INTERNET

The Votes and Proceedings for the House of Representatives are available at

Proof and Official Hansards for the House of Representatives,
the Senate and committee hearings are available at

For searching purposes use
http://parlinfo_web.aph.gov.au

SITTING DAYS—2005

<table>
<thead>
<tr>
<th>Month</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>February</td>
<td>8, 9, 10, 14, 15, 16, 17</td>
</tr>
<tr>
<td>March</td>
<td>7, 8, 9, 10, 14, 15, 16, 17</td>
</tr>
<tr>
<td>May</td>
<td>10, 11, 12, 23, 24, 25, 26, 30, 31</td>
</tr>
<tr>
<td>June</td>
<td>1, 2, 14, 15, 16, 20, 21, 22, 23</td>
</tr>
<tr>
<td>August</td>
<td>9, 10, 11, 15, 16, 17, 18</td>
</tr>
<tr>
<td>September</td>
<td>5, 6, 7, 8, 12, 13, 14, 15</td>
</tr>
<tr>
<td>October</td>
<td>4, 5, 6, 10, 11, 12, 13, 15, 31</td>
</tr>
<tr>
<td>November</td>
<td>1, 2, 3, 28, 29, 30</td>
</tr>
<tr>
<td>December</td>
<td>1, 5, 6, 7, 8</td>
</tr>
</tbody>
</table>

RADIO BROADCASTS

Broadcasts of proceedings of the Parliament can be heard on the following Parliamentary and News Network radio stations, in the areas identified.

- **CANBERRA** 1440 AM
- **SYDNEY** 630 AM
- **NEWCASTLE** 1458 AM
- **GOSFORD** 98.1 FM
- **BRISBANE** 936 AM
- **GOLD COAST** 95.7 FM
- **MELBOURNE** 1026 AM
- **ADELAIDE** 972 AM
- **PERTH** 585 AM
- **HOBART** 747 AM
- **NORTHERN TASMANIA** 92.5 FM
- **DARWIN** 102.5 FM
FORTY-FIRST PARLIAMENT
FIRST SESSION—THIRD PERIOD

Governor-General
His Excellency Major-General Michael Jeffery, Companion in the Order of Australia, Commander of the Royal Victorian Order, Military Cross

House of Representatives Officeholders
Speaker—The Hon. David Peter Maxwell Hawker MP
Deputy Speaker—The Hon. Ian Raymond Causley MP
Second Deputy Speaker—Mr Harry Alfred Jenkins MP
Members of the Speaker’s Panel—The Hon. Dick Godfrey Harry Adams, Mr Robert Charles Baldwin, the Hon. Bronwyn Kathleen Bishop, Mr Michael John Hatton, Mr Peter John Lindsay, Mr Robert Francis McMullan, Mr Harry Vernon Quick, the Hon. Bruce Craig Scott, the Hon. Alexander Michael Somlyay, Mr Kimberley William Wilkie
Leader of the House—The Hon. Anthony John Abbott MP
Deputy Leader of the House—The Hon. Peter John McGauran MP
Manager of Opposition Business—Ms Julia Eileen Gillard MP
Deputy Manager of Opposition Business—Mr Anthony Norman Albanese MP

Party Leaders and Whips
Liberal Party of Australia
Leader—The Hon. John Winston Howard MP
Deputy Leader—The Hon. Peter Howard Costello MP
Chief Government Whip—Mr Kerry Joseph Bartlett MP
Government Whips—Mrs Joanna Gash MP and Mr Fergus Stewart McArthur MP
The Nationals
Leader—The Hon. John Duncan Anderson MP
Deputy Leader—The Hon. Mark Anthony James Vaile MP
Whip—Mr John Alexander Forrest MP
Assistant Whip—Mr Paul Christopher Neville MP

Australian Labor Party
Leader—The Hon. Kim Christian Beazley MP
Deputy Leader—Ms Jennifer Louise Macklin MP
Chief Opposition Whip—The Hon. Leo Roger Spurway Price MP
Opposition Whips—Mr Michael Danby MP and Ms Jill Griffiths Hall MP

