the Attorney-General’s Department, conducted a review of telecommunications interception policy. He recommended the creation of named person warrants and an extension of the purpose for which telecommunications interception products can be used. In 2003 Mr Tom Sherman, a former chairman of the National Crime Authority, was engaged to conduct a follow-up review of the operation of the amendments which implemented the recommendations of the Ford review. Indeed, we understand that the government is still considering Mr Sherman’s recommendations, which were delivered in June last year. So, in the context of those who have conducted these reviews, they were certainly all men who have made their contribution to Australia’s Public Service and who had, we believe, the expertise to look into these matters.

It is against that background that I think a person would be forgiven for asking why another review is needed. Certainly we believe that Australia’s telecommunications interception regime has met the tests of new technology perhaps better than other coun-
tries’ regimes. For instance, I was interested to read in an article by David Bennahum in February of this year on the web site ‘Slate’ about the difficulties being experienced by United States authorities with intercepting voice over Internet protocol communications under their CALEA legislation—voice over Internet protocol being, of course, telephone calls made increasingly, as they are, through computers rather than telephones.

But we agree that the issues raised by this bill have proved an exceptional challenge and we hope that the proposed review will assist to resolve them. The first incarnation, if you like, of the bill that we are currently considering was as part of the Telecommunications (Interception) Legislation Amendment Bill 2000. In essence, the equivalent of the 2002 bill was found by the Senate committee inquiring into that bill at the time not to deliver the clarity that was being sought. Accordingly, the government withdrew those amendments and the rest of that bill proceeded with Labor’s support and cooperation—at the time in a quite crucial context, as it was around the time of other antiterrorist legislation and general enhancement of law enforcement powers.

The second incarnation appeared this year as part of the Telecommunications (Interception) Amendment Bill 2004. Those amendments broadened the definition of interception to replace the existing reference to ‘listening to or recording a communication’ with a reference to ‘listening to, recording, reading or viewing a communication’. This amendment would have had the effect of applying the general prohibition on interception to new forms of text based or image based communications, requiring warrants to be sought under the telecommunications interception regime, which I have indicated is somewhat more complex in terms of the necessary paperwork and accountability structures than what we understand to be the usual search warrant or entry type warrant provisions.

The bill also proposed a modified form of the amendment proposed in the 2002 bill by providing that a stored communication submitted using a delayed access message service is taken not to be passing over the telecommunications system in the following three situations—which are in themselves complex but are worth noting from the point of view of considering where we are heading with this legislation later. The first of those situations is where the communication is being accessed by the intended recipient or by a person authorised by them. Obviously, for instance, someone who has a hand-held mobile telephone with a recorded message who shows the contents of the message to another person is covered by that situation. The second is where the communication is being accessed after it has been accessed by the intended recipient or by a person authorised by them and subsequent access does not involve the use of a telecommunications service or other form of remote access, such as accessing a read email stored on an Internet service provider server. The third is where the communication is being accessed after it has been accessed by the intended recipient or by a person authorised by them and subsequent access does not involve the use of a telecommunications service or other form of remote access, such as reading an SMS or MMS on a mobile phone.

Again the Senate committee inquiry highlighted problems with these provisions. Prominent among these was a fundamental disagreement between the Australian Federal Police, advised by the Director of Public Prosecutions, and the Attorney-General’s Department, advised by the Solicitor-General, about the existing relationship between the telecommunications interception regime and the Australian Federal Police’s comparatively new cyber crime powers un-
der section 3L of the Crimes Act, which I will address when I subsequently resume this speech.

The SPEAKER—Order! I thank the member for Barton for his accommodation. It being 2 p.m., the debate is interrupted in accordance with standing order 101A. The debate may be resumed at a later hour. The member for Barton will have leave to continue his speech when the debate is resumed.

MINISTERIAL ARRANGEMENTS

Mr ANDERSON (Gwydir—Acting Prime Minister) (2.00 p.m.)—I inform the House that the Minister for Trade will be absent from question time today. He is travelling overseas to attend APEC and Doha round meetings. The Minister for Foreign Affairs will answer questions on his behalf. The Minister for Employment Services and Minister Assisting the Minister for Defence will be absent from question time today. He is representing the government in Brisbane to welcome home soldiers of the 6th Battalion, RAR, from East Timor. On his behalf, the Minister for Foreign Affairs will answer Defence related questions, and the Minister for Employment and Workplace Relations will answer employment related questions. I also inform the House that the Minister for Small Business and Tourism will be absent from the House today. He is attending the Australian Tourism Exchange in Melbourne. The Minister for Industry, Tourism and Resources will answer questions on his behalf.

QUESTIONS WITHOUT NOTICE

Telstra: Privatisation

Mr LATHAM (2.01 p.m.)—My question is to the Acting Prime Minister. Is the Acting Prime Minister aware that the government’s budget papers previously described necessary preconditions for the full sale of Telstra as ‘an appropriate return for taxpayers’ and ‘the government being satisfied that services in rural and regional Australia are adequate’?

Is the Acting Prime Minister aware that the budget papers now list only ‘an appropriate return for taxpayers’ as a precondition for the full sale of Telstra? Doesn’t this show that the government is determined to sell off all of Telstra regardless of whether services in rural and regional Australia are adequate?

Mr ANDERSON—I thank the Leader of the Opposition for his question. The answer is no.

D-Day Anniversary

Mrs GASH (2.02 p.m.)—My question is also addressed to the Acting Prime Minister. Would the Acting Prime Minister inform the House of arrangements to commemorate the 60th anniversary of D-Day on 6 June?

Mr ANDERSON—I thank the honourable member for her question. The allied landing at Normandy was the largest military operation ever undertaken. It involved some 350,000 allied troops. Amongst those personnel there were close to 3,000 Australians—serving in both Australian and British units—who took part in the D-Day operations and the battle for Normandy. There were about 2,500 Australian airmen who flew over Normandy on operations. The Royal Australian Navy contributed around 200 personnel to D-Day. The sailors had all been seconded to the Royal Navy, and Australian merchant seamen served on troop transports and in supply ships. On land, up to 25,000 Australian soldiers served in Normandy on exchange with the British Army, as did a number of war correspondents and a few Australians in the French Resistance. Fourteen Australian servicemen—12 from the Royal Australian Air Force and two from the Royal Australian Navy—are recorded on the Australian War Memorial Roll of Honour as having died on D-Day.

The Prime Minister will participate in four commemorative events. He will be joined by Mrs Howard when he and others attend a
ceremony at Bayeux, the site of the largest Commonwealth war cemetery in Normandy. At the invitation of President Chirac, the Prime Minister and Mrs Howard will then participate in the 60th anniversary celebrations at Arromanche le Bain, the central landing beach stormed by allied forces. They will join a very significant group of world leaders and dignitaries, including the Queen, President Bush, Prime Minister Blair and Chancellor Schroeder. Four Australian veterans of the D-Day landing will be present. One, Mr Dacre Smyth, will receive the Legion of Honour from President Chirac as a representative of all of the veterans. Nine other Australian veterans will also receive the Legion of Honour in separate ceremonies, including in Australia. It is worth noting that also present will be the New England Singers, a choir from the Armidale area in regional New South Wales. In the evening, the Prime Minister will deliver an address at the Typhoon memorial. The Typhoon memorial commemorates men who flew Typhoon fighter-bombers—in particular those who were killed—over Normandy. Eight Australians are listed amongst those who died in that operation.

Lastly, the Prime Minister and Mrs Howard will attend a reception at the town hall of Noyers-Bocage. Australia’s participation in D-Day may, on casual examination, seem small compared with the contribution of the other allied nations, but the service of Australians at Normandy showed that Australia, though facing a threat close to home, remained committed to the cause of liberating Europe.

The government thanks the French government for bestowing the Legion of Honour on the Australian veterans. I know that all members of the House would want to pay their respects to those veterans and join with us in expressing that appreciation. We acknowledge, too, our ongoing debt to all of our veterans. The Australians who died in Normandy were the second generation of Australians to go to France and lay down their lives for democracy, freedom and the things that we not only believe in but must guard against taking too lightly. We remember them and all who served. We ask that, on Sunday, all Australians reflect on the significant events that took place on the beaches of Normandy 60 years ago.

**Iraq: Treatment of Prisoners**

**Mr LATHAM** (2.06 p.m.)—My question is to the Minister for Foreign Affairs. Minister, isn’t it a fact that the only reason the Australian people have a clearer view of what the government knew about the Iraqi abuse scandal is because of media scrutiny and opposition questioning in Senate estimates? Isn’t it also the case that, as a result of this questioning, we now know the number of visits by Australian officials to the prison, and the number of communications from Australian officials in Baghdad back to the departments of defence and foreign affairs and the Attorney-General’s Department? Given the seriousness of the prisoner abuse issue at Abu Ghraib prison, and the right of the Australian people to understand what the government knew about the matter and when it knew it, why did the minister this morning describe this matter as ‘a massive beat-up’?

**Mr DOWNER**—Because of the way the Labor Party has been handling it—and, to be frank, some elements of the media—it is a massive beat-up. What the Labor Party is suggesting here and what the Leader of the Opposition is suggesting is that some Australians in some way were involved in the Abu Ghraib scandal.

**Opposition members interjecting—**

**Mr DOWNER**—So they were not involved—that is the thesis now, is it? What are you going on about, then?
Opposition members interjecting—

Mr DOWNER—I think I have made my point. I say there is some suggestion from the opposition that Australians in some way were involved in the Abu Ghraib scandal as revealed in the photographs and you all interject and say, ‘That’s not right,’ in which case it is a beat-up.

Economy: Housing Prices

Mr BAIRD (2.08 p.m.)—My question is addressed to the Treasurer. Would the Treasurer inform the House of recent indications of the state of the housing market? Have there been any recent policy changes which have adversely affected the housing market and has the Treasurer seen the advocacy of any other policies which would negatively affect the housing market?

Mr COSTELLO—I thank the honourable member for Cook for his question. I can inform him that the Australian Bureau of Statistics today released their house price index for the March quarter. It shows that house prices in capital cities grew on average by 2.5 per cent in the March quarter, which is significant, but that is slower than has been the case back to the March quarter of 2001—that is, there is a deceleration in the growth of house prices. In Sydney there was a deceleration by two percentage points to 3.5 per cent growth, and there was slowing in Brisbane, Perth, Adelaide, Canberra and Darwin. Melbourne actually recorded a fall in house prices. I have been warning for some time that you could not expect the kind of growth that you have seen in the housing market to continue indefinitely and making the point that, from the government’s point of view, we would prefer to see a plateauing in prices, rather than overheating in the market. We actually welcome the fact that that is starting to appear. The decline in house price growth is also confirmed by other indexes such as Residex, building approvals and auction clearance rates.

I am asked if there could be any other policies that might affect the housing market. I regret to say that, in the member for Cook’s home state, you have seen an incompetent state government blunder into the property market with the most ill-advised policy imaginable at a time when the housing market is decelerating, and imposing a new tax on investment housing in that state. Just to recap, New South Wales will receive $9,648 million of GST revenue in the forthcoming year. New South Wales will receive a bonus, over and above the old system, of $113.7 million. The New South Wales Carr Labor government has recently decided to impose a new 2¼ per cent tax on investment property in that state. So you are taxed when you buy the property, you are taxed when you sell the property in addition and, of course, you are taxed when you hold the property as well.

Needless to say, there was no mention by the Labor Party that they would be introducing this tax before their most recent election. That, of course, is the modus operandi for Labor—try and get into office and increase taxes afterwards, as we saw with federal Labor in 1993.

Opposition members interjecting—

Mr COSTELLO—I am pleased that the members of the Labor Party opposite are interjecting in support of Premier Carr and his policies. But I was rather amazed to see a story in the Daily Telegraph today which illustrates the absurdity of these new Labor taxes. The Daily Telegraph reports on two building sites or developments that are being built on either side of Griffith Street, which forms the border between New South Wales and Queensland. On one side you have Coolangatta, I guess, and on the other side you have Tweed Heads. On one side you
have the wonderful member for McPherson, and on the other side you have the wonderful member for Richmond. Of these two towers, the tower that is being built on the Queensland side of the border is selling but the tower which is being built on the Tweed Heads side is not, because on one side of Griffith Street you pay no vendor exit tax and on the other side of Griffith Street you pay 2 ¼ per cent. It is now being put forward that, in order to deal with the situation, the Tweed shire will have to be declared a zone and excised from the New South Wales tax laws as a consequence of this. We can imagine the same thing happening between Wodonga and Albury and the same thing happening between Queanbeyan and Canberra.

The thing that does amuse me in all of this is not just the incompetence of the New South Wales Carr Labor government. Have we heard a word from federal Labor on the new New South Wales property tax? The member for Werriwa, former staffer to Premier Carr—and of whom Premier Carr still speaks fondly all these years later—apparently has nothing to say about the New South Wales new property tax. On this side of the parliament, we do. It is a bad tax. It is incompetently administered, it was not promised, it was a breach of faith, it was introduced at possibly the worst possible time in a decelerating house price market and it will make things much worse in New South Wales than they need to be.

**Iraq: Treatment of Prisoners**

**Mr Rudd** (2.14 p.m.)—My question is to the Minister for Foreign Affairs. I refer to a question I asked the minister on 26 June 2003 which stated:

Can he explain the system that the Government has put in place to ensure that Australia’s international obligations under the Geneva Convention are being met, including (a) who oversees that system, (b) who is physically making that assessment across Iraq, (c) where is that person or persons located ... and (d) how many staff are working on that program.

Does he recall his reply to me on 8 September last year when he said that he had established a legal watch group, including DFAT, Defence and Attorney-General’s, and its responsibility was to consult with the UK and the US on these matters? Minister, given that that question was asked seven months before this scandal broke, will you advise the House—

**Mr Ross Cameron**—Mr Speaker, I raise a point of order. Under standing order 144, the function of question time is to press for action or seek information. Previous speakers have ruled that lengthy preambles and introductory statements will render a question out of order. This oration is clearly excessive and I ask you to rule it out of order.

**The Speaker**—The member for Griffith is in order. I heard him in fact asking the question as he was interrupted.

**Mr Rudd**—Given that the minister gave this assurance to parliament seven months before the scandal broke on Iraqi prisoner abuse, did the minister ever bother to consult or even receive a report from the Iraq legal watch group which he claimed to this parliament he established for the purposes of ensuring our Geneva obligations were met?

**Mr Downer**—I can tell the House that, according to the advice of those departments, all of our obligations have been met under the Geneva conventions. If the Labor Party and, in particular, the spokesman on foreign affairs and his friend and colleague the Leader of the Opposition are suggesting that somehow Australia has been in breach of its obligations under the Geneva conventions, we have heard nothing in the last week about a breach by any Australian of our obligations under the Geneva conventions. We have been fully in accord with our obligations under
Iraq: Treatment of Prisoners

Mr LINDSAY (2.16 p.m.)—My question is to the Minister for Foreign Affairs. Would the minister inform the House what action the government has taken over the treatment of detainees in Iraq? Are there any alternative policies?

Mr DOWNER—First, I thank the honourable member for Herbert. He is a great champion of the personnel of the Australian Defence Force, being the representative of many of them here in this parliament. He can go back to Townsville and tell those personnel in Townsville that, on this side of the House, we are proud of them; on this side of the House, we do not think that they have breached the Geneva conventions; and, on this side of the House, we think that they have done a heroic job in Iraq. That is what we think.

The government obviously condemned, as is well known, the abuses that had been taking place in the Abu Ghraib prison as demonstrated by the photographs that were released publicly. We supported the investigations, and we certainly have had conversations with our coalition counterparts about the action they are taking to deal with these abuses. I have spoken with the Secretary of State of the United States and the British Foreign Secretary and, obviously, they share our concerns and their governments are taking decisive action. By the way, I look forward this evening to meeting with the President of the International Committee of the Red Cross, Jakob Kellenberger, when we catch up over dinner in Brisbane.

The Australian Defence Force legal advisers who were, and are, in Iraq have been promoting human rights in the coalition. They promoted an understanding of the obligations of the coalition in coalition military command to the Geneva conventions, and they have coordinated meetings between the coalition and the Red Cross. They even helped to arrange Red Cross prisons visits. But neither the Department of Foreign Affairs and Trade nor the Department of Defence, and personnel in those departments, had known of the extent of the Abu Ghraib abuses as demonstrated in the photographs released on 28 April and thereafter.

The suggestion by the Labor Party is that somehow those ADF personnel knew about those abuses and they did not tell people or they told people a little bit but they did not tell them much or the departments knew about those abuses and did not pass that information up to their ministers. That is a smear against the reputation of good soldiers in the ADF. That is a smear on the reputation of many good and hard-working public servants, and by those people it is very much resented. But it is typical of the Labor Party under the Leader of the Opposition. It is political opportunism.

After 16 January, when the issue of abuses was made public, the Labor Party never bothered to ask a question about it, never sought a briefing and showed no interest in the issue. The member for Griffith did a doorstop today, as he does every day, and was asked this question—this is, I think, very important—at the doorstop: do you suspect that Australian military officers may have seen the abuses firsthand? That was the question he was asked. From what the Labor Party has been saying, you would think that the answer to that was yes, wouldn’t you? ‘No,’ he said, ‘I am just saying that, in terms of this whole debate, there is no evidence to that effect at all.’

The member for Griffith and the Labor Party say that no Australian Defence Force personnel saw these abuses, that they did not know about these abuses, but they—the de-
fence department, DFAT, the Prime Minister, the foreign minister, the defence minister—are all culpable. That is a scandalous proposition. ‘You don’t suspect it at all?’ said the journalist. The member for Griffith: ‘We don’t have evidence to that effect.’ Then what are you talking about? What is the argument of the opposition, if that is the case?

Mr Rudd interjecting—

Mr DOWNER—I am sure that interjection is disorderly, by the way. When the member for Griffith was asked on 3AW yesterday, on 2 June, whether he had established if the Prime Minister knew anything about these abuses, he said: ‘Ah, no. That’s not our point.’ So the Labor Party’s point is that the Prime Minister did not know anything about it and could not know anything about it and nor could the foreign minister and the defence minister. The Labor Party’s point is—

The SPEAKER—I do not rely on the minister’s measure of what is or is not an appropriate interjection. My own indicates that the member for Griffith has now well exceeded the level of appropriate interjection. He will exercise more restraint.

Mr DOWNER—My point is this: the Labor Party says that the Prime Minister did not know anything about these egregious abuses. The Labor Party knows that the defence minister and the foreign affairs minister did not know anything about it. The Labor Party is saying that Australian Defence Force personnel did not know anything about these egregious abuses and that DFAT personnel did not know anything about them, but somehow this is a great scandal. If I may say so, this just exposes the weak opportunism of the Labor Party on this issue—smearing the reputation of public servants and smearing the reputation of the Australian Defence Force personnel.

Opposition members interjecting—

Mr DOWNER—We are politicians. We are used to you smearing our reputations—you have made a lifetime of that. The opportunism on this issue is exposed in a doorstop interview that the Leader of the Opposition did on 31 May.

Mr Kelvin Thomson—Sergeant Schultz! He never knows anything!

Mr DOWNER—The honourable member interjects ‘Sergeant Schultz’.

The SPEAKER—Order! The minister will ignore interjections and come to the question.

Mr DOWNER—That suggests that we knew something but we are not passing it on; in other words, that Australian Defence Force personnel told us about the scandal in Abu Ghraib and we did nothing about it. In that respect, you are smearing the reputation of our Defence Force. That shows what a weak, vacuous sort of an opposition you are.

Opposition members interjecting—

The SPEAKER—I will not tolerate this abuse of the standing orders. The whole foundation of this place is the right of people to be heard.

Mr McMullan—Mr Speaker, I rise on a point of order. The standing orders do say that it is disorderly to interject, but you must accept in these circumstances that there was the most egregious provocation by the minister making untrue and shocking allegations suggesting that members on this side have been seeking to smear the reputation of our Defence Force. We all take profound offence at that. The House does not give us any other immediate opportunity to respond to that.

The SPEAKER—I thought the member for Fraser had just raised a point of order and I thought he would have expected me to respond to it. It would be reasonable for me, therefore, not to have to engage him in order to make that response. The member for Fra-
The Speaker is well aware that I have discharged the standing orders as they are available to me. There are other forms of the House—nothing excuses constant interjection.

Mr DOWNER—I want to finish with an example of the sort of opportunism that we have seen from the opposition.

Mrs Irwin—Finish with the truth!

Mr DOWNER—This is very interesting.

An opposition member—What about the truth?

Mr DOWNER—Will you stop abusing the Australian Defence Force!

Opposition members interjecting—

Mr Kerr—It is pretty disorderly of you not to be wearing your clown suit!

The Speaker—I warn the member for Denison!

Mr Bevis interjecting—

The Speaker—I warn the member for Brisbane! The minister’s last remark was inappropriate, not least of all because it used the term ‘you’. The minister will conclude his answer.

Mr DOWNER—My point is this: the Labor Party suggests that there is a cover-up here, which suggests that somebody had knowledge before 28 April about the egregious abuses at the Abu Ghraib prison. Who could have that knowledge?

An opposition member—You.

Mr DOWNER—I could? How would I get that knowledge? I have not been to the Abu Ghraib prison. According to the argument of the opposition, it would come from people in the Defence Force or from people in DFAT. But they have all said they did not know about it. So what is the Labor Party suggesting about officers in the Australian Defence Force and officers of the Department of Foreign Affairs and Trade? Are they suggesting that when saying they did not know about these egregious abuses those people have not been telling the truth? That is my point. In a doorstop on 31 May the Leader of the Opposition was asked:

Are you pleased that Australian government officials will be able to speak to Major Mori—who is David Hicks’s lawyer—about the torture claims?

The Leader of the Opposition’s reply was:

I’m not aware of that new information but I hope that all the claims and suggestions about the torture atrocities coming out of Iraq ... is made available.

Major Mori is nothing to do with Iraq. Why is the Leader of the Opposition talking about Iraq in that context? Because he was programmed to abuse the government over Iraq—even though he was asked a question about David Hicks’s lawyer he got into abuse about Iraq. That just about sums up the Labor Party.

Iraq: Treatment of Prisoners

Mr EDWARDS (2.28 p.m.)—My question is to the Minister for Foreign Affairs. I refer him to his statement this morning:

But in a circumstance where one of the other countries captured the prisoners and transferred those prisoners to the other—so let’s say Americans captured prisoners and transferred those prisoners to Britains, then the Americans would have retained some overall responsibility for the welfare of those prisoners, although the management of those prisoners would be handled by the British, consistent with the Geneva Conventions.

Does the minister stand by this statement and, if so, does this mean that, after our soldiers had done their duty and handed the prisoners over to the Americans, the Australian government had an obligation to monitor the welfare of those prisoners? Finally, Minister, shouldn’t the inquiry called today by the Chief of the Defence Force and the Secretary for Defence be broadened so that there is a full inquiry across government into Iraqi
detainee issues and whether the Australian government let our soldiers down by not properly acquitting the monitoring obligation?

_Honourable members interjecting—_

Mr Downer—I could not hear what he said. Could the honourable member repeat the last part of the question?

The SPEAKER—Member for Cowan, the Minister for Foreign Affairs has asked if you could repeat the latter part of the question.

Mr Edwards—I am happy to do so, and thank you for the invitation. Minister, shouldn’t the inquiry called today by the Chief of the Defence Force and the Secretary for Defence be broadened so that there is a full inquiry across government into Iraqi detainee issues and whether the Australian government let our soldiers down by not properly acquitting the monitoring obligation?

Mr Downer—that is the same argument, because the suggestion here is that somebody in the Australian Defence Force or in the Department of Foreign Affairs and Trade knew about the egregious abuses in Abu Ghraib. Is the Labor Party now arguing that they did or they didn’t? I mean, I would be interested to know what the Labor Party’s argument is, and one day we will find out. I hope it will be subject to a good deal of scrutiny, by the way—a good deal of scrutiny.

Mr Rudd—Mr Speaker, I raise a point of order. The point of order is that the honourable member’s question was about whether troops were captured by Australians.

The Speaker—The member for Griffith will resume his seat or I will deal with
him. There was no point of order, and he would have been well aware of that before he rose.

Mr DOWNER—It is perfectly clear that Australians were not involved in the detention of Iraqis, so we fulfilled all of our obligations. There may have been Australians present, but the detaining power in every single case was the United States of America. That is the legal point and, I would have thought, a very obvious point.

Budget 2004-05

Mr McARTHUR (2.33 p.m.)—My question is addressed to the Treasurer. Would the Treasurer inform the House of the benefits to average families as a result of the 2004-05 budget? Is the Treasurer aware of any alternative policies which might negatively affect these families?

Mr COSTELLO—I thank the honourable member for Corangamite for his question and for his interest in family policy in Australia, because we find that many, many Australians are very interested in what the government can do to help them with the weekly bills and the future of their children and their families. That is why in this budget the government have made a feature of helping Australian families—the 2.2 million Australian families who receive the family tax benefit.

If you take an average family—dad on $40,000 per annum, mum perhaps doing some part-time work for $10,000, with two kids—that family will be receiving $600 per annum per child as a result of this budget. For two children, that is $1,200. Because we changed the income test for family tax benefit, on $40,000 they will be receiving an extra $965 per annum in family tax benefit because they will get some part of the maximum. Because we changed the income test on part B of the family tax benefit, when mum goes back to work she will not lose as much of that benefit as would have been the case previously. She will get an additional $1,252. So, all up, that family would be eligible to receive an additional $3,417 per annum as a result of this budget.

There is one other measure that I think people ought to focus on in this budget, which is superannuation. Let me continue with that family, with dad on $40,000 and mum on $10,000. Dad, on $40,000, is eligible to put $600 into superannuation and would then get a co-contribution from the government of $900—150 per cent of $600. Mum, on $10,000 a year, is eligible to put $1,000 into super and would receive as a co-contribution from the government $1,500 into superannuation. That family could qualify for a government contribution to their superannuation of $900 and $1,500—that is $2,400—if they are able to access their full entitlement.

Mr Cox interjecting—

Mr COSTELLO—What is the alternative Labor policy? And I thank the member for Kingston for interjecting right at this point. Labor voted against the co-contribution—the member for Kingston nods vigorously. Labor voted against the co-contribution: $2,400 per annum! But Labor does have an alternative. Under the Labor Party policy, dad on $40,000—get a load of this!—could get a tax cut of $36 per annum. And mum—get a load of this!—on $10,000, under Labor could get a tax cut of $9 a year. Dad’s tax cut is 69c a week and mum’s is 17c per week. That family under Labor could get a tax cut of 86c a week. Who would want $2,400 per annum when you can have 86c a week? That is the Australian Labor Party’s answer on superannuation. That family—dad on $40,000 and mum on $10,000—could get $3,417 per annum extra in family benefits and $2,400 in superannuation. And, for that family, Labor’s alternative is 86c a week. I
I think it is pretty clear that when you sit down, do the sums and work on policy, it is the coalition that is interested in Australia’s families.

Economy: Retail Food Sector

Mr KATTER (2.38 p.m.)—My question is to the Acting Minister for Small Business and Tourism. Is the minister aware that Retail World’s ACNielsen annual publication of national food retail market share shows that Woolworths’ and Coles’ market share has risen from 50.5 in 1991 to 76.7 in 2002 and, according to their annual reports, is now on 81.6 per cent? Is the minister further aware that ABS catalogue 6403 indicates that following deregulation and tariff abolition egg farmers got 65c less a dozen and the price of eggs to consumers rose $1.08? Similarly, sugar went from 14c to 19c and milk from 19c to 41c. Finally, would the minister not agree that these figures indicate that an appalling distortion of the market mechanism is taking place, and subsequently advise what action the government intends to take to overcome this market failure? Specifically, when does the minister intend to release the review of the retail grocery code of conduct, the so-called Buck report, and does the government intend to implement the recommendations of that report?

Mr IAN MACFARLANE—I thank the member for Kennedy for his question. I have to admit that I will have to take the time to check the figures that the member for Kennedy has put forward. But, can I say, I certainly do not agree with the second part of his question in terms of an appalling market distortion. The retail grocery market of course is overseen by the ACCC and, in terms of the operation of the market, it faces constant scrutiny. Can I just say, as an aside, that Australia does enjoy, from the intense competition within the retail grocery market I am advised, some of the lowest prices for groceries in the OECD.

In regard to the final part of the question from the member for Kennedy, the government is currently considering that report. It is at the moment with the Office of Small Business, as they do the final consultations in regard to the Buck report. We will respond to it shortly both in terms of that report and the Trade Practices Act. I understand the Treasurer is considering a response in regard to the Dawson review. In terms of giving farmers a better go at negotiating a higher price for their produce, the government has already indicated our support for collective bargaining amongst those producers who are selling to larger companies.

National Security: Terrorism

Mr DUTTON (2.41 p.m.)—My question is addressed to the Attorney-General. Would the Attorney-General advise the House of the outcome of the court appearance referred to in question time yesterday and what measures may be necessary to deal with the issue of bail?

Mr RUDDOCK—I thank the honourable member for Dickson for his question. Yesterday, I did inform the House of the arrest of a 30-year-old Sydney man following the investigation by the Australian Federal Police and their joint counter-terrorism team of matters involving Bilal Khazal. Subsequently, he was bailed in Sydney in the Sydney Central Local Court on a charge of collecting or making documents likely to facilitate terrorist acts contrary to section 101.5 of the Criminal Code Act 1995. In relation to this matter, I have spoken to the Director of Public Prosecutions. I have also been appraised of an approach by the Commissioner of Police in New South Wales in relation to this matter, and the Commonwealth Director of Public Prosecutions is considering options in relation to the grant of bail in this case.
It is important for members to be aware that in Commonwealth matters bail has been dealt with by state and territory courts pursuant to their respective state and territory legislation dealing with bail. That happens in relation to a number of the matters, including sentencing. It is obvious that it is best not to have a system in one state where you have different regimes for state-committed offences and Commonwealth-committed offences. Each state deals with the issue of bail somewhat differently. In New South Wales there has been a long-standing and general presumption that exists that a person is entitled to bail. That presumption does not apply to charges in certain serious offences, including murder, manslaughter, narcotics, certain firearms and certain violence offences. Terrorism has not been defined in this way for the purposes of bail in New South Wales nor, might I say, in any other state of Australia.

The police minister in New South Wales raised this matter with me on Monday following another matter, and indicated that New South Wales would be looking to amend the bail law in New South Wales. I am pleased to inform the House that a bill was introduced today and passed the New South Wales legislative assembly to amend bail laws to ensure that the presumption is against bail in matters involving serious terrorism offences.

I obviously welcome that and would encourage other states and territories to review their laws. But I do not know whether their parliaments are sitting. I do not know how long it would take. For that reason, I have received policy approval to move expeditiously to amend the Commonwealth Crimes Act to include a presumption against bail, while maintaining the capacity for courts to grant bail in only exceptional circumstances. I would hope to bring that bill forward and receive speedy passage for it through both houses when we resume.

I think it is important to have a national approach in all jurisdictions relating to this matter. I think it needs to be clear that terrorism offences are going to be treated with the utmost seriousness. The Commonwealth does continue to enjoy a very close working relationship with the states and territories in relation to these matters. I think that was evident in the matter that I informed the House of yesterday.

I understand that there has been some criticism directed at the timing of this matter and the arrest. That is a reflection upon two independent statutory officers—the Commissioner of the Australian Federal Police and the Director of Public Prosecutions. They are both independent in relation to these matters. The timing of the investigation and the consideration as to whether there was sufficient evidence to prosecute were matters addressed by each of those officers exercising their independent role. Timing was a matter that was totally within their hands.

National Security: Terrorism

Mr McCLELLAND (2.46 p.m.)—My question is addressed to the Attorney-General and it arises from his answer yesterday. I refer to the sentencing by a Perth court of Jack Roche to a period of nine years imprisonment, but with a nonparole period of just 4½ years. I also refer the Attorney-General to his statement to the House yesterday in which he expressed concern about leniency and said that he had inquired about the merits of an appeal against the leniency of that sentence. Can the Attorney-General confirm that, in his sentencing decision, the judge said that Roche would have faced a more severe sentence had it not been for a letter that the court received from the government acknowledging Roche’s cooperation? Despite the Attorney-General’s advo-
cacy for an appeal against leniency, isn’t it the case that the government’s letter was sent with a view to inviting the judge to apply leniency in the sentencing decision?

Mr RUDDOCK—Many members may not be aware that there are certain codes of behaviour in relation to the conduct of legal proceedings which the Commonwealth observes, and that is to be a model litigant.

Opposition members interjecting—

Mr RUDDOCK—I am disappointed that honourable members would see some mirth in that. The fact is that as a model litigant the Commonwealth has an obligation to put all relevant matters that might be considered in sentencing before the court. I am surprised that anybody would see any mirth in that.

Mr Crean—Why didn’t you mention it yesterday?

Mr RUDDOCK—I mentioned a number of matters yesterday. I simply make the point in relation to this matter, as I have before, that sentencing is dealt with by the courts. It is a matter on which the court makes a determination. If the Commonwealth Director of Public Prosecutions forms a view that there has been an error in relation to the sentencing in accordance with proper principles, he can consider an appeal in relation to that matter. The Director of Public Prosecutions is giving consideration to that.

This is quite unrelated, because the issue of Mr Roche has to be dealt with under the law as it now is, but let me say that it has been suggested—and I acknowledge that there is a very wide degree of interest in this matter—that the government should consider options for amending terrorist legislation to set nonparole periods for terrorism offences. I might say that I would not consider such amendments to be out of order. We have used this type of mechanism before, particularly in the context of smuggling offences. While the measure, if it were to be pursued, would be considered as an extraordinary circumstance, I think terrorism offences demand consideration of those matters. I will be looking at it with a view to bringing forward further amending legislation to set a nonparole period in relation to terrorist offences.

Environment: Kyoto Protocol

Mr NEVILLE (2.50 p.m.)—My question is addressed to the Minister for Foreign Affairs. Would the minister update the House on how countries are progressing towards meeting their Kyoto protocol targets for greenhouse gas emissions? Could the Minister also inform the House how Australia compares with those countries? Finally, is the minister aware of any alternative views?

Mr DOWNER—I thank the honourable member for Hinkler for his question. The member for Hinkler has told me that Kyoto is of seminal concern to his constituents, particularly in the City of Gladstone. I quote the member for Hinkler in answer to his own question:

In fact no city in Australia would be affected more than Gladstone if Kyoto were signed in its present form.

The member for Hinkler is a great champion of his electorate. The Kyoto protocol sets greenhouse gas emission targets for developed countries. I think it is important that the House, in contemplating this issue, understands that current projections indicate that most Kyoto parties will not meet their emission targets. The European Union 15—that is, the 15 members who signed up to this before the enlargement of the EU on 1 May—had a target to reduce emissions by eight per cent. Currently the projections are that their emissions will only be reduced by 0.5 per cent. So the European Union is way overshooting.

Greece’s target was actually to be able to increase its emissions by 25 per cent, but current projections show that Greece is going
to increase its emissions by 36 per cent. Belgium is well over. Japan is well over. Canada is well over. France, for example, is projected to be 9½ per cent above what they anticipated—not just what they anticipated but what they signed up to. New Zealand is already 21.3 per cent above its target. I am making the point that it is one thing for countries to say they are going to sign and ratify the Kyoto protocol but it is noteworthy that not all, but a very large number, of those countries are not meeting those targets.

It is also noteworthy that in 2002 the national greenhouse gas inventory in Australia showed that our emissions were only 1.3 per cent above 1990 levels and we, unlike those countries which have ratified Kyoto, are on track to meet our target of eight per cent above our 1990 levels. Are there alternative views? The member for Wills, speaking for the Leader of the Opposition, who was unfortunately unwell at the time, said in a speech on 27 May, ‘By ratifying Kyoto and joining the emissions trading system’—and joining the emissions trading system is the important phrase there—‘Australia can catch up with the rest of the developed world.’ That is clearly a nonsense. I have just explained that the rest of the developed world is out of kilter with what they have signed up to. How are we going to catch up with the rest of the developed world? We are going to join the emissions trading system. But the emissions trading system will be what costs the constituents of the member for Hinkler their jobs. His constituents will lose jobs as a result of that emissions trading system. Let us have a look, for example, at what the Allen Consulting study found for the Victorian government.

Mr Kelvin Thomson—It hasn’t been finalised!

Mr Downer—The honourable member interjecting is the spokesman on the environment. He used to be a member of the Victorian parliament, so his own government, if you could call it that, has found through a study that the emissions trading system supported by him would cost 15,000 jobs, lower wages and lift power prices by 5½ per cent. So we have crocodile tears about petrol prices, but we have the introduction of emissions trading and ratification of Kyoto which will of course increase energy prices.

The Leader of the Opposition used to know this argument only too well. During the Cunningham by-election—and I am glad to see the member for Cunningham here—the member for Cunningham will remember the Leader of the Opposition running down to his electorate and running a scare campaign saying that the Greens, in favour of Kyoto and in favour of all the things they are in favour of, would cost jobs in Cunningham. He ran a scare campaign in Cunningham against Kyoto. Here is the headline: ‘Labor headkicker’s attack on Greens sparks a backlash’. Of course, sitting opposite me here is the Labor head kicker.

What has changed him since then? Why was the Leader of the Opposition so brown during the Cunningham by-election but now suddenly so green? Could the answer lie in Dick Morris? Dick went on Radio National and criticised George W. Bush for not signing the Kyoto protocol. I had a look at the end of that seminal book The New Prince. I have this book here—it is well read indeed. Not only has the Leader of the Opposition read it several times but I have read it myself. In the last chapter, ‘Issues for the first years of the 21st century’, it says there are three issues that politics and politicians need to address—and I am not saying that I particularly disagree with them, by the way. One of them is global warming and the environment. And so the Leader of the Opposition is on to global warming and the environment—not during the Cunningham by-election but
now. Just to let the House know, the second and third issues are genetic engineering and Third World poverty. Watch this space: soon you will hear speeches on those two issues.

Fuel: Prices

Mr FITZGIBBON (2.56 p.m.)—My question is to the Acting Prime Minister. Can the Acting Prime Minister confirm the following: first, that the President of the Independent Petroleum Marketers Association of Australia, the PMAA, phoned him to express his concern that the Acting Prime Minister had misquoted him while responding to my question on petrol prices in the House yesterday and, second, that the Acting Prime Minister has now apologised to the President of the PMAA for his behaviour? Acting Prime Minister, isn’t it also the case that the PMAA has indicated support for Labor’s plan to bring petrol prices down by strengthening the Trade Practices Act?

Mr ANDERSON—In response to the member’s question I can say that there was no misquotation by me of Mr Lamb yesterday, but he did call my office to discuss certain matters. I called him back and we had a discussion about those matters. He wanted me to get behind the attempt of the minister responsible, Mr Ian Macfarlane, to pursue some reforms which he wants the industry more broadly to agree with and I said that I would give him that support.

Mr Fitzgibbon—I seek leave to table a statement from the President of the PMAA which indicates support for Labor’s petrol plan.

Leave granted.

The SPEAKER—I do not single out the member for Leichhardt in this regard in any way because a number of members are guilty, but standing order 58 does in fact have a word or two to say about conferencing in passageways. An exception is made for whips, as a general rule, for understandable reasons. I would just like members to be more conscious of it. That applies on both sides of the House.

Environment: Water Management

Mr BRUCE SCOTT (2.58 p.m.)—My question is addressed to the Minister for Agriculture, Fisheries and Forestry. Would the minister inform the House how the government has helped support land-holders and improve the environment by controlling the flow of water from open bores in the Great Artesian Basin?

Mr TRUSS—I thank the honourable member for Maranoa. He would be very well aware of the importance of the Great Artesian Basin, which lies underneath about a quarter of our continent. It contains a huge volume of water—about 65 billion megalitres. That is 130,000 Sydney Harbours. That volume of water would be sufficient to water the city of Sydney for 100,000 years. So it is a very important natural resource for our country and, indeed, one of the wonders of the world. But over recent times—over the last 100 years in fact—the level of water in the Great Artesian Basin has fallen by as much as 120 metres. Around a third of all of the bores that used to flow free have now stopped. In many areas the artesian water has simply flowed down into creeks or has just been lost in open bores and creeks. In fact, the volume of freshwater lost from the Great Artesian Basin is equivalent to the needs of a city the size of Adelaide.

So this is a major environmental issue. It is one that should have been addressed a long time ago. It is one that Labor have ignored. I notice that they still scoff about it during this answer. They feign interest in the Murray-Darling Basin, but here we have the loss of millions of megalitres of water, gigalitres of water, every year, and Labor in government did absolutely nothing about it. Since we have come to office we have
worked in cooperation with the Great Artesian Basin states to cap these bores. During the last five years over 300 bores have been capped, 5,000 kilometres of bore drains have been removed, 10,000 kilometres of polypipe have been installed and 71,000 megalitres of water has been saved. This is indeed a major environmental achievement. But we are not going to stop there. This budget includes another $42.7 million over five years to get on with the task. There are another 850 bores still to be capped, and around 18,000 kilometres of bore drains are yet to be removed.

It is already clear that this scheme is working. Pressures are returning in a number of areas. Moree, Cunnamulla and Julia Creek have all reported improved pressures from the Great Artesian Basin bores. This is a major environmental rescue program. It is an example of what can be done when you have a government that really cares about the environment. It gets on with the job of doing the important things and achieving real things and preserving this important natural resource for many future generations. It is the lifeblood of many of the towns in the electorate of the honourable member for Maranoa and much of inland Australia. If the neglect of the Labor years had continued, the resource would have been lost for all time.

We are getting on with the job of repairing and restoring the Great Artesian Basin. We do not just talk about it; we get on and do it.

Health and Ageing: Aged Care

Mr Stephen Smith (3.02 p.m.)—My question is directed to the Minister for Ageing. Is the minister aware that last night at Senate estimates the Secretary of the Department of Health and Ageing specifically ruled out the extension of accommodation bonds to the government’s proposed new medium-level care classification? Does the minister recall refusing to rule out such an extension in the House on 13 May? Will the minister now do so?

Ms Julie Bishop—I think the question of interest to the Australian public is whether the roosters will rule out a challenge to the member for Werriwa this week.

Opposition members interjecting—

The Speaker—The minister will come to the question.

Ms Julie Bishop—The government’s policy in relation to bonds remains unchanged.

Mr Stephen Smith—I seek leave to table an extract from Senate estimates, from the Senate Community Affairs Legislation Committee.

Leave not granted.

Family Services: Child Care

Ms Ley (3.04 p.m.)—My question is addressed to the Minister for Children and Youth Affairs. Would the minister inform the House of recent initiatives to help more families access quality child care? Is the minister aware of any alternative policies?

Honourable members interjecting—

Mr Anthony—I would like to thank the member for Farrer, and I thank the House for its enthusiasm. Most importantly, I note the enthusiasm of the member for Farrer in helping young children in her electorate. I know that just recently she announced three grants to the community sector there. She does a fantastic job, like all members of the coalition.

Today I announce that there is more good news for Australian child care. There is more good news delivered by the coalition government with our child-care support program. Today this government announced another $25 million to be added to that $200 million package, which is particularly important in increasing professional support to
help children who have disabilities and children who live in rural and remote areas. This builds on the $1.5 billion that we have committed to child care in this year alone. Under the child-care support program $60 million will go to the inclusion of children with special needs—we are increasing funding there in particular—and $26 million will go to quality assurance. There is also funding going towards assisting professional development, in recognition of the great work of many of the workers in children’s services. There is $138 million to go towards rural and remote communities and outer metropolitan regions to ensure that child care is viable and to establish new centres if there is unmet demand.

I would like to thank all those industry representatives who were on the review task force over the last two years. They did a fantastic job and they should feel very proud that child care is becoming robust, more secure and more available to all. Again, this builds on the fantastic announcements made in the budget: 40,000 more outside school hours care places, 4,000 more family day care places and an enormous amount going into playgroups. I am concerned, as I know the member for Farrer is, about what the alternative policy positions are—if any—that are coming from the ALP. What really concerns me and, I am sure, many thousands of families is the policy position coming from the industrial arm of the Australian Labor Party—that is, the ACTU. The Federal President of the ACTU has stated that the private sector are despicable and abhorrent, and that the corporate providers are evil. That is coming from the chief spokes-person for the ACTU. It also makes you wonder how that would impact on the 255,000 children if the Labor Party were ever elected to government with their philosophical view and the divisive wedge politics that they are trying to put through now—and certainly the ACTU is—when it comes to the provision of child care.

The other interesting question is—and I know the Treasurer will be interested in this—what their costings are. What are their policies? We know that there was a leaked conversation when it came to the costing proposal by the ALP—or in particular the ACTU—where they promised an additional $3 billion to provide free child care and also to take over preschools. How on earth is this ever going to be funded? There are no costings at the moment. If there is one clear policy difference between the coalition and the Australian Labor Party it is that we believe in choice and in a robust, sustainable child-care sector. That is why we are funding it. We certainly do not believe in playing wedge politics or in having philosophical views that are starting to come into place now when it comes to the provision of child care, whether you are in the private sector, the community sector or in any other form of child care.

**Family Services: Child Care**

**Mr SWAN** (3.08 p.m.)—My question is to the ‘incredible’ Minister for Children and Youth Affairs. I refer to his announcement that the government will provide an additional $25 million for child care. Isn’t it the case that the minister asked for $70 million in the leaked cabinet work and family submission, including a $23.4 million plan for jobs, education and training child-care funding to assist in the return to work? Isn’t it also the case that the minister asked for $15.9 million for a plan for young teens and outside school hours care?
The SPEAKER—The member for Lilley will come to his question.

Mr SWAN—Why did the minister receive only 35 per cent of the funding needed to address the crisis in child care?

Mr ANTHONY—The member for Lilley is back at it again. It is interesting to me that, when you look at what we came into government in 1996 compared to today, there has been a 70 per cent increase in funding to child care. There is now $1.7 billion going towards the funding of child care. Indeed, out of this budget came an enormous expansion of 40,000 extra outside school hours care places, 4,000 extra family day care places and up to 4,000 places in playgroups, recognising that many families choose not to use Commonwealth funded child care. Only 30 per cent do while 70 per cent choose to stay at home. But, of course, all we hear is criticism from the Australian Labor Party. That initiative alone in the budget was a further $250 million. Indeed, the announcement that I made today about the child-care support program will cost a further $25 million. If there is anything contrasting the coalition with the Australian Labor Party, it is that we have a firm commitment to child care. I think you should be directing your own questions to the head of the ACTU where you effectively want to close down the funding of 255,000 child-care places.

Mr Swan—You have failed!

Mr ANTHONY—Indeed, Mr Rooster, you have failed well and truly.

The SPEAKER—Minister for Children and Youth Affairs, all remarks will be addressed through the chair.

Health and Ageing: Aged Care

Mr TICEHURST (3.11 p.m.)—My question is addressed to the Minister for Ageing. Would the minister inform the House how older Australians who need residential aged care have access to high standards of accommodation? Are there any alternative policies?

Ms JULIE BISHOP—I acknowledge the interest that the member for Dobell shows in the care of older residents in his electorate of Dobell. I visited his electorate prior to the budget and met with providers and residents and discussed their issues with them, and I will be visiting his electorate again tomorrow to open a new aged care home that is being operated by St Vincent de Paul. So I thank him for his question.

In the last budget, this government allocated the single largest ever investment in aged care by any government—some $2.2 billion—to ensure that older Australians who need care receive high-quality care in quality surroundings. Since 1997, we have been committed to ensuring that, through certification, the standard of homes is of the highest quality that we are able to achieve. In this budget we have been able to allocate further funding to capital needs in order to meet future capital needs for the upgrading, refurbishment, extension and building of new homes. First, we have increased the concessional funding. It will be some $438.6 million over the next four years. We have targeted rural and regional homes to ensure that their capital needs are met. We have also ensured that fire and safety and 2008 certification standards will be met by an injection of some $513.3 million before 30 June to homes throughout Australia. That includes some $325 million that will be allocated to the church and charitable community sector as well as $42 million to state government owned and run homes in Australia.

I was asked about alternative policies. The fact is that, after eight years in opposition, this so-called alternative government has not come up with one idea in relation to aged care. Members may find that hard to believe.
Mr Anderson—Not one?

Ms JULIE BISHOP—Not one, Acting Prime Minister. I thought that perhaps there was something on the Australian Labor Party web site. So this morning I went to the Australian Labor Party web site—Labor’s policy papers and discussion papers. It says that immediately after the last election former Labor leader Simon Crean announced a comprehensive review of all Labor policies with the exception of the sale of Telstra. I guess, if you do not have a policy, you save time in having to review it, because not one word about aged care, about the accommodation needs of older Australians, is contained in Labor’s policy papers and discussion papers.

I think that the industry recognises the fact that Labor has failed once again in aged care. Aged and Community Services Tasmania, a peak industry association, in a press release with the headline ‘Labor ignores aged’, said: Federal Labor has forgotten Australia’s frail elderly in its Budget reply, according to the peak body for Tasmanian aged care providers.

Aged and Community Services Victoria said: Labor’s forgotten people, Australia’s frail aged.

And the national report from Aged and Community Services Australia said: It’s high time the opposition started laying its aged care cards on the table.

When the Leader of the Opposition had the opportunity to respond to the government’s $2.2 billion package in aged care, what did he say in his reply to the budget speech? Not a word about aged care. Shame, Labor!

Health: Pneumococcal Vaccine

Ms GILLARD (3.15 p.m.)—My question is to the Minister for Health and Ageing. I refer to media reports that the Howard government will finally fund the vaccine for the deadly pneumococcal disease. Is the minister aware that the Australian Technical Advisory Group on Immunisation and the National Health and Medical Research Council, when making their recommendations that a vaccine for pneumococcal be funded by the government for all Australian children, also recommended that the government fund the chickenpox vaccine and a new polio vaccine for all Australian children? Will the government now adopt Labor’s plan and fund these vaccines, which the experts believe are vital?

Mr ABBOTT—Let us not talk so much about Labor’s plan; let us look at Labor’s record. Labor’s record is that vaccination rates had dropped to 50 per cent. Under members opposite, vaccination rates dropped to 50 per cent; thanks to this government, they are now over 90 per cent. Under members opposite, just $13 million was spent on vaccines in 1996; under this government, $143 million is spent on vaccines. We have a very good record on vaccination compared to the appalling record of members opposite. Decisions and announcements that the government will make in the next few days and weeks will maintain thoroughly the government’s outstanding record.

Australian Labor Party: Centenary House

Mrs ELSON (3.17 p.m.)—My question is addressed to the Minister for Health and Ageing representing the Special Minister of State. Will the minister inform the House whether the taxpayer is getting good value from a lease arrangement entered into by an organisation registered under the Electoral Act? Would the minister also provide the House with an update of the extent of this rip-off?

Mr ABBOTT—I really do thank the member for Forde for reminding the House about the Centenary House rent rort because there is no single issue which more clearly exposes the fact that the Leader of the Opposition is a fake. The Centenary House deal is probably the biggest con job in Australia’s
political history. In the three weeks since this matter was previously raised the House the fleece meter has ratcheted up $6,721 every single day. In just three weeks the Leader of the Opposition has trousered more than $100,000 for the Labor Party’s re-election. It is interesting that the return address for the false pneumococcal letters which are now going out to young women right around Australia was none other than the PO box for Centenary House. The Leader of the Opposition waxes sanctimonious about politicians’ entitlements, but he believes in the Labor Party’s political entitlement to a $36 million free gift from the taxpayer—the fraud. That is what he believes in.

Thanks to the rent rort, taxpayers are paying more for a humdrum office in Barton than they would for top quality office space in New York. I did a little tour of the Internet the other day. Take the Trump building on Wall Street. With its limestone exterior and bronze and marble lobby, the Trump building is dubbed the crown jewel of Wall Street. I can tell you that on the 61st floor of this crown jewel of Wall Street the rent is $847 a square metre, which is significantly less than what the taxpayer is forking out for Centenary House.

Trump Tower, with its bronze, glass and polished brass structure and cascading waterfall foyer, has such a striking appearance and such a reputation for decadence that with 2.5 million visitors a year it is New York’s third most visited tourist attraction. That is where they are all going. The rent there, $953 a square metre, is just a little bit more than the current Centenary House rent, but it is what the rent will be when the ratchet clause kicks in in September. Thanks to the rent rort, the Leader of the Opposition is the biggest property shark since Donald Trump. But even Donald Trump has a modicum of decency.

Mr Abbott—He believes in something.

Mr ABBOTT—Yes, he does—he believes in something. His latest book, How to Get Rich, includes the following rules among his steps for success:

Be reasonable and flexible.

Make sure both sides come out winning.

He really is a kindred spirit to the Leader of the Opposition because he says:

BS will only get you so far.

So he obviously knows all about ‘BS Crean’. The Leader of the Opposition has come a long way from Green Valley to Trump Tower, but he lacks the ticker to end the lease fleece. If the Leader of the Opposition is not prepared to end the red rort and pay the money back, the Australian people will conclude he is an even bigger spiv than Donald Trump.

The SPEAKER—Order! I ask the Leader of the House to withdraw that latter reference to the Leader of the Opposition.

Mr ABBOTT—Mr Speaker, if it offends you, I withdraw.

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

QUESTIONS TO THE SPEAKER
Department of Parliamentary Services

Mr LEO McLEAY (3.22 p.m.)—Mr Speaker, I have a question for you. Do you recall that on Tuesday, 25 May the member for Fraser asked you a question about an apparent loss of 93 jobs in the parliamentary departments? Is it a fact that you and the President approved a position of deputy secretary in the Department of Parliamentary Services in January this year with a total remuneration package of approximately $200,000? Is it a fact that this position has not been either advertised or filled? Is it still the intention of the Presiding Officers to fill this highly paid position while job losses are
occurring within the lower paid areas of the parliamentary service?

The SPEAKER—Because of the nature of the question, I would like the opportunity to come back to the member for Watson with some more details about the filling of the position. I can tell him that it is a fact that it is intended that there should be a deputy secretary and that the position has not been filled.

Hawkins, Ms Jennifer

Ms HOARE (3.23 p.m.)—Mr Speaker, I have a question to you. You would be aware that my constituent Jennifer Hawkins from Holmesville was yesterday crowned Miss Universe, underscoring the fact that any of our children can aspire to be the best in the world, whether it be in elite athletics, the highest elected office in the land or Miss Universe.

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

Ms HOARE—Would you, Mr Speaker, join with me on behalf of all members in congratulating Jennifer on this achievement?

Honourable members—Hear, hear!

The SPEAKER—Yes, given what I assume to have been some form of acknowledgement from members on my right, I would be very happy for the member for Charlton to indicate the congratulations of the House to her constituent.

House of Representatives Practice

Mr PYNE (3.24 p.m.)—Mr Speaker, I have a question to you as well. On page 527 of House of Representatives Practice—

Honourable members interjecting—

The SPEAKER—Order! The member for Sturt has the call.

Mr PYNE—On page 527 of House of Representatives Practice, in relation to questions, it says:

Questions cannot be debated, nor can they contain arguments, comments or opinions. They may not become lengthy speeches or statements and they may not in themselves suggest an answer. In short, questions should not be used as vehicles for the discussion of issues. The call may be withdrawn from a Member who prefaces a question with an extraneous remark.

In question time today, Mr Speaker, the members for Cowan and Griffith—and, to a lesser extent, the members for Kennedy and Barton—gave lengthy preambles before they got to their question, and you seemed to indicate that this was allowable under the standing orders. My question to you, Mr Speaker is: have you decided that the standing orders should be altered to allow preamble in opposition questions and, if so, would you like to make clear the rules to the House at some point?

The SPEAKER—Let me invite the member for Sturt, since there is a week when the parliament will not be sitting, to spend some time going through past Hansards to discover just what, in fact, previous speakers over the 21 years that I have been in this parliament have tolerated by way of questions and then determine whether or not there has been any change in the approach taken by the chair.

PERSONAL EXPLANATIONS

Mr FITZGIBBON (Hunter) (3.26 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Mr FITZGIBBON—I do indeed, Mr Speaker.

The SPEAKER—Please proceed.

Mr FITZGIBBON—Last night, during the debate on a fuels tax bill, I set aside considerable time rejecting the claim of the Minister for Industry, Tourism and Resources
that the Labor Party is anti the so-called shopper docket scheme. Indeed, I said:

Labor has no intention of moving against the shopper docket scheme.

Despite that, somehow, magically, the minister for industry has today issued a media release based on my speech last night, claiming that Labor is anti the shopper docket scheme. It is a total misrepresentation.

SPECIAL ADJOURNMENT

Mr Abbott (Warringah—Leader of the House) (3.26 p.m.)—I move:

That the House, at its rising, adjourn until Tuesday, 15 June, at 2.00 p.m., unless the Speaker or, in the event of the Speaker being unavailable, the Deputy Speaker fixes an alternative day or hour of meeting.

Question agreed to.

PAPERS

Mr Abbott (Warringah—Leader of the House) (3.27 p.m.)—I present papers on the following subjects, being petitions which are not in accordance with the standing and sessional orders of the House.

Relating to the gift of the vessel HMAS Brisbane—from the member for Robertson—364 Petitioners

Relating to the aged and community care system—from the member for Indi—281 Petitioners

Relating to the education for child labourers in Asian and African countries—from the member for Melbourne Ports—391 Petitioners

Concerning children in detention centres and separation of families—from the member for Corio—37 Petitioners

Concerning the health care system—from the member for Bennelong—18 Petitioners

Concerning a memorial in Maribyrnong for horses who served in war—from the member for McEwen—540 Petitioners

MATTERS OF PUBLIC IMPORTANCE

Rural and Regional Australia: Banking Services

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

The Government’s continuing failure to ensure—

Honourable members interjecting—

The SPEAKER—I have the impression that there is no wish on the part of the opposition for the matter to be discussed. If there is, I would appreciate the opportunity to announce it to the House without interruption. If there is interruption, we will move on to another matter on the blue. The matter is:

The Government’s continuing failure to ensure that rural and regional communities have appropriate access to affordable and accessible banking services.

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 Griffin (Bruce) (3.29 p.m.)—I am overcome by the support of my colleagues on this occasion. It felt like a caucus meeting, Mr Speaker, there are very few rights and responsibilities that are more important than access to banking services. It is very difficult to operate in modern Australian society if you do not have access to banks, access to financial services and access to ATMs, and it is something that this government has had a real problem with over recent times. When we look at the question of what has been happening in rural and regional Australia over the last few years, we can see that this government has well and truly failed
a section of Australian society that it has considered in the past to be its very own.

If we look at some figures, we can see that one of the key issues is the closure of bank branches. Back in 1993, there were some 7,064 bank branches. If we then go forward to the year 2000, we are talking about 4,789 bank branches. That means that there have been more than 2,000 branch closures. Some of those occurred under Labor, but there is no doubt that a large number have occurred under this government. Over that period we are talking about some 750 bank branches closing in rural areas. As an impact of that, in 1998 the National Farmers Federation estimated that there were some 600 communities in rural and regional Australia without financial institutions.

In 2002, Dr John Taylor from the Australian National University told the Joint Committee on Corporations and Financial Services that, in relation to Indigenous communities, there were some 854 communities of under 500 people which did not have access to a store or building where EFTPOS or ATM services could be housed. As part of the considerations of that same committee, a report came out earlier this year—Money matters in the bush: inquiry into the level of banking and financial services in rural, regional and remote areas of Australia. In that report, a number of other points were made about the impact of the closures. The Uniting Church Synod of South Australia told the inquiry that it has been estimated that the closure of a full-time bank service takes approximately $500,000 from a region in the first year. The Edenhope and District Community Banking Steering Committee cited research that showed:

… for every person that has to travel to a larger regional centre on financial business $4,000 per head per annum is spent out of their own town.

In 1997, Mr Chris Sidoti, the former Human Rights Commissioner, suggested that a branch closure costs a local community an estimated $350 per person per month as people transfer their shopping and their banking to another town. Part of the solution is supposed to have been competition. The Treasurer often bangs on about competition being the cure for these issues—the panacea to the problems that have occurred. But the fact is that competition is not bringing improved banking services to many rural communities.

A study by the Productivity Commission in 1999 which looked specifically at the banking industry found that there were pockets of the Australian community that had not gained from competition in the banking sector. They said:

Bank branch closures have been part of the decline of some small country towns. The spread of newer bank technologies and the deregulation of the financial system have reduced the demand for and supply of traditional banking services and seen the emergence of new financial services and new ways of providing traditional services. While benefiting many, it has disadvantaged some, particularly people reliant on traditional banking services in those small rural communities where all branches have been closed and only a limited range of replacement services have emerged.

The fact is, when you lose a bank you tend to lose your town and it tends to die. In the same inquiry, the City of Ballarat highlighted the flow-on effects of branch closures. It said:

Traditionally the bank was not just a place to do business, but a place that was involved in the welfare of the community, not only as a local employer, but as an adviser to the community. The bank manager provided advice to the community, mostly financial, but often on other matters important to community life. In short, the bank had a leadership role in the community. That role has now disappeared and communities have lost a valuable resource.
New technology has led to service alternatives in many areas, and they have sometimes been quite successful. But problems have still occurred. When face-to-face banking disappears from a community, you lose the local bank staff who understand that community. Given the increasing sophistication of the provision of financial services and the heavy reliance on self-funding for retirement, this means that many rural people may not have access to the best advice about providing for their retirement. There is extensive evidence on this issue in the report *Money matters in the bush*. The Barossa Council submitted that it is the personal service that banks previously provided that is lost, particularly in rural areas. They said:

Those without access to face-to-face banking may find themselves on the fringes of the financial world, effectively excluded from the benefits that the banking industry offers its customers. The Council of the City of Ballarat stated plainly that while people want to withdraw and deposit money, pay bills and transfer funds, they also want advice.

Although agencies and in-store facilities vary in the level of service they provide, there are concerns about the adequacy of the services delivered. Those concerns include the fact that the services are limited, especially the level of access to professional bank staff, and that there are privacy and security concerns. The Country Women’s Association of Australia has said that confidentiality is a major problem when the bank agency is in the supermarket.

The inquiry was also told, for example, that Goombungee in Queensland may well have an ATM but, according to a council representative, 90 per cent of the time it has an ‘out of order’ sign on it. Councillor John Lee, from the Nanango Shire Council, said:

... an in-store banking institution is not like a bank itself: You go into the chemist shop; it is the chemist. They have people for over-the-counter prescriptions and you do your business on the side there. That banking atmosphere is gone.

I have quoted extensively to make a point—and this is not the Labor Party saying this. This is people who live in these rural communities saying this.

Another ill-conceived and poorly implemented response to regional banking closures is the Rural Transaction Centres Program. When regional rationalisation of bank branches escalated in the late 1990s, this government’s only response was to rush out and promise RTCs to 500 small communities. Nowhere near that number have been delivered. It is more like 100, and the communities are starting to realise how inadequate this response is. Many RTCs are imposing a massive burden on their communities. The government has never established or supported effective mechanisms for RTCs to remain viable in the longer term. They are yet another example of a short-term politically motivated fix rather than a long-term sustainable solution for regional communities.

On the issue of affordability, we need to look at the wider issue of what has been happening with the cost of banking services overall and that question of fees that so much has been said about in recent times. To state some figures, in 1997, total bank fee income was some $4,042 million—$2,880 million from business and $1,162 million from households. In 2003, the total across both was $8.674 billion. In the case of households, $3,039 million is what the banks ripped out of Australian families’ pockets.

When you look at that on an overall basis, we can say that bank fees paid by households rose some 15 per cent last year—and we are in a situation where we are paying almost three times as much as we did in 1996.

The proportion of the take from households is also growing. In 2003, households
contributed some 35 per cent of the revenue banks net through fees and charges. In 1997, they accounted for only 29 per cent. The total since 1997 is some $14,839 million taken from households alone. Let us look at some of those transaction costs. For counter withdrawals, in June 1995 the average across the four major banks was $1. In June 2003, it was $2.50—an increase of some 150 per cent. For ATMs, where much of banking has gone to these days on a basic level, back in 1995 it cost 40c to use your own bank’s ATM. In 2003, it was some 60c. I will come to fees for other banks’ ATMs in a minute. The question that I asked the Treasurer yesterday relates to other banks’ ATMs. Back in 1995, we were talking about 40c per transaction. Now on average it is $1.45—an increase of some 262 per cent. A range of other fees have gone up as well. Credit card fees in 2003 were a total of some $604 million—up 38 per cent on the previous year and up some 344 per cent since 1997. The range of fees is increasing on a regular basis. The fact is that all of the major banks must take turns to raise fees across a range of areas, and there is quite a large number of those that can be gone through.

You would have to say that all of those cuts in services and all of those increases in fees must be happening because the banks are doing it tough. But let us have a look at that. In 2003 alone, $10.5 billion was the profit in total across the four majors. It is obscene. It is so obscene, in fact, that the Herald-Sun even picked up on it recently in an editorial entitled ‘Bank fees soaring’. It said:

We cannot expect the banks to curb their greed but it is time the Federal Government did more to save the community from this blatant rip-off.

That is in the last paragraph. When we go to the question of what that means, we see that this government has very much a hands-off approach. It is a fact that these things are happening, but the Treasurer talks about competition.

When I raised the question with him yesterday about the potential for higher rural ATM fees as a result of changes being considered by a Reserve Bank proposal through an industry steering group which has been effectively endorsed by members of the coalition on the Parliamentary Joint Committee on Corporations and Financial Services, he did not know about it. He did not understand the question. He actually said that he thought that sort of fee was probably about $5. The particular fee he was talking about was a Westpac ATM fee for a customer of another bank, which is $1.50. He came back and corrected that. The thing that I found most frightening and callous in the Treasurer’s response was that he did not seem to see a problem with the fee being $5. He thought that was okay. When he came back, it was about the fact that he misled the House and to correct the figure; it was not to raise any concerns about the fact that it could have been as high as $5.

In respect of the issue I raised yesterday, I tabled a number of papers at the end of question time to make the point about what was happening there. I would just like to read a recommendation from that committee report that I mentioned. It says:

The Committee recommends that the ATM Industry Steering Group include in its consideration on the reform of ATM interchange fee arrangements the special circumstances of fees and charges associated with the use of foreign ATMs in rural, regional and remote Australia. The focus of the group would be on building into any proposed reform of the ATM fee structure, safeguards that would ensure that people living in country towns and remote committees do not incur significantly higher fees or charges for using a foreign ATM and that an unreasonable or unwarranted differential in fees and charges between those in rural and remote areas and those in metropolitan areas does not develop.
Let us go back to the words ‘unreasonable or unwarranted’ and ‘incur significantly higher fees’. What we have here is a concession from the conservative members of the corporations committee earlier this year that it is okay to have differential fees. They see that as a reasonable policy initiative. They just want to make sure that it is not too big and that banks do not go too far. They just want to make sure that it is not too bad. These are the same people who, over the last few years, have cried crocodile tears about what the banks have been doing—and what the government has not been doing about what they have been doing—with fee increases. These are the same people who have got up here on occasions and railed about the evil banks. But there has not been one thing done about it with respect to actual action by the government.

The Treasurer yesterday mentioned the role of the ACCC and said that they can monitor in this area and they should monitor in this area, but the fact is that, repeatedly, when we have requested or demanded that the Treasurer ensure that there is proper ACCC monitoring of bank fees and charges, he has refused. He raised it himself back in 1996 in response to a question from the member for Petrie. He said that, if there was evidence of anticompetitive activity or collusion et cetera, he would take action. Eight years later, what action has he taken? Absolutely none. He continually refers to the ACCC but he never refers anything to them. He continually raises the issue but he will not do anything else about it.