Printed by authority of the House of Representatives
<table>
<thead>
<tr>
<th>Member</th>
<th>Division</th>
<th>Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abbott, Hon. Anthony</td>
<td>Warringah, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Adams, Hon. Dick</td>
<td>Lyons, Tas</td>
<td>ALP</td>
</tr>
<tr>
<td>Albanese, Anthony</td>
<td>Grayndler, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Anderson, Hon. John</td>
<td>Gwydir, NSW</td>
<td>Nats</td>
</tr>
<tr>
<td>Andrew, Peter</td>
<td>Calare, NSW</td>
<td>Ind</td>
</tr>
<tr>
<td>Andrews, Hon. Kevin</td>
<td>Menzies, Vic</td>
<td>LP</td>
</tr>
<tr>
<td>Bailey, Hon. Frances</td>
<td>McEwen, Vic</td>
<td>LP</td>
</tr>
<tr>
<td>Baird, Hon. Bruce</td>
<td>Cook, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Baker, Mark Horden</td>
<td>Braddon, Tas</td>
<td>LP</td>
</tr>
<tr>
<td>Baldwin, Robert</td>
<td>Paterson, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Barresi, Phillip</td>
<td>Deakin, Vic</td>
<td>LP</td>
</tr>
<tr>
<td>Bartlett, Kerry</td>
<td>Macquarie, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Beazley, Hon. Kim</td>
<td>Brand, WA</td>
<td>ALP</td>
</tr>
<tr>
<td>Bevis, Hon. Archibald</td>
<td>Brisbane, Qld</td>
<td>ALP</td>
</tr>
<tr>
<td>Billson, Hon. Bruce</td>
<td>Dunkley, Vic</td>
<td>LP</td>
</tr>
<tr>
<td>Bird, Sharon</td>
<td>Cunningham, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Bishop, Hon. Bronwyn</td>
<td>Mackellar, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Bishop, Hon. Julie</td>
<td>Curtin, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Bowen, Christopher</td>
<td>Prospect, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Broadbent, Russell</td>
<td>McMillan, Vic</td>
<td>LP</td>
</tr>
<tr>
<td>Brough, Hon. Malcolm</td>
<td>Longman, Qld</td>
<td>LP</td>
</tr>
<tr>
<td>Burke, Anna Elizabeth</td>
<td>Chisholm, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Burke, Anthony Stephen</td>
<td>Watson, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Byrne, Anthony Michael</td>
<td>Holt, VIC</td>
<td>ALP</td>
</tr>
<tr>
<td>Cadman, Hon. Alan</td>
<td>Mitchell, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Causer, Hon. Ian</td>
<td>Page, NSW</td>
<td>Nats</td>
</tr>
<tr>
<td>Ciobo, Steven Micheie</td>
<td>Moncrieff, Qld</td>
<td>LP</td>
</tr>
<tr>
<td>Cobb, Hon. John</td>
<td>Parkes, NSW</td>
<td>Nats</td>
</tr>
<tr>
<td>Corcoran, Ann Kathleen</td>
<td>Islaacs, VIC</td>
<td>ALP</td>
</tr>
<tr>
<td>Costello, Hon. Peter</td>
<td>Higgins, Vic</td>
<td>LP</td>
</tr>
<tr>
<td>Crean, Hon. Simon</td>
<td>Hotham, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Danby, Michael</td>
<td>Melbourne Ports, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Downer, Hon. Alexander</td>
<td>Mayo, SA</td>
<td>LP</td>
</tr>
<tr>
<td>Draper, Patricia</td>
<td>Makin, SA</td>
<td>LP</td>
</tr>
<tr>
<td>Dutton, Hon. Peter</td>
<td>Dickson, Qld</td>
<td>LP</td>
</tr>
<tr>
<td>Edwards, Hon. Graham</td>
<td>Cowan, WA</td>
<td>ALP</td>
</tr>
<tr>
<td>Elliot, Maria Justine</td>
<td>Richmond, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Ellis, Annette Louise</td>
<td>Canberra, ACT</td>
<td>ALP</td>
</tr>
<tr>
<td>Ellis, Katherine Margaret</td>
<td>Adelaide, SA</td>
<td>ALP</td>
</tr>
<tr>
<td>Elson, Kay Selma</td>
<td>Forde, QLD</td>
<td>LP</td>
</tr>
<tr>
<td>Emerson, Craig Anthony</td>
<td>Rankin, Qld</td>
<td>ALP</td>
</tr>
<tr>
<td>Ensch, Hon. Warren</td>
<td>Leichhardt, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Farmer, Hon. Patrick</td>
<td>Macarthur, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Fawcett, David Julian</td>
<td>Wakefield, SA</td>
<td>LP</td>
</tr>
<tr>
<td>Ferguson, Laurence</td>
<td>Reid, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Ferguson, Martin John</td>
<td>Batman, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Ferguson, Michael Durrel</td>
<td>Bass, TAS</td>
<td>LP</td>
</tr>
</tbody>
</table>
Members of the House of Representatives

<table>
<thead>
<tr>
<th>Member</th>
<th>Division</th>
<th>Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fitzgibbon, Joel Andrew</td>
<td>Hunter, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Forrest, John Alexander</td>
<td>Mallee, VIC</td>
<td>Nats</td>
</tr>
<tr>
<td>Gambaro, Hon. Teresa</td>
<td>Petrie, QLD</td>
<td>LP</td>
</tr>
<tr>
<td>Garrett, Peter Robert, AM</td>
<td>Kingsford Smith, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Gash, Joanna</td>
<td>Gilmore, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Geoganas, Steven</td>
<td>Hindmarsh, SA</td>
<td>ALP</td>
</tr>
<tr>
<td>George, Jennie</td>
<td>Throsby, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Georgiou, Petro</td>
<td>Kooyong, Vic</td>
<td>LP</td>
</tr>
<tr>
<td>Gibbons, Stephen William</td>
<td>Bendigo, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Gillard, Julia Eileen</td>
<td>Lalor, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Grierson, Sharon Joy</td>
<td>Newcastle, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Griffin, Alan Peter</td>
<td>Bruce, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Haase, Barry Wayne</td>
<td>Kalgoorlie, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Hall, Jill Griffiths</td>
<td>Shortland, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Hardgrave, Hon. Gary Douglas</td>
<td>Moreton, Qld</td>
<td>LP</td>
</tr>
<tr>
<td>Hartsuyker, Luke</td>
<td>Cowper, NSW</td>
<td>Nats</td>
</tr>
<tr>
<td>Hatton, Michael John</td>
<td>Blaxland, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Hawker, David Peter Maxwell</td>
<td>Wannon, Vic</td>
<td>LP</td>
</tr>
<tr>
<td>Hayes, Christopher Patrick</td>
<td>Werriwa, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Henry, Stuart</td>
<td>Hasluck, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Hoare, Kelly Joy</td>
<td>Charlton, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Hockey, Hon. Joseph Benedict</td>
<td>North Sydney, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Howard, Hon. John Winston</td>
<td>Bennelong, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Hull, Kay Elizabeth</td>
<td>Riverina, NSW</td>
<td>Nats</td>
</tr>
<tr>
<td>Hunt, Hon. Gregory Andrew</td>
<td>Flinders, Vic</td>
<td>LP</td>
</tr>
<tr>
<td>Irwin, Julia Claire</td>
<td>Fowler, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Jenkins, Harry Alfred</td>
<td>Scullin, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Jensen, Dennis Geoffrey</td>
<td>Tangney, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Johnson, Michael Andrew</td>
<td>Ryan, Qld</td>
<td>LP</td>
</tr>
<tr>
<td>Jull, Hon. David Francis</td>
<td>Fadden, Qld</td>
<td>LP</td>
</tr>
<tr>
<td>Katter, Hon. Robert Carl</td>
<td>Kennedy, Qld</td>
<td>Ind</td>
</tr>
<tr>
<td>Keenan, Michael Fayat</td>
<td>Stirling, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Kelly, Hon. De-Anne Margaret</td>
<td>Dawson, Qld</td>
<td>Nats</td>
</tr>
<tr>
<td>Kelly, Hon. Jacqueline Marie</td>
<td>Lindsay, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Kerr, Hon. Duncan James Colquhoun, SC</td>
<td>Denison, Tas</td>
<td>ALP</td>
</tr>
<tr>
<td>King, Catherine Fiona</td>
<td>Ballarat, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Laming, Andrew Charles</td>
<td>Bowman, Qld</td>
<td>LP</td>
</tr>
<tr>
<td>Lawrence, Hon. Carmen Mary</td>
<td>Fremantle, WA</td>
<td>ALP</td>
</tr>
<tr>
<td>Ley, Hon. Susan Penelope</td>
<td>Farrer, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Lindsay, Peter John</td>
<td>Herbert, Qld</td>
<td>LP</td>
</tr>
<tr>
<td>Livermore, Kirsten Fiona</td>
<td>Capricornia, Qld</td>
<td>ALP</td>
</tr>
<tr>
<td>Lloyd, Hon. James Eric</td>
<td>Robertson, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Macfarlane, Hon. Ian Elgin</td>
<td>Groom, Qld</td>
<td>LP</td>
</tr>
<tr>
<td>Macklin, Jennifer Louise</td>
<td>Jagajaga, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Markus, Louise Elizabeth</td>
<td>Greenway, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>May, Margaret Ann</td>
<td>McPherson, Qld</td>
<td>LP</td>
</tr>
<tr>
<td>McArthur, Fergus Stewart</td>
<td>Corangamite, Vic</td>
<td>LP</td>
</tr>
<tr>
<td>McClelland, Robert Bruce</td>
<td>Barton, NSW</td>
<td>ALP</td>
</tr>
</tbody>
</table>
## Members of the House of Representatives