What he says is, ‘Shop around.’ How do you shop around in a community that does not have any banks? How do you shop around when you have only one bank or maybe two? How do you shop around when the sorts of choices that are available in metropolitan Australia are not there for you in the place where you live? You do not shop around—you cannot shop around. You pay more and you end up, under this government, being put in a situation where you will pay even more into the future. That is what we are seeing under this government—a hands-off approach from Prince Charles, the Treasurer, who in fact is waiting for the leadership but in the meantime will not do the job he is being paid to do. It is time this government did something about it and took some action on behalf of rural and regional Australia rather than just talking about it. (Time expired)

Mr ROSS CAMERON (Parramatta—Parliamentary Secretary to the Treasurer) (3.44 p.m.)—I am happy to respond to the matter of public importance that has been raised today. In fact, the government agrees with the opposition that this is not a matter to be trivialised. This is a serious challenge and a matter which ought rightly to occupy the time of the parliament in a debate such as this. Where we differ is on the story to be told about the availability of banking services to people in regional and rural Australia.

We begin with an acceptance of the importance of banking and financial services to smaller communities. Those of us from huge metropolitan areas need to appreciate the social ecosystem of a smaller country town: if you lose a bank you can lose the anchor tenant in a smaller regional shopping centre. A bank providing the cash also lubricates commerce. When that source of cash disappears, it can create significant reverberations as the pebble falls into the pond. If you lose a professional, a bank manager or bank staff from a country town then, potentially, you wind up losing their families as well. If you lose a family, then you can lose a teacher from the school in the pro rata allocation of teaching resources. If you lose a teacher, then you can lose a subject. If you lose a subject, then you wind up seeing more of your kids
being bussed out somewhere or leaving for boarding school in one of the bigger cities instead of being educated in town.

There is a tremendous determination in Australia’s towns to maintain services and resources. Most recently, this was driven home to me on this year’s Pollie Pedal charity bike ride, which I participated in with a number of my colleagues, including the Minister for Health and Ageing, the member for Murray and the member for Farrer. We rode into the Murray town of Yarrawonga-Mulwala, on the border of New South Wales and Victoria, which has a population of about 10,000 or so. I met with John Gorman, the principal of the largest law firm in town, the chair of the Central Murray Credit Union and other members of the regional chamber of commerce. Mr Gorman talked about the challenge of retaining professionals in the town. For example, when a young lawyer came up from Melbourne to work at his law practice, the people in the town went to enormous efforts to ensure that he stayed for more than a couple of years before moving elsewhere. One of the strategies of the people in the town was to try to find a wife for him from Yarrawonga-Mulwala. I began to smile and he said, ‘You think I’m joking.’ He said that it was critically important to retain the availability of professional and financial services. He talked about the importance of regulating financial services. Losing one qualified teller in the credit union presented a significant training and staffing problem. He urged me to continue with the government’s ‘light touch’ approach to regulation in recognition of the impacts on smaller credit unions in country towns.

We are all for the maintenance of quality financial and banking services to Australia’s regional and rural communities. The member for Bruce produced a range of data, but the story from the most recent Australian Prudential Regulatory Authority report indicates that the size of the banking, building society and credit union branch networks over the period 2002-03 was essentially unchanged. The evidence showed that the branch networks of the regional banks had increased over that period, with particularly strong growth in the Bank of Queensland and the Bendigo Bank. Having attended the opening of Bendigo Bank’s 125th branch just a couple of weeks ago, I can attest to its growth since its creation five years ago. So we have a new bank entrant in the Australian financial services sector specifically targeting regional communities and outer metropolitan areas—in this instance, an outer metropolitan area in the electorate of Deakin. I congratulate the member for Deakin, Phil Barresi, for his inspired individual leadership in drawing together the community in Blackburn South, which led to a fantastic community celebration—the mums, dads, kids and shopkeepers were all at Blackburn South to celebrate the opening of a financial service in an area where a number of banks had previously left. This is a demonstration of the flexibility, adaptability and competitive response of Australia’s vibrant financial services sector.

This matter of public importance is about not just bank branches but affordable and accessible banking services. There has been some decline in bank branches in some parts of the country, but we have seen an absolute explosion in the availability of non-branch bank services. I will refer to six in particular. Firstly, there is the availability of cash withdrawal from EFTPOS—electronic funds transfer at point of sale. In 1995 there were 62,000 EFTPOS facilities around Australia. Today, there are 450,000. There has been an explosion in the availability of EFTPOS facilities which, in effect, has turned every bottle shop, many cafes and every supermarket into a financial service provider. Many of these facilities are in our smaller regional and rural communities. The number of
EFTPOS transactions has risen from 30 million to 73 million over that same period, more than doubling the availability of that service.

The automatic teller machine network saves people from having to go into a branch and in many cases is provided where there is no branch. The number of automatic teller machines since 1995 has grown from 6,000 to 21,000, more than tripling the availability of ATM withdrawal and deposit services. Over the same period, the number of transactions has risen from 39 million to 63 million. This is not some moribund, stagnant financial services environment; it is an area where we are seeing a massive rate of growth in non-branch financial services. We have seen the advent of phone banking and Internet banking. Nearly every Australian has access to the phone but only 50 per cent have access to the Internet. The Internet and the phone allow people who cannot physically get to a bank branch—perhaps they are on properties in remote areas—to now have access to basic banking services. The member for Bruce talked about the costs of ATMs, but the fact that people now have the capacity to do basic transactions—through EFTPOS, ATMs, phone banking and Internet banking—in remote locations has saved about $1.75 per transaction on the cost of doing those transactions over the counter. That is a significant saving for Australia’s bank customers.

After those initiatives, we can then look at things like giroPost, community banking—I have touched on the Bendigo Bank and I will return in a minute to that bank and to the government’s special initiative of rural transaction centres. If we look at post offices providing banking services, we have seen in 2002-03 that the network of giroPost services has risen by another 28 in the last year to 3,000 giroPost facilities. Again, that is a creation of this government. Then, we can look at the rural transaction centres. I note that I am going to be followed in this debate by the member for Parkes, who has just celebrated the opening of new regional transaction centres at Tullamore and is eagerly awaiting and lobbying for the approval of a regional transaction centre at Wilcannia and Menindee.

The Chief Government Whip has joined us in the chamber. He is a keen cyclist and joined us on our Pollie Pedal bike ride. I think he was with us when we rode into Gulargambone in western New South Wales in 2002, in the electorate of Gwydir. We were greeted by a posse of kids from Gulargambone Central School on bikes. They led us into the town and I remember one of the parents, Sandra Kelly, gave us a fabulous introduction to the town and its vibrancy and optimism. The centrepiece of it was the establishment of a regional transaction centre under this government’s Regional Partnerships program.

If I return for a moment to the community banking centre, on a recent trip to Darwin I was deeply impressed by the activities of a credit union called the Traditional Credit Union, established 1994. The member for Bruce talked about services for Indigenous communities in remote centres. He should be aware that the Traditional Credit Union, headquartered in Darwin, has now opened 12 branches throughout Arnhem Land and the northern part of the Northern Territory. Those 12 branches are employing 50 people, 35 of whom are Indigenous and, of those, 11 are branch managers. The Traditional Credit Union has a current membership of 10,103. It has grown from having one to 12 branches. We see this picture of vibrancy, even in the most remote centres of the country.

In this combination of EFTPOS, ATMs, phone banking, Internet banking, giroPost, community banking like the Bendigo Bank and the credit union movement, and regional...
transaction centres, we are seeing a tremendous surge of availability of basic banking service spread right across this country. In relation to giroPost in my own electorate in metropolitan Sydney, in the strip shopping centre of the suburb of Telopea, when the last bank pulled out and Australia Post threatened to close down the contracted Australia Post bank service provider, the whole town mobilised to force the first backdown in the history of Australia Post, retaining that service in Telopea. That victory of a local community over the monolith of Australia Post is now celebrated every year in the Waratah Festival, highlighting the importance of those services to outer metropolitan areas in seats like my own and in places like Gulargambone, Tullamore, Menindee and Yarrawonga-Mulwala.

Banking services are critically important to healthy, vibrant communities. The story in Australia today is a good story. This government has moved not only to widen accessibility to banking services but also to increase their affordability. Through the leadership of Peter Costello, the Treasurer, in the introduction of a new tax system we saw the capacity for us to lever the states into the removal of financial institutions duty from 1 July 2001, saving Australia’s bank customers about $1.4 billion a year. We have not stopped there or rested on our laurels: the Treasurer is now pressing for the removal of debits taxes, which we should see from 1 July 2005. So, unlike so many of the state Labor governments and, we suspect, any new Labor government nationally, under which the pressure on taxes would be ever upward—finding new taxes and increasing existing taxes—under this government we see the pressure on taxes downwards to reduce costs to families and business. We have seen official interest rates fall by four per cent since we were elected in 1996. Bank margins, through a more competitive financial services sector, have been squeezed by 1½ per cent to two per cent, saving bank customers—ordinary Australian families—vast amounts of money. Most recently, the Reserve Bank’s standard on credit card interchange fees has forced a downward pressure of, we estimate, about $400 million on the cost of credit cards in Australia.

We are very pleased as a government to respond to this question of the availability of banking services to regional and remote Australia. We do not rest on our laurels; there is always more work to be done. The member for Parkes is right to be lobbying for two more rural transaction centres in his electorate. But if and when they come it will be part of an unfolding story of competition, efficiency, vibrancy and an expanding availability of basic banking services to ordinary Australians, wherever they may live.

**Mr Gibbons (Bendigo) (3.58 p.m.)—** Today’s MPI highlights the lack of interest the Howard-Anderson government has shown in ensuring that rural and regional Australia are appropriately served by the banking sector. The Howard government has stood by whilst regional and rural communities have had their vital services like banking ripped out, mainly by the four major banks because they claim that they cannot continue to subsidise smaller, less profitable branches. More than 2,000 bank branches closed during the 1990s, virtually one in every three branches across Australia. Many country towns were badly affected. My office has heard stories of towns where four or five branches were reduced to zero. When the last bank closes, people are forced to travel to bank—and shop—elsewhere. Local shops are then caught up in the downward spiral and this devastates the economies of these small communities. But I am happy to say that there is one bank that has seriously addressed the issue of banking services in regional and rural Australia.
Mr Hatton—Which bank?

Mr GIBBONS—You could have backed that in, couldn’t you? ‘Which bank?’ I hear somebody ask. The Bendigo Bank, of course, which happens to be Australia’s only regionally based bank. Through its community bank program and through opening its own company owned branches, the Bendigo Bank has returned face-to-face banking to more than 125 communities across Australia. A further 60 of these locally owned branches will open in the next two years. Importantly, community banking does much more than just provide banking services. Through providing profits to their local communities, these branches begin to reverse the capital drain away from the bush towards capital cities.

Even though Bendigo’s community banking is just six years old, I am informed that it is beginning to have a big impact on improving the long-term prospects of its towns. I would like to illustrate a few examples which show just how powerful it is. In Maldon, for example, the community bank board recently provided grants to community groups totalling $101,000. One of the initiatives was to pay for every district teenager to undertake a defensive driving course. At Lang Lang in south Gippsland the board has built a business centre next door to the bank. Through providing free rent it has attracted a range of professional services not previously available in that town. Henty, in New South Wales, put in the lion’s share of funding for a new town function centre. Cummins, on the Eyre Peninsula, rebuilt its town swimming pool. These are projects which would not have happened were it not for Bendigo Bank’s innovation and its faith in the future of regional communities.

And the bank has not confined its initiatives to banking. I am informed it is now beginning to roll out a series of programs, most of them co-operatively spirited but commercially based, that will further improve community prospects. One of these is a youth development program called Lead On. The first of these opened in my own home city five years ago. Some 585 young people have had valuable and meaningful interaction with local businesses. The Lead On network has now expanded to 10 offices up the eastern seaboard and is soon to open more. In total, 1,600 young people have directly benefited. The major benefit for young Australians is Lead On’s mentoring role, placing young Australians in touch with community and business leaders and activists and giving them hands-on and vital experience in a wide range of tasks and endeavours.

Bendigo Bank is now rolling out a new community owned telecommunications model, starting with Bendigo Community Telco in Bendigo. Thanks to this company, my city is now one of the best equipped in regional Australia to engage with new economy activities. Why is all this happening? Because Bendigo Bank, in stark contrast to the Liberal-National coalition government, is prepared to invest in building stronger communities in the knowledge that this will create better prospects for its own business.

It is perhaps no wonder that the company’s share price has grown from $5 to $10 in less than four years, during which time its profit has tripled. Bendigo Bank is now responsible for employing more than 3,000 Australians, most of whom are in regional areas. Yesterday Bendigo Bank unveiled plans for its $70 million head office in Bendigo—a huge investment which proves a successful top 100 Australian business can be successfully run from a regional centre. All this has happened despite the policies of the Howard-Anderson government rather than because of them.
The Bendigo Bank is doing what the Liberal-National coalition will not do. It is providing local communities with vital infrastructure by empowering them to take control of their own destinies. The Bendigo Bank is stepping in and taking up the challenge to develop rural and regional Australia, whilst the Liberal and National coalition not only sits on its hands but has directly contributed to the decline in a lot of these areas.

If anyone has any doubts about that, they need only look at The Nationals’ record in country Victoria. For example, The Nationals sat back and let the Jeff Kennett government close country railway lines and privatise the country railway system. They looked the other way when he wiped out jobs at the Bendigo railway workshops and when he privatised the workshops and left them to wither away and close. They were all the way with Jeff when he pushed for the Howard government to privatise ADI. They sat idle while he closed and privatised country hospitals. They gave him free rein to eliminate 60,000 public sector jobs in Victoria and sack country teachers and country nurses. Is it any wonder the major banks have bailed out of rural Victoria?

In my own electorate of Bendigo it was The Nationals state agriculture minister, Mr Bill McGrath, who torpedoed decentralisation—supposedly the key plank of The Nationals’ thinking—for it was Mr McGrath who sank the moves by the previous Labor government to decentralise the head office of the agriculture department to Bendigo. It was The Nationals who backed Jeff Kennett in selling off the State Electricity Commission and wiping out the electricity pricing parity scheme that had protected country consumers of electricity for decades. And it was The Nationals who made it possible for Jeff Kennett and the Howard government to rob the Bendigo region of over 2,000 public sector jobs. Is it any wonder the major banks have bailed out of rural Victoria?

The Nationals remind me of a flock of frightened and bewildered sheep being kept in a small and tight bunch by the Liberal dogs running around them, barking and snapping at their heels. Every now and then, one of these frightened and bewildered sheep gets spooked and hares off in the other direction, only to be run down by the Liberal Party dogs constantly barking, biting and snapping at their heels. Of course in Victoria The Nationals have never been anything but sheep in wolves’ clothing. When they were in opposition between 1982 and 1992 The Nationals howled like wolves—they were going to bare their fangs and rip into anyone who laid a hand on the country. Then, of course, from 1992-99 they signed up as the country branch of the Kennett government, dropped the pretence of being wolves and just bleated like sheep.

I think I have been too kind in describing the Nats as sheep. The Nationals are, in reality, just dags hanging on the back ends of sheep. They just hang onto the Liberals no matter how much the Liberals drop on them. The Nationals are backing the Liberals’ push to flog off Telstra while they sit back and watch the big banks close down in small country towns. I am reminded of that old Kenny Rogers country classic entitled the Coward of the County. You could easily pen a theme song for The Nationals called the ‘Cowards of the Country’.

One of the other things that is of major concern to me in terms of rural closures is that we are about to see the effect of some of the retail fuel outlets starting to close in regional and rural Australia. Does anybody here believe that the big multinational oil companies would not close down rural fuel outlets because of their compassion and consideration for regional and rural Australia?
Does anybody think that they would say, ‘No, we’ll keep all these petrol and fuel outlets open?’ Just imagine the devastation that that would cause rural and regional Australia if it were impossible to buy fuel, distillate, LPG or kerosene. Just imagine how that would affect regional and rural Australia. Yet I think that is going to be the next big round of country closures. And, again, we will see The Nationals and the Liberal-National government sit back and watch that happen. We need to be very careful and watch that very closely.

In conclusion, I am reminded that the member for Parramatta made what I thought was a very interesting contribution to this debate—as he always does—but I am also reminded of his comments from, I think, last year, when he said that the simple answer to unemployment in regional Australia was that you just had to move to the capital cities. If only it were that easy. Remember that? That is what he said, ‘Just move to the capital cities—problem solved.’ Perhaps all of the people who are experiencing unemployment because of the downsizing by the Liberal and National governments in all these areas, which has caused the banks to close, could go and live in Parramatta—obviously that is where all the jobs are!

PERSONAL EXPLANATIONS

Mr FITZGIBBON (Hunter) (4.08 p.m.)—by leave—Mr Speaker, I thank the government and the House for allowing me to intervene in an unorthodox way. I wish to make a personal explanation.

The DEPUTY SPEAKER (Hon. I.R. Causley)—Does the honourable member claim to have been misrepresented?

Mr FITZGIBBON—Yes.

The DEPUTY SPEAKER—Please proceed.

Mr FITZGIBBON—A report in the Australian newspaper could have left the impression that I am opposed to BHP’s initiatives to sell LNG into the Californian market. I support all efforts to sell Australian gas in any new market.

MATTERS OF PUBLIC IMPORTANCE

Debate resumed.

Mr JOHN COBB (Parkes) (4.08 p.m.)—Like the member for Parramatta, I have great pleasure in responding to the MPI proposed by the member for Bruce. Listening to him, and especially to the member for Bendigo, one could be forgiven for perhaps supposing that the Labor Party are the champions of the country. But, in fact, when you look at their record, I think the word ‘country’ would make most of them think of a suburb in Sydney, a ghetto in Brisbane or some such place, because they certainly do not understand what happens in the country and they certainly do not know about banking in the country. I am rather staggered that they would bring up the question of banking in country areas in the first place.

We would all agree that an affordable and accessible system of banking is a necessity of life for anybody, especially people in the country. I have to say that the biggest drop in banking services that ever occurred in any one year was in 1994, when some 274 branches closed in country or regional Australia. At that time I think I would be correct in saying that we had a Labor Party led by Paul Keating, and I do not recall a thing being done to try and help that system out.

It could be said, and it probably has to be said, that deregulation was what caused a lot of branch closures in country and metropolitan Australia. But I am not against deregulation. By and large, it has been a good thing for Australia’s banking services. The point is that the last Labor government did absolutely nothing to try and help country people, or
anyone else for that matter, to deal with it or to provide services in its place. I am absolutely staggered that they would have the gall to bring this issue up, because the greatest example of how to take services away from country Australia was when the Commonwealth Bank was privatised. I have no problems with the privatisation of the Commonwealth Bank, but I cannot help but compare it with this coalition government’s partial privatisation of Telstra. When we privatised Telstra, we made it a condition that universal service obligations and universal service guarantees were put in place. We also got Telstra to create Telstra Countrywide. In other words, we created something that had to be focused on country Australia; it still is and it will remain so.

When you compare the privatisation of Telstra to the privatisation of the Commonwealth Bank, I am sure the members on the other side of the House have either never heard of—or, if they have, they have forgotten—a little thing called the Commonwealth Development Bank. The Commonwealth Development Bank probably did more lending for plant, equipment and development in rural and regional Australia than any bank has ever done. In terms of keeping a competitive market and in terms of having good margins, there has probably never been a better instrument for farmers and the general development of operations in country and rural Australia.

What did Labor do? Did they assure people that the Commonwealth Bank would maintain services? Did they put in place universal service obligations or a guarantee that services would remain? I have to tell you—and you will be surprised, Mr Deputy Speaker—that, no, they did not. They did not do one damn thing about it. The National Australia Bank’s agribusiness section recently said that the coalition’s facilitation of new banking practices and new banking entities has probably lowered the margins for farmers and country people to the tune of about $200 million a year. That means that country people are paying $200 million less a year in interest rates, because—and this comes from NAB’s agribusiness section—we have facilitated new entrants into the banking business. None of that occurred in Labor’s time—and I have yet to talk about things like RTCs. The biggest closure of banking services in rural and regional Australia occurred in 1994, and I think I am right in saying that that was at the time of Mr Keating and the last Labor government.

What has the coalition done to ensure that the closure of branches did not go too far or that we had something to put in its place? Well, we did one heck of a lot. The coalition government, and The Nationals in particular, have put in place specific country programs—and this is going to upset the member for Bendigo quite a lot, but it is a fact, whether he likes it or not—like not only Regional Solutions, Regional Partnerships, Networking the Nation and almost $800 million towards placing more doctors and nurses in rural centres, but also the rural transaction centre program. I think you heard the member for Parramatta quite correctly point out some of the things that program does. Let me tell you, in terms of financial services, that program does one heck of a lot. It has put financial services not only into places that may have lost branches but also into remote communities that never had a banking service before.

The members for Bendigo and Bruce should one day try getting out of Melbourne, going for a drive and having a look at how big Australia is. They might find a heck of a lot of places in Australia, way out in the west, which never had services until we put them there. Whether through Networking the Nation or rural transaction centres, in the last eight years this coalition government—the
Liberal Party and The Nationals—have put services out there that never existed and never would have existed if we had not put them there.

Originating in 1999, rural transaction centres now have 108 operating agencies. Another 87 have been approved, as the member for Parramatta mentioned. A centre for Tul-lamore has been approved and will soon come online. I am very proud of the fact that we have four agencies in our electorate and I very much want to get two more in Menindee and Wilcannia. Menindee has no banking centre—it probably has not had one for 80 years. Hopefully, it will get one in the near future.

What are rural transaction centres? They provide financial services, post, phone, fax and Internet services, Medicare EasyClaim and Centrelink services. They provide facilities for visiting professionals, printing, secretarial services, tourism, involvement in employment schemes, insurance and taxation services and federal, state and local government services. We put into action what country people said they wanted. When the state governments and the Labor government took away those services we said, ‘We have to have a one-stop shop for people, particularly for financial services.’

The RTC program provides personal banking and elements of business banking services to rural areas. Under the program, communities apply for improved access to a range of primary transaction centres, with the option at a later stage of extended services. These centres are meant to complement; they are not meant to duplicate or force out existing services, particularly financial services. We have also encouraged giroPost, which is offered at almost 3,000 Australia Post outlets across Australia. They provide banking services from a range of financial institutions, including banks, building societies and credit unions.

Mr Deputy Speaker, I want to tell you something about banking services in the bush, for farmers and business people in particular. As we have already heard from the member for Parramatta, since the advent of electronic banking, phone banking et cetera, we have never been better serviced. While, admittedly, my wife does most of our banking, I cannot remember the last time I had to enter a bank for business reasons. They come out to your property; you can do your business over the Internet or over the phone. We have never been better off. (Time expired)

Mr ORGAN (Cunningham) (4.18 p.m.)—I welcome the opportunity to support the member for Bruce in this matter of public importance on the government’s continuing failure to ensure that regional and rural Australians have access to affordable banking services. This is not just about country Australia, as the member for Parkes would have us believe. It is about remote, rural and regional Australia. My seat of Cunningham in the Illawarra is certainly regional, and like other areas across Australia in recent years we have seen an almost continual stream of bank branch closures, stretching back for the whole of the life of this government. Those closures have not resulted in improved services for ordinary Australians—far from it.

The member for Bruce has given a good overview of the changes in banking services in this country over the last decade and the ballooning of bank profits, not to forget the outrageous payments to banking senior executives that we have seen in recent years. Unfortunately, the community has largely been left behind, with banks blinded by the push for shareholder profit at the expense of services.

We in Cunningham are fortunate to have three significant non-bank financial institu-
tions headquartered locally, which serve the community well. I speak of building societies and credit unions, such as the Illawarra Mutual Building Society, the Illawarra Credit Union and City Coast Credit Union. But there is little doubt that face-to-face banking is a vanishing species in this country. We have just heard the member for Parkes talk about that. There is no doubt that more and more people in Cunningham are being forced to rely on electronic banking in its various forms, including the use of automatic teller machines to obtain cash—something they are now dependent on since the virtual abolition of cash wage and salary payments. We know that the use of electronic forms and credit cards et cetera is causing a debt crisis in this country. That is something we should be mindful of in this debate.

In speaking of ATMs, which are so much the face of banking in Australia today, I was bemused yesterday by the Treasurer’s reply to a question from the member for Bruce when he said that he expected the Reserve Bank to lay down rules to encourage competition and the best deal for customers. I am concerned that recent developments in the ATM market may mean that this is nothing more than a pipedream. There were 21,603 ATMs around Australia in June 2003, up from 16,398 in June 2002—an increase of 32 per cent in just one year.

Mr Ross Cameron—Fantastic.

Mr ORGAN—‘Fantastic,’ he says. On the other hand, it took three years for the number of ATMs to grow from 10,089 in June 2000 to 16,398. Clearly something is happening out there, and whatever it is you can rest assured that it has little to do with better service and everything to do with increased profitability. You have only to look at your own bank statement. I looked at my bank statement this morning. There are transfer fees of $1.50 and monthly account fees of $5 or more. There are lots of fees that we are being hit with as part of this new environment of electronic banking.

As I said just now, I am concerned about recent developments in the ATM market—developments which may adversely impact upon the everyday banking behaviour of Australians and the costs of that behaviour. That concern is based on the fact that just over a quarter of the ATMs existing in June 2003 belong to one provider, and that provider is being taken over by a major player from the United States. First Data Corp., the parent company of money transfer giant Western Union, is acquiring Australian ATM provider Cashcard through its local subsidiary First Data Resources Asia Pacific Ltd.

For members’ information, Cashcard has more ATMs than the Commonwealth Bank—around 5,670, in fact. That is about 49 per cent of the independent ATM market and it reportedly accounts for about 10 per cent of the debit and credit processing market. That is right: 10 per cent. Cashcard has more than 50 member institutions, by far the majority of them from the building society and credit union sector, which of course operate as mutuals where profits benefit members through reduced fee structures and lending interest rates rather than being returned to shareholders as dividends. One of these members is the IMB, the Illawarra Mutual Building Society, whose headquarters are, as I said, in Wollongong in my electorate of Cunningham. The IMB has 38 ATMs across three states and the ACT. So Cashcard—which is 15 per cent owned by the Australian building society network, 15 per cent by Suncorp, eight per cent by St George Bank, five per cent by Adelaide Bank and 29 per cent by Gresham Private Equity, among others—will fall into the hands of just one company. That does not seem to me to do too much for competition in the ATM market. And it does less when you realise that First Data Re-
sources Asia Pacific Ltd describes itself as Australia’s largest independent electronic payment systems network. Indeed, our local subsidiary of this US financial giant—for that is what First Data Corp. is—has as its objective:

… to process every electronic transaction in Asia Pacific from the point of occurrence to the point of settlement.

Does this mean they want to monopolise the market? It sounds like it to me. First Data Corp. returned a net income of $US1.4 billion in 2003. It employs 29,000 people and is ranked at No. 242 on the Fortune 500 and No. 130 on the FT Global 500. First Data is a US financial giant with a lot of muscle to flex. It has so much muscle in fact that US authorities took legal action to prevent it from acquiring another debit processing network company, Concord, on the grounds that the $US7 billion merger would substantially reduce competition in transactions which require the entry of a personal identification number—that is, the PIN we all use every time we access funds through an ATM. First Data and Concord settled the matter by agreeing to divest First Data’s interest in another PIN based debit network.

So the fairly obvious question arises: is First Data picking up Cashcard, a PIN based debit network, in Australia to fill that gap? Clearly the Australian Competition and Consumer Commission, the ACCC, does not think so. It has said that it would not oppose the acquisition of Cashcard by First Data because the presence of other strong competitors in the markets is likely to operate as an effective competitive constraint on the merged entity, thereby constraining attempts to raise prices to customers.

I wish I could be as confident as the ACCC. The prospect of an overseas controlled financial giant owning the ATMs and Australia’s largest independent electronic payment systems network is not one which I am at all comfortable with. It needs to be looked at very carefully. It goes to the heart of what we are debating today—that is, ensuring that rural, regional and remote communities in Australia have access to affordable and accessible banking services. It is going to be pretty difficult to keep fees down if one multinational financial giant controls the lion’s share of the system. Despite the Treasurer telling us yesterday that the government wants a ‘competitive, pro-consumer outcome’ to banking fees and surcharges, that is going to be pretty difficult to obtain when one overseas company controls 49 per cent of the independent ATM market.

What the people of rural, regional and remote Australia want is action to ensure that they have access to affordable banking services. The government must act to ensure that this is the outcome, rather than putting their money on so-called free market forces. The government cannot continue its hands-off approach in this area. Less well off people in our community, including those in my electorate of Cunningham, are telling me they are abandoning banks in some instances because of the exorbitant fees. There is little doubt that there has been an increase in the variety of banking services available to most Australians. But we are talking here about quality, not quantity, and it is here that the government has a role to play. Charges cannot keep spiralling. It would be good to see some sort of leadership from the Treasurer here.

I think we should be aware that in rural, regional and remote areas of Australia there is real concern about rising costs, the prevalence of online services contingent on good Telstra networks, less face-to-face banking and less employment in the sector. We have heard the previous speaker talk in regard to Telstra about the universal service obligation. I think the community would welcome some
sort of universal service obligation for the banking sector as well. *(Time expired)*

The **DEPUTY SPEAKER** (Hon. I.R. Causley)—Order! The discussion is concluded.

**ADJOURNMENT**

Mrs VALE (Hughes—Minister for Veterans’ Affairs) (4.28 p.m.)—I move:

That the House do now adjourn.

**Health and Ageing: Aged Care**

Ms HALL (Shortland) (4.29 p.m.)—The Howard government have been very outspoken in congratulating themselves on their commitment to older Australians through aged care. Unfortunately, this self-congratulation is not reflected in the community I represent or in communities throughout Australia. The number of constituents who have approached me about their inability to get their loved ones into a residential care facility or to obtain a community care package is enormous. These are people at the point of desperation, people who believe that their loved ones are being disadvantaged by the Howard government’s inaction in the area of aged care. They want more than rhetoric; they want a government that acts, and they want care for their loved ones.

The government’s announcement in this year’s budget that it would increase the number of aged care beds is pretty meaningless when you look at it in the overall context. It is really important to note that at the moment there are a number of phantom beds or beds that exist only on paper out in the community. For instance, in the Hunter one in 10 of the aged care beds exists on paper only. On the Central Coast of New South Wales one in six beds exists only on paper. Until the government addresses this issue and stops approving aged care beds on paper without actually having the facilities built, the problem will continue. The states are being forced to provide aged care for residents through the hospitals. This reflects the lack of aged care beds and the lack of community care packages. If a person is unable to be placed in a residential care facility and if they need that level of care, it necessitates them staying in hospital. If the appropriate community aged care package cannot be arranged for them, they are forced to remain in hospital when they would be much better at home with that extra care that they need.

I would like to discuss two constituents whose daughter came to see me. They live at Catherine Hill Bay, which is a little settlement just outside Swansea. They have been assessed by the local ACAT team as needing an aged care package. A number of aged care providers have been approached to provide this package, but unfortunately my constituents have not been given a package. You might ask why, because they are very elderly. The mother is 83 and the father is 87. Both are diabetics. The mother is quite unstable. She quite frequently has hypos and recently was admitted to hospital. She has very severe arthritis and cannot leave the house. The father has a mild heart condition. Neither of them drives. They rely on their daughter for any assistance. They live in an area some distance from where she lives. It is a very difficult situation.

You might ask why they cannot get a community aged care package and why there are no community aged care packages available in Catherine Hill Bay. The answer to that is that the way the community aged care packages are structured is that they disadvantage people living in outlying areas or on the edge of metropolitan areas. Three aged care providers have told the daughter that they will be unable to provide an aged care package because the community aged care packages do not have written into them a component for travel. This means that in an area
like mine, with an elderly population, the community aged care packages are delivered where there is no necessity to travel and those people living in the outlying areas miss out. The problem is the way the packages are put together. The problem is the funding arrangement. The problem is that we have a government that is more interested in saving money than in really delivering services to those people who are in the greatest need. I would argue strongly that it is about time that the government shouldered its responsibility. It is about time that it adopted a proper approach to delivering aged care. *(Time expired)*

**Budget 2004-05**

*Mrs DRAPER* (Makin) *(4.34 p.m.)*—The most important part of my job as the elected representative of the people of Makin is to effectively represent them on issues that they feel are important. That is why I conduct regular electorate visits where I meet with my constituents at previously advised locations in my seat. The most recent electorate visit took place on Saturday, 22 May in the suburb of Banksia Park. I was very pleased to see the large number of people who came out to meet with me, both to give their moral support and to let me know how they felt about a wide range of important issues.

Firstly, I am pleased to report to the House that the families of Makin were particularly pleased with the federal budget. Many people have told me how they will benefit from the increased family benefit payments and taxation relief announced by the government. This is the largest family assistance package ever developed by any government, and it has been designed to help people to balance work and family life. I see many families in my electorate working hard to pay their bills and provide their children with a good education, and generally operating on a tight budget. This applies to families in all areas of my electorate, from Greenwith and Golden Grove to Modbury, Salisbury East, Valley View and Gepps Cross. Postcodes may differ but the pressures on family life do not. Families in all areas of my electorate deserve the increased support and tax relief that the federal government is providing. Unfortunately, Labor is yet to appreciate this fact.

Other issues raised during my electorate visit in Banksia Park include the cost of paying increased charges for Telstra line rentals, which is a worry particularly to pensioners in my electorate of Makin. The need for greater support for grandparents who have taken responsibility for the upbringing of grandchildren was also raised. It was interesting that this was raised during the electorate visit, because I was involved in a discussion on this issue during a recent meeting of the Tea Tree Gully Community Services Forum in Modbury. Anglicare, in association with Family and Youth Services and Helping Hand Inc., conducted a community forum on this issue on 28 May in Adelaide. It is hoped that we can begin a local support group for grandparents who find themselves for whatever reason charged with the responsibility of bringing up their grandchildren. This is a growing trend in our community and one that I have been learning more about as I meet with my constituents.

The threat of drugs remains of concern to parents and grandparents, who are generally doing everything they can do to teach our young people about the dangers of illicit drugs and alcohol abuse. The people I met made it clear that they do not support the flirtation of the Leader of the Opposition with allowing a so-called safe injecting room. They recognise that this would be a disaster. Parents really do want their governments to take a strong and uncompromising stand on this issue, which is why they
support the Tough on Drugs approach of the Howard government.

My constituents also recognise the link between the drug use and crime. Crime remains the most urgent concern of many of my constituents, and I was pleased to be able to tell them about the federal government’s new $20 million national community crime prevention program with its focus on helping local communities develop effective programs to prevent crime. These programs previously in operation in the Makin electorate but cut by the state Labor government have proven to be successful in the past, and I have no doubt that, with the right ideas and the commitment to achieving real results, we can make our community safer.

Sadly, mental illness is also a growing concern within my electorate and it is an issue I will continue to raise in the party room, both in my capacity as the member for Makin and as the chairman of the health and ageing committee. Recently, I received a letter from a constituent which reads as follows:

Dear Mrs Draper
On Christmas Day 2003, my son, who has suffered from schizophrenia for 22 years, visited us for the day. Sadly, we realised soon after he arrived that he was quite disturbed, and he became worse as the day wore on. My husband and I decided he was bad enough to need professional help as he was delusional, extremely agitated and threatening suicide. In the late afternoon, I rang Modbury Hospital, who told me we could take him there or the RAH. My son would not agree to either. The third alternative was to ring the 24-hour crisis and emergency team, which operates from Glenside hospital, and I did this. Shortly after I started my tale of woe, the lady interrupted to say, ‘I must tell you straightaway that we can’t come out.’ I then said to her, ‘Is there no help out there?’ She replied that I could take him to hospital but she had no one to send out. I told her that he would not consent to go and she replied that two visitors would visit him the following day being Boxing Day.

(Time expired)

Howard Government: Performance

Mr BRENDAN O’CONNOR (Burke) (4.39 p.m.)—The 19th century writer and dramatist Jerome K. Jerome once said it is best policy to speak the truth, unless of course you are an exceptionally good liar. It would appear that this is the advice that has been adopted by the government of the day. Since we commenced the term of this government, the Prime Minister has considered himself someone who is in a position to obfuscate, mislead and deceive the Australian public. We saw this on display in the ‘kids overboard’ affair when it was revealed that there had been a lie perpetrated by the government leading up to the 2001 election. Unfortunately, this untruth was exposed after and not before the election, not allowing for the electors to have that form part of their deliberations when they decided who to vote for. We know that there were no children thrown into the water, and the Prime Minister asserted unbelievably that he was not aware, although we found out subsequently that his department and his office had been told. The Prime Minister conveniently allowed public servants and Australian defence personnel to take the rap for this most tragic debacle.

We saw this approach on display again with the government’s reliance on false or fraudulent intelligence regarding Iraq’s alleged weapons of mass destruction. Let me remind members that the primary reason for Australia’s invasion of Iraq was to rid the country of weapons of mass destruction. When the information proved to be false or exaggerated, the Prime Minister blamed the advice he received. He felt no need to accept ministerial responsibility, and I think he should be ashamed for that. And now we
have a cover-up by the government about what and when they knew of the torture of prisoners in Baghdad. On 27 May, Defence Minister Hill said Major George O’Kane did not know about abuse claims before January, but last Monday, four days later, O’Kane was not allowed to give evidence to the Senate committee. As we now know, the Senate committee has been provided with mounting evidence that Australian officials were aware of abuse from late last year, including details of visits to the prison in Baghdad.

Neither the Prime Minister nor the Minister for Defence have declared that they were in any way wrong for not making admissions to this fact in question time some weeks ago. Rather, they blamed the public servants. Indeed, it took the Secretary of the Department of Defence, Rick Smith, to admit that he and the Chief of the Defence Force, Peter Cosgrove, were wrong to say no Australian personnel were aware before January this year. The fact is that this country deserves a government that will tell the truth. It deserves a government that will come clean and, when the government of the day makes an error, it should be big enough to admit those errors. Unfortunately, we do not have a Prime Minister who will always be entirely honest with the Australian public. There are too many examples in this term of obfuscation, deception and misleading conduct by the executive of the government. I think it is about time that we see that change. When the electors decide whom they are to vote for at the forthcoming election, one of the elements they will consider is how honest their government have been. I think they will conclude, as many are concluding now, that the government have not been entirely honest with very important national matters. I think they will be understandably condemned for their conduct.

HMAS Yarra

Mr ANTHONY SMITH (Casey) (4.43 p.m.)—I rise today to tell the heroic story of Leading Seaman Ron Taylor. The late Ron Taylor, also known as Buck, was the great uncle of Mr Garry Taylor, who told me about his great uncle’s remarkable and heroic story at a recent ceremony marking the important role in Australian naval history of HMAS Yarra and her service during the Second World War.

Garry Taylor and his wider family are rightly seeking to raise awareness of Ron’s bravery and have it formally recognised. Of course, these aims do not exclude remembering Ron’s 150 shipmates on the Yarra. The story of HMAS Yarra is remarkable, yet at the same time very sad for the many lives that were lost. Ron Taylor joined the Navy in 1935 as a 17-year-old, having spent years being fascinated by ships and the sea, and it was his dream to become a sailor. He was highly motivated and he stood out amongst his peers. He saw service and action all over the world. He joined HMAS Yarra in August 1939 and died when the Yarra went down off the south coast of Java on 4 March 1942.

I will now refer to the story of the sinking of the Yarra as prepared by Daniel Oakman of the War Memorial, which was used to mark the occasion of the 60th anniversary of the sinking. Oakman recalls:

The first week of March 1942 was disastrous for the British and Australian navies, with the loss of over twenty ships. When we remember the fierce naval battles of late 1941 and 1942, the story of HMAS Yarra is often lost against the destruction of the British capital ships Prince of Wales and Repulse and Australia’s Perth, Sydney and Vampire.

The ‘glorious sunrise’ of 4 March soon revealed the topmasts of a squadron of Japanese heavy cruisers steaming in from the north-east ... As G. Hermon Gill, official historian of the RAN in the Second World War, put it: ‘Yarra’s clanging alarm
rattles struck a chill to the hearts of men who were hoping to be in Australia within four days’. Rankin—

the Yarra’s captain—immediately made a sighting report, ordered the other ships to scatter and laid smoke in a vain attempt to aid the escape of his convoy. He then turned Yarra and prepared to engage. Yarra’s guns ... were no match for ... the most powerful ships in the Japanese fleet. Outgunned and out-ranged, no ship could escape the attack. The cruisers opened fire while remaining outside Yarra’s range.

Three ships in the convoy sank after sustained heavy fire. Oakman continues:

Yarra continued firing, despite listing heavily to port and drifting helplessly after shells destroyed the engine room and steering. Just minutes after Rankin gave the order to abandon ship he was killed ... Blasted beyond recognition by constant shelling and bombing from the cruiser’s aircraft, Yarra finally sank at 8.00am ... In a final act of defiance, Ronald Taylor ignored Rankin’s final command, manned a 4-inch mount, and continued firing as the ship sank.

A survivor who watched all this happen reported:

The Yarra was the only ship left afloat ... The two destroyers were circling Yarra which appeared to be stationary, and were pouring fire into her. She was still firing back as we could see odd gun flashes ... The last we saw of Yarra was a high column of smoke, but we were vividly impressed by her fight.

Oakman continues:

Perhaps the gun flashes they saw came from Taylor, still operating the only functional gun. The scene must have been even more poignant for Yarra’s 34 survivors ... who watched her last moments ...

… … … ...

With just 9 litres of water and a tin of biscuits to share, the men set a course for Christmas Island, some 500 kilometres away. Of the 34 who survived attack, 21 perished on the rafts from wounds, exposure and thirst.

Oakland concludes:

Rankin, all his officers, and most of his crew died defending the convoy they had been ordered to escort. Rankin had few options, but his decision to engage and not attempt to escape or surrender is widely regarded as one of the bravest acts in Australian naval history.

History has recorded Leading Seaman Ron Taylor as playing an important and critical role on that fateful day in 1942. Accordingly, I request that the Navy consider more formally recognising his bravery, perhaps through the naming of a ship in the future. On the eve of the celebration and commemoration of D-Day, it is worthy that these heroic acts by Australians and others are reconsidered and recognised in the best way possible.

Roads: Funding

Mr GAVAN O’CONNOR (Corio) (4.48 p.m.)—I would like to raise tonight an issue of current concern to my electorate. It is an issue that concerns electors not only in the seat of Corio but also in the seat of Corangamite—that is, the community’s quest for funding for the Geelong ring-road. This is a very important piece of regional infrastructure. The completion of this ring-road will have quite extraordinary economic implications for my electorate and the region as a whole. This ring-road will connect the Princes Highway with the Midlands Highway, the Hamilton Highway and later, if funds are available, with the Surf Coast Highway. It will also drive considerable tourism development in the Western District region of Victoria, particularly down the Great Ocean Road.

Australia has some iconic tourism assets. Ayers Rock, the Great Barrier Reef and the Great Ocean Road figure in the largest numbers of visitors that come to our physical assets. I note in the chamber here tonight the honourable member for Corangamite who, with me, has been lobbying the federal min-
ister for consideration of funding under the current government programs for this piece of infrastructure. He appreciates as I do the importance of completing this ring-road for the benefit of the region. The completion of this project will have national economic significance, not only in stimulating tourism along the Great Ocean Road and in the region but also in stimulating manufacturing and agricultural based activities in the seats of Corio and Corangamite.

It is time to put politics aside on these matters. Where the benefits are not strictly confined to a seat of any political persuasion but accrue to the nation, I think it is incumbent on all governments to sit down and thrash out the issues to come to the best arrangement for the region and the state. It is quite clear under the 1991 framework agreement between the Commonwealth and the states, which allocates particular highways in a state to various levels of government for funding, that the Princes Highway does not strictly qualify for automatic federal funding. I think that is understood by the Geelong community. There are some in the community who see the Princes Highway as Highway 1 and automatically assume that it is eligible for federal funding. That is not the case.

There are categories of funding at the federal level where the Commonwealth does have some discretion to involve itself, in the national interest, in particular projects. For example, under the Roads of National Importance criteria, a road must improve access to major centres of economic activity by removing bottlenecks or other impediments to efficient road performance. It must improve links to the national highway or major transport facilities such as ports, rail terminals and airports. And this ring-road fits quite squarely into the other criteria for Roads of National Importance. So I would ask the government to give real consideration, in its AusLink announcements on 7 June, to funding this project if those funds are available within its budget. I think it would be of considerable benefit to the region, to the state and to the nation.

**Environment: Australian Greens Policy**

Ms LEY (Farrer) (4.53 p.m.)—As the election approaches, I would like to update the House on the latest alternative policies being put forward by the Australian Greens. From time to time I check the Greens web site to see what they have to say about the issues that are of importance to the people of my electorate, such as river and catchment health, native vegetation, agriculture, secure water supplies for the future of Australia, forestry and other environmental issues.

Today’s leading issues from the web site of the Australian Greens are: abolishing ATSIC, reform to the Senate, gay marriages and the Bonn International Conference for Renewable Energies. This was on the front page of their web site, so I thought further environmental issues would be sure to be on page 2. A couple of clicks later I found: prisoner abuse, same sex marriages, the extradition of a couple of crooks from Hong Kong and the Hicks August trial. There was nothing about the environment on page 2, so I felt sure I would get lucky on page 3. On same sex issues, the Greens have written to Labor members who opposed the Iraq war, asking them to cross the floor and also to write to the government on this matter.

Guantanamo detainees and the security threats of the Guantanamo detainees were also there.

But finally, on page 3 of the web site, I found: ‘Latham challenged over Tasmania’s forests’. This is a media release in which Senator Bob Brown, I believe, briefly refers to the Tasmanian forests, but the prominent message is to sign the Kyoto protocol and make Antarctica a World Heritage area.
media release ends with: ‘The Latham and Howard announcements will steer voters concerned about the nation’s environment to the Greens.’ From what I have just outlined to the House, I am not sure that the material that I have seen on the Greens web site would steer any of my constituents to an understanding that the Greens will be working assiduously on environmental issues on their behalf.

In their releases and policies the Greens talk cheerfully about how they will increase spending, not understanding that you need a wealth-creating, modern economy in order to generate the dollars in the first place. Under their policies, growth is not something that I think we could be assured of. So my message to my constituents is: if you would like to see more money flow to address your concerns on the environment, the Greens may not be the party for you.

Environmental groups across the world are often run by the wealthy and the white. They almost always claim that they have the interests of the world’s poor at heart. Globalisation, multinational corporations and sophisticated technology are all often in their sights. And for those who consume too much in a stressed out Western lifestyle—buying things they do not need with money they do not have to impress people they do not like—this approach does have some attraction. But it is an illusion. And it is one promoted by the affluent few at the expense of the many in the world who are stricken with poverty.

While we relax in airconditioned comfort, wandering between the fridge and the couch, eating and drinking pretty well what we like, we should be aware that a substantial part of the hurdle between poor peasant families and adequate nutrition is the Green movement. What is the main reason for this? Non-government organisations in the developing world have vigorously opposed any genetic modification of food. They have mobilised an incredible anti-GMO plan in recent years, much of which is designed to scare governments and citizens in poor countries from ever engaging in genetically modified food.

I understand that a sensible plan to grow GMO rice in Asia and Africa is not going ahead—or not going ahead as swiftly as it might. This plan looks at adding a gene to the rice that I understand is found in daffodils, which will add beta-carotene and therefore vitamin A. It will save children from blindness, because children in these areas, with their very poor diet, suffer a severe deficiency of vitamin A. So we have a daffodil gene in a rice paddy posing such a risk that over the next five years, according to the scientist Patrick Moore, 2½ million children will go blind. Those who recoil, I must say, from genetic modification of food, should just think of this: traditional farming methods modify the environment to suit the plant, whereas GM modifies the plant to suit the environment. It is really not such a great difference.

So, if the Greens had their way, the world would not be able to feed its six billion inhabitants. ‘What’s wrong?’ you might ask, ‘They’re a minor party, but isn’t it useful to have a party with ideals and a pure vision for the way the world ought to be, so we can inject some balance into our ignoble, avaricious policies that are hurting the planet?’ What is wrong is that, if you choose to vote Labor at the next election, you sign up to the careful set of arrangements that the Labor Party has made with the Greens in this place, and if their representation improves in the Senate, we will have a Labor government that will devastate industry in my electorate, forestry in my electorate and irrigated agriculture.
Howard Government: Ministerial Responsibility

Mr SNOWDON (Lingiari) (4.58 p.m.)—In the very short time I am going to speak tonight, because I want to provide a little bit of time for my friend opposite, I want to follow on from the member for Burke’s contribution. I want to point to the fact that the issues over Major O’Kane and the subsequent advice to the federal government were revealed in a very interesting article by Mike Steketee today in the paper. He talked about the notion of ministerial responsibility and the fact that this government, since ‘children overboard’, has shown absolute contempt for that whole notion of ministerial responsibility. And here we have seen over the last couple of days in this parliament, as a result of the Senate estimates process, the Prime Minister, the Minister for Defence and the Minister for Foreign Affairs abrogating their responsibility as ministers by saying they had no information at their hands, even though their agencies did, and that they take no responsibility for the information their agencies held. It seems to me that what we are seeing here is ministers deliberately quarantining themselves from information which might otherwise be not palatable to their political interests. And that, to me, is an abdication of political responsibility and shows how morally bankrupt the government is.

Health: Child Obesity

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (4.59 p.m.)—Tomorrow at Caloundra we are having a healthy lifestyle forum to combat childhood obesity. The Governor-General’s comments and those of the Prime Minister were timely. It really is important that as a community we confront this ticking time bomb.

The SPEAKER—Order! It being 5 p.m., the debate is interrupted.
The DEPUTY SPEAKER (Hon. I.R. Causley) took the chair at 9.40 a.m.

STATEMENT ON THE MAIN COMMITTEE

The DEPUTY SPEAKER (Hon. I.R. Causley) (9.40 a.m.)—Before calling on members’ statements, I wish to make a short statement. Before the next meeting of the Committee, the 10th anniversary of its first meeting will occur. That first meeting was held on 8 June 1994. Today’s meeting is its 376th. Since 1994 the range of business dealt with by the Committee has been broadened considerably. Initially intended to consider noncontroversial legislation, as members know we now regularly debate committee reports and other matters. Members also appreciate the opportunities provided for members’ statements and the regular adjournment debate.

It is appropriate that as Deputy Speaker I note this occasion and acknowledge the way the Committee has become such a valued feature of the House. It has enabled more time to be spent on the consideration of legislation, helped to reduce the use of the guillotine and given valued opportunities to members to raise matters of importance to their constituents. I think we all appreciate that the Committee provides good opportunities for genuine debate. I acknowledge the contribution of my predecessors: the present member for Scullin, Mr Jenkins, and the former member for Cowper Mr Garry Nehl. I also thank members of the Speaker’s panel who preside here, the whips and all members and staff for their support in helping the Committee to operate as well as it does.

STATEMENTS BY MEMBERS

Legal System: Custodial Issues

Mr KERR (Denison) (9.41 a.m.)—I rise this morning to raise my concerns in this parliament about the increasing tendency of those in public life to challenge a fundamental principle of our legal system—that is, the presumption of innocence. I raise it in the context of remarks attributed to a government member of New South Wales proposing legislation that would remove the right of bail to be issued in relation to certain persons who might be charged with particular kinds of offences. It raises large concerns for all of us, because the reason we have bail provisions is to ensure that those charged with serious offences meet their obligations to attend before the court. Bail is not refused as a form of punishment; it is not granted in instances where there is a legitimate fear that someone will not meet their court obligations or flee the jurisdiction.

I know that we are a community that feels under siege to a degree. But we betray the principles that we say we defend in terms of civil liberties, the rule of law and all the democratic underlying principles if we do not continue to act upon the presumption of innocence. If we allow the executive by executive charge or the police by executive charge to hold a person without review by the courts, we are guilty of subverting our own principles. So I make those strong remarks. There is no defence made to those who are charged with offences; they must face their day in court. But I do want to say that, particularly with regard to offences which give rise to the greatest community concern, there is also the greatest risk of political intervention and political response. That is the exact reason why we have a separation of powers—to make certain the responsibility and duty of determining a fair and just outcome in each case.
rests with the judiciary and ultimately with 12 citizens selected at random from the community to make judgments about guilt or innocence. It is not for the police or for the executive to make determinations that undermine that fundamental presumption of innocence. We are dangerously teetering on a course close to that point at the moment. I make those salutary remarks this morning in view of what I believe is a grave situation arising. With no partisan remarks, I commend my remarks to both sides—(Time expired)

Flinders Electorate: Health Services

Mr HUNT (Flinders) (9.44 a.m.)—I want to make two announcements today in relation to my electorate, each of which represents a benefit for the people of Kooweerup, San Remo and Phillip Island. In relation to Kooweerup I am now in a position to announce that a new doctor has been approved under a special approvals program by the minister for health, Mr Tony Abbott. Under this program we will have a new doctor, Dr Ponnu Paransothy. He will be given special permission to go to Kooweerup. That is a tremendous breakthrough. He will join Dr Sandy Chandranath in the practice at the Kooweerup medical service. Kooweerup is growing. It is a great town with fantastic energy, but many of the people there do it hard, so this is a very important breakthrough. For the parents and the elderly it is more than just a breakthrough; it is a very important step forward in terms of peace of mind. I am delighted to have worked with Dr Sandy Chandranath and with Dr Paransothy to get this result: a new doctor for Kooweerup. It is a tremendous step forward.

The second thing I want to announce is that the Vietnam Veterans Museum in San Remo, which is establishing new premises with Commonwealth assistance on Phillip Island, has just been successful in obtaining a Cobra helicopter from the United States military. This machine, which is to be retired and stripped of all its weaponry, will be transported to Australia for free, courtesy of arrangements made by Mr John Methven, a tremendous individual who is head of the Vietnam Veterans Museum in San Remo. I am particularly pleased that, through working with the Minister for Justice and Customs, Senator Ellison, we have been able to secure early approval to get this Cobra helicopter on board transport and get it through the customs process as a gift to the Vietnam Veterans Museum. For the people of the Bass coast—people in towns such as Grantville, Corinella, Coronet Bay and San Remo and, in particular, on Phillip Island—it means that the Vietnam Veterans Museum, which is now being rebuilt on Phillip Island, will have a major additional attraction. It should be a great national centre to honour those who served Australia in Vietnam and a great step forward for the people of Phillip Island and the Bass coast in bringing tourists to the area. I thank the minister and I commend John Methven. (Time expired)

Roads: Safety

Mr SAWFORD (Port Adelaide) (9.47 a.m.)—You have to laugh at some of the very bizarre behaviour that has been exhibited during this week in parliament, the load of nonsense that has been written by the Canberra press gallery and the out-of-kilter stories on radio and television. I gather—and I know that you will appreciate this too, Mr Deputy Speaker Causley—that the cause of these happenings is the trinity of parliamentary precinct momentary madness affliction that every now and again infects this place. The trinity, of course, is caused by the convergence of the end of a parliamentary winter sitting here in Canberra, when no-one wants to be here; the nearness of a federal election, which everyone wants brought on;

MAIN COMMITTEE
and a full moon, which cannot be avoided. How else could you explain the resplendent sight of the members for Mackellar and Barker on the wrong side of a division yesterday—or was it romance?

Taking that into account, my officer manager Pauline Mannix and I found ourselves doing and reading more everyday and mundane things this week to keep our sanity and to protect ourselves from the growing epidemic. I found myself reading an article on road safety. For as long as I can remember I have always favoured silver-coloured vehicles but I have never quite known why. According to the Australian government’s Transport Safety Bureau booklet, *Road Safety in Australia*, a publication commemorating World Health Day 2004, I have a greater chance of surviving a serious road accident while driving my silver car than one of another colour. The publication states the variations in fatal crash involvement rates with vehicle colour. If you drive a yellow vehicle you have a significantly elevated crash rate; for a white vehicle, you have a slightly elevated rate; and for a black vehicle, a slightly lower rate, and a significantly lower rate for grey and silver.

What I found interesting was that black and red vehicles scored reasonably well in these comparison colour studies, while the colours bronze and brown scored extremely badly. Poor Queenslanders. One thinks that these darker cars, in particular black, are much harder to see regardless of the road and the weather conditions. Significantly, low crash involvement rates were observed for silver coloured vehicles in both analyses of multivehicle and pedestrian crashes, and single vehicle crashes. The authors of the study speculated that their surprising results might be due to a combination of light colour and high reflectivity. There is nothing conclusive here, of course, but it does seem that driving a silver coloured car might be better for one’s longevity.

Obviously, commonsense and defensive driving come into play but it seems that with a silver coloured car you just might lengthen the odds. Perhaps the all white Commonwealth car fleet is not such a smart or a good thing. Perhaps the yellow cabs in Melbourne are not a good thing either—nor the largely white cabs anywhere else. It may just be worth thinking about. It kept me from the affliction of parliamentary precinct madness, and that is a good thing. Seven hours to go today; then two more parliamentary weeks. It is a challenge!

**Cowper Electorate: Maclean High School**

**Mr HARTSUYKER** (Cowper) (9.50 a.m.)—On 15 May I attended a performance of the *Wizard of Oz* by the students of Maclean High School. They are indeed a very talented group. I would certainly like to commend Dorothy, played by Nyssa Berger; Scarecrow, played by Josh O’Brien; Tinman, played by Troy Castle; Lion, played by Chris Sheehy; the Wicked Witch, played by Annemiek Munro; and the Sorceress, played by Kim Sheehy.

They had a highly talented cast indeed, including Isabel Maczi, who played Aunt Em; and Hugh Barrington, who played Uncle Henry and the Wizard of Oz. The Mayor of the Munchkins was played by Thomas Pease; the Munchkin Barristers were Nikki Gibson and Leena Ryan; the Munchkin Coroner was played by Steven Baldwin and the Munchkin Farmer was played by Mitchell Lovell. The Lollypop Guild was Lucas Rhynard and Seth Towel; the Lullaby League was Ashley Keith and Sheree Keith. Gloria was played by Laura Hurren, Joe the Farmhand was played by Martyn Price, the Private was played by Kieran Searle and the Generals were played by Seth Towel, Lucas Rhynard, Martyn Price and Hugh Barrington again—a very talented young man. Oz Lady was played by Jessica McLachlan, Lord Growly was
played by Angus McDowell, the Witches were played by Elise Jeffery and Magentah Fear, Tibia was played by Gabrielle King and Servant by Rachael See.

Backing up the lead cast was a very fine chorus, consisting of the rather interesting characters of the Court Attendant—played by Vanessa Hallgath—the Emerald City Girls, the Jitter-bugs and the Munchkins. It was indeed a very colourful and very bright performance—a very fine effort indeed.

But behind the scenes, as in any great performance, there was a very hardworking crew making sure that everything went correctly and that the props were well produced. I compliment the musical director, Matt Fisher; assistant director Denise Keniry; the vocal coach, Alex Hickey, who also did a fine job in the orchestra playing keyboard and piano; the stage manager, Steve Jenner; and assistant stage manager, Steve McKenzie. Kerry-Anne Reid and Zoie Nott produced the props and the set design was by Matt Fisher, Kerry-Anne Reid and Kerri Henderson. Set construction was by Matt Fisher, Kerry-Anne Reid, Zoie Nott, Emma Nott, Bernadette Wolff, Nicole Wilson, Danielle Rose, Shandon Smith and Alice Bachadore. Costumes were by Matt Fisher, Pam Munroe, Sharron Barrington, Suzette Castle, Maureen O’Brien and Robyn Hosking. Choreography was by Maggie Fear, Gabrielle King, Laura Owen and Kerri Henderson. Hair and make-up was by Tanya Fisher, Maureen O’Brien and Jasmine Keith. Lights were by Tanya Fisher and Joel Wiseman. Sound by Jack Eyles, Zoie Nott, Brady Kendall and Jacob McGrath and the stagehands were Sebastian Fear, Greg Thorne and Michael Baker. Program design was by Tom Meakan and Matt Fisher. It was certainly a great effort by everyone involved, including the band. (Time expired)

Banking: Fees

Mr Griffin (Bruce) (9.54 a.m.)—I rise today to expand on an issue which was raised in the House yesterday in a question I put to the Treasurer. It regards the issue of ATM fees and particularly the proposed reforms that are under consideration at the moment through an ATM industry steering group looking at the Reserve Bank’s proposed reform for the payment systems. I am in particular concerned by the fact that there is, under active consideration, a proposal to deregulate—in effect—ATM fees for customers using another bank’s automatic teller machines. What I am talking about is that when I as a Commonwealth Bank customer use a Westpac or a National Australia Bank or a Credit Union or a third-party ATM I pay a fee. That relates to the fact that I am not a customer of the institution whose facility I am utilising.

There is currently a standard fee, on the basis of contracts worked out between the parties. Part of the proposal is to deregulate that fee. There are other aspects of the proposal that we certainly support, such as transparency in fee charging to ensure that people can look at the ATM screen and find out exactly what they are paying in fees and charges at the time of a transaction. The deregulation issue, which I raised yesterday in the House, is about the proposal to deregulate that fee and therefore allow the owner of the ATM to charge whatever they like with respect to another institution’s customer utilising their facility. The experience overseas, which I also mentioned yesterday, is that in the US and also in the UK there have been charges higher than $5 per transaction in some circumstances.

The Treasurer clearly did not understand what I was talking about with respect to this issue, and I sought leave at the end of question time to table a series of documents which I hope he has now had a chance to look at. These included the ATM industry steering group discussion paper, Direct charging for ‘foreign’ automatic teller machine (ATM) transactions in Australia,
which clearly articulates the issue of variation in fees. Then there was a copy of the report of the Parliamentary Joint Committee on Corporations and Financial Services on ATM fee structure from earlier this year. That canvasses this issue and makes it clear that the Reserve Bank and the working party are supporting this view. It has in it a recommendation, which was signed off by coalition members of the committee, endorsing allowing differential fee structures. Within that recommendation, the intention and the view from the coalition members was that it is not allowed to be too much. But there is a clear and recognised acknowledgment of the fact that differential fee charges should be allowed. There was also a series of articles which were in the newspapers in January this year which made very clear the implications of this issue. The government and the Treasurer have to do something about this because the implications for consumers are great. (Time expired)

**Aviation: Second Sydney Airport**

*Mrs GASH (Gilmore)* (9.57 a.m.)—I call on the Labor candidate in my electorate of Gilmore to come clean about the proposed airport at Sutton Forest. Why is it that the Leader of the Opposition, Mark Latham, did not inform our constituents? Why is it that the candidate agreed to attend a public meeting held some months ago in Moss Vale but did not manage to turn up? The state member, Peta Seaton; the member for Cunningham; the member for Hume; the local council; and I all attended, but at the last minute she did not show. Why did she do that? What is it they have to hide?

Come clean, Mr Latham, and tell us what your plans are. Why do we have to get an FOI request to find out about your plans for the Sutton Forest airport? We do not need another airport at Sutton Forest; we do not need another airport at all. The joke is that one of the reasons for having the airport at Sutton Forest was that it is close to rail. That is correct—we are close to the trains, except the trains do not run any more, thanks to Mr Costa and the state government. I have lived in the area for 52 years and I was on the local council for five years, so I know well the problems associated with the proposal for an airport at Sutton Forest.

**Foreign Affairs: Indonesia**

*Mr DANBY (Melbourne Ports)* (9.58 a.m.)—I rise to express my concern about the expulsion from Indonesia of Sidney Jones of the International Crisis Group. Ms Jones has been my guest in Melbourne, along with Commissioner Nixon and many other people. She is regarded as an international expert on Jemaah Islamiah. I think all members of this parliament and all people in serious politics in this region of the world have benefited from her analysis, and her removal from Jakarta does not serve the interests of the Indonesian people. The pressure from General Hendropriyono, the minister of security, on the Indonesian President is not in the interests of Indonesia and good relations in this part of the world. I call on the Indonesian government to respond to the proposals of the executive director of the International Crisis Group, former Australian foreign minister Gareth Evans, and to reconsider this decision. Ms Jones plays a valuable role in the entire region. This is a very bad move on the behalf of those people who are seriously interested in Indonesia’s image.

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

**APPROPRIATION BILL (No. 1) 2004-2005**

Cognate bills:
DEBATE

Debate resumed from 2 June, 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

(1) condemns the Government for its cynical election driven spending spree which—while spending a record $52 billion over the forward estimates—failed to deliver crucial services to Australians, including:

(a) funding the pneumococcal vaccine for children;
(b) funding VET in schools so young Australians can either Earn or Learn;
(c) ensuring access to Higher Education without excessive fees or increasing student debt levels;
(d) ensuring all Australians can access bulkbilling services;
(e) ensuring adequate measures to respond to Australia’s skill shortage; and

(2) also condemns the Government for failing to present a strategy to adequately address the long term fiscal challenges facing the nation”.

Miss JACKIE KELL Y (Lindsay—Parliamentary Secretary to the Prime Minister) (10.00 a.m.)—I have listened keenly to the government speakers in this debate, and there have been some excellent speeches outlining what is in the budget for the people of Australia. We have heard that economic growth is forecast for 3½ per cent for 2004-05. Unemployment is forecast to remain near the 23-year lows during 2004-05 of about 5.6 per cent—it is slightly lower in my electorate of Lindsay. Inflation is at two per cent, which is at the bottom of the Reserve Bank’s target band.

What achievements are here for the people of Lindsay? There is $71 million to continue the work on the construction of the Western Sydney Orbital—a road which should route all the Sydney-Melbourne trucking traffic and keep it off our suburban streets—which we seek the state government to fix up. There is access to a new $20 million National Community Crime Prevention Program, and I know a number of people and clubs in my community will be making applications for grants for graffiti prevention and removal and a number of other petty crime prevention ideas in my area. There are forums on values and drug education for every school in Lindsay, and there are an additional 40,000 national outside school hours places and 4,000 family day care places, and I know that providers in my area will be collectively applying for. There is $18 million for a new medical school to be established at UWS. Again, the state government has welshed on its side of it, so the university and the federal government we will have to come up with some way of funding that school.

Speaking of the state government, I cannot let the opportunity go by to compare the tremendous budget that we have just delivered—because of a history of very sound economic management—to the New South Wales Labor government’s mini-budget in April, which has
devastated the property market in New South Wales and benefited investors in Queensland. When you get to a point where you are thinking of making an investment, New South Wales looks very grim indeed. I would be considering a property in Queensland, given the 2.25 per cent stamp duty on the sale of investment properties in New South Wales, which is going to have a terrible effect. I predict that Mr Egan has been a tad too greedy. He has had a $4.7 billion windfall in stamp duties, largely due to low interest rates and our initiative of the first home buyers grant. He has basically killed the goose that laid the golden egg. I predict that in the next year or the year after that, he will take less in stamp duties from housing transactions than he did this year, even with the higher taxes. That is how fiscally irresponsible Labor is when it gets into government.

Compare that to this government, which has taken historically high corporate taxes from 36 per cent to 30 per cent. That is good economic management versus bad. All Bob Carr can do about that is pay for ads whingeing about the $376 million less that he somehow got this year in GST payments. Let me reassure the people of Lindsay that this year New South Wales got its guaranteed $9,674 million in the year 2004-05, which is $188 million more than last year. What Bob Carr is basically complaining about is the Commonwealth Grants Commission, which has been in place since 1933 and administering grants between the states on a fair basis but using some equalising factors. On 19 April 1999, the day after the Premiers Conference, there is an entry in Bob Carr’s diary saying, ‘Wow! New South Wales got $166 million from that equalisation process’, and he was very pleased that John Howard did not have the power to overturn the recommendation of the Grants Commission. This year he wants to pay advertising to whinge about the Grants Commission and its equalising this year. Peter Beattie and his fellow Labor state premiers have a different view of things.

Looking again at Labor’s opposition to the co-contribution scheme, I understand that Labor are not too keen on the policy of low-income earners getting 150c for every 100c in personal contributions. For taxpayers earning under $28,000, even if they put only $20 a week into their superannuation, they can get $50 a week put into it. I think Labor want to reduce the 15 per cent co-contribution. They are opposed to that policy. They are looking to reduce the 15 per cent contributions tax. They are going to reduce that by one per cent from 1 July 2004. I understand, from the Treasurer, that that would mean a person on average weekly earnings, with a nine per cent superannuation guarantee, would get an additional $35.30 per annum—or a weekly tax cut of 70c a week—compared to the $1,500 put forward by the Howard government in terms of super contributions. That is the idiocy of a lot of Labor’s fiscal policies.