<table>
<thead>
<tr>
<th>Member</th>
<th>Division</th>
<th>Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>McGauran, Hon. Peter John</td>
<td>Gippsland, Vic</td>
<td>Nats</td>
</tr>
<tr>
<td>McBollan, Robert Francis</td>
<td>Fraser, ACT</td>
<td>ALP</td>
</tr>
<tr>
<td>Melham, Daryl</td>
<td>Banks, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Moylan, Hon. Judith Eleanor</td>
<td>Pearce, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Murphy, John Paul</td>
<td>Lowe, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Nairn, Hon. Gary Roy</td>
<td>Eden-Monaro, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Nelson, Hon. Brendan John</td>
<td>Bradfield, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Neville, Paul Christopher</td>
<td>Hinkler, Qld</td>
<td>Nats</td>
</tr>
<tr>
<td>O’Connor, Brendan Patrick John</td>
<td>Gorton, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>O’Connor, Gavan Michael</td>
<td>Corio, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Owens, Julie Ann</td>
<td>Parramatta, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Panopoulos, Sophie</td>
<td>Indi, Vic</td>
<td>LP</td>
</tr>
<tr>
<td>Pearce, Hon. Christopher John</td>
<td>Aston, Vic</td>
<td>LP</td>
</tr>
<tr>
<td>Flibersek, Tanya Joan</td>
<td>Sydney, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Price, Hon. Leo Roger Spurway</td>
<td>Chifley, NSW</td>
<td>ALP</td>
</tr>
<tr>
<td>Prosser, Hon. Geoffrey Daniel</td>
<td>Forrest, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Pyne, Hon. Christopher Maurice</td>
<td>Sturt, SA</td>
<td>LP</td>
</tr>
<tr>
<td>Quick, Harry Vernon</td>
<td>Franklin, Tas</td>
<td>ALP</td>
</tr>
<tr>
<td>Randall, Don James</td>
<td>Canning, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Richardson, Kym</td>
<td>Kingston, SA</td>
<td>LP</td>
</tr>
<tr>
<td>Ripoll, Bernard Fernando</td>
<td>Oxley, Qld</td>
<td>ALP</td>
</tr>
<tr>
<td>Robb, Andrew John</td>
<td>Goldstein, Vic</td>
<td>LP</td>
</tr>
<tr>
<td>Roxon, Nicola Louise</td>
<td>Gellibrand, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Rudd, Kevin Michael</td>
<td>Griffith, Qld</td>
<td>ALP</td>
</tr>
<tr>
<td>Ruddock, Hon. Philip Maxwell</td>
<td>Berowra, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Sawford, Rodney Weston</td>
<td>Port Adelaide, SA</td>
<td>ALP</td>
</tr>
<tr>
<td>Schultz, Albert John</td>
<td>Hume, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Scott, Hon. Bruce Craig</td>
<td>Maranoa, Qld</td>
<td>Nats</td>
</tr>
<tr>
<td>Secker, Patrick Damien</td>
<td>Barker, SA</td>
<td>LP</td>
</tr>
<tr>
<td>Sercombe, Robert Charles Grant</td>
<td>Maribyrnong, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Slipper, Hon. Peter Neil</td>
<td>Fisher, Qld</td>
<td>LP</td>
</tr>
<tr>
<td>Smith, Anthony David Hawthorn</td>
<td>Casey, Vic</td>
<td>LP</td>
</tr>
<tr>
<td>Smith, Stephen Francis</td>
<td>Perth, WA</td>
<td>ALP</td>
</tr>
<tr>
<td>Snowdon, Hon. Warren Edward</td>
<td>Lingiari, NT</td>
<td>ALP</td>
</tr>
<tr>
<td>Somlyay, Hon. Alexander Michael</td>
<td>Fairfax, Qld</td>
<td>LP</td>
</tr>
<tr>
<td>Southcott, Andrew John</td>
<td>Boothby, SA</td>
<td>LP</td>
</tr>
<tr>
<td>Stone, Hon. Sharman Nancy</td>
<td>Murray, Vic</td>
<td>LP</td>
</tr>
<tr>
<td>Swan, Wayne Maxwell</td>
<td>Lilley, Qld</td>
<td>ALP</td>
</tr>
<tr>
<td>Tanner, Lindsay James</td>
<td>Melbourne, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Thompson, Cameron Paul</td>
<td>Blair, Qld</td>
<td>LP</td>
</tr>
<tr>
<td>Thomson, Kelvin John</td>
<td>Wills, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Ticehurst, Kenneth Vincent</td>
<td>Dobell, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Tollner, David William</td>
<td>Solomon, NT</td>
<td>CLP</td>
</tr>
<tr>
<td>Truss, Hon. Warren Errol</td>
<td>Wide Bay, Qld</td>
<td>Nats</td>
</tr>
<tr>
<td>Tuckey, Hon. Charles Wilson</td>
<td>O’Connor, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Turnbull, Malcolm Bligh</td>
<td>Wentworth, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Vaile, Hon. Mark Anthony James</td>
<td>Lyne, NSW</td>
<td>Nats</td>
</tr>
<tr>
<td>Vale, Hon. Danna Sue</td>
<td>Hughes, NSW</td>
<td>LP</td>
</tr>
</tbody>
</table>
## Members of the House of Representatives

<table>
<thead>
<tr>
<th>Member</th>
<th>Division</th>
<th>Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vamvakinou, Maria</td>
<td>Calwell, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Vasta, Ross Xavier</td>
<td>Bonner, Qld</td>
<td>LP</td>
</tr>
<tr>
<td>Wakelin, Barry Hugh</td>
<td>Grey, SA</td>
<td>LP</td>
</tr>
<tr>
<td>Washer, Malcolm James</td>
<td>Moore, WA</td>
<td>LP</td>
</tr>
<tr>
<td>Wilkie, Kimberley William</td>
<td>Swan, WA</td>
<td>ALP</td>
</tr>
<tr>
<td>Windsor, Antony Harold Curties</td>
<td>New England, NSW</td>
<td>Ind</td>
</tr>
<tr>
<td>Wood, Jason Peter</td>
<td>La Trobe, Vic</td>
<td>LP</td>
</tr>
</tbody>
</table>

### PARTY ABBREVIATIONS

ALP—Australian Labor Party; LP—Liberal Party of Australia; Nats—The Nationals; Ind—Independent; CLP—Country Liberal Party; AG—Australian Greens

### Heads of Parliamentary Departments

- Clerk of the Senate—H Evans
- Clerk of the House of Representatives—I C Harris
- Secretary, Department of Parliamentary Services—H R Penfold QC
HOWARD MINISTRY

Prime Minister
Minister for Transport and Regional Services and Deputy Prime Minister
Treasurer
Minister for Trade
Minister for Defence and Leader of the Government in the Senate
Minister for Foreign Affairs
Minister for Health and Ageing and Leader of the House
Attorney-General
Minister for Finance and Administration, Deputy Leader of the Government in the Senate and Vice-President of the Executive Council
Minister for Agriculture, Fisheries and Forestry
Minister for Immigration and Multicultural and Indigenous Affairs and Minister Assisting the Prime Minister for Indigenous Affairs
Minister for Education, Science and Training
Minister for Family and Community Services and Minister Assisting the Prime Minister for Women’s Issues
Minister for Industry, Tourism and Resources
Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service
Minister for Communications, Information Technology and the Arts
Minister for the Environment and Heritage

The Hon. John Winston Howard MP
The Hon. John Duncan Anderson MP
The Hon. Peter Howard Costello MP
The Hon. Mark Anthony James Vaile MP
Senator the Hon. Robert Murray Hill
The Hon. Alexander John Gosse Downer MP
The Hon. Anthony John Abbott MP
The Hon. Philip Maxwell Ruddock MP
Senator the Hon. Nicholas Hugh Minchin
The Hon. Warren Errol Truss MP
Senator the Hon. Amanda Eloise Vanstone
The Hon. Dr Brendan John Nelson MP
Senator the Hon. Kay Christine Lesley Patterson
The Hon. Ian Elgin Macfarlane MP
The Hon. Kevin James Andrews MP
Senator the Hon. Helen Lloyd Coonan
Senator the Hon. Ian Gordon Campbell

(The above ministers constitute the cabinet)
MINISTRY—continued

Minister for Justice and Customs and Manager of Government Business in the Senate

Minister for Fisheries, Forestry and Conservation

Minister for the Arts and Sport

Minister for Human Services

Minister for Citizenship and Multicultural Affairs and Deputy Leader of the House

Minister for Revenue and Assistant Treasurer

Special Minister of State

Minister for Vocational and Technical Education and Minister Assisting the Prime Minister

Minister for Ageing

Minister for Small Business and Tourism

Minister for Local Government, Territories and Roads

Minister for Veterans’ Affairs and Minister Assisting the Minister for Defence

Minister for Workforce Participation

Parliamentary Secretary to the Minister for Finance and Administration

Parliamentary Secretary to the Minister for Industry, Tourism and Resources

Parliamentary Secretary to the Minister for Health and Ageing

Parliamentary Secretary to the Minister for Defence

Parliamentary Secretary (Foreign Affairs and Trade)