Let us also look at Labor in government in New South Wales and their management of the water supply. It is no secret that we have 92 weeks—there are only 52 weeks in a year—of water left in Sydney. Even if we recycled in Sydney all the water that we could recycle, we would only get a 30 per cent return. I understand that Minister Diane Beamer and the Penrith City Council are looking at the redevelopment of the eastern precinct of the ADI site and the upgrade of the St Marys sewage treatment plant. With that upgrade will come the ability to recycle the water from that plant, and Penrith City Council is looking at using that on its gardens, playing fields and whatnot. I understand that the Blue Mountains City Council had a few issues with that; it needs to be substantially treated to prevent effluent going on our playing fields. But it is something the councils are looking at.
This is in line with New South Wales Labor’s only effort in this area, a just released report entitled Water and Sydney’s future. That is Mr Sartor’s only contribution to this debate. The report basically looks at water supply to all users—urban, rural and environmental—in the Greater Sydney water supply region. It says that council should come forward with ideas to save 30 per cent. There is an excellent article by Miranda Devine in today’s Sydney Morning Herald in which she talks about ‘Sartor the punisher’. She says that he is getting upset with the councils for not sending out their punishers to impose $220 fines on ratepayers. All those Sydney households have cut their water use by 29 per cent, so we have already seen a 30 per cent cut in water use. If we recycled all the water we could, there would be another 30 per cent reduction. But, at the end of the day we are still going to run out of water some time in 2005-06.

Bob Carr has no plan. He is doing absolutely nothing on any future dams or dams that he has put aside. He is not even contemplating a desalination plant. Even if he were to go to dam construction or a desalination plant, they would not be in place by the time we run out of water. He is simply praying for water. Whenever I am in prayers of a morning I do not see many Labor ministers in there saying prayers. I think Mr Carr should take note of Mark Latham’s ‘read to children’ idea. One popular book that I read to my kids is about Joseph’s coloured coat. My kids love it, particularly the bit where he gets thrown down the well. But my favourite part is about the seven years of plenty and then the seven years of drought. It does happen. Praying for rain did not help Joseph’s brothers. At the end of the day they had to go, cap in hand, and ask for help elsewhere.

I think Bob Carr is being incredibly short-sighted, fiscally irresponsible and actually creating a life-threatening situation by not taking this issue more seriously, laying aside the resources to do something about it and funding a promise that when we do get rain—if we do get rain—we are in a better position to cope with the population of the Sydney region, which could be as high as 7.4 million by 2051. At that time, it is estimated that Sydney will contain 86 per cent of the state’s population. These figures are off Craig Knowles’s and DIPNR’s web site. Bob Carr’s ministers even know the population pressure that will be on Sydney and how many mouths we are going to have to fill with water over the next 40 years. Yet there is no plan whatsoever for the watering of Sydney’s population, let alone our gardens, sewerage needs and other household and domestic chores.

I think the better answer is to start putting money aside for some really concrete solutions in terms of construction. It is not about sending out the punishers, the enforcers, with $220 fines. And, in fact, that reminds me of another incident that happened lately on the trains involving a single father who bought a return ticket, because fuel has become rather expensive. I notice that Bob Carr is not giving back any of the GST on fuel in the way that Peter Beattie is. Peter Beattie is giving back 8c a litre in fuel, but Bob Carr is hanging on to his for grim death. For all that, people are coming back onto the trains, which is probably a good thing, given the pollution in Sydney. They are coming back onto our mismanaged trains that do not run on time, and I understand from my colleague the member for Gilmore they are not running down all down to Sutton Forest. The trains down our way are a bit rattly. They are not very comfortable, are absolutely freezing cold in winter and if you are on the Blue Mountains line, boy, do you get the scummy carriages. For all of that, this fellow had bought a return ticket and had not understood that he had to come back on that day. He was trying to use his return

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ticket later, and they fined him. The enforcers are out there, fining people. Even though this man has bought a ticket, he is fined for taking a ride on a totally inadequate rail system.

It is like Bob Carr’s answer to crime. It is not about, ‘Let’s go out and get the criminals;’ it is about, ‘Lock up better. Why don’t you guys take better care of your property? You should lock your cars and you should not leave temptation where people can see it.’ All of us have to control and adjust what we do, while Bob Carr just lets things roll away. Make no mistake about it; the actual incidence of petty crimes—although Bob Carr can do a lot of fancy things with figures—is up. I have never heard so many complaints from people who have had incidents happening to them, be it bag snatching, letterbox destruction, graffiti, damage to their premises, attempted break and enters or whatever. It has escalated, and people are really concerned about it. Bob Carr is not putting any funding into that area at all. Again, he is totally fiscally inadequate. All he has done is to re-mark all the police cars to marked cars. He has taken all the unmarked cars out of action, painted them up and given us all the impression that there are a few more police cars on the road. The truth could not be further from the perception.

Similarly, with the number of bed closures in our hospitals, especially in the Nepean region again, he fiscally cannot make a hospital work. That is really frustrating for me because Bob Carr gets to appoint the entire board of the Western Sydney area health board. We contribute quite a significant amount of money to the Nepean Hospital, but we do not get any say in the management of it. I am coming to the opinion that we should probably look at taking it over. If the state government cannot run it properly, maybe it is time for a bit of federal intervention to get things run properly by a government that is fiscally responsible, can bring good economics into play and can get things delivered on time, on budget and in a real fashion that stimulates the economy.

As you saw with the corporate tax take, for a lower tax rate we are still getting a bigger amount of money that we can go out and assist the Australian population with. Compare that to Michael Egan, who will go out with more taxes and end up actually taking less and discouraging investment. Heaven help the poor renters in Western Sydney as all the investors get out of the market. They are all subsidising rents for rent payers in Queensland and rents in Sydney start going up $10 and $20 a week. There goes their ability to pay to the co-contribution scheme. The very people Bob Carr should be helping he is not.

There are a few things I would like to reiterate about our budget. Last year we were very successful in Lindsay in winning 20 new in-home child-care places and 40 new outside school hours child-care places. More than $24,000 was allocated to the Uniting Church's Janis Children's Centre to establish and operate child-care places and purchase resources and equipment for 20 children. Grays after school care received five places. Janis vacation care received an additional 10 places, Joeys after school care in Kingswood received 15 places and Joeys OOSH after school care and before school hours care received an additional 10 places. This is welcome, and I am looking forward to seeing more places available for families in Werrington, Cranebrook and Penrith.

We have also had a number of volunteer groups that were very successful in getting community grants, with Nepean Kinship Carers Group receiving $3,500, the Nepean Blue Mountains Cardiac Support Group $2,100, Bibles for Missions $400, Penrith Swans Junior Australian Football Club $810, Penrith South Public School P&C $1,400, Glenbrook Lapstone Rural
Fire Brigade $3,600, Wentworth Area Health Service $1,900, Girl Guides Western Sydney $1,900, Rotary Club of Lower Blue Mountains $4,300, Riding for the Disabled $2,700, Nepean Neonatal ICU Parents Support Group $1,800, Tri Community Exchange $750, Volunteers Community Policing $1,600 and Westcare Recovery Centre $1,600. I was delighted that they all received those grants and encourage them to apply again for further grants in the upcoming round, and all other community groups in my area to do the same.

I have mentioned the National Community Crime Prevention Program. We had a very serious incident in our area where a young man was killed walking home from the pub with his mate and his mate was severely bashed. It is very much in the forefront of people’s minds as we drive through that part of Emu Plains today and see that post covered in flowers. We are very concerned about our public safety in the community and I look forward to Penrith City Council coming up with some great ideas to apply that National Community Crime Prevention Program in making our community safer and the public areas safer, as well as doing graffiti removal and petty crime reduction.

We are also looking at the things in this budget that everyone else has mentioned. There is the $600 increase in the level of payment per child under the family tax benefit part A and also relaxing income tests for that benefit, which will assist families on higher income and assist with bracket creep and the ‘working poor’ concept by continually moving up the income test levels to make people eligible. There is a change in the income test for the single income family benefit, family tax benefit part B, which will allow more mothers to access this payment while in part-time work, again looking at the working poor.

The new maternity payment is without qualification for every mother on the birth of her child. Since I have a significantly higher number of babies born in my hospitals than anywhere else—something like 3,000 a year born in my area—I think it is going to be quite significant assistance. I do not think it should be meted out by the nanny state in weekly payments. When a baby is born you have the car equipment, which is incredibly expensive, and it is always being updated. I tried to borrow my sister’s car capsule but it was out of date. It was a velcro strap and then you needed a new one. They are updating all the time and they are very expensive. You need a cot, you need a pram; you need all sorts of equipment. There is incredible expense for nappies, cleaning and all those sorts of things when a new child comes into the house. A lump sum when that occurs is very beneficial, and I oppose completely Labor’s suggestion that it should be meted out in these weekly payments, which would be incredibly frustrating to the mothers of my area.

I consider this budget to be one of our best and there is more to come. Just watch this space. I commend it to the House. (Time expired)

Ms JACKSON (Hasluck) (10.20 a.m.)—In addressing Appropriation Bill (No. 1) 2004-2005 and cognate bills I would like to take the opportunity to discuss some aspects of this budget as it impacts on my electorate of Hasluck. This is not the first opportunity I have taken to address budget measures as they apply to families and constituents in Hasluck but I particularly want to concentrate on two or three major areas this morning. Certainly from my contact with my constituents I know that they all recognise that budgets are about priorities and spending priorities. The two issues that they most regularly raise with me are health and education.
I would like to start by discussing health. Since I was elected in November 2001 I have been raising in the parliament my concern not only about the decline in bulk-billing in my electorate but also about the shortage of GPs. Unfortunately, this continues to be a significant and ongoing problem in my electorate of Hasluck. I want today to outline the experience of one GP surgery in the suburb of Maddington which has had problems securing a permanent practitioner. I stress that this is only one example but it is repeated on many occasions throughout various areas of my electorate. Despite claims that the government will help to get GPs where they are needed, it seems to me that the system is not yet working.

For three years, that clinic in Maddington have tried just about everything they can to get an extra GP practising in the surgery. That includes regularly advertising in the West Australian and in Medical Forum, which is a doctors’ journal, and through the Australian Medical Association. After those three years of advertising in an attempt to find a doctor they located a GP who had been trained overseas. She resided in the adjoining suburb to Maddington and she wanted the position. They were certainly happy to have her at the surgery. However, they were unable to employ her as she was unable to obtain a provider number, as Maddington, under the various definitions applied by the government and the department, was not considered to be ‘a district of work force shortage’. At bulk-billing surgeries, GPs must be issued with provider numbers so that they can continue to bulk-bill all their patients.

After raising the issue with the then minister for health in 2002, I was advised of the government’s program entitled More Doctors for Outer Metropolitan Areas. Again, I thought this just might provide that clinic in Maddington with some assistance. However, I was later to discover that under this program the suburb of Maddington was not eligible for that program. In fact, eligibility for suburbs in my outer metropolitan electorate of Hasluck was patchy at best. Numerous suburbs—including Maddington, Guildford, Midland, Bellevue, High Wycombe, Forrestfield, Kalamunda, Gosnells and Thornlie—were excluded, despite the fact that the rest of the suburbs in my outer metropolitan electorate are considered outer metropolitan areas.

It was directly on this point that I took what I understand now to be the extraordinary step as a member of the House of Representatives of making a submission to the Senate Select Committee on Medicare. I did that in July 2003. At that time, one of the particular issues I raised with the committee was the genuine shortage of GPs within my electorate and the very patchy nature of what was then the districts of work force shortage, at least in the Perth outer metropolitan area.

I was in the absurd situation where suburbs such as Kalamunda, which are in a geographical sense much further out than the suburb of High Wycombe, are not considered to be a district of work force shortage while ones that are closer to the metropolitan area are. This was of great frustration. I was quite delighted when later that year, in about October 2003—and I was happy to take some credit—this was one issue that was addressed by the government in trying to alleviate the pressure on the More Doctors for Outer Metropolitan Areas measure. An article in a local newspaper—a fine newspaper from the Midland area, the Echo—on 4 October indicated that:

The 28 local suburbs announced this week were not included in the program when the original boundaries were drawn in May.
To this day, I still find it interesting to try and work out exactly what motivated the government’s change of heart on this matter between May 2003 and September 2003. I certainly hope it was my erstwhile submission to the Senate Select Committee on Medicare, but who is to know. It may have had something to do with the marginal status of my electorate and those immediately surrounding it.

After September 2003 the Maddington surgery that I began by discussing was also delighted to discover that, while it was not in an area of work force shortage, it was now in this new category called ‘an area of consideration’ under the more doctors program, which, as I indicated, gave them some hope. So they attempted again to get their overseas trained GP to work for them. They were advised by the Department of Health and Ageing in January of this year that Maddington was still not considered to be a district of work force shortage. The department further went on to state:

The practice must provide evidence of genuine unsuccessful efforts to recruit a suitably qualified Australian doctor through the More Doctors for Outer Metropolitan Areas Measure in the first instance. Despite the history of three years of unsuccessfully trying to secure an additional GP through a program that they were not technically eligible for. What about the overseas trained doctor who is keen to work at the Maddington clinic? She continues to reside in the adjoining suburb to Maddington. She would dearly like to be able to work at the surgery. The surgery would dearly like to have her. But because of what appears to be extraordinarily bureaucratic red tape and a refusal to recognise the shortage of GPs in the area of Maddington we continue to have a surgery short of a doctor, a community short of a doctor and a bureaucracy that tells us we do not have a problem. I urge the Minister for Health and Ageing and the Department of Health and Ageing to get out from behind those bureaucratic glasses and have a look at what is happening in practice on the ground, address those areas where there is a genuine shortage of GPs and try to resolve the problems for my clinic in Maddington.

I said there were two issues that I have regularly raised in the health area. The other is the decline in bulk-billing in my electorate. I have to say that it has been very hard for me to judge the effect of the government’s new found support for Medicare and for the issue of bulk-billing in my electorate. That is because of a decision by the minister, who refuses now to provide the figures on the level of bulk-billing on an electorate basis. We had been able to obtain that information up until about six months ago. Now we are simply given one figure that is apparently the average across the country.

I have had anecdotal evidence that at least one surgery in my electorate has actually stopped bulk-billing as a consequence of the government’s new program. Sadly, this was because of the sheer amount of paperwork involved in administering the government’s selective Medicare rebate. I plead with the government to consider how these schemes operate practically in a clinic. We now have staff having to police and record which patients in the surgery can benefit from the government’s incentive to GPs to bulk-bill only a section of the population. The clinic concerned advised me that it was an administrative nightmare and, frankly, it was easier for them to simply stop bulk-billing other patients.

We have now discovered—and I think this is one of the most extraordinary things about this government’s budget—that the government is now spending on advertising Medicare-Plus, ‘Strengthening Medicare’, or whatever glitzy name we have given it this week, $15.7
It saddens me, because if that money had actually been spent on the health care system it would have been enough to ensure that every GP consultation in my electorate of Hasluck was bulk-billed last year; there would have been no out-of-pocket fees for my constituents and no need for the sham safety net that is part of the proposal. Indeed, the $15.7 million in advertising would have paid for a massive 610,894 visits to GPs. The level of bulk-billed consultations in Hasluck for the last year was at just over 430,000. As I said, budgets are about spending priorities, and I am very saddened by the fact that the government thinks it is more important to put $15.7 million into advertising and promoting their scheme when, if they put it back into the system, the investment would have been far more worth while. I worry that an extraordinary proportion of the additional resources for Medicare seems to be being put into administration and bureaucratic processes. Frankly, that needs to be addressed.

The second area that I want to touch on that I think is important is education. I do not need to tell members here that countless studies have shown that a person’s life chances are vastly improved by education. Over recent years, it has been a sad fact that many Australians, particularly young Australians, are missing out on education and training opportunities. Young people are our nation’s future. They are our greatest asset. That is why Labor’s youth guarantee sets about addressing what I say is a decade of neglect in this area. My electorate of Hasluck faces a very real problem with youth unemployment. Hasluck encompasses the east metropolitan region of Perth, which has an unacceptably high rate of youth unemployment. The Australian average is 20 per cent. The unemployment rate in the east metropolitan region of Perth, according to the government’s own figures, was 22 per cent in March of this year.

What concerns me is that the picture worsens as we look at particular suburbs in Hasluck and also when we look at the figures for boys. The ABS figures show that the unemployment rate for 15- to 19-year-olds in the suburb of Midland is 38.5 per cent. That is considerably more—some 16 per cent more—than applies across Australia. When we break that down even further and we look at young males in the 15- to 19-year-old cohort, we see that the unemployment figure climbs to a massive 41.7 per cent. Four in 10, or two in five—nearly half—of all the teenagers in Midland are neither engaged in higher education nor in some form of employment. They are neither earning nor learning. We know now that there are some 45,000 young Australians who are not being given the opportunity to contribute to the community in this way; 45,000 young Australians leave school and do not go on to either a job or further education and study. A Labor government, if elected at the next federal election, will offer the young people in my electorate another option. Dropping out or not being engaged in some way in the system will not be an option.

I believe that Labor’s youth guarantee has the potential not only to turn young people’s lives around but also to create a better and safer community. I want to speak about one person who has provided a terrific example of that, and that is Mr Rodney Wright. Rodney is not actually a constituent of mine. He is a lovely country fellow who partly owns a shopping centre in Maddington Village in my electorate. Maddington Village has had a history of problems surrounding vandalism and the intimidation of people who visit the shopping centre. There was always a group of young people—usually young males—hanging around the shopping centre and causing some problems.

Rodney did something that very few people in the bureaucracy seem to do: he spoke to the young people to see why they were hanging around the shopping centre and not doing much.
As a consequence of this discussion, he realised that the problem for these kids is that they had no options for the future, nothing to look forward to and no opportunities. All they were getting from time to time was the big stick about what they should or should not be doing. Rodney took it upon himself to try to organise some sort of alternative. He considered work in a country area and arranged for these young men a number of job places with shearing contractors in the south-west of Western Australia.

I have been absolutely delighted to see, just one year later, the amazing transformation of these young men, particularly twins Tyrone and Dwayne, who are still employed with a shearing contractor. They no longer spend their days at the Maddington Village shopping centre. Indeed, a couple of weeks ago they were invited to morning tea at Government House at the invitation of our Governor in Western Australia, Lieutenant-General John Sanderson. Tyrone’s and Dwayne’s lives had centred on Maddington Village shopping centre. Tyrone said in an article, ‘We would spend every day there riding around scaring people and just running amok.’ Tyrone, Dwayne and our community owe much to Rodney Wright. In the words of Tyrone, ‘He helped us smarten up. We started to look ahead and not day by day.’

The point I want to make is that Rodney did this without any government support—financial or otherwise—and despite the red tape that existed. Indeed, I tried to find further funding for the kind of program that he was involved in and, much to my concern, the more we got involved, the more red tape there was and the less likely it was that he was going to use that government funding. I hope that we will be able to find ways to offer opportunities to young people. That is why I am so pleased that Labor has announced its youth guarantee. I believe that we will be able to offer better opportunities to those 45,000 young people.

In the very short time that I have left, can I say how disappointed I was on reading the budget to see that no commitment of any substance was made to additional TAFE or university places in my electorate. This is extremely disappointing given that government members as far back as 1996 have been promising a university or a higher education facility in my electorate and so far nothing has materialised—other than a small article in the local paper a couple of weeks ago which said that we are apparently going to get 20 places for Midland. It was not in the budget material distributed, and I am yet to discover if that is in fact the case. But, really, those 20 places go nowhere towards addressing the needs of the young people in my electorate.

I started off by saying that budgets are about priorities. This budget seems to have forgotten many of the people in my electorate of Hasluck. Even my opponent’s material which was circulated through the electorate was unable to identify in this budget any specific benefits for the people of Hasluck. It seems to me that more could have been done, and I call on the federal government to consider funding long overdue projects for the people in my electorate that the government appears to have forgotten. (Time expired)

Mr KING (Wentworth) (10.40 a.m.)—I rise to speak on the Appropriation Bill (No. 1) 2004-2005 and cognate bills. I commend the budget strategy before the House, which I have been pleased to support for three broad reasons: firstly, it promotes good policy, especially in the area of families; secondly, it returns a dividend to taxpayers; and, thirdly, it addresses some—but perhaps not all—of the long-term challenges of intergenerational change. I would like to begin by discussing the macro-economic impact of this budget and then I would like to
consider certain specific areas—namely, defence, the environment, transport and small business, if time permits.

In relation to the macro-economic effect of the budget, there is a fiscal stimulus which will impact on behavioural changes likely to affect incentives. For example, for present purposes the tax cuts mean two things: taxpayers will have more money in their pockets that they will be likely to spend on additional goods and services and, in so doing, kick off what is called by those wise economists a Keynesian multiplier response; likewise, the direct spending in the budget will provide a stimulus. Further, as Treasury Secretary, Dr Ken Henry, recently emphasised in one of his public pronouncements on the budget, lower effective marginal tax rates will encourage people to move into the work force and, if already in it, to work longer hours. This is the so-called incentive effect. Mr Henry said:

The centrepiece of this year’s budget is a package of enhanced family payments and tax cuts. Significantly for the pro-growth strategy, the package reduces effective marginal tax rates (EMTRs) in important areas: cutting the marginal tax rate from 42 per cent to 30 per cent for those with taxable incomes between $52,000 and $63,000; cutting the marginal rate from 47 per cent to 42 per cent for those with taxable incomes between $63,000 and $80,000; and cutting the withdrawal rate on family tax benefits from 30 per cent to 20 per cent, building on the earlier cut from 50 per cent.

Continued reductions, over time, in EMTRs will be important to enhancing incentive—to boosting work force participation, especially of older workers, the internationally mobile and females.

Dr Henry sees this as a strongly pro-growth budget. It has been attacked by those opposite as being a shallow grab for votes. But, if you accept Dr Henry’s thesis about what this budget really means, it is actually an attempt by our far-seeing Treasurer—who, of course, last year produced his most important Intergenerational Report—and the Treasury boffins to address the problem of long-term intergenerational change. The real problem is that, in the coming decades, we will face a situation where we will have twice as many people not working as there are at the present time and a significant reduction in the percentage of those who are working and paying for their social welfare benefits.

The fiscal stimulus in the budget is rather more difficult to identify. It is fair to say that, in last year’s budget, there was a stimulus of some $7.2 billion, or 0.88 per cent of GDP. In this budget, it is $9.617 billion, or 1.11 per cent of GDP. An expansionary fiscal policy setting does help to maintain solid economic growth—although, interestingly enough, there is no discussion of that in the budget papers themselves. That, of course, has helped us in the past, relative to other developed countries, during periods of weakness in the international economy and has been very important for our rural economy. It is estimated that there was a stimulus of around one per cent of GDP during the period of weakness in Asia and the downturn there. In 2000-01, for example, this principally arose from tax cuts introduced under the new tax system and the GST.

From a macroeconomic point of view, there are one or two aspects of the budget that raise interesting questions about the budget strategy. One aspect that perhaps deserves comment is that there seems to have been an unusually large error in the earlier forecasts relating to an underestimate of the performance of the economy in the previous fiscal year. There is no explanation in the budget as to how that came about. Presumably the Treasury boffins did not think we would really care, because we are looking at the future. It seems to me from a macroeconomic point of view that, given the determination of the government to address the long-
term intergenerational challenge rather than take a short-term approach, the budget has much
to commend it.

I want to make some comments on defence which require some detailed consideration. In
the coming fiscal year Australia’s overseas military commitments will fall to their lowest level
since before the INTERFET was deployed to East Timor in 1999. Total departmental funding,
according to table 2.1 of the defence portfolio budget statements for 2004-05, is
$16,347,508,000. This represents a real growth in total defence spending of about 0.5 per
cent, somewhat less than the amount committed in the 2000 white paper of three per cent.
This is partly due to the reprogramming of capital investments under the 2003 defence capa-
bility review. There are some problems with the long-term funding arrangements, especially
in delays of several years of the $2.2 billion planned equipment expenditures. That has given
rise to concern about how future budgets will pay for such equipment as the jet fighter.

Let me say something about the budget in relation to defence which is most important but
which has been overlooked to date. The budget once again delivers big money for domestic
security—some $755 million over five years in a package of measures entitled ‘Investing in
Australia’s security’. This is spread across a number of portfolios, not just defence. This
means that since 2003 about $3.1 billion has been committed over seven years for national
security initiatives across different agencies. In this year, extra funding includes $270 million
to strengthen Australia’s intelligence capabilities in ASIS and ASIO; $207 million for protec-
tive security measures, including air marshals through the A-G’s Department, and critical in-
frastructure protection; an extra $87 million to enhance security capacity; and $36 million for
the Australian Federal Police.

One aspect that is slightly disappointing to me is that I suggested to the minister and the
government in a detailed letter that, as a supplement to the domestic and regional security
program, the government might give some consideration to a community based program, such
as the security plan I have developed in my own electorate of Wentworth. The emergency
wards of hospitals, police, other emergency operators and the owners of major infrastructures
which are the possible targets of terrorist activity—such as the Hakoa Club and Bondi Junc-
tion railway station and some in the city, such as Sydney Harbour Bridge—could be the focus
of a very special plan so that, in the event of an emergency, issues such as the need for urgent
blood supplies, which was a problem in Bali, could be addressed. Had such a detailed com-
community based security program been addressed, that would have been money well spent.

I want to mention an aspect of the Iraq war. I spoke earlier this week on issues concerning
the mistreatment of prisoners in Iraq. A question has now arisen regarding the conduct of the
Department of Defence, in relation to its legal division. I have taken an interest in this because
I am a military discipline officer in the Royal Australian Navy and I am very concerned about
what I have read and heard. Frankly, it seems to me that the whole legal division of the De-
partment of Defence at Russell should be sacked or transferred. There is no excuse whatso-
ever for failing to advise those higher up about the contents of reports which clearly have
made it plain that there have been serious transgressions of both the Geneva conventions and
the convention on torture to which Australia, the United States and the UK are parties.

There is no excuse for leaving such a strong report gathering dust in an in-tray because if
Australia is in a position to act—and has a responsibility to act, as we do under the third and
fourth articles of the Geneva conventions—then we can immediately do so and call upon our
allies to act, and perhaps a lot of inhumane treatment could have been prevented. Instead, the
report just gathered dust on a Defence shelf. In the future, we cannot afford to have such re-
ports which deal with very important strategic matters gathering dust on shelves instead of
being acted upon, because Australian lives may be at stake. Therefore, we must act now. The
legal division of the defence department must be cleaned out. Whether they are to be trans-
ferred or dismissed is a matter for internal departmental investigation, but that needs to be
done as a matter of urgency.

There are some very good military discipline officers in this country—some of them part-
time. My other suggestion to the government on this is that a highly professional force be put
together and offered to the United States to clean up the problem that we have at the moment
in Iraq in relation to the courts-martial, which appear to very slow in prosecuting those who
have been responsible for, or have either approved or condoned, the ill-treatment of prisoners.
There is no excuse amongst the allies for that sort of conduct. The reconstruction of Iraq de-
pends on it. We cannot assure the people of Australia, the United States and, more impor-
tantly, the people of Iraq that we are fair dinkum about reconstruction if we do not subscribe
to those principles in practice—in a rigorous, disciplined, independent, just and fair fashion—
when we ourselves are affected by what has happened.

I want to now deal with environmental issues. The budget spends an extra $300 million on
the Natural Heritage Trust, which I commend. I want to say this about NHT II: too much
money has been taken out of the city. Mr Deputy Speaker Causley, I know that you are coun-
try member, but in the city we also have environmental problems. NHT I spent significant
sums on our city areas, but NHT II does not. This week I put forward to parliament a private
member’s bill in relation to national coastal protection, because I believe that that is one way
that we can advance this issue, but we need more money spent on NHT II in our cities. It is
not just making sure our beaches and harbours are clean but also that the weeds that are in the
parks are cleaned out and that the natural and cultural heritage of our cities is conserved.

I am pleased that there is a new regional heritage program of $10 million. In my home
town in Bingara, north-west New South Wales, I was pleased this week that the government—
in conjunction with the state government and the Premier, Mr Carr—re-opened the Roxy cin-
ema, where I used to spend a bit of time when I was a child. As a result of some efforts that I
have made, a very significant sum has been put into that small town in that lovely part of
northern New South Wales. That is good for the cultural heritage of northern New South
Wales, but I want us to see more money spent on the cities as well. Again, I make a plea that
the natural heritage program for regional Australia be supplemented by an additional program
for our cities.

In addition, I am concerned that we are not spending enough on climate change. I am
pleased that there is an additional $463.6 million over four years, including $260 million for
11 new measures refocusing and refinancing Australia’s strategy to reduce greenhouse gas
emissions while maintaining a strong and competitive economy.

On the other hand, as I have said on more than one occasion in letters both to the Prime
Minister and the minister for the environment, we really do need to start getting fair dinkum
about climate change in terms of our universal obligations. Whether that means supporting
the Kyoto protocol or whether it means supporting an enhanced Kyoto protocol which brings in
the economies of India and China, as I have suggested, to make it of more universal applica-
tion and effect is a matter for policy makers. In my view, that is what should happen. In relation to other aspects of the environmental budget, I commend the work of the minister and look forward to seeing those measures brought about.

I will briefly mention metropolitan transport issues. I have to say that the budget is somewhat disappointing. Although it does deal with the highly successful Black Spots program and the Roads to Recovery program in a way that I think will help many—there is $71 million to the Western Sydney orbital and some money to the Caboolture motorway and to various other specific road projects; and about $180 million to interstate rail freight network projects, including the Hunter Valley coal lines, the Albury-Melbourne line and so on—I am concerned that the Commonwealth is not showing sufficient leadership when it comes to alternative transport solutions. My electorate, which is the smallest and most densely populated electorate in the country, is suffering. It is suffering because state governments think too many people out our way do not need transport solutions. The Commonwealth says it is a state problem but the state says it is a local problem. They do not have the money to fix the problem. What we need are alternative transport solutions such as light rail, better bus services, better roads and better parking arrangements to solve some of the problems of our inner cities. The inner-city infrastructure in relation to roads and transport is crumbling and something needs to be done about it. It is here that the Commonwealth can show leadership.

On the question of small business, the budget does assist small business in a number of respects which are important and which I wish to mention. There will be a deferral of GST revenues to the states, including some $330 million in 2004-05. There will be a reduced compliance burden on small business in relation to GST. There will be some other measures to allow small businesses who are below the registration threshold to voluntarily register and report and pay GST annually instead of quarterly. These are welcome, but there is still too much red tape surrounding small business. There is not enough assistance to small business, especially in relation to dealing with comings and goings of the work force where they have proved unsatisfactory. Whilst there is a tick in relation to small business generally, I think there is much more that can be done and I am looking forward over the coming term to seeing those measures addressed.

One other matter I want to deal with which I did not refer to in my summary at the beginning concerns aspects of the immigration department budget. One of the important aspects that has emerged since the budget is the HREOC report *A last resort*. I think the time has come for us to get real about dealing with the problem of children in detention. The report underlined the commonsense view that long-term immigration detention of children is not in the best interests of children nor in the public interest. It is not in the interests of kids and it is not in the interest of Australia, if those kids ultimately become little Aussies. I think we need to urgently look for alternative solutions to accommodate those people. There are alternative solutions available. There are ways that I have observed in my role as a barrister of making sure that people do report regularly, that they are able to be monitored and followed by the policing and other authorities—immigration authorities—and that they can live in the community until their applications are processed. Most importantly, there does not seem to be any reason why those applications cannot be processed expeditiously. It simply is a matter of a can-do attitude and getting on with it. If there are real risks in relation to certain families, of
course there are available proper arrangements, taking into account their concerns, that can address the security issues, but not in the way that it has been done for too long now.

Returning to my original thesis, this is a budget which I support. It is a budget which returns a dividend to most Australians. It provides a good policy basis, especially in the area of families, and it addresses long-term challenges, especially intergenerational change. I commend the budget. (Time expired)

Ms CORCORAN (Isaacs) (11.00 a.m.)—I rise to speak on Appropriation Bill (No. 1) 2004-2005 and cognate bills. This budget really is a disgrace, and the heartening thing is that the electorate seems to be seeing it for what it is. The budget was meant to buy the government into office at the next election. It is a $52 billion grab for votes. But it is not going to work. The reason it is not going to work is that it does not address the real issues concerning people and families in this country, and certainly not those in Isaacs.

The tax cuts introduced in this budget are an increase in the 42 per cent threshold from about $52,000 to $58,000 and an increase in the 47 per cent threshold from $62,500 to $70,000 from June 2004, and then more increases in following financial years. That is all well and good if you have an income of more than $52,000 per year. In Isaacs, that is about 10 per cent of people. The vast majority of people in Isaacs will not be sharing in this tax cut. To add insult to injury, the budget introduces a cut in taxes for those on incomes of over $95,000 in the form of a cut in the superannuation surcharge—again, a tax cut for those who are already reasonably well off, for a very select few: about four per cent of superannuation contributors, but nothing for most people. As an aside, the sad part of the superannuation surcharge tax cut is that this particular tax is very inefficient. It costs a lot to administer this tax, so any tax cut, which reduces revenue, does not alter the cost of collecting the tax and it worsens this situation.

The budget also contains assistance for families, and this is welcome at first glance, but it is actually quite a cynical move. The changes to the family tax benefit include a one-off payment to families of $600 per child to be paid before the end of June this year and a further increase in the family tax benefit of $600 per child to be paid once the 2004 tax return has been lodged. In the budget before the last election the government announced a reprieve of $1,000 for families who had a family tax debt. Now another bribe is being offered to families in this election year. The average family tax benefit debt is $900 per family. The increase of $600 per child will be used to reduce this debt but it will still leave many families with a debt to pay. Whilst I am not going to argue about any assistance being offered to families, let us be very clear about two things. Firstly, the payment is a thinly disguised bribe to families in this election year, just as the $1,000 once-off debt reduction was in 2001. Secondly, this does absolutely nothing to address the inherent problems with the family tax benefit system.

I have been on my feet in this place on a number of occasions trying to make this government understand the hopelessness of the present system. This announcement does nothing to address the mess. The mess is the inadequacy of the system to recognise how real people live; the result is a continuous and increasing burden on Centrelink clients and a reduction in the benefit the system is supposed to bring. The family tax benefit is supposed to assist low-income families but the current system puts many hurdles in the way. The main hurdle is the madness of requiring a family to accurately estimate their income a year in advance and
which member of the family will earn it. Does this government understand that most families cannot know with any certainty what lies ahead of them?

Families do not have a crystal ball. Circumstances change. People get promoted, work overtime, change jobs, lose jobs and find jobs. Partners start work because a job comes along, or the kids are at school, or their partner loses his or her job, or the family simply needs more money. As soon as a family’s income changes, so too does that family’s entitlements for family tax benefit. This is not unreasonable but the rules of the system insist that changes are backdated to the beginning of the financial year, and this is where the trouble starts.

Since this system has been in place, over half of the payments made have been incorrect. For the families that have received overpayments, the average overpayment is, as I said, in the order of $900. That is not an insignificant amount of money for any family. I stress again that the majority of these overpayments have not occurred because of any deliberate action or misleading behaviour by the families concerned. On the contrary, the overpayments have occurred despite the best efforts of the families concerned to keep Centrelink up to date with their changing financial circumstances.

We are in fact now seeing a trend towards families being underpaid. The average underpayment at the moment is about $32.50 per fortnight. I am concerned about this trend, because families are not only missing out on this amount every fortnight but they can also miss out on other benefits, such as a health care card. This is the real disadvantage of following the minister’s advice and deliberately overstating income in order to avoid an overpayment situation. Whilst any underpayment of the family tax benefit is paid out at the end of the financial year, other benefits that have been forgone, such as cheaper medicines, are not able to be recovered.

The minister advises families to overestimate their income to avoid getting into debt with Centrelink or, alternatively, to wait until the end of the financial year to claim all of the family tax benefit and so avoid an overpayment situation. This is all very well and good for those who can afford to wait but, by definition, most families cannot. After all, we are talking about families on low or middle incomes with dependent children. These families cannot wait until the end of the year to buy school uniforms, pay the rent or meet their mortgage payments. How can we have a system that is so insensitive and inappropriate in how it looks after families and people in need of assistance? The system not only does not work, it actually adds strains and tension to the lives of its clients. The government fail to understand or care that we do not live in a one size fits all society, or if they do understand they do not care to address this situation. The budget does nothing to address the fundamental flaws in the family tax benefit system. It simply offers a one-off payment to reduce this burden for one year—an election year.

The announcement of a new maternity payment is welcome news. Of course, it is an almost exact copy of Labor’s recently announced policy—but they say that imitation is the sincerest form of flattery, so I guess there is a compliment in here for the Labor Party. The new payment replaces the failed baby bonus, which is only available to mothers in the work force and which delivers the biggest benefit to those on the highest income, which is something this government are becoming expert at doing. The baby bonus is very complicated, and many mothers have simply decided not to apply for it because of the complexities. I am pleased to see the baby bonus being thrown out and replaced with this new scheme.
Paid maternity leave is something that families have been asking for for a long time. It has been Labor Party policy for a long time. Australia is a long way behind other developed countries in this regard. Labor’s announced baby care payment is a big step in this direction, and the policy announced by the government in the budget is also a big step in the right direction. Labor’s announced policy will give eligible mothers a baby care payment, paid in fortnightly instalments, for a minimum period of 14 weeks. This payment will be $3,000 in 2005, and by 2010 it will be $5,380. This will be equivalent to the minimum wage after tax, but of course the baby care payment will not be taxed. The payment will be made over 14 weeks or over a longer period if requested by the family. It is not designed to be a lump sum payment. It will be means tested and paid to mothers regardless of whether or not they are in the work force. Families who have an entitlement to family tax benefit will be eligible. As I said, the baby care payment will not be taxed and will not affect entitlements to family tax benefits.

The main differences between the two announcements—that is, Labor’s announcement a few weeks ago and the government’s announcement in the budget—are that the government scheme will not be means tested and the payment will be made in a lump sum. I have a difficulty with a lump sum payment. A lump sum payment does not recognise the basic theory behind paid maternity leave. That theory is that families and mums need time after the birth of a baby to recover from the birth and to care for their new baby. A lump sum payment can be a trap. It is a lot of money to receive at once, and the understandable temptation is to use it for a major purchase or debt reduction rather than the purpose for which it is intended—that is, to help provide financial support for a new mother in the first weeks after the birth of a child.

The payments to carers are also welcome news, as far as they go, but it would have been better if the budget had actually addressed some of the issues faced by carers. It is pleasing to see that the proposed changes mean that a carer does not have to live at the same place as the person in receipt of care to be eligible for the payment. Carers do an extraordinary job in our community. They quietly get on with the job of looking after people who have a disability, who are sick or who are frail. These people require ongoing care, 24 hours a day, seven days a week. Carers sacrifice their own time and often jobs and income to care for the person they love. Carers tell me that they need a number of things to make their lives easier. They need strategies to help them combine work and their caring responsibilities. They need respite care. They need assistance once their caring responsibilities are over—either to return to the work force or to face the big change, and often a big gap as well, in their lives once the caring job is no longer there. Carers also need more financial support. None of these needs are met in this budget. Instead carers are offered a once-off payment of $600 or $1,000.

According to the 2001 census, 55 per cent of the population in the Isaacs electorate has no qualifications whatsoever. This statistic is extremely disappointing. In this day and age, some form of qualification—either a TAFE, trade or tertiary qualification—is increasingly needed in order to ensure a satisfying job. Labor’s youth guarantee policy will provide such qualifications. This $700 million policy is aimed at keeping young people—early school leavers—in the loop of training or working. Each year in Australia 45,000 young people who leave school early do not go on to full-time work or study. This guarantee will give young Australians an opportunity to continue their education or to learn a trade. In Australia we have fewer than 80 per cent of young people achieving either year 12 or an equivalent qualification—that is, vo-
cational educational training. This compares unfavourably with 88 per cent in Canada and the USA, 91 per cent in Germany and 94 per cent in Japan.

A Labor government will provide additional work and training opportunities, as well as abolishing TAFE fees for all secondary school students. As well, we will create 7½ thousand new apprenticeships and the same number of new TAFE places for high school students. The Labor Party will also assist young people who wish to move straight into a job. We will provide wage and training subsidies for 10,000 early school leavers. The Labor Party recognise that young people often encounter a lot of problems in the transition from school to work or from work to further education. To address these issues we will provide 1,100 training mentors to assist young people with education, employment and other social development skills. These ideas need to be implemented in order to ensure a healthy future for Australia. We cannot abandon the young people of this country. Unlike the current government, we want to give all young people a chance and the opportunity to improve themselves in life in a way that satisfies them.

Those students who are qualified and want to go to university are also in trouble because of the policies of this government, and this budget does nothing to relieve the situation. The Howard government has over the last eight years consistently reduced funding to our universities. It has cut $5 billion to date. Of any OECD country, Australia has recorded the largest drop in public investment in universities over five years. An international comparison of private funding for universities, originally conducted by the Productivity Commission, shows that the contribution that Australian students and their families make to the cost of higher education is already amongst the highest in the developed world, and it is continuing to rise.

At a time when most developed countries are increasing their public spending on higher education, Australia is pushing more and more of the cost onto the private purse and reducing its contribution. The government says that, in order to overcome this crisis in funding, universities may increase the HECS charges to students by up to 25 per cent and also introduce full fee paying courses for undergraduate students. This really is shifting the burden of funding away from the public purse and onto the private purse. It is a backward way of dealing with the problem. The real answer is for government to redress the funding crisis with public funds, not by asking students and their families to find the extra.

I have said before and I say again that I see no problem with students contributing to the cost of their university degree. There is plenty of evidence around that shows that those who go to uni and get a qualification will do reasonably well in terms of work and income. However, it is not reasonable to push the contribution to the point where it deters many students from studying. In 1996 the HECS debt was around $4 billion. It is now $10 billion and will rise to about $15 billion in the next four years, if the current arrangements stand. It is all very well for the government to scoff, but students are put off undertaking a university course if they feel that the HECS debt is more than they can manage. Under current circumstances, a three-year science degree will incur a HECS debt of about $20,000, which is too much for many people. By deterring some students from going to uni, when they are academically qualified to do so and are interested in doing so, is a waste of our resources. The young person concerned is denied an opportunity to reach their full potential, and our society is denied the benefit of that person’s contribution. We are not in a position to waste any of our resources—and certainly not the brains of our smart young people.
Having talked about the trouble with HECS places becoming too expensive, I have to mention again the outrageous position we are in. There is a shortfall of HECS places in our universities, which is adding to the problem of our students being unable to get the university education they want. The government’s response is to create full fee paying places. The government says, unashamedly, that those who miss out on a place can now enrol in a full fee paying place. I find this breathtaking. This change has been around for quite a few months and I still cannot quite believe that the government is serious. This means that students with access to $100,000 or more can buy a place. Those without access to this sort of money have to simply walk away. Where is the justice in this sort of arrangement, and where is the commonsense? Again, we are risking wasting the talents of many young people, and we are asking many young people to accept that they cannot have a place at university simply because they do not have deep pockets. Andrew McCallum, the President of ACOSS, says that the participation in tertiary education of students from low-income families is already 50 per cent below that of medium- to high-income families. This government shows no care or concern for this fact. By increasing HECS and by encouraging full fee undergraduate courses, this government is callously denying many young, capable people access to higher education.

I would now like to talk a little bit about vaccinations for babies and children. How dare this government use $110 million of taxpayers money on a blatant advertising campaign and at the same time say it cannot afford to provide vaccinations for our babies. Pneumococcal vaccinations have been recommended by expert committees twice now—once in 2002 and again last year—and this government refuses to fund them. To make matters worse, the government is trying to deflect the debate about this by saying that the figures Labor is using is wrong. There are two points to be made here. One is that the Commonwealth has not collected information about death rates from pneumococcal over time. The second and most blindingly obvious point is that even one death from a preventable disease is one death too many. I am very pleased that Labor has announced that it will fund all vaccinations recommended by these expert committees. I am also encouraged by noises we have been hearing over the last few days that the government is seriously thinking about doing the same. However, I have to ask the question: I wonder why it took them so long to get to this point?

In summary, this budget is essentially about winning the next election. On the way through, a few goods things happened—like the maternity payment and the increase in the family tax benefit—but the real issues are not being addressed. This budget does nothing to save bulk-billing or Medicare. It does nothing to make higher education more accessible or more affordable. It does nothing for TAFE. It does nothing for those on low incomes waiting for dental treatment. This budget is a shameless grab for votes and demonstrates this government’s disregard for and ignorance of the real needs of the bulk of the population.

Ms GAMBARO (Petrie) (11.18 a.m.)—I would like to take the opportunity given to me today to speak on the Appropriation Bill (No. 1) 2004-2005 and cognate bills and the wonderful benefits that will accrue to the people of my electorate of Petrie. It is as a result of the good economic management of this government that we have been able to deliver a budget that has a number of initiatives across the full range of the community.

Firstly, I am really delighted that the veterans area has been recognised and that a $3,000 grant has been provided through the Australian Federation of Totally and Permanently Inca-
Another $4,044 was approved for the Redcliffe and District Special Rate Pensioners Association through the Veteran and Community Grants program. This will allow pensioners to get out and about in the community and enjoy the activities that most of us take for granted—for example, going on bus trips. By being socially active they will reduce their social isolation.

The budget has also been very good for disabled workers. Disabled workers of Petrie will benefit from a new disability employment assistance package, which will help people with a disability to work and to receive a fair pro rata wage while also ensuring the viability of business services. The budget provides $102 million for disability employment assistance for 16,350 people. It provides an additional $161 million to the disability employment sector to improve services for people with disabilities.

I recently had the opportunity to visit Endeavour Industries at Kippa-ring in my electorate to tell them how they will benefit from this program and to announce two new funding places. This will make a huge difference to the two disabled people. They will be able to acquire work skills, and it will give them independence and a sense of self-esteem that comes with having a job. It does not matter whom we are talking about: having a job is something very special. It is also very special for their families, friends and the whole community.

The budget has also delivered some very significant funding for the Green Reserve work and particularly the Work for the Dole projects in Petrie. There are currently six unemployed people who are gaining experience in such things as bush regeneration, garden planning, landscaping, plant identification and selection work while working with Conservation Volunteers Australia and the Green Reserve’s Downfall Creek Demonstration Gardens.

Businesses have gained tremendously from this budget, particularly in the export area under the Export Market Development Grants Scheme. Flow-ons have occurred. Wonderful companies in my electorate like Moreton Bay Seafoods, Ai Scientific and Aeropower have received $68,771 and have been able to generate much-needed employment services and revenue flow-ons for the local economy. Regional partnerships are important in any of the outer metropolitan and regional areas. Under our Regional Assistance Program, $97,000 has gone to develop much-needed tourism infrastructure with the Redcliffe City Council. That will boost the job market in the area and will improve opportunities particularly for young unemployed people.

One of the most wonderful things is the work that communities do around Australia. The budget has delivered some significant things for volunteer groups like the Lions Club, the Australian Volunteer Coast Guard at Redcliffe and a number of other organisations. These people work very hard to improve the fabric of our society and offer a wonderfully rich contribution to their local community. They will continue to be able to do this with small equipment grants—probably one of the most incredible things an organisation can be offered. It allows them to replace computers and all sorts of things. For example, it has enabled the Volunteer Coast Guard to purchase new state-of-the-art lifejackets which will help them continue that wonderful work they provide on a volunteer basis.

In the aged care area, elderly and disabled constituents in my community will also benefit from the $145 million that has gone to the Home and Community Care program. Eleven organisations in my electorate will benefit from the $8.2 million in funding. That is a welcome boost for organisations that work hard to provide these much-needed services.
aged care facilities will receive a total of $6.1 million and an ongoing payment totalling $4.5 million for 2003-04. Eleven organisations in my electorate will also benefit and receive some $8.2 million in funding.

The Howard government has provided more intensive care for people in nursing homes, announcing 31 new aged care places. That will include six places at the Buffalo Memorial Home and 12 places at the PM Retirement Village. Most importantly, a third of these places are for people from non-English-speaking backgrounds. This is an important demographic in my electorate. There are more and more people of Chinese and Italian origin. In many of these ethnic communities, elderly people revert back to their origin language. So it is important that we have facilities that cater for people from non-English-speaking backgrounds. Culturally enhanced aged care is becoming an increasingly important area of aged care. There are 31 places in the Petrie electorate, which are provided at a cost of $434,000.

One of the most terrific measures for me, and particularly for young families and the elderly in the outer metropolitan area, has been greater access to doctors. In the outer metropolitan area, we have six more new doctors who will be based at Mango Hill, Deception Bay, Bald Hills and Everton Park. I have been fighting hard to ensure that we have access to doctors in those areas, particularly Mango Hill, which will have 25,000 people living there by the year 2013. There has been a huge improvement in health services delivery to these fast-growing suburbs, which have a lot of families with small children, and there have been shorter waiting lists and less travel time to see a doctor.

The inclusion of these suburbs in this scheme came to fruition because last year I lobbied the Minister for Health and Ageing quite ferociously to recognise that Petrie was indeed one of these areas that should be considered for the More Doctors for Outer Metropolitan Areas measure, based on its high population growth in suburbs such as North Lakes. We have already gained three new doctors in North Lakes, and the six new doctors in those other areas will be a very welcome addition. It is also good news for GPs and specialists in one of Queensland’s fastest-growing areas. The south-east of Queensland continues to grow at enormous rates. Some 40,000 people a year are moving to the Sunshine State. That causes an enormous demand for health services, and these measures will help particularly in meeting the rising demand for health services in the area.

Other measures funded in this budget will boost Petrie’s medical work force. These include MedicarePlus incentives to local doctors, who will be paid incentive grants to employ practice nurses to ease their workload and take on new graduate doctors in the short term. The relocation grants have already been taken up and are being used by doctors in my electorate. Those grants are worth up to $30,000 to GPs and specialists and up to $20,000 to doctors to join an existing practice in an area of doctor shortage.

In the area of child care, the budget has delivered more child-care places to Petrie. Child care before, after and during school hours is a subject very close to my heart. Only recently I had the pleasure of opening a new half a million dollar preschool centre at St Joseph’s Primary School at Bracken Ridge and celebrating the 10th year of operation of Grace College Pre-School Centre at Clontarf. Additional funding of $147.5 million for more child-care places will help Australian families balance work and family commitments, and this has filtered through to Petrie in the form of additional after school hours and family day care places.
It is important to put on the record the enormous boost that has occurred in this area. There is an additional $97.1 million for 30,000 outside school hours places, an additional $34.1 million for 1,500 family day care places and an additional $16 million over four years for the Child Care Support program to establish new child-care services in rural, regional and Indigenous communities and to assist children with additional needs. The budget has also delivered 68 child-care places in Petrie. These places will be available on 1 July, with new additional places being distributed before the end of 2004. This will take government funded outside school hours places to 270,000. The increase of 1,500 family day care places will also be allocated from 1 July. The family day care places that are funded by the federal government will rise to more than 72,000.

The boost has also been terrific in topping up the 10,000 outside school hours places, 2,500 family day care places and 4,000 playgroups announced in December 2003. What is so terrific about this is that it allows parents to balance their work, family and study commitment. It ensures that we cater for before and after school hours and that children are safe and secure. I know that, in the past, my children have benefited enormously from family day care and before and after school care—to the point when they never wanted to come home with me. That must sound very alarming to people in this chamber. I was speaking to some parents recently at the 10-year anniversary of the Grace outside school hours care centre and they said the same thing—that their children never wanted to come home because they were well looked after, they had very interesting activities and they were taken care of with love and dedication. I guess it is a pretty good sign when your kids are having such a good time that they do not want to leave the centre of care that they are at—and that is something to be encouraged. I want to encourage St Joseph’s and Grace outside school hours care to continue that fine tradition of good Christian values and the love and care they provide to those children in outside school hours care.

This budget for families has been very welcome, and I know that from personal experience. My sister had twins four months ago; so, unfortunately, she misses out on the $3,000 payment for each baby. Families who have one child get $3,000; if you have twins you get $3,000 multiplied by two; if you have triplets, you get $3,000 multiplied by three. Families need help up front, and this measure is terrific for mothers who are having children. The up-front costs of having a baby are quite enormous. There are equipment needs—cots and prams—and the arrival of a new baby can really change a household’s way of life quite dramatically financially. It is an area that we have recognised. This measure will be introduced in July 2004. The payment will increase to $4,000 in July 2006 and to $5,000 in July 2008. This payment will be available to all families. It is not means tested, and it will incorporate the existing maternity allowance and the baby bonus—with the existing recipients of that baby bonus maintaining their entitlement under that program. It is expected that 250,000 families will benefit from this particular measure. So it is indeed a very welcome measure.

There are some other measures that are very important in this budget. For low-income earners, the superannuation surcharge is a very valuable measure. This measure will ensure that low- to middle-income Australians have the means to make additional voluntary savings through the superannuation system. The measure itself will cost $2.1 billion over the next four years. For every $1,000 personal contribution, the federal government will make a co-contribution of $1,500. This is extremely important. The income threshold was previously
$27,500 for this, and it will reduce by 5c for every dollar of income—to phase out at $58,000. This terrific broad-ranging measure will phase out at the $58,000 mark.

These are some of the measures that we will use to encourage families. The budget has looked at a number of areas. The most significant have been the tax cuts that will occur. This is part of an integrated process that was begun in 2000. There will be tax cuts ensured through an increase in the income thresholds for the 42 per cent and 47 per cent tax rates. The income threshold for the 42 per cent rate will be increased to $58,000 in 2004-05 and to $63,000 in 2005-06. We will also increase the income threshold for the 47 per cent rate to $70,000 in 2004-05 and to $80,000 in 2005-06.

None of this could have been done unless we had the funds. The budget will be in surplus. Future budgets for the next four to five years will be in surplus. We have good economic conditions. Tomorrow I will be going to the Reserve Bank hearings, where the Governor of the Reserve Bank will give his assessment of the Australian economy. As usual, he will probably speak about the robust economic conditions that we are experiencing at the moment. These did not happen by accident. We as a government have made a concerted effort to pay back some $70 billion in debt. We have one of the lowest debt-to-GDP ratios in the OECD countries, we have low inflation and we have kept unemployment down at a very low rate. Yesterday the Reserve Bank governor, on his assessment of the economy, decided not to increase interest rates.

The reason that we have had the money to spend on these very vital programs is this government’s fiscal discipline, which has ensured a surplus budget and a very good credit rating. The measures in this budget will provide a significant benefit to most Australian families. Whether we are talking about the maternity bonus, the tax cuts or the health initiatives, particularly the ‘Strengthening Medicare’ initiative, it is a good budget, and it will provide the safety and security that all Australian families need and deserve.

Mr BEVIS (Brisbane) (11.35 a.m.)—The 2004 budget is a budget for John Howard’s re-election; it is not a plan for Australia’s future. It is a budget that has been designed to protect John Howard’s job security, not Australia’s security. When things go wrong for this government, we can always be sure that two things will happen in response. One is that they will find someone else to blame. And we have seen plenty of evidence of that during this week in the Senate estimates. It is always someone else’s fault; it is never the minister or the Prime Minister. The truth goes overboard and ministerial responsibility goes with it. We can be sure that that is a response this Prime Minister will always give.

The second thing we know is that this Prime Minister and this government will seek to get themselves out of a hole by spending as much money as they can, particularly in the lead-up to an election. We saw that before the 2001 poll. But on this occasion they have even surpassed their 2001 level of pork barrelling. The government are spending $6 billion in the next six weeks—$6 billion between now and the end of the financial year. Members in the government claim that this is possible because of some financial management skills. In fact, it is the result of one thing: the government are able to do this because this is the biggest taxing government in Australia’s history and this is the biggest spending budget in Australia’s history. The reason that $6 billion can be thrown out in the next six weeks in an effort to try to get votes is that this government are the biggest taxing government in our history.
I wonder what the commentators might have said if the Australian Labor Party when in government had gone to the polls proposing to spend $6 billion in the six weeks before the end of the financial year. I wonder what the commentators would have said if, a month ago, Mark Latham had suggested $6 billion worth of expenditure between then and 30 June. I think we all know the answer. This is not an issue of fiscal responsibility; this is an issue of political tactics as part of a re-election campaign of the Howard government.

As part of that $6 billion, and beyond 30 June, the government are also giving themselves a taxpayer funded advertising campaign of $100 million—$100 million of taxpayers’ money to be spent on public ads between now and the election. This is unprecedented—with one possible exception: this government’s spending before the election when they went to the people with the GST and had the ‘unchain our hearts’ advertisement that we all remember. That was an advertisement that was subsequently criticised by the Auditor-General as a piece of political campaigning, not a government information service. You only have to look at the ads already being run to understand that that is the nature of the current advertising campaign—$100 million of taxpayers’ money used for party political purposes.

One of the central features of this budget which has been commented on extensively in this debate is the tax cuts that are included in it. I made a speech in the parliament on 26 May and spoke in some detail about that, so I will not spend a great deal of time on this occasion going over those matters. But I do want to repeat that I have 74,000 very good reasons to believe that these tax cuts are not fair. I have between 74,000 and 80,000 people of working age in my electorate for whom these tax cuts mean nothing—they do not get one cent. The reason they do not get one cent is that they do not earn $1,000 a week or more. The only people who benefit from the tax cuts in this budget are those who earn $1,000 a week or more.

Australian people could reasonably expect that, in the biggest spending budget of the biggest taxing government in our history, the Liberals might have seen their way clear to provide a tax cut for all or at least for most workers, but they have not. This government have demonstrated where their priorities lie. They have ignored a tax cut for those earning less than $1,000 a week and provided the benefit only to those earning more than $1,000 a week.

I have also spoken in this parliament—indeed, this week—about education, and particularly tertiary funding and the importance that we need to place on it. I do not propose to go into that matter in great detail in this debate but I would like to make a couple of comments about the importance of education funding, particularly in the schools sector. It is critically important that we as a nation invest in the education of our children. We have to ensure that teachers who take specialist classes are available and that they are qualified and trained in those specialist areas. That is not the case in many situations.

I recall an earlier conservative government, one that the Prime Minister would warmly embrace, in the late 1950s and early 1960s committing the Commonwealth to a capital works program to establish science buildings in all secondary schools around the country. It was a good program. The Commonwealth, with the exception of the periods during the Whitlam government and for part of the Hawke government, has largely vacated that obligation. I would like to see the Commonwealth take the lead in reinvesting in the capital stock of our schools. We need to upgrade the physical facilities in many of our schools.

At a Commonwealth level we often assume that to be a responsibility of the states, particularly in the public sector. I do not. I think it is the responsibility of the nation. I do not mind
where those schools are. If they are in need—whether they are public or private; whether they are in Hobart or Hopetoun—they deserve to have quality facilities and they deserve to have the range of support staff and specialist staff to enable quality education to be undertaken in them. All of the schools in my electorate, public and private, do a good job. They all teach values, contrary to the Prime Minister’s view of these things. They all have dedicated people. They need more support from the Commonwealth, which ultimately holds the purse strings.

I am deeply concerned about what this government has done to public housing. I have many constituents in my electorate who rely on public housing or on rent assistance for low-cost housing. The facts are that this government, the Howard government, has cut more than $300 million from the Commonwealth-state housing agreement, dramatically impacting on the capacity of the Queensland government to provide housing for those in greatest need. Public housing construction in Queensland has been cut from nearly 2,000 to 300 constructions a year because the Commonwealth has dramatically cut the funds in the Commonwealth-state housing agreement. The government needs to change its priorities in this area. A Labor government will, but we need to ensure that those in greatest need of housing are cared for, and at the moment this government has paid them scant regard.

There was good and bad news in the budget for a cause that I have been campaigning on for some time, and that is assistance for those who are diabetes sufferers. I have been touched by the pleas of young Brisbane residents like Nicholas Casey and Gareth Eldershaw. I have been touched by the mother of a 10-year-old, who emailed me just this week to tell me about her daughter’s experiences and hopes as a sufferer of diabetes type 1. As someone who has campaigned on this issue, I was therefore pleased to see in the budget a provision of $15.3 million over four years for Australians with diabetes to access new generation insulin pumps. Indeed, one of the boys I just mentioned has one of those insulin pumps and I would hope benefits from the announcement in the budget.

The budget proposal will target people 18 years and under, pregnant women and those suffering from brittle diabetes. It is expected that by 2007-08 around 3,000 Australians will be entitled to access the treatment. That is good. Unfortunately, though, there are 100,000 people in Australia with type 1 diabetes or insulin dependent diabetes. Only 3,000 are going to get assistance from this program. It costs around $2,400 a year for consumables associated with these insulin infusion pumps, and those eligible will benefit significantly, so that the cost for them will probably drop to around $200. That is a good thing. But only 3,000 out of 100,000 people are going to get access to that, and that is not good enough.

What is worse is that the Juvenile Diabetes Research Foundation have for some time proposed that we set up a national research facility of global excellence, funded over a five-year period at a total cost of around $25 million, to be involved in leading-edge research that is already being undertaken here in Australia and, particularly, in North America. That research has been particularly promising. It has demonstrated what appears to be a breakthrough in the treatment of those suffering from type 1 diabetes, involving a new method of transplanting the insulin-producing islet cells. The process to date has resulted in success rates of nearly 90 per cent one year after the procedure has been undertaken—that is, 90 per cent of people a year after the procedure show no signs of suffering diabetes type 1.

For $25 million the Juvenile Diabetes Research Foundation believes we can make a substantial contribution to that global medical breakthrough, but this government could not find...
$25 million over five years, $5 million a year. They can find $100 million to spend on ads in the next couple of months, but they cannot find $5 million a year to fund a breakthrough, very promising piece of research to assist diabetes type 1 sufferers. That is a disgrace. When I looked at the material from the Juvenile Diabetes Research Foundation I was struck by how little funding was required. I expected it to be in this budget. I know many members of the government have been to functions conducted by the juvenile diabetes association and have expressed their support for it. It is about time that, instead of going to those functions and expressing support for it to the people who suffer diabetes, they grew a backbone and spoke to their Treasurer and their Prime Minister and convinced them to shift $5 million out of the advertising budget into something that is useful and that would actually help some 100,000 people in Australia today.

There were announcements in the budget that are clearly welcome. The maternity payment follows a public commitment by Labor to do something very similar. We welcome the government’s decision to join with Labor in for the first time seriously assisting those who have children to meet the financial costs associated with that. It was good Labor policy. I see it is now Liberal policy, and for that I am sure the people of Australia are grateful.

But there are too many things in this budget that the government is pursuing that are harmful to ordinary Australians, including those very same families. First and foremost amongst those is the degradation of our health system and our Medicare system. In my electorate of Brisbane bulk-billing has plummeted from 87 per cent to less than 60 per cent in just the last four years. John Howard’s policies have ensured that surgery after surgery has closed down its bulk-billing facilities, including in some cases for pensioners. Some offer the service for pensioners only from Monday to Friday. If they happen to get ill on the weekend, that is too bad—they cannot access bulk-billing in some of the surgeries in my electorate.

John Howard has never supported Medicare. He has never supported bulk-billing. That is the underlying problem. The government talks about fixes, safety nets and bandaids. The problem is the system itself. It is not a highwire act for which you need some safety net; it is a universal system that should provide quality health care for every Australian—and it used to. But the Prime Minister, John Howard, has never shared these views. These are things John Howard has said in public life about Medicare. He has described it as ‘miserable’, ‘a cruel fraud’, ‘a scandal’, ‘a total and complete failure’, ‘a quagmire’, ‘a total disaster’, ‘a financial monster’ and ‘a human nightmare’. He said that he would ‘pull Medicare apart’, ‘get rid of the bulk-billing system’ and ‘take a scalpel to it’. These are the comments that John Howard has made over a long period in relation to Medicare and bulk-billing. He is not a person, and this is not a government, with a commitment to Medicare and bulk-billing. Labor created it and only Labor has a commitment to it, and after the next election we will set about restoring it.

The government have made great play about the $600 family payments being made—one before the end of the financial year and one soon after, presumably before the federal election so that people are cashed up before they go to the polls. That cynicism is so transparent that people who have contacted my office have been affronted by the suggestion that their votes can be bought like that. Here again there is a systemic problem. Obviously, it is welcome for people to get the cash. But here again the government miss the mark. The reason these payments have to be made is that the system itself is flawed. If we have a look at the period from 1 July 2000 to September 2003 we find that the number of overpayments made in the system
totalled 1,639,000. That is 1.6 million overpayments. Underpayments in the same period totalled 1.2 million. There were nearly 1.3 million errors in underpayments and 1.6 million errors in overpayments. The overpayments amounted to $1.4 billion. The underpayments amounted to $1 billion. In all, only 44 per cent of payments are correct. The government get less than half of the payments right. People have an average bill in the system of $900. That is why for most people that $600 followed by another $600 will evaporate. They will actually not get two lots of $600. They will get a piece of paper reconciling their debt with the $600 they thought they were going to get. That is how the system operates under the government. The government are presiding over a flawed system. Instead of seeking to fix the system, the government, as they do with Medicare, try to put a bandaid on it and throw money out a couple of weeks before we go to the polls. That is not a solution, and the Australian people understand that. Yet that is what the government have done with the family payments system. It is time they adopted Labor’s approach to family payments, as they did with the maternity payments, and restructured the system so that we do not find some 56 per cent of payments being wrong.

The environment is particularly important to me, and it has missed out altogether in this budget. Mind you, it has missed out in every budget since John Howard became Prime Minister. The government claim that they are spending $2.3 billion on the environment. But in fact only $360 million of that $2.36 billion is being spent by the Department of the Environment and Heritage. If you look at the papers, you see this big figure—$2.365 billion—going to the environment, but the environment department only gets $360 million of that total. More than $2 billion of it is being spent by other agencies and not on the environment. It is being spent in Customs, it is being spent in AusAID, it is being spent in the Department of Foreign Affairs and Trade, it is being spent even in the Taxation Office. It is not being spent on the environment.

In a truly Orwellian move, the government have announced $21 million over the next four years for a program they call ‘Climate Change Strategy—influencing international climate change policy’. I am sure that most people who read that would think that that is about doing something to improve the problem we all know we have with climate change. The globe is getting warmer and it is a problem that we need to turn our attention to very quickly and very dramatically. People would see that and think, ‘The government are doing something to help overcome the problem of global warming.’ That is a fair thing for people to think, but they would be wrong. This money is going to be used not to promote the solution to global warming but to conduct an international campaign to undermine the Kyoto protocol. This is money for an international advertising campaign to try to persuade people not to support the Kyoto protocol. And this is money that is in the environment portfolio! Can anyone think of an example more Orwellian, more devious, more deceptive than that? It is also an indication of the priority that the government truly give to the environment.

Defence is a matter that is particularly important to me and has been over my period of time in this parliament. I do not have time in this speech to address it. I hope to do so in debate on subsequent bills. I wish to make the point that the $800 million or so provided here does nothing to assist with capability enhancement; all it does is help meet the costs of the additional tempo that defence now faces. That is a very serious matter that this parliament needs to look at and, sadly, has neglected for too long. This budget is a political stunt. It is
designed to look after John Howard’s job and not Australia’s future. The reaction that it has been given in the Australian population demonstrates that the people of Australia understand that very well.

Mr JOHNSON (Ryan) (11.55 a.m.)—I am pleased to speak in the parliament today on Appropriation Bill (No. 1) 2004-2005 and the cognate bills that will be passed to serve the interests of the Australian people. It is particularly a pleasure to speak after the member for Brisbane because I am now in a position to put the national interest forward on behalf of the government, in contrast with the diatribe we heard from the member for Brisbane. I look forward to working with the new member for Brisbane who will represent the seat of Brisbane very well when Ingrid Tall wins the next election in Brisbane.