Parliamentary Secretary to the Prime Minister

Parliamentary Secretary to the Treasurer

Parliamentary Secretary to the Minister for Transport and Regional Services

Parliamentary Secretary to the Minister for the Environment and Heritage

Parliamentary Secretary (Children and Youth Affairs)

Parliamentary Secretary to the Minister for Education, Science and Training

Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry

Senator the Hon. Christopher Martin Ellison

Senator the Hon. Ian Douglas Macdonald

Senator the Hon. Charles Roderick Kemp

The Hon. Joseph Benedict Hockey MP

The Hon. Peter John McGauran MP

The Hon. Malcolm Thomas Brough MP

Senator the Hon. Eric Abetz

The Hon. Gary Douglas Hardgrave MP

The Hon. Julie Isabel Bishop MP

The Hon. Frances Esther Bailey MP

The Hon. James Eric Lloyd MP

The Hon. De-Anne Margaret Kelly MP

The Hon. Peter Craig Dutton MP

The Hon. Dr Sharman Nancy Stone MP

The Hon. Warren George Entsch MP

The Hon. Christopher Maurice Pyne MP

The Hon. Teresa Gambaro MP

The Hon. Bruce Fredrick Billson MP

The Hon. Gary Roy Nairn MP

The Hon. Christopher John Pearce MP

The Hon. John Kenneth Cobb MP

The Hon. Gregory Andrew Hunt MP

The Hon. Sussan Penelope Ley MP

The Hon. Patrick Francis Farmer MP

Senator the Hon. Richard Mansell Colbeck
SHADOW MINISTRY

<table>
<thead>
<tr>
<th>Position</th>
<th>MP/Senator Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leader of the Opposition</td>
<td>The Hon. Kim Christian Beazley MP</td>
</tr>
<tr>
<td>Deputy Leader of the Opposition and Shadow Minister for Education,</td>
<td>Jennifer Louise Macklin MP</td>
</tr>
<tr>
<td>Training, Science and Research</td>
<td></td>
</tr>
<tr>
<td>Leader of the Opposition in the Senate and Shadow Minister for Social</td>
<td>Senator Christopher Vaughan Evans</td>
</tr>
<tr>
<td>Security</td>
<td></td>
</tr>
<tr>
<td>Deputy Leader of the Opposition in the Senate and Shadow Minister for</td>
<td>Senator Stephen Michael Conroy</td>
</tr>
<tr>
<td>Communications and Information Technology</td>
<td></td>
</tr>
<tr>
<td>Shadow Minister for Health and Manager of Opposition Business in the</td>
<td>Julia Eileen Gillard MP</td>
</tr>
<tr>
<td>House</td>
<td></td>
</tr>
<tr>
<td>Shadow Treasurer</td>
<td>Wayne Maxwell Swan MP</td>
</tr>
<tr>
<td>Shadow Minister for Industry, Infrastructure and Industrial Relations</td>
<td>Stephen Francis Smith MP</td>
</tr>
<tr>
<td>Shadow Minister for Foreign Affairs and International Security</td>
<td>Kevin Michael Rudd MP</td>
</tr>
<tr>
<td>Shadow Minister for Defence and Homeland Security</td>
<td>Robert Bruce McClelland MP</td>
</tr>
<tr>
<td>Shadow Minister for Trade</td>
<td>The Hon. Simon Findlay Crean MP</td>
</tr>
<tr>
<td>Shadow Minister for Primary Industries, Resources and Tourism</td>
<td>Martin John Ferguson MP</td>
</tr>
<tr>
<td>Shadow Minister for Environment and Heritage and Deputy Manager of</td>
<td>Anthony Norman Albanese MP</td>
</tr>
<tr>
<td>Opposition Business in the House</td>
<td></td>
</tr>
<tr>
<td>Shadow Minister for Public Administration and Open Government, Shadow</td>
<td>Senator Kim John Carr</td>
</tr>
<tr>
<td>Minister for Indigenous Affairs and Reconciliation and Shadow Minister</td>
<td></td>
</tr>
<tr>
<td>for the Arts</td>
<td></td>
</tr>
<tr>
<td>Shadow Minister for Regional Development and Roads and Shadow Minister</td>
<td>Kelvin John Thomson MP</td>
</tr>
<tr>
<td>for Housing and Urban Development</td>
<td></td>
</tr>
<tr>
<td>Shadow Minister for Finance and Superannuation</td>
<td>Senator the Hon. Nicholas John Sherry</td>
</tr>
<tr>
<td>Shadow Minister for Work, Family and Community, Shadow Minister for</td>
<td>Tanya Joan Plibersek MP</td>
</tr>
<tr>
<td>Youth and Early Childhood Education and Shadow Minister Assisting the</td>
<td></td>
</tr>
<tr>
<td>Leader on the Status of Women</td>
<td></td>
</tr>
<tr>
<td>Shadow Minister for Employment and Workplace Participation and Shadow</td>
<td>Senator Penelope Ying Yen Wong</td>
</tr>
<tr>
<td>Minister for Corporate Governance and Responsibility</td>
<td></td>
</tr>
</tbody>
</table>

(The above are shadow cabinet ministers)
SHADOW MINISTRY—continued

Shadow Minister for Immigration
Laurence Donald Thomas Ferguson MP

Shadow Minister for Agriculture and Fisheries
Gavan Michael O’Connor MP

Shadow Assistant Treasurer, Shadow Minister for Revenue and Shadow Minister for Banking and Financial Services
Joel Andrew Fitzgibbon MP

Shadow Attorney-General
Nicola Louise Roxon MP

Shadow Minister for Regional Services, Local Government and Territories
Senator Kerry Williams Kelso O’Brien

Shadow Minister for Manufacturing and Shadow Minister for Consumer Affairs
Senator Kate Alexandra Lundy