These bills serve to deliver for the Australian people a fantastic budget. They will ensure that the interests of the nation are served very fully but at the same time ensure that the people of Australia are rewarded for the hard work that they do and for taking care of the families of Australia, which of course all members of this parliament would put as a top priority. The 2004-05 budget puts in place a package of substantial initiatives aimed at providing more help for Australian families, cutting taxes further, boosting retirement savings and investing very strongly in Australia’s future. This package is a major step forward to meet the challenges of Australia’s ageing population. I want to take the opportunity today to go through some of these measures. It is important that as the representative of the people of Ryan I am able to do so. I have had a lot encouraging emails, phone calls and comments as I have moved around the electorate following the budget delivery. I take the opportunity to put on record some of the initiatives the Howard government has been able to deliver for the Australian people and specifically for the electorate of Ryan.

The budget includes the largest package of assistance for families ever, with an additional $19.2 billion over five years. The Howard government believes that families are Australia’s most important asset. They are the building blocks of our society and are a very important part of Australia’s future. In Ryan there are nearly 17,000 families with dependent children, and the overwhelming majority of these will be very supportive of the Howard government’s policies over its several terms in government and the economic stewardship of this country. They know that a strong economy greatly benefits not only the nation as a whole but also them as individuals within our community and within our nation. Without job security for workers and low interest rates for home buyers as an example, families will have less economic security and fewer choices to be able to pursue their other interests and concerns.

Three substantial initiatives in this year’s budget are designed to give families greater security and choice, and I will go through these now. The first is substantially increased family assistance and measures to help balance work and family. We all know that one of the major challenges of our times is to get the balance right between the importance of work and the even greater importance of nourishing one’s family. More generous family tax benefit arrangements have been put in place to help families with the expense of raising their children and to improve the rewards of working. A new maternity payment and the expansion of outside school hours child care and family day care places will assist families balancing work and family commitments. In Ryan this is a very important issue. I have a substantial number of day care centres and child-care centres and I want to assure them that their good work is very much at the forefront of the Howard government’s policies.
The second is substantial tax relief worth over $14 billion over four years. This is going to help families in Ryan beyond belief. It is going to build on their futures according to their priorities. This is an enormous amount of relief as an incentive, and changes to the family tax benefit also help women very strongly to re-enter the work force after having their children, where it is relevant.

The third initiative is more incentives to save for retirement. We all know that the ageing population of this country is something that this parliament must address. This government is addressing it and it will continue to address it. In my maiden speech 2½ years ago I referred to that as one of the important policy areas for the federal government to focus on strongly. The Treasurer referred to it in part in his Inter一代ational Report last year, and the Howard government is continuing to emphasise it in the budget. The budget provides $2.7 billion to enhance the superannuation co-contribution scheme and reduce the superannuation surcharge, which have the effect of boosting incentives to save for retirement. More than three-quarters of the benefits will go to low- and middle-income earners. As the Treasurer said, we want to deliver security for families so that they can plan for the future, and a weak economy will not do it. A weak economy will not pay for the hospitals, schools and roads that we all want, and it will not assist our defence and national security efforts.

At the end of the day it is a strong budget and a strong economy. Strong economic management puts the government in a position to return money to the people of Australia. It is the people’s money and it is going back to them to ensure that their country is better placed for their children and grandchildren. Good economic management has meant that the Howard government has not only delivered strong budget surpluses in its time in office but also will continue to ensure that the budget is in a very strong and healthy position. That will mean that aged care, health, education, major infrastructure projects and, not insignificantly, national security related issues will be funded through the strong economic management of the country. While this country continues to deliver surpluses, OECD projections show that most member countries are going to record budget deficits in 2004-05. The average budget deficit for the OECD as a whole is expected to be at the high end of 3.7 per cent of GDP. It is a reflection of the very strong leadership of the Prime Minister and the Treasurer while the coalition has been in office that they have ensured that this country’s economic management has been ably taken care of.

Responsible budget management continues to provide support also for the employment sector. This government is ensuring that Australians are able to apply for jobs because the economic management of the country translates into job opportunities. Businesses throughout the country are able to provide job opportunities because they are flourishing and making profits, and that comes back to the economic climate in which they operate. This budget builds on the strategy that the government pursued on first coming to office: to tackle the absolutely awesome Labor debt that was the outcome of the Keating years in office. Some $70 billion of Labor’s $96 billion debt has been repaid, and low interest rates, inflation and unemployment are all on the plus side under the Howard government. Australia’s general government net debt is amongst the lowest in the developed world.

I will spend a minute on the idea of the government being able to repay Labor’s debt. To the people of Ryan it means that their personal financial position and the country’s economic position are stronger. When the country’s economic position is stronger, the government is
able to invest in roads, schools and hospitals rather than pay back interest on debt. That has a very direct impact on the people and families of Ryan.

In the parliament today it is pertinent to refer to an Australian family who very much reflect the sentiments of the community at large. This family is not in my electorate of Ryan. I do not know which electorate it is in. But family members have had a bit of publicity by being the focus of the Australian’s interest in the budget. They have been interviewed a couple of times, and they have appeared in the papers, so I am not disclosing anything that should not be disclosed. Sergeant Inglis is a policeman. I want to quote what he said in the Australian of 15 to 16 May. I know that my colleague here the member for Eden-Monaro will take a great interest in the remarks, but I am sure they reflect the views of many of his constituents. Sergeant Inglis talks about how pleased he is at the budget targeting families. He acknowledges that he personally might not be entitled to certain benefits, such as the baby bonus or the $600 family benefit payment, but as he says in the Australian:

We don’t just blindly vote Liberal but the Labor Party would now have to do a hell of a lot to win our votes.

They (Labor) just don’t seem to look after the average Australian family—they seem to aim for the welfare end of the spectrum.

That is a very interesting insight into the mind of an everyday Australian. Sergeant Inglis is a police officer, and I think his take on it is very important, because I am sure it reflects a sentiment in the electorate of Ryan that the Australian economy and its management determines, in a large way, the lifestyle and financial position of families around the country. Sergeant Inglis also says:

... someone like me on $61,000 is not rich.

It is very important for that to be pointed out—that hardworking Australians who are in that $50,000-plus income bracket are by no means wealthy Australians. Many such people live in my electorate of Ryan. Let me reassure them that the Howard government is very strongly taking into account their position through its strong management of the Australian economy.

As would be expected, the Howard government also focused very strongly on national security arrangements in the budget. We all know that we live in a very difficult international climate, and the threat of terrorism that faces Western democracies such as ours needs to be addressed through very strong national security and intelligence arrangements. As part of the commitment of $3.1 billion since September 11, 2001, this budget includes a further $755 million over five years to contribute to Australia being a safer and more secure nation. Experienced economic management has been able to ensure that that has happened. The funding will mean that $270 million will be provided in additional resources for intelligence, including ASIO, ASIS, more intelligence officers, more checks and more sharing of information with other intelligence agencies to close in on those who wish ill on our society. There is an extra $207 million to upgrade protective security and ensure more plain-clothes sky marshals will travel on international flights to locations around the world.

There is $150 million in additional funding for border protection, and this is all very important. Armed patrols against illegal fishing in the Southern Ocean will also benefit from nearly $85 million over two years. This is not only an issue of security, it is also an issue of economics, because illegal fishing in our oceans damages very much this nation’s economic position. Fifty million dollars has been allocated over four years for the protection of Australia’s critical
infrastructure, including energy, water, communications, food supplies, health, transport, banking and, of course, our very important national icons. The people of Ryan will be very keen to hear the Prime Minister’s remarks in the weeks ahead on energy related issues, when there will be a strong focus on the future of Australia’s energy sector. These are just some of the programs that have profited handsomely from the budget delivered by the Treasurer last month, and that has indirectly happened because of very strong support from members of the coalition team, who have put these programs together and contributed to the budget in their own small ways.

Reductions in personal tax worth $14.7 billion over four years mean that more than 80 per cent of taxpayers will face a marginal tax bracket of 30 per cent or less. This is very significant because cutting income tax is a way of encouraging economic activity in our country. It is also a way of strongly acknowledging the hard work of Australians who put in very long hours to ensure that their family’s financial position is secure. I want to acknowledge all the hard-working people in the Ryan electorate—from those who work at the University of Queensland or have businesses in the suburbs of Ryan to those who are in the employment of those who create jobs. Employees and employers alike work very hard to ensure that they are able to provide for their families.

The government is providing an additional $461 million over five years to support carers. Carers provide a great service to the community through supporting and caring for those with disabilities. The government recognises this contribution and is increasing the support available to people in this position. I had the pleasure of going to the Henderson Respite Centre in my electorate a couple of weeks ago to talk to the people who manage it. The Blue Care organisation plays a wonderful role in looking after people in the Ryan electorate who are the recipients of this service. I had a wonderful couple of hours with them and engaged in a strong discussion about some of the very important issues.

I want to conclude by very strongly commending the Howard government on its budget. The fiscal outlook for Australia is very positive—a cash surplus of near $2.4 billion is forecast for 2004-05. This government’s budget position is in surplus and has been since we came to office, notwithstanding the awesome debt that we had to confront when we came to office, and that will carry this nation very well into the years ahead. The outlook for the economy is also for continued growth with low unemployment and low inflation. GDP growth is forecast to moderate slightly from about 3½ per cent to 3½ per cent in 2004-05. This budget is good for families and individuals, through income tax cuts. Is good for our older Australians, carers, young professionals, and it is good for young Australian in the electorate of Ryan in encouraging them with their superannuation savings. It is something that is going to make a big difference to the people of Ryan and their personal circumstances.

The Labor opposition’s reply two days after the Treasurer delivered the budget was nothing short of pathetic. The Leader of the Opposition, as the Treasurer commented, talked in waffly language. This was a budget reply by an alternative Prime Minister and there was nothing substantial at all in his reply. This is a man who is the alternative Prime Minister of the country and he was unable to speak in the any meaningful way about the opposition’s position on tax cuts or spending initiatives, apart from copying the words of others and plagiarising those sentiments. This is a man who is the alternative Prime Minister of this country and he cannot give commitments to what a Labor government would do if it were elected to office.
No-one could contest the position that it is good to read to kids and ensure that young children are read to by their parents, but the opposition leader is the alternative Prime Minister of the country and he would have the responsibility of managing a $200 billion budget and an $800 billion economy—that is what the Prime Minister is paid to do. The people of Ryan, when they come to vote, will surely know that the Prime Minister of the day is not there to tell parents that they should be reading to kids; they are there to manage a $200 billion budget.

(Time expired)

Ms HALL (Shortland) (12.15 p.m.)—I rise to speak on Appropriation Bill (No. 1) 2004-2005 and cognate bills. This budget is about winning an election. It is not about ensuring the long-term prosperity of Australia. It is not a blueprint for the future. It is a budget of missed opportunities—a budget that throws money at people in the hope that that will win the Howard government a fourth term. Even with its preoccupation with winning the next election, the Howard government has forgotten some Australians. I certainly have to say that some of the Australians who have been forgotten live within the electorate of Shortland. On the day following the budget my office received phone calls stating that there was absolutely nothing in this budget for pensioners and independent retirees. Pensioners in my electorate are disgusted with the Howard government. They feel that they have been ignored and that yet again the Howard government has not given them the recognition that they deserve. The recognition that they deserve is to not be ignored in this budget. There are no tax cuts for people earning less than $52,000 a year. This budget has done nothing to restore Medicare and bulk-billing and has done absolutely nothing to help public education in Australia.

I quickly turn to Medicare and, in doing so, point out to the House that in the electorate of Shortland the bulk-billing rate is 51.3 per cent. ‘Medicare Minus’ or ‘Medicare Bandaid’—whatever the government might like to call it—has only seen more doctors leave the electorate of Shortland. There has been a decline in the number of doctors this year. On 1 January this year you would have expected a positive response to the so-called incentives that the government had in its Medicare package, but one of the major doctors surgeries in the electorate of Shortland increased the bulk-billing gap that pensioners had to pay from $13 to $16.65. That is hardly a positive response to the government’s Medicare package, hardly delivering bulk-billing to pensioners and hardly doing anything to turn around the decline in the number of doctors. As I mentioned earlier, a number of doctors have ceased to practise in the electorate of Shortland. This government has no idea about delivering a sustainable Medicare package to the people of Australia.

I now turn to education. This government has continued down its line of funding the elite private schools and ignoring the needs of public schools. In the electorate of Shortland, 80 per cent of students attend public schools. Under this government they have had a really bad deal. Their share of funding has decreased. Initiatives taken by the Howard government have been to the detriment of the people of the electorate of Shortland. This budget is entrenching the divide between those who have and those who have not.

It is worth mentioning the tax cuts that were delivered in the budget and looking at what they mean for the people of Shortland electorate. They mean very little to the people of Shortland electorate. Fewer than 10 per cent of the people in Shortland electorate will benefit from the tax cuts delivered in this budget. That means that over 90 per cent of all people in Shortland electorate have been ignored by the Howard government in this budget. They make
enormous contributions to Australia but this government has not recognised them with tax cuts.

I turn to the much-publicised family tax benefits: the $600 that the government is giving to families at the end of this year and the additional $600 that it is giving to families on 1 July. Mr Deputy Speaker Mossfield, I am sure you, like me, have had many constituents come to your office raising with you the fact that under this government’s family tax benefits scheme they have incurred enormous debts. We saw before the last election the government giving a $1,000 break to families that incurred debts, but the next year they were back there again, having to pay the debt. I have had many families come and see me in my office simply because they have incurred debts. It only takes working a little overtime, getting a wage rise or a mistake by Centrelink for a person to end up with a debt. A significant number of people within my electorate have incurred debts in excess of $2,000 or $3,000.

In Shortland electorate there are 12,200 families receiving family tax benefit A. Around 4,000 of those families have a Centrelink debt and the average debt is $900. The average debt next year will be $900. The average debt the year after that will be $900. The $600 that the government is saying it will deliver to families on 1 July each year will not even cover the average debt in Shortland electorate.

My colleagues on this side of the House and I find it very interesting that no debt notices will be sent out until the end of September. People will get the first $600. They will get the second $600. We will have an election, and then they will get a debt. Doesn’t that sound like what happened last time — this government trying to trick the Australian people into voting for it? Mean and tricky. Whenever you look at what the Howard government does you have to look at the small print to see what it intends to do in the future. It takes from people and then it throws money at people when there is an election. To be honest, that is not good enough. Australian people deserve better. They deserve a government that is honest, that is up front and that is not trying to be mean and tricky with them.

I turn to payments to carers. This government has been very outspoken in congratulating itself on delivering the $600 and $1,000 to carers and increasing the eligibility for respite care from two weeks to four weeks per year. I welcome the $600 and the $1,000 but, once again, it is a one-off payment and is throwing money at people just prior to an election. I do not think this is a planned approach to delivering ongoing support and services to carers in our community.

As I mentioned earlier, Shortland is the 10th oldest electorate in Australia. The average age of carers delivering services or caring for a partner who has dementia is 80 years. Those carers are frail and aged. They need support and a little bit of care. They also need to access respite. In the electorate of Shortland, in other electorates around mine and in electorates that I have visited throughout Australia the big issue is not the length of time that people can access respite. The big issue is the fact that they are unable to access respite at all. There is a chronic shortage of respite beds. This has not been addressed. I argue strongly that the government is missing the point. It needs to ensure that there is a sufficient number of respite care beds.

We need more dementia-specific aged care packages. I welcome the fact that more aged care packages have been identified in the budget but I do not think that the proper structures are in place to ensure that people in most need get those packages. People living in outlying areas miss out all the time. There is no requirement in the allocation of packages to ensure
that people living in the outlying or fringe areas of cities receive those aged care packages. That needs to be addressed. Once again, it is a missed opportunity. The government say, ‘We will do this and that; vote for us and everything will be all right.’ But the bottom line is that it is not all right: people continue to miss out. No matter what area you look at, you see a government who deliver for some people but not all people and who govern for some people but not all people. We see the great divide that exists within our society.

Carers need a lot more support. They need social support, support counselling and support in the home. They need a health care system that actually delivers to them. They need the kind of Medicare that existed in the past, when they could see a doctor who bulk-billed and when a doctor would see them at home. They do not need this bandaid Medicare that we have today. If the government were serious about carers they would have addressed those issues in this budget.

Issues of concern to me in this budget revolve around advertising. The government are asking the Australian taxpayer to pay for their election campaign. They have an advertising bill of over $109 million, as was revealed in the Senate estimates. There are 21 campaigns currently in the pipeline, and all of them advertise government policies, programs and promises. We need only to turn to the $15.7 million ‘Strengthening Medicare’ advertising program that is currently bombarding us: no production costs or mail-out costs were revealed; they will remain unknown.

The government are blatantly abusing their position. They are blatantly using taxpayers’ money to fund their advertising campaign not only for bulk-billing but for any one of their programs, any one of their policies that they want to promote within the community. And they are doing this in the lead-up to the election. They may think Australian people are fools, they may take them for fools, but Australian people are becoming increasingly cynical about this government’s approach to governing Australia. They want more. They want a government that makes a commitment to Australia for the long term. They do not want a government that just throws money at some people when there is an election; they want a government that shows concern for all Australians. I think it is really worth noting that in Australia we have developed quite an underclass. There is intergenerational poverty, and this budget does nothing to address that intergenerational poverty. The number of people that are long-term unemployed has increased. There are still enormous problems with mature age employment, and youth unemployment is an issue in Australia that we should be ashamed of.

Labor introduced its youth guarantee in the Leader of the Opposition’s reply to the budget speech, and I must say that there has been enormous interest in that youth guarantee in my electorate and the communities I have visited since the budget reply. People in Australia see that this is a real solution and that it is looking at that intergenerational poverty. This is about hope, about the future and about a prospective government that is inclusive. It is about building the capacity of our communities. It is not about social exclusion; rather it is about social inclusion. It is about ensuring that Australians have the skills and the education they need for the future. It is about Australia’s future.

I would be remiss if I did not draw the attention of the House to the fact that the Howard government promised that it would get rid of debt and that it constantly projects itself to the Australian people as being a good economic manager. It is interesting to note that the current account deficit in March 1996, when the Howard government came to power, was $5.95 bil-
lion and the current account deficit today is $11.997 billion. If that is good economic management, I am no judge of what good economic management is, and neither are the majority of Australians who see those figures as evidence that the Howard government has failed. Foreign debt in March 1996 was $193.258 billion and foreign debt today is $373.778 billion. That is not an example of good economic management.

This budget also works on the underlying assumption that Telstra will be sold, and I think it is a blatant waste of money that Australia is continuing to invest so much money in Iraq. The answer is to bring the troops home. The Australian people would like to see that happen and the Australian people recognise that the government has failed there.

The government touts this budget as one that delivers on aged care. All you need to do is look at it in more detail. We have a chronic shortage of aged care beds and this budget will do nothing to change that. There is an increase in the number of packages and the way that they are delivered, but once again I have identified the problem there. It is a tricky budget, and the extra money that has been allocated for aged care works out at an increase of something like 1.5 per cent to 2008.

This is a government that neglects the Australian people and then throws money at them when there is an election. This is a government that has raised the cynicism of the Australian electorate to a new level. This is a government that does not respect the Australian people. This budget demonstrates very graphically the government’s commitment to the Australian people and the fact that it does not wish to invest in the long-term future of Australia.

Mrs MOYLAN (Pearce) (12.35 p.m.)—The way governments approach the management of the national economy can have profound effects on people’s lives. These effects can be positive or negative. Who can forget the nightmare of high national debt bequeathed to the Commonwealth under the leadership of Mr Keating, the former Prime Minister and self-appointed ‘world’s best Treasurer’? Families and individuals aspiring to home ownership were faced with prohibitively high rates of interest on home mortgages. Small businesses struggled to keep going under the weight of record high interest rates for business loans—at one point, some overdraft facilities attracted interest of 24 per cent. I know; I watched them going out of business and into bankruptcy. It was the thing that galvanised me to run for a seat in parliament in the hope that I could, in some small way, contribute to better public policy.

The jobless queues grew, with especially high rates of youth unemployment. There were record business failures, and Victoria, with the aid of a Labor-led government at both state and federal level, became the rust bucket state.

This contrasts starkly with a Howard-led government. Since its election in 1996 the government has taken a consistent and measured approach to economic policy. This steady approach has resulted in the $96 billion Commonwealth debt racked up by Labor when they held the Treasury benches for 13 years being reduced by about two thirds. Government debt is now a mere three per cent of GDP compared with the OECD average of 50 per cent.

Some people ask: ‘What does that mean for me and my family? How important to me is the way in which the federal government manages its budget?’ It means that since the Howard government took office in 1996, the debt has been reduced by two-thirds to $25 billion. The good news is that, instead of the Commonwealth paying a massive interest bill on that debt, the government has been able to spend that interest saving on direct benefits for people in the community, as well as the additional revenue that a strong business sector has been able to
bring in. Health, including aged care; the environment; transport; telecommunications and improved safety nets through the social security system are some of the areas where the government has increased spending.

The government’s success has been a mixture of careful planning and targeted reforms. For example, industrial relations reforms have provided greater flexibility to both businesses and employees, creating higher productivity and higher real wages. Much-needed tax reforms, including the introduction of a goods and services tax, has spread the tax burden more evenly and put a stop to the trend under Labor of constantly targeting sectors of the small business and business community to raise additional taxes.

Eight years of continuous economic growth under a Howard-led government have provided a 19 per cent increase in the standard of living; unemployment is below six per cent; inflation is below three per cent for the first time in 35 years; real wages are up 13 per cent compared to 2.4 per cent under the 13 years of Labor; 1.3 million new jobs have been created in this more favourable environment; home loan interest rates remain remarkably low; spending on health care is up 51 per cent; school funding is up 63 per cent; an extra 200,000 child-care places have been created, with another 40,000 in this budget for outside school hours care; and nearly 500,000 new apprenticeships have been created for our young people, compared to 141,000 under Labor. These achievements must be placed in the context of the worst financial meltdown in Asia in a decade, a protracted drought affecting farm income, an international recession and the impact on tourism due to terrorism and SARS. The strength of the Australian economy has sustained and cushioned the majority of businesses from the worst impact of these world events and, having sustained and cushioned those businesses, it has sustained and cushioned average Australians.

Unwilling to be lulled into a false sense of security by its economic achievements, the government continues to forge ahead with important reforms and initiatives. Recognising that our future industry growth and development will require increasingly reliable modes of transport, the government has recently committed an additional $2 billion to improve transport with its AusLink initiative. This is of particular concern to Western Australia, with its huge contribution to the economy through mining, farming and pastoral activities. It is in these sectors that fast, reliable, efficient transport modes are essential, especially if we are to continue to compete successfully in a robust export market. In Western Australia we are facing a state government that has completely neglected its responsibility in relation to local roads and its shared responsibility in relation to national highways. It is putting the majority of its transport money into rail to Mandurah and allowing the state’s roads to go to complete rack and ruin.

The government also recognises the pivotal role of science and innovation, mindful that it underpins productivity and growth, and has allocated a $5.3 billion package of support. This funding will help develop and retain Australian skills and accelerate the commercial application of research. Dr Richard Insel of the Juvenile Diabetes Research Foundation spoke recently at a dinner and made the point that Australia has some of the best researchers in the world, particularly in the area of medicine and looking for a cure for diabetes. In fact, Australia was the fourth or fifth highest recipient of funds from the international arm of the Juvenile Diabetes Research Foundation. And in many other areas of science Australia leads. These people need to be supported. We need to keep them here in Australia.
Regional and rural communities have struggled over the past two decades—and I spoke about this in the chamber this morning, when speaking on the Farm Household Support Amendment Bill 2004—to recover from successive droughts and from a reduction in the number of people living in many rural communities. It is difficult for those living in the cities to conceive how important our rural economies are and the importance of keeping them going during difficult times. I know that my colleague the member for Hinkler, who is here on duty today, would support me on that. With an increasing prospect of continuing drought in many areas, including the eastern wheat belt in WA, it is important to have strong drought relief programs, and the government has directed $1.1 billion into direct drought assistance in this budget. Again we have seen vacillating and a lack of interest by the Western Australian state Labor government in resolving the issue around drought—at one stage not even bothering to reply to an invitation to join a meeting with the Commonwealth minister and other state ministers to discuss how we can better be responsive to drought affected families with a better drought policy.

An industry that has become increasingly important to rural and regional areas all around Australia and particularly to my electorate is the wine-producing sector. According to ACIL estimates for 1999-2000, wine tourism produced estimated revenue for the regions of $965 million. Of that, $411 million was spent at wineries on food and merchandise and accommodation and $554 million was spent in regional communities on food, accommodation and transport. Wine production has become enormously important to the regions, employing about 57,000 people and boosting many small businesses in regional areas which supply goods and services, such as machinery dealers, mechanics, reticulation suppliers, cleaners, food wholesalers and a host of others.

The measure to alleviate what I believe was a flaw in the adjustment tax, called wine equalisation tax when we changed to the new tax system, have been generally well received. This is an important measure for the small wineries in my electorate. For example, for producers selling up to 800,000 litres of wine, the average rate of WET was approximately $3.25 a litre. That was almost three times that paid by the four major companies, who account for about 60 per cent of wine production. The average WET paid by these companies was $1.10 a litre. There is a very big difference, and it caused a lot of problems within the small, family-run wineries in the electorate of Pearce.

The WET in its original format produced great inequities in taxing wine production and, as I have said, particularly prejudiced small wineries. About 95 per cent of wine production is carried out by small, usually family owned, wineries and they were badly affected. Under the new arrangements about 90 per cent of small wineries will benefit from a rebate of $290,000 of WET. This will particularly benefit those producing about 85,000 litres or $1 million wholesale turnover, and I know that it has been well received in my electorate.

Since coming to this place in 1993 I have consistently argued that it is a robust economy that underpins the social fabric of our communities. It is very difficult to look after the needs of people if you do not have a strong economy. We have only to look at some of the basket case economies the world over to see that. They are poorly managed, governments do not look after their resources and their economies are in a downward spiral. They cannot provide good economic policy, support for the environment or social policy programs that support
their people. It is enormously important that we maintain a strong economy so that we can look after the needs of all citizens.

The robust economy and careful management have provided the Howard government with a solid tax base on which to deliver benefits to most sectors of the community. From the perspective of my electorate, I know they welcome additional assistance. There are many benefits in the budget that have received a great deal of cover in the media but many smaller measures that do not rate a mention in dispatches are terribly important to many Australian individuals and families, and I propose to speak about some of those lesser known aspects.

I was interested to hear the member for Shortland get stuck into the government over its carer program. When I came to parliament in 1993 and when I became a minister in the first Howard government in 1996 there was no carer program. The task I had, at the request of the Prime Minister and at the urging of the Carers Association of Australia and the wonderful people who led and guided that organisation for so many years, was to put into place a national program for carers. Before that, they could not even get a hearing from the Labor government. I remember them telling me that there was no interest whatsoever in supporting carers. That organisation had tried and tried to get governments’ attention to this very important issue and it had been ignored. When the Howard government came in and I became the Minister for Family Services, the Prime Minister asked me to establish a national carer program. That involved establishing a National Respite for Carers Program across Australia and a national carers resource program to help and support people who undertake a caring role for a dependent member of their family or somebody with a chronic illness. It was a great joy for me to work with the caring sector, because there were many heart-rending stories from people.

There are over one million people in Australia caring for a family member with a disability or chronic illness or someone who is aged. The relaxing of the rule means that carers will receive greater financial support. Every carer will receive a one-off payment of $1,000, around 80,000 eligible carers will receive the carer payment in June, and 300,000 people receiving the carer allowance will receive a bonus of $600. This is a one-off payment and it will be tax free. Improved access to respite care will provide extra help to older carers who care for an adult child with a disability, so that they can have some relief from their usually 24-hour caring role. About 13,000 carers who do not live with the person they care for will now be eligible for a carers payment. The carer package alone amounts to a $461 million commitment over five years. This builds on the tremendous program that was put into place in 1996 and has been followed up by the Howard government ever since.

I want to talk also about diabetics—a subject that I am particularly interested in. Many families with a child who is an insulin-dependent diabetic welcome the additional funding for the national diabetic subsidy scheme that will now allow them to purchase insulin pump consumables at a saving of about $2,200 per annum. Many families—some of them are in my electorate—have one, two or even more children with insulin-dependent diabetes, and in the past this has been a very heavy burden on them. Apart from bearing the heavy burden of the cost of the pump, they have had to buy pump consumables, as I have said, at a cost of about $2,200 a year.

The most important aspect of this measure, though, much more than the saving aspect, is that it will improve the quality of life and provide better long-term health outcomes for chi-
children with insulin-dependent diabetes who can use an insulin pump because it delivers a steady
dose of insulin and allows their bodies to not have those incredible highs and lows and the
risks of going into a coma because their insulin levels drop too low. It is enormously liberat-
ing for families whose lives revolve around eating schedules, testing schedules and insulin
injections. I do not think anyone in the House remained untouched or unmoved by the won-
derful presentations by children from about three to 18 in this place on Kids in the House day,
when young insulin-dependent children came to this parliament and talked to members of
parliament, ministers and indeed the Prime Minister about what it is like to be a kid with insu-
lin-dependent diabetes. Although it is a small measure, it is an enormously important one to
those many families out there whose children are insulin-dependent diabetics, and indeed to
many insulin-dependent diabetics, whether they are type 1 or type 2.

Hearing-impaired children also have received attention in this budget, and I am very
pleased to learn of this. Cochlear implant speech processes can open up a whole new world
for children with profound hearing loss. Funding allocated for this measure will allow around
130 children currently waiting for upgrades to access cochlear implant speech processes and it
will provide for about 230 upgrades a year. This is a small measure but an enormously impor-
tant one.

Caring for our veterans is of primary importance, and this budget allows for veterans on
gold or white cards to see medical specialists when they need to. Staying on the medical bene-
fits of this budget, many families have a person with a chronic health problem, and families
with people with diabetes have that concern. When there are chronic health problems, the
worry of ongoing health costs is always of enormous concern. That is why the government’s
new Medicare safety net is so important. It means that a government rebate will now pay 80
per cent of non-hospital costs and above $300 for families eligible for family tax benefit part
A and concession card holders. For all other individuals and families 80 per cent of costs are
covered under the government scheme once these costs rise above $700. So all families have
that marvellous safety net, and this is particularly welcomed by families who have members
with chronic illnesses.

Aged care has become a major issue as we raise concerns about an ageing population. It
has become evident from the number of families who have contacted me about the difficulty
of finding appropriate care that this continues to be a concern. I am thrilled to see that the
budget has allocated $2.2 billion to improve the number of beds for people wanting to access
aged care and to improve the facilities for them.

I cannot finish without talking for a moment about small business, because it is the life-
blood of our country. Small businesses and non-profit organisations will benefit enormously
from a reduction in the cost of tax compliance. It will benefit 740,000 small businesses and
30,000 not-for-profit organisations. The cost to government is about $330 million. Given that
the small business sector is the engine room of our economy, this is money well spent.

The member for Shortland mentioned youth and her leader’s policy. I have to say that what
we have done is taken practical steps to help and engage our youth. We have established the
Work for the Dole program, which allows them to get back into the work force to learn some
skills and to get a better opportunity to get long-term employment. I have never seen young
people so enthusiastic about learning new skills as those in the Green Corps program. In addi-
tion to that, we have increasingly allocated money to establish Cadet Corps units around the
country. Most importantly, the Howard government has recognised families and has recognised many groups of the community but above all it recognises its responsibility to maintain a strong and stable economy so that all Australians, regardless of where they live and what they do, can be the beneficiaries.

May I just comment on Iraq in the 20 seconds I have left. We have not failed there. When I went to Baghdad with the minister, our troops were the ones keeping the Baghdad airport open. That meant that aid could come in. The Iraqi people have suffered terrible deprivations, particularly the children, and without our troops manning the airport in Baghdad that aid would not be getting through. They have played a major part in providing aid in Iraq. (Time expired)

Debate adjourned.

ADJOURNMENT

Mr NEVILLE (Hinkler) (12.56 p.m.)—I move:

That the Main Committee do now adjourn.

Telstra: Services

Mr SCIACCA (Bowman) (12.56 p.m.)—In yet another example of how out of touch the Howard-Costello government are with the lives and concerns of ordinary Australians, just a few months ago they again tried to push through the parliament their plans for the full privatisation of Telstra. It is time they heeded the calls of the community and, instead of focusing on getting Telstra off their books, devoted their attention to improving the services provided by Telstra, in particular in the area of broadband services.

In 2003, Australia’s broadband penetration was ranked 20th out of 30 countries in the OECD, with only 2.65 in every 100 inhabitants having access to broadband services. This low take-up is attributable not to a lack of interested customers but to this government’s inaction and its failure to accelerate the roll-out of broadband technology. Our ADSL network is patchy, to say the least, with only about 1,000 ADSL enabled exchanges amongst the more than 5,000 exchanges nationwide.

This impacts not only on residents in rural and regional Australia but also on those living in outer metropolitan areas. My constituents living on Moreton and Stradbroke islands, less than an hour away from the Brisbane CBD, do not have access to an ADSL enabled exchange. Even more local households are missing out on ADSL broadband because they are located four kilometres or more away from an ADSL enabled exchange. I have received numerous complaints from constituents living in ADSL black spots, including Hemmant and Wakerley in the new electorate of Bonner—people like Matt Rosen, who was advised by Telstra not only that ADSL is unavailable to him but also that he could expect to wait years before the service was available at his address. This news was particularly frustrating for Mr Rosen given that his friends who live at the other end of his estate do have access to ADSL broadband.

The government needs to appreciate that, for businesses that need quick access to clients, suppliers and information, for those with children who use the Internet as a study and research tool and for the many time-poor people who are struggling to balance their work and family commitments and rely on the Internet to do their banking, pay bills and to access service providers, ADSL is not a luxury but a necessity.
The population in Queensland is growing rapidly, with an estimated 1,300 people migrating to the sunshine state each week. The majority of new residents are opting to settle in the south-east corner and, as more and more houses are built on the fringe of more established suburbs and are therefore located more than the prescribed four kilometres away from existing exchanges, the government needs to act to address the increased demand for up-to-date telecommunications services. The great irony is that Telstra spent $14.8 million advertising its broadband services last year. It seems a ridiculous amount, when so many people in my electorate and around the country cannot even access the service. My constituents who find they are living in an ADSL black spot would be amongst the many Australians who would have preferred to see that money spent on speeding up the roll-out.

Even in those areas of my electorate that do have access to ADSL broadband, Telstra’s service record is nothing to write home about. Late last year I was contacted by a constituent who was an existing Telstra broadband customer and was trying to organise to have his service reconnected after moving house. He runs a business and does not want his name bandied around in case there are any repercussions. In this situation, having fast, efficient access to the Internet was a necessity, as the constituent works from home and for him the Internet is a crucial tool of trade. In early September he made initial contact with Telstra and was advised that he would have to wait until the first week of October to have the service connected at his new address. When the day came, it was raining and he was put to the back of the queue of people waiting for a technician. Ten days later, when the technician was due back, it was again raining and he was told it was to be a further fortnight or so before he could be slotted in. After intervention from my office, he was moved up the queue, but, even so, nearly two months had elapsed between the time he first contacted Telstra and the day his service was up and running.

If this is going on in my electorate, on Brisbane’s southside, you can be sure that it is happening all around the country and that things are even worse for those living in regional and rural Australia. From time to time we hear the government talking about how things have improved in regional Australia but, certainly in this area of broadband services, it cannot be improving rurally when it is not even improving in the metropolitan areas. This government have never been backward in coming forward with politically driven policy. I urge them to listen to the electorate on this issue, to get rid of their plans to sell Telstra and to adopt a more active and aggressive approach to delivering the quality communications services that members of our community rely on.

Health: Hospital Funding

Mr BALDWIN (Paterson) (1.01 p.m.)—Today I rise to talk about the need for a hospital in the Forster-Tuncurry region. Forster-Tuncurry is a rapidly growing community. In fact, when I look through the Mid North Coast Area Health Service board’s annual report, it says of the population:

The Mid North Coast Area Health Service provides public hospital and community-based health services for more than 275,000 residents. It covers an area of 22,000 square kilometres, stretching along the New South Wales coast, from Karuah—

which is in the middle of my electorate—

north to Woolgoolga—

which I think is in the member forCowper’s electorate—
and west to the Great Dividing Range. It includes the local government areas of Great Lakes, Greater Taree, Gloucester, Hastings, Kempsey, Nambucca, Bellingen and Coffs Harbour.

The areas in my electorate are the Great Lakes and Gloucester local government areas. It also says in the report:

In December 2001 it was estimated that 18.6% of the population was aged over 65 and 1.8% aged over 85. Comparable figures for all of NSW are 12.8% and 1.4% respectively.

When looking at the need for a hospital in the Forster-Tuncurry area, we need to consider the age of the population and the fact that people have to travel 34 kilometres to access public hospital health facilities. Given the age of my community and an understanding that the greatest health risks they have come from stroke, heart attack or broken bones, the ambulance trip from the Forster-Tuncurry region to Taree takes a long period of time.

We welcome this week’s announcement by the Minister for Health and Ageing, Tony Abbott, that he would provide funding to the New South Wales government and that 14 transitional beds in the pathways to recovery program would be located at the Kularoo nursing home in Forster. That is not good enough. We need a public hospital in the Forster-Tuncurry region and we need it now. We have a private hospital—Cape Hawk Hospital—which was built using community funds that were raised and then leased out to a private contractor. We have issued a petition which calls for the hospital. I understand the Mid North Coast Area Health Service board are looking at some options now, and one of those is to lease the vacant beds in the Cape Hawk Hospital to turn them into a public facility. They are also looking at building an accident and emergency stabilisation triage unit in the region. I quote from page 5 of the annual report:

Active engagement with the community of the Mid North Coast and the involvement of community members in advising on health service planning, improvements to the quality of services provided and how the Area Health Service might best mitigate risks remained a key priority throughout the year. The Consumer and Community Health Forums, which facilitate increased consumer and community participation in the monitoring, planning, development and evaluation of health services, have continued to progress and by the end of 2003 had a combined membership of over 500 members.

I also advise the House that at two o’clock on Tuesday, 8 June the community and I will be getting together in Forster for the consumer and community health forum to be conducted by Phil Webster.

Something that concerns us—and I raised it in the House yesterday—is our local area representative on the Mid North Coast Area Health Service board, Bob Horne. Bob Horne is a good representative of the people—we take nothing away from him there—but the problem is that representing the areas of Gloucester and Great Lakes is a little hard to do from the Sunshine Coast. Mr Horne moved to the Sunshine Coast and went on the electoral roll on 5 November last year. That presents a problem: how can you visit and meet with a community on the mid North Coast of New South Wales and represent their views on an area health board—for which, by the way, he is paid $12,000 by New South Wales taxpayers—when you live on the Sunshine Coast in Queensland? We consider that to be unfair. In fact, my office has been inundated with calls from people on why their taxes are paying for a person residing in Queensland to represent their views and interests. It also explains his lack of attendance at some of the meetings he is paid to be at, because I suppose it is a great effort to travel from the Sunshine Coast down to the mid North Coast of New South Wales to attend these meet-
ings. The bottom line is that the people in the region demand that the New South Wales Min-
ister for Health, Morris Iemma, dismiss Mr Horne from the area health board and appoint a
person from the local region who can represent their views and their interests and perhaps
push for a public hospital in the Forster-Tuncurry region.

Telstra: Privatisation

Mr SERCOMBE (Maribyrnong) (1.06 p.m.)—On 6 November last year I raised in this
chamber a number of issues concerning Telstra. One of the matters I raised concerned a con-
stituent of mine, Mr Peter Zabrdac, who alleged to me and others that, without authority or
permission, telephone conversations between a Telstra employee and himself and between a
Telstra employee and Mr Zabrdac’s mother were improperly recorded by Telstra. This matter
was investigated internally by Telstra. The advice from Telstra was that they had no means of
recording telephone conversations in the circumstances. Mr Zabrdac’s then manager had con-
firmed that she took verbatim notes of the telephone conversations and had not recorded
them. His manager did indicate that she had not retained one set of relevant handwritten notes
but she was able to produce handwritten notes of a subsequent claimed conversation.

I am told that Telstra does, in fact, have the capacity to record calls. There is a recording ar-
rangement, which is called Ultra, for the purpose of verifying verbal contracts made during
phone calls. The software package, Ultra, appears as a pop-up on the consultant’s screen and
is invoked when required. This is a process known as ‘voice signature’. It is used, for in-
stance, when a customer chooses to return to Telstra as a carrier. Mr Zabrdac believes—and I
think with solid grounds for doing so—that this process was used to improperly record tele-
phone conversations, irrespective of what Telstra management may say.

There is some other evidence on this matter. Telstra claims to no longer have a handwritten
record of the telephone conversation I referred to in my earlier speech on 5 May last year but
it nonetheless appears in its Outlook system. What is interesting is that there is a handwritten
record of a claimed conversation on 12 May which Mr Zabrdac has no knowledge or recollec-
tion of or can find no information on. This record is remarkably similar to that of 5 May. I
must say it would be clear to members that the conclusions one could draw from the juxtapo-
sition of those facts—which in the time available to me I do not propose to spell out—are
fairly alarming in terms of the integrity of some of Telstra’s internal management systems.

Another very direct example of evidence of the fact that Telstra does improperly record
telephone conversations involving its own employees is produced by a document from Tel-
stra’s Outlook system on 16 April 2003. Mr Zabrdac was engaged in a conversation with a
Telstra customer using Telstra’s secondary line within the call centre. Quite a detailed record
of that conversation is in Telstra’s Outlook system but no Telstra management were party to
that conversation in the way they had been party to other conversations which Mr Zabrdac
alleges were improperly recorded. So there is only one way Telstra’s management could have
a record of that particular conversation available in their Outlook system and that is by re-
cording it through the Ultra system which, as I indicated, does exist within the relevant call
centre and is available, as far as Telstra staff are concerned, only to monitor conversations that
come in from the queue of Telstra customers. But it would appear that the same technology
does allow Telstra management to record other conversations on the secondary line, which
may well be personal calls of the staff and which, in the normal run of events, are not matters
that Telstra management ought to be paying attention to.
I believe that the prima facie evidence that Mr Zabrdac and his union now have of quite improper conduct on the part of Telstra management is such that there ought to be a thorough, independent investigation of the conduct of Telstra in relation to these matters. As I indicated in my speech on 6 November, this is an important matter because of this government’s desire to fully privatise Telstra. If in fact there are abuses by Telstra management in circumstances where the government remains the majority owner, how much more concerned will people be if Telstra is 100 per cent in private ownership, given the technological power and capacity that an organisation like Telstra has. As I said, these are matters which ought to be thoroughly and independently investigated and not just left to an inadequate Telstra internal process which is clearly flawed. (Time expired)

Flinders Electorate: Police Station

Mr HUNT (Flinders) (1.11 p.m.)—The town of Somerville on the Mornington Peninsula in the electorate of Flinders needs a police station. It needs that police station now, and it needs it urgently. It is a matter of deep concern to the local population, and on 19 July, along with the member for Mackellar, the Hon. Bronwyn Bishop MP, Chair of the Standing Committee on Legal and Constitutional Affairs, we will be holding a public meeting to push the case and commence the campaign for a police station in the town of Somerville.

Somerville is a growing town. It needs a school, and fortunately both Commonwealth and state governments have committed to the construction of the school. It has inexplicably been delayed by the activities of the state, but my hope and my commitment is to ensure that the school is open for the year 2005. There is $2 million of Commonwealth funds on the table.

There is no commitment from the state to build a police station in Somerville, but that station is urgently needed. It is not because the police in the closest local stations of Frankston or Hastings are in any way lacking but because they themselves recognise that there is a desperate shortage of resources. Somerville has grown from an apple orchard town 30 years ago to a town with emerging numbers of families with a desperate need for a locus. The school will be one of those elements but the police station is a second critical element.

Recently a fire brigade centre was constructed, through the CFA. That is an important addition to this town, but the town needs two pillars upon which to be founded: (1) a school and (2) a police station. Without that, it will not be the full town that it should be. I think that is critical, and the local community is almost unanimous in its desire for a police station.

Tragically, in the last few weeks we have seen internal conflicts in the town of Somerville. Not for one moment would the tragedy of the murder have been avoided, but it reminds us that this town has its distinct and real social problems. It was a manifestation that would have been beyond the control of police under any circumstances, but the murder of a 22-year-old young man who had recently graduated, who was involved in a new chiropractic practice of his own and who was living his dream reminds us that, even in a town such as Somerville, there are real problems. We want to work towards providing a base where, if you have that strength within the community, if you have that pillar of a police station, there are outlets, there are opportunities, there are avenues for dealing with youth and there are avenues for combating problems before they emerge. These are things which the presence of a police station can deal with and which simply cannot be addressed if you do not have that.
Somerville is a great town with a tremendous sense of energy and a great, forward-looking community. But the community themselves are the ones who say: ‘We need a police station in Somerville. We need a commitment from the state to build that, and we need to do that now.’ We started a campaign for a Somerville secondary college in 2001. At that stage I was told, as a candidate: ‘It will be impossible. You will never get agreement on a secondary college for Somerville.’ But with the community and the Parliamentary Library we did the work on the statistics and the figures. I make this pledge to the community of Somerville, to the mothers and the fathers, to the different people within that community: we will be unrelenting in our drive for a police station for this town. I do not care whether it takes us one year or five years, we will not rest and we will not stop until we obtain approval for a police station. Already, the state opposition at the last election pledged that they would build a police station in Somerville. We will draw upon that pledge to continually make the case and to say that one side of politics is willing to produce a police station for Somerville. For me, it will be an unrelenting, continual campaign. Why? Because the community themselves want, above all else, a police station for Somerville. I pledge myself to that fight.

Medecins Sans Frontieres

Mr LAURIE FERGUSON (Reid) (1.16 p.m.)—While I was unable to attend the 10th anniversary of Medecins sans Frontieres—Doctors without Borders—in Melbourne on 4 May, I made a commitment to raise their situation in the federal parliament. Unfortunately, the opportunity has come at a very bad time, in a sense, because yesterday there was an announcement that three of their workers—a Norwegian, a Belgian, and person of Dutch extraction—seem to have been murdered in north-west Afghanistan along with two locally engaged people. It is unfortunate that their activities are highlighted in that fashion. We certainly feel for those people.

The Australian section of Medecins sans Frontieres, which was established 10 years ago, follows an international growth which now sees 18 sections around the world. It is an organisation that strongly stresses neutrality and independence. Its concept is to overcome the artificial boundaries of race, religion et cetera. It is interesting to note that, as of May, the Australian section can claim that in 2003 alone it placed 110 volunteers in the field—doctors, paramedics, nurses, logisticians, administrators et cetera. That is a very impressive effort by the organisation.

I notice from their newsletter that the work they are doing includes an Australian doctor in China, giving free treatment to AIDS sufferers; two doctors in Liberia, working in hospitals and camps and setting up medical care; a nurse in Angola, feeding people at feeding centres, providing nutrition to displaced people; a head of mission in the Timor project, reversing a pattern of fairly disorganised Indonesian style medical centres, which were basically very decentralised and had very little activity.

Medecins sans Frontieres internationally is an organisation that we should all respect. People are putting themselves in the frontline, endangering themselves, giving up personal income and being prepared to live in very dire circumstances in camps and amongst displaced people around the world. It is certainly a commendable activity by them. I raise in that context the question of the government’s review of charities, which has been sidelined at the moment. This is being driven by the rather secretive Institute of Public Affairs. They have driven a questioning of whether organisations such as Medecins sans Frontieres, who are doing such
valuable work, should be funded. Medecins sans Frontieres, in a way, could be seen as chang-
ing policy.

I notice a document that stems from this organisation from June of last year in the UK pa-
per the Guardian. It stressed that $60 to $70 billion in medical research has seen only 0.001
per cent go to neglected diseases that are killing millions of Africans. It noted that between
1975 and 1999 one per cent of registered medicines for tropical diseases and tuberculosis had
been registered. Eight per cent of pharmaceutical spending in the world was going to the de-
veloping areas, which covered 75 per cent of the international population. It also noted that, at
that stage, 20 pharmaceutical companies had 65 per cent of the world’s medicines.

When the government looks at the question of charitable status, when it reviews who
should come within the tax definitions et cetera, this is the kind of organisation it is attacking.
This is an organisation which saw three of its people killed yesterday in the frontline of chari-
table work around the world. As I say, with the point it makes about the international pharma-
ceutical industry and the point it makes about the question of whether the developing world,
the starving world, is ignored in the pharmaceutical companies’ interests, Medecins sans
Frontieres could be perceived by the Institute of Public Affairs as an organisation which seeks
to change public policy.

Oxfam and others such as ACFOA have said that there is a very disturbing trend, under the
guise of being concerned with the taxpayer. What the IPA is doing, through Gary Johns and
others, is essentially attacking organisations that are doing this very necessary work. The ar-
eas that they are working on include treating diseases such as tuberculosis, malaria, sleeping
sickness and HIV-AIDS. These are worthwhile initiatives by people making personal sacri-
fices. To say that because Oxfam and others might have an agenda to change the world to
make it a better place, to question the power of corporations and to question treaties, or what-
ever, they are not still within the charitable definition is very disturbing. I note that the IPA is
not the most transparent organisation. It is very embarrassing to Australia that it has essen-
tially been contracted to look at our NGOs while it is not very forthcoming about where it
gets its money. We do not see much public documentation about the corporations that fund
these so-called researchers such as Mr Nahan and Gary Johns. I again salute Medecins sans
Frontieres for its 10 years of activity in Australia. (Time expired)

Budget 2004-05

Mr JOHN COBB (Parkes) (1.21 p.m.)—In the recently announced budget, over $11 bil-
lion has been allocated to target road and rail infrastructure around Australia. Just in the state
of New South Wales, the ARTC will receive about $450 million to be put into the main lines
around New South Wales, as we finally take over the main lines in that state. That is a stark
contrast: the Commonwealth is looking to the future, building our nation and preserving our
infrastructure—in fact it is taking it a lot further, given the export-oriented nature of Austra-
lia’s trade. At the same time, New South Wales cuts back on its road and rail funding. No-
where is that more evident than in country areas of New South Wales.

In Orana in the far west or the central west of New South Wales in the electorate of Parkes,
branch lines are under threat of closure. In the north of the state, branch lines have been
closed in recent times, and we have a lot of them. In the central west—from West Wyalong
through to Ungarie, Tullibigeal to Lake Cargelligo, and areas like Hillston and Merriwagga—
those branch lines are an enormous factor in regard to trade. For example, they help to get
wheat to port. We all know that freight is going to double throughout country areas over the next 20 years but here we have the state government totally ignoring it.

That is happening not just in the central west. In the Orana region major branch lines from Bogan Gate to Tottenham, through Tullamore and Trundle carry an enormous amount of grain. We cannot afford to let that go. The more grain that goes on the road the harder it is for the roads to bear it. At the same time, the state government has cut back on its road funding. We are not talking about national highways. If it were not for the Roads to Recovery funding that was recently extended for a further four years, I really wonder where the state government would see our roads going in the near future and especially in the long term. We would not want to end up like Brazil, with infrastructure falling down around our ears and unable to get our goods to port. This is a safety issue. The more wheat that goes on the road—roads that were not built to carry such loads—the more dangerous it is for the population.

Recently in a mail-out to my constituency, knowing the concern amongst the population about what was happening to our branch lines, I included a petition which I asked them to sign and return to me if they also had major concerns about the way in which branch lines were being treated or, more to the point, not being treated by the New South Wales Carr government. This is not just an issue of the ARTC fixing up major lines such as the Indian Pacific line or the transcontinental line which travels through the middle of my electorate. They are quite happy to use the branch lines but, until the lines are serviced to the point where the big trains can carry a full load on them at normal speeds, they simply cannot afford to use them. The constituency is well aware of this, and over 1,700 people have signed my petition and forwarded their responses to me. I will be taking this petition to the New South Wales parliament tomorrow morning and presenting it to the Leader of The Nationals, Andrew Stoner. I will be asking him, on behalf of the constituency of Parkes, to present to the New South Wales government the enormous concern that abounds in the Orana region and the central west regarding the state of the rail lines, and the branch lines in particular, which service—or are supposed to service—the wheat industry and the people of the Parkes electorate.

Main Committee adjourned at 1.26 p.m.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

**Employment: Job Network**

(Question No. 3295)

Mr Albanese asked the Minister for Employment Services, upon notice, on 10 March 2004:

For each of the months between May 2003 and February 2004, will he indicate what sum has been paid to Job Network providers for (a) Job Matching Income, (b) Registration Income, (c) Job Search Training Income, (d) Customised Assistance Fees, (e) Outcome Fees, (f) Active Engagement Income, (g) Reviews Income, and (h) Vocational Profile Income.

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

The Job Network administered appropriation is not reported in all the categories identified. However, expenditure by month for Job Matching/Placement and Outcomes is:

<table>
<thead>
<tr>
<th></th>
<th>Job Matching/Job Placement $m</th>
<th>Outcome Fees $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003 May</td>
<td>6.171</td>
<td>19.510</td>
</tr>
<tr>
<td>June</td>
<td>6.750</td>
<td>15.028</td>
</tr>
<tr>
<td>July</td>
<td>2.415</td>
<td>0.686</td>
</tr>
<tr>
<td>August</td>
<td>4.559</td>
<td>4.928</td>
</tr>
<tr>
<td>September</td>
<td>5.903</td>
<td>5.170</td>
</tr>
<tr>
<td>October</td>
<td>6.687</td>
<td>7.985</td>
</tr>
<tr>
<td>November</td>
<td>6.332</td>
<td>11.705</td>
</tr>
<tr>
<td>December</td>
<td>5.753</td>
<td>17.980</td>
</tr>
<tr>
<td>2004 January</td>
<td>4.459</td>
<td>18.984</td>
</tr>
<tr>
<td>February</td>
<td>6.195</td>
<td>19.801</td>
</tr>
</tbody>
</table>

**Defence Force Retirement and Death Benefits Pensions**

(Question No. 3362)

Ms Hoare asked the Minister Assisting the Minister for Defence, upon notice, on 23 March 2004:

(1) Is the Minister aware that Defence Force Retirement and Death Benefits (DFRDB) pensions are indexed to the Consumer Price Index (CPI).

(2) Is the Minister aware that social security and veterans’ affairs service pensions are indexed to Male Total Average Weekly Earnings (MTAWE) or the CPI, whichever is the greater.

(3) Is the Minister aware of recommendations made by the Senate Select Committee on Superannuation inquiry into superannuation and standards of living in retirement, tabled on 12 December 2002, and in particular, recommendation 16 which recommends that the Government consider indexing all Commonwealth funded superannuation benefits to MTAWE or the CPI, whichever is the greater.

(4) Has the Minister’s department accepted that the CPI is an inadequate measure of changing community living standards.

QUESTIONS ON NOTICE
(5) Has the Government accepted recommendation 16 of the Senate Select Committee’s report; if not, why not.

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

(1) (2) and (3) Yes.
(4) No.
(5) The Government’s response to the Senate Select Committee’s report will be released in due course.

Taxation: Family Tax Benefit
(Question No. 3398)

Mr Adams asked the Minister representing the Minister for Family and Community Services, upon notice, on 24 March 2004:

(1) For each year of the Family Tax Benefit system’s operation, how many families and individuals in the electoral division of Lyons (a) in total, and (b) as a proportion of all Family Tax Benefit recipients in the electoral division of Lyons, have an outstanding debt to the Commonwealth due to the overpayment of the Family Tax Benefit.

(2) For the electoral division of Lyons, what is the (a) total amount of Family Tax Benefit debt, (b) average amount of debt per family, and (c) average income of the families and individuals that have incurred a debt.

(3) For each year of the Family Tax Benefit system’s operation, how many Family Tax Benefit debts in the electoral division of Lyons (a) have been referred to debt collectors, and (b) are currently with debt collectors.

(4) For each year of the Family Tax Benefit system’s operation, how many families and individuals in the electoral division of Lyons who have incurred a Family Tax Benefit debt chose to repay their debt with a credit card.

Mr Anthony—The Minister for Family and Community Services has provided the following answer to the honourable member’s question:

(1) (a) For each year of the Family Tax Benefit system’s operation, the number of families and individuals in the electoral division of Lyons with outstanding Family Tax Benefit overpayments arising from end of year reconciliation as at 27 January 2004 is as follows:
   (i) 2000-2001: 51
   (ii) 2001-2002: 212
   (iii) 2002-2003: 237

(2) For the electoral division of Lyons, the (a) total amount of Family Tax Benefit overpayment, (b) average amount of overpayment per family, and (c) average income of the families and individuals that have incurred an overpayment as at 26 December 2003 is as follows:

<table>
<thead>
<tr>
<th>Financial year</th>
<th>(a) Total amount of FTB overpayment</th>
<th>(b) Average overpayment amount per family</th>
<th>(c) Average actual family income per customer</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-2001</td>
<td>$1.2m. Recovery of $821 000 was waived under transitional waiver provisions.</td>
<td>Average: $697 Waived: $463</td>
<td>$46 977</td>
</tr>
<tr>
<td>2001-2002</td>
<td>$1.1m</td>
<td>Average: $736</td>
<td>$45 217</td>
</tr>
<tr>
<td>2002-2003</td>
<td>$672 986</td>
<td>Average: $645</td>
<td>$40 222</td>
</tr>
</tbody>
</table>
(3) (b) For each year of the Family Tax Benefit system’s operation, the number of Family Tax Benefit overpayments in the electoral division of Lyons, which are currently with debt collectors is as follows:

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-2001</td>
<td>0</td>
</tr>
<tr>
<td>2001-2002</td>
<td>0</td>
</tr>
<tr>
<td>2002-2003</td>
<td>1</td>
</tr>
</tbody>
</table>

Please note that for items 1(b), 3(a) and (4), information is not readily available and to provide such information would require the expenditure of significant resources.

**National Security: Terrorism**  
(Question No. 3446)

*Mr Danby* asked the Minister for Foreign Affairs, upon notice, on 1 April 2004:

(1) Further to the answer to question No. 2942 (*Hansard*, 30 March 2004, page 27654), is he aware of the United Nations (UN) Security Council resolutions 1363, 1390 and 1455 which require Australia to take actions against persons and organisations named as suspected terrorists and report back to the UN about the action taken and, in particular, the requirement that named individuals be prohibited from travel to Australia.

(2) Can he explain the procedure for communicating the names provided by the UN to the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) for inclusion on that department’s Movement Alert List (MAL).

(3) Have the names on the UN list been supplied by his department to DIMIA for inclusion on the MAL where minimum data requirements (i.e. full name and year of birth) are met; if so, (a) when, and (b) how many individuals have been named; if not, why not.

(4) What reports on the inclusion of the names provided by the UN on the DIMIA MAL have been provided to the UN.

(5) Can he confirm that Australia has stated in its report to the UN that “all names from the consolidated list that meet minimum data requirements have been included on the MAL”; if so, is he able to say why this information was not provided in answer to question No. 2942.

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

(1) Yes.

(2) I refer the Member to the answer to Question No. 3447 by the Attorney-General.

(3) No, this is the responsibility of the Attorney-General’s portfolio.


(5) Yes; I was not responsible for the response to Question No. 2942.

**Family and Community Services: Domestic and Overseas Air Travel**  
(Question No. 3463)

*Mr Quick* asked the Minister representing the Minister for Family and Community Services, 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 Anthony—The Minister for Family and Community Services has provided the following answer to the honourable member’s question:

<table>
<thead>
<tr>
<th></th>
<th>2000-01</th>
<th>2002-03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic air travel expenses</td>
<td>$3,819,293.16</td>
<td>$5,468,737.19</td>
</tr>
<tr>
<td>Overseas air travel expenses</td>
<td>$441,280.69</td>
<td>$627,768.19</td>
</tr>
</tbody>
</table>

Note: domestic air travel expenses include business and economy class travel, as shown in answers 4 and 5, plus a small amount of expenditure that cannot be disaggregated (see ‘*’ at answer 5).

(2) (a) 2000-01: (i) 7.3 per cent; (ii) 85 per cent; (iii) 1 per cent (iv) close to 0 per cent

Note: the remaining 7.1 per cent of domestic air travel was provided by other small airlines

(b) 2002-03: (i) 0 per cent; (ii) 64 per cent (iii) 2 per cent (iv) close to 0 per cent

Note: the remaining 34 per cent of domestic air travel was provided by other small airlines (for example, Australian Airlink (10 per cent), Impulse (6 per cent) and Southern Australia Airlines (4 per cent).

(3) (a) 2000-01: (i) $280,006.10; (ii) $3,247,244.52 (iii) $20,949.00; (iv) $126.37

(b) 2002-03: (i) $0; (ii) $3,502,793.20; (iii) $101,439.85; (iv) $588.32

(4)

<table>
<thead>
<tr>
<th>Business Class Travel</th>
<th>2000-01</th>
<th>2002-03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic routes</td>
<td>$438,664.74*</td>
<td>$940,282.85*</td>
</tr>
<tr>
<td>International routes</td>
<td>$441,280.69</td>
<td>$627,768.19</td>
</tr>
</tbody>
</table>
(5)  

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<th>2000-01</th>
<th>2002-03</th>
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<tr>
<td>Economy Class Travel</td>
<td>$3,347,455.89*</td>
<td>$4,459,944.99*</td>
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<td>Domestic routes</td>
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<td>International routes</td>
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* Travel expenditure of $33,172.53 in 2000-01 and $68,509.35 in 2002-03 cannot be disaggregated as they include expenses for Business and Economy Class travel, costs associated with pre-paying domestic and international fares and expenses for hotel accommodation and car hire. These costs form part of the total shown in the answer to Q(1) above.

(6) (a) 2000-01:
   (i) 10 per cent;
   (ii) 15 per cent;
   (iii) 3 per cent;
   (iv) 3 per cent;
   (v) 4 per cent;
   (vi) 2 per cent.

(b) 2002-03:
   (i) 10 per cent;
   (ii) 15 per cent;
   (iii) 4 per cent;
   (iv) 3 per cent;
   (v) 4 per cent;
   (vi) 3 per cent.

Note: Figures have been rounded up to nearest whole number.

(7) (i) Unknown; membership of Qantas Chairman’s Lounge is by invitation only and does not incur a cost to the department.
   (ii) (a) 2000-01: 4;
        (b) 2002-03: 136.
   (iii) Membership is free to departmental staff once ID is shown.
   (vi) Nil

(8) Qantas Airways Ltd. (Qantas Business Travel).

Foreign Affairs: Sri Lanka
(Question No. 3570)

Mr Murphy asked the Minister for Foreign Affairs, upon notice, on 13 May 2004:

(1) Is he aware that the Liberation Tigers of Tamil Eelam (LTTE) unilaterally declared a ceasefire to hostilities in Sri Lanka in December 2000 and observed it for four months until April 2001 before the then Government of Sri Lanka rejected the LTTE’s peace overtures and engaged in a major military offensive.

(2) Is he aware that the LTTE again declared a unilateral ceasefire in December 2001 and the newly elected government of Ranil Wickramasinghe responded to the LTTE’s offer and with the help of the Norwegian Government, signed a formal ceasefire agreement in February 2002.
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(3) Is he aware that the ceasefire agreement between the Government of Sri Lanka and the LTTE is still holding despite the lack of progress in the peace talks between the two parties.

(4) Is he aware that the Government of Sri Lanka recognized the LTTE as the legitimate representative of the Tamil people and lifted the ban imposed on the organization by the previous government on 4 September 2002 and commenced peace talks with the LTTE.

(5) Can he confirm that since the signing of ceasefire agreement many diplomats and foreign dignitaries, including His Excellency Yasushi Akashi, Former Assistant Secretary General of the United Nations and Japan’s Special Envoy to Sri Lanka, Ms Clair Short, Britain’s Former Secretary of State for Overseas Aid, His Excellency Chris Patten, European Union (EU) Commissioner for External Relations, and Ms Mieko Nishimizu, World Bank Vice President for South Asia, have visited the LTTE Head Quarters in Killinochchi for talks with the LTTE leadership on political, economic and humanitarian matters.

(6) Can he confirm that talks have been held in Bangkok on 3 occasions, Oslo on 1 occasion, Berlin on 1 occasion and Hakone on 1 occasion.

(7) Can he confirm that at the third round of peace talks held in Oslo between 2–5 December 2002, the LTTE publicly declared that it is firmly committed to a negotiated political settlement and would consider a solution founded on the principle of internal self-determination in areas of historical habitation of the Tamil-speaking peoples.

(8) Is he aware that several EU countries invited the LTTE to send a delegation to study the various models of federal and confederate governments in Europe and that this delegation visited Norway, Switzerland, Denmark, Germany, Ireland, and also South Africa to explore a suitable power-sharing arrangement for the northeast of Sri Lanka.

(9) Is he aware that following the study tours the LTTE’s Constitutional Affairs Committee, which includes the former Attorney General of Sri Lanka, met in Paris in August 2003 and drafted a proposal for an Interim Self-Governing Authority (ISGA) for the northeast of Sri Lanka with powers over land, law and order, and finances to address the urgent reconstruction and development needs of the war-torn areas.

(10) Can he confirm that many countries, including the USA, the UK, Japan and EU countries welcomed the ISGA proposals presented to the Government of Sri Lanka on 31 October 2003 as the beginning of a process for reaching a final settlement and requested the Government of Sri Lanka and LTTE to negotiate the proposals without delay.

(11) Can he confirm that at the general elections held on 2 April 2004 the Tamils in the northeast of Sri Lanka gave a resounding mandate to the Tamil National Alliance (TNA) which had contested the elections to show the international community that the Tamils in the northeast support the LTTE in the peace-effort and support the ISGA proposals presented to the Government of Sri Lanka.

(12) Can he explain the Australian Government’s position on (a) whether the Tamils quest for self-rule is the legitimate right of a people who have struggled for over half a century to determine their political status, (b) the divisions within the Sinhala political/religious establishments in Sri Lanka over resolving the Tamil question peacefully, (c) whether the LTTE has received a mandate at the 2 April general elections to represent the Tamils at the negotiating table, (d) the decision by the Government of Sri Lanka on 4 September 2002 to lift the ban on the LTTE, and (e) the recent statements made by the present Foreign Minister of Sri Lanka to the effect that the LTTE will be recognised by the Government of Sri Lanka as the sole representative of the Tamils.

(13) Will the Australian Government (a) lift its ban on the LTTE, and (b) encourage the Sri Lankan Government to negotiate with the LTTE in an honest and constructive manner; if so, when.
(14) What action will he take to encourage the LTTE to maintain the peace process in the face of resistance to any form of power-sharing with the Tamils by many Sinhalese hard-liners and Buddhist monks.

  Mr Downer—The answer to the honourable member’s question is as follows:
 (2) Yes.
 (3) Yes.
 (4) The Sri Lankan government lifted the ban on the LTTE on 4 September 2002 in order to facilitate peace talks, which began on 16 September 2002.
 (5) Yes, with the exception of the then UK Secretary of State for International Development, Ms Clair Short, who did not visit Kilinochchi for talks with the LTTE leadership.
 (6) Yes.
 (7) At the third round of peace talks held in Oslo from 2 to 5 December 2002, the Sri Lankan government and the LTTE agreed to “explore a political solution founded on the principle of internal self-determination in areas of historical habitation of the Tamil-speaking peoples, based on a federal structure within a united Sri Lanka.”
 (8) Yes.
 (9) Yes.
 (10) A number of countries issued statements variously noting the tabling of the LTTE’s proposal for an interim self-governing authority and expressing the hope that this would lead to a resumption of peace talks.
 (11) In elections on 2 April 2004, the Tamil National Alliance won 20 out of 31 seats in the north and east. International election observers reported that due to intimidation by the LTTE, other parties either were entirely unable or severely restricted in their ability to campaign in these areas.
 (12) The Government supports the negotiation of a durable settlement that promotes and protects the rights of all Sri Lankans within a united country. The Government does not take a position on the precise nature of that settlement nor the steps in the process towards achieving it. These are matters for the parties to determine between them.
 (13) (a) No. (b) The Government urges the parties to restart the peace process without further delay and to negotiate constructively towards a durable settlement that safeguards the interests of all Sri Lankans.
 (14) The Government will continue to urge the parties to restart the peace process without further delay and to negotiate a peace settlement that safeguards the interests of all Sri Lankans.