Shadow Minister for Defence Planning, Procurement and Personnel and Shadow Minister Assisting the Shadow Minister for Industrial Relations
The Hon. Archibald Ronald Bevis MP

Shadow Minister for Sport and Recreation
Alan Peter Griffin MP

Shadow Minister for Veterans’ Affairs
Senator Thomas Mark Bishop

Shadow Minister for Small Business
Tony Burke MP

Shadow Minister for Ageing, Disabilities and Carers
Senator Jan Elizabeth McLucas

Shadow Minister for Justice and Customs, Shadow Minister for Citizenship and Multicultural Affairs and Manager of Opposition Business in the Senate
Senator Joseph William Ludwig

Shadow Minister for Pacific Islands
Robert Charles Grant Sercombe MP

Shadow Parliamentary Secretary to the Leader of the Opposition
John Paul Murphy MP

Shadow Parliamentary Secretary for Defence
The Hon. Graham John Edwards MP

Shadow Parliamentary Secretary for Education
Kirsten Fiona Livermore MP

Shadow Parliamentary Secretary for Environment and Heritage
Jennie George MP

Shadow Parliamentary Secretary for Infrastructure
Bernard Fernando Ripoll MP

Shadow Parliamentary Secretary for Health
Ann Kathleen Corcoran MP

Shadow Parliamentary Secretary for Regional Development (House)
Catherine Fiona King MP

Shadow Parliamentary Secretary for Regional Development (Senate)
Senator Ursula Mary Stephens

Shadow Parliamentary Secretary for Northern Australia and Indigenous Affairs
The Hon. Warren Edward Snowdon MP
# CONTENTS

## THURSDAY, 16 JUNE

### CHAMBER

**Medical Indemnity (Competitive Advantage Payment) Bill 2005**—
   - First Reading ................................................................. 1
   - Second Reading ............................................................. 1

**Medical Indemnity Legislation Amendment (Competitive Neutrality) Bill 2005**—
   - First Reading ................................................................. 2
   - Second Reading ............................................................. 2

**Farm Household Support Amendment (Exceptional Circumstances Relief Payment) Bill 2005**—
   - First Reading ................................................................. 2
   - Second Reading ............................................................. 2

**Committees**—
   - Public Works Committee—Approval of Work................................. 6
   - Public Works Committee—Reference............................................ 7
   - Public Works Committee—Reference............................................ 7

**Parliamentary Zone**—
   - Approval of Proposal........................................................... 8

**Veterans’ Entitlements Amendment (2005 Budget Measure) Bill 2005**—
   - Second Reading ..................................................................... 8
   - Third Reading ........................................................................ 27

**Tax Laws Amendment (2005 Measures No. 2) Bill 2005**—
   - Second Reading ..................................................................... 27
   - Consideration in Detail ............................................................ 50
   - Third Reading ......................................................................... 54

**Minister For Health And Ageing** .......................................................... 54

**Family and Community Services Legislation Amendment (Family Assistance and Related Measures) Bill 2005**—
   - Consideration of Senate Message ............................................. 57

**Aged Care Amendment (Extra Service) Bill 2005**—
   - Returned from the Senate ....................................................... 58

**Intelligence Services Legislation Amendment Legislation**—
   - Reference to Committee........................................................ 58

**New International Tax Arrangements (Foreign-owned Branches and Other Measures) Bill 2005**—
   - Second Reading ..................................................................... 58
   - Consideration in Detail ............................................................ 71
   - Third Reading ......................................................................... 71

**Australian Technical Colleges (Flexibility in Achieving Australia’s Skills Needs) Bill 2005**—
   - Second Reading ..................................................................... 71

**Ministerial Arrangements** ................................................................ 74

**Questions Without Notice**—
   - Pig Meat Imports ................................................................... 74
   - Fiscal and Monetary Policy ...................................................... 75

**Distinguished Visitors** ................................................................ 76

---

**Questions Without Notice**—
   - Mr Douglas Wood ................................................................... 76
   - Mr Douglas Wood ................................................................... 77
   - Air Safety ............................................................................... 78
   - Pharmaceutical Benefits Scheme ............................................. 79
CONTENTS—continued

Air Safety .....................................................................................................................81
Workplace Relations Reform......................................................................................81
Distinguished Visitors ...............................................................................................82
Questions Without Notice—
  Air Safety ................................................................................................................82
  Literacy and Numeracy ............................................................................................82
  Air Safety ................................................................................................................83
  Trade Liberalisation .................................................................................................84
  Air Safety ................................................................................................................85
  Budget 2005-06 .......................................................................................................85
  Telstra .......................................................................................................................86
  Workplace Relations Reform ....................................................................................87
  Commonwealth Games ............................................................................................87
  Work for the Dole ...................................................................................................88
Questions to the Speaker—
  Point of Order .........................................................................................................88
  Ms Fran Tierney .......................................................................................................89
Documents ..................................................................................................................89
Matters of Public Importance—
  Foreign Debt ..........................................................................................................89
Committees—
  Publications Committee ...........................................................................................101
  Native Title and the Aboriginal and Torres Strait Islander Land Fund
  Committee—Membership .........................................................................................101
  Corporations and Financial Services Committee—Report ......................................101
Australian Technical Colleges (Flexibility in Achieving Australia’s Skills Needs)
Bill 2005—
  Second Reading ......................................................................................................101
Questions To the Speaker—
  Intimidation of Members .........................................................................................108
Australian Technical Colleges (Flexibility in Achieving Australia’s Skills Needs)
Bill 2005—
  Second Reading ......................................................................................................108
Auslink (National Land Transport) Bill 2004 ...............................................................109
Crimes Amendment Bill 2005 ....................................................................................109
Health Legislation Amendment (Australian Community Pharmacy Authority) Bill 2005 .109
Film Licensed Investment Company Bill 2005 ..........................................................109
Film Licensed Investment Company (Consequential Provisions) Bill 2005 .................109
Melbourne 2006 Commonwealth Games (Indicia and Images) Protection Bill 2005 ......109
Payment Systems (Regulation) Amendment Bill 2005 ..................................................109
Higher Education Legislation Amendment (2005 Measures No. 2) Bill 2005 ...............109
Primary Industries (Excise) Levies Amendment (Rice) Bill 2005 ................................109
Civil Aviation Amendment Bill 2005—
  Returned from the Senate .......................................................................................109
Adjournment—
  Student Organisations ............................................................................................110
  Whaling ....................................................................................................................111
  Voluntary Student Unionism ....................................................................................112
  Australian School of Fine Furniture .......................................................................113
CONTENTS—continued

Voluntary Student Unionism ............................................................................................ 115
Autism ............................................................................................................................. 116

MAIN COMMITTEE

Statements By Members—
  Drug Action Week ........................................................................................................ 118
  Mr Douglas Wood ......................................................................................................... 118
  Mr Jeff Meyer ............................................................................................................... 118
  Overseas Pharmaceutical Aid for Life ......................................................................... 119
  Volunteer Small Equipment Grants ............................................................................. 120
  Indian Ocean Tsunami ................................................................................................ 121
  Indian Ocean Tsunami ................................................................................................ 122
  Mr Harry Hunt ............................................................................................................ 123
  Stirling Electorate: Rotary Clubs ................................................................................ 123
  Australian Forum for Minorities in Bangladesh ......................................................... 124
  Pharmacy Agreement ................................................................................................. 125

Appropriation Bill (No. 1) 2005-2006—
  Consideration in Detail ................................................................................................. 126
  Immigration and Multicultural and Indigenous Affairs Portfolio .............................. 126
  Industry, Tourism and Resources Portfolio ............................................................... 131
  Defence Portfolio ......................................................................................................... 137
  Agriculture, Fisheries and Forestry Portfolio ............................................................. 143
  Attorney-General’s Portfolio ....................................................................................... 152
  Employment and Workplace Relations Portfolio ..................................................... 157

Adjournment—
  Prospect Electorate: General Practitioners ................................................................. 160
  National Smartcard ..................................................................................................... 161
  Welfare to Work ........................................................................................................... 162
  Flinders Electorate: Community Support Plan .......................................................... 163
  Immigration ................................................................................................................. 165
  Western Australia: Wild Dogs .................................................................................... 166
  Asylum Seekers ........................................................................................................... 167

QUESTIONS IN WRITING

  Compulsory Voting (Question No. 254) .................................................................... 169
  Aged Care (Question No. 529) ..................................................................................... 169
  Aged Care (Question No. 627) ..................................................................................... 171
  Aged Care (Question No. 700) ..................................................................................... 171
  Family Law Matters (Question No. 730) .................................................................... 172
  Aged Care (Question No. 736) ..................................................................................... 178
  Volunteer Small Equipment Grants (Question No. 974) ......................................... 179
  Aged Care (Question No. 1455) ................................................................................ 180
The SPEAKER (Hon. David Hawker) took the chair at 9.00 am and read prayers.

MEDICAL INDEMNITY (COMPETITIVE ADVANTAGE PAYMENT) BILL 2005

First Reading

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

Second Reading

Mr ABBOTT (Warringah—Minister for Health and Ageing) (9.01 am)—I move:

That this bill be now read a second time.

The bills I am introducing this morning should help to preserve the viability and sustainability of the medical indemnity industry.

The Commonwealth government was forced to intervene in the medical indemnity market in 2002 when the United Group—comprising United Medical Protection (UMP), and its registered insurer, Australian Medical Insurance Limited (AMIL)—went into provisional liquidation. Several factors contributed to this situation but the most significant was its failure to recognise ‘incurred but not reported’, or IBNR, liabilities on its balance sheets.

If United had gone into full liquidation, nearly 60 per cent of Australia’s medical practitioners would have been without medical indemnity cover. The government acted quickly to avert this potential crisis.

It introduced a short-term guarantee for all of United’s liabilities, the IBNR indemnity scheme and a high-cost claims scheme. The IBNR indemnity scheme provided coverage of claims for which United and other medical defence organisations had failed to make adequate provisions. At the time, United’s unfunded liabilities were estimated at $460 million.

The government’s rescue package allowed doctors to continue to practise without fear of losing their personal assets as a result of litigation against them. Stabilised by the rescue package, and especially by the IBNR indemnity scheme, United came out of provisional liquidation in November 2003. United was effectively brought back from the dead. And it was fortunate to have kept its independence through this tumultuous period in its history.

This brings me to the reason that the government is introducing these bills. Within 12 months of coming out of provisional liquidation, AMIL—part of the United Group—announced that it would substantially reduce its premiums for 2005. This unexpected move sent a shock wave through the medical indemnity industry. It signalled that United had returned to a position of financial strength much sooner than expected. The move also sparked concerns that United may have a competitive advantage due to the government’s rescue package for the industry.

This government is not in the business of ‘picking winners’ in a competitive market. Because of this, on 17 December 2004, an independent review of competitive neutrality in the medical indemnity insurance market was established to ensure that all medical indemnity providers operate on an equal footing. No medical indemnity insurer should gain a competitive advantage from assistance provided to make insurance for doctors secure and affordable.

This independent review was headed by Mr Graham Rogers, a former head of the Institute of Actuaries of Australia. Mr Rogers, who provided his report to the government on 15 March, concluded that government measures had indeed stabilised the medical indemnity industry. He also concluded that United had gained a competitive

CHAMBER
advantage from the IBNR indemnity scheme and that it was appropriate to act to address this advantage. The government has accepted the findings of Mr Rogers’s report and thanks him for his considered work on this issue.

The Medical Indemnity (Competitive Advantage Payment) Bill 2005 will eliminate the advantage enjoyed by insurers associated with MDOs which have benefited from the government’s IBNR package. It will require them to make a series of payments over 10 years to the Australian government. The amount of the payments will be set annually, as a percentage of the outstanding net IBNR exposure for each MDO.

The percentage will be set in regulations and based on the formula set out by Mr Rogers in his report. To ensure that the government can respond flexibly to emerging circumstances the percentage will be set annually. If a regulation is not made, no payment will be required in that year. As a result there is no need for insurers to carry on their balance sheet a liability relating to payments that may be required in future years.

In recognition of these payments to the government by insurers, the associated Medical Indemnity Legislation Amendment (Competitive Neutrality) Bill 2005 reduces the payments that doctors need to make under the UMP support payment scheme. Contributing doctors will have their annual UMP support payments reduced by $1,000 for the third and fourth years of the scheme, after which the scheme will end. This means that from next year some 7,000 of the 17,000 doctors currently making payments will no longer be required to do so, while the liability for many other doctors will be reduced to a few hundred dollars for two years. This is an important part of stabilising the medical indemnity system. I present the explanatory memorandum to the bill and commend the bill to the House.

Debate (on motion by Mr Gavan O’Connor) adjourned.

MEDICAL INDEMNITY LEGISLATION AMENDMENT (COMPETITIVE NEUTRALITY) BILL 2005
First Reading

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

Second Reading

Mr ABBOTT (Warringah—Minister for Health and Ageing) (9.07 am)—I move:

That this bill be now read a second time.

This bill contains machinery provisions relating to the assessment and administration of the competitive advantage payment imposed under the Medical Indemnity (Competitive Advantage Payment) Bill 2005.

It also reduces payments required of doctors under the UMP support payment scheme. I commend the bill to the House.

Debate (on motion by Mr Gavan O’Connor) adjourned.

FARM HOUSEHOLD SUPPORT AMENDMENT (EXCEPTIONAL CIRCUMSTANCES RELIEF PAYMENT) BILL 2005
First Reading

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

Second Reading

Mr TRUSS (Wide Bay—Minister for Agriculture, Fisheries and Forestry) (9.08 am)—I move:

That this bill be now read a second time.

The Australian government is proactively helping the farm sector to manage its challenges through its exceptional circumstances assistance, its Agriculture Advancing Australia package and industry specific initiatives,
building farm sustainability and providing assistance directly to farmers experiencing severe downturns in farm income due to rare and severe climatic or other events.

On 30 May 2005, the Prime Minister committed an additional $254 million to assist farmers manage the impacts of drought. The Prime Minister announced a range of measures to enhance the support currently provided by the Australian government to drought affected farmers and communities. He made this commitment in recognition that many Australian producers are facing the devastating impact that ongoing dry conditions have had on farm production and consequently farm income.

The coalition’s commitment to drought-preparedness and assistance measures now totals over $2.2 billion. The Prime Minister’s announcement brings the overall Australian government commitment to drought response activities to more than $1.25 billion.

Features of the enhanced assistance package include:

- more generous exceptional circumstances interest rate subsidies, ECIRS, with a doubling of the off-farm assets test ($196.3 million);
- a more generous income test for EC relief payments, ECRP, that the bill is seeking to implement ($49.32 million);
- additional counselling and support services ($8.98 million);
- a second round of drought Envirofund of grants ($10 million from existing appropriation);
- an extension of the streamlined reassessment process for those EC declared areas nearing the end of their second year of assistance and a review by the National Rural Advisory Council, NRAC, of the 22 areas not recommended for an EC extension over the past year; and
- $3 million for the Country Women’s Association to help it meet immediate household needs of those producers and their families or to conduct community based activities to assist local communities in drought affected areas.

This is on top of the EC assistance already provided through EC arrangements. In fact, the government has so far provided more than $680 million directly to Australian farmers, with the amount increasing by approximately $4 million each week. An additional $80 million is estimated to have been provided in auxiliary benefits such as health care cards and youth allowance concessions. The Australian government will continue to meet 90 per cent of the cost of ECIRS and, with the changes announced to the ECRP, which is fully funded by the Australian government, the government will continue to meet about 96 per cent of the total cost of EC.

The government has been able to make assistance available in a timely way for an unprecedented number of EC areas. Approximately 45 per cent of Australia’s agricultural land is currently covered by an Australian government EC declaration. These areas are deemed by the independent committee of farmers and agribusiness professionals—the National Rural Advisory Council—to be experiencing a rare and severe drought event of the type that might be expected to occur only once in a generation.

Under the EC arrangements and the 9 December 2002 additional drought assistance package, the government has approved more than 33,900 applications for income support and nearly 16,700 applications for interest rate relief.

The Farm Household Support Amendment (Exceptional Circumstances Relief Payment)
Bill 2005 will give effect to amendments that aim to improve the effectiveness and administration of ECRP and to further ensure that it assists farmers suffering the effects of drought.

These changes recognise that the severity and extent of the drought is continuing to have an immense impact on rural Australia and that it is unquestionably one of the most severe droughts in the last 100 years. As a result, in many drought affected regions farmers and their partners are increasingly turning to employment opportunities off-farm to supplement their farm income.

To take these circumstances into account, the Prime Minister announced on 30 May 2005 that from 1 July 2005 farm families will benefit from a $10,000 annual exemption from off-farm wages and salaries against the income test for ECRP in addition to existing exemptions.

The new test is to apply to all EC declared areas and will be reviewed before June 2006 to determine if the prevailing drought conditions and outlook warrant any extension.

The bill also brings into effect a change to the process in which farmers obtain an EC certificate. A farmer applying to receive an EC certificate will no longer need to contact their state rural adjustment authority. This change reflects the Australian government’s ongoing commitment to streamline the EC assistance arrangements to ensure they are more efficient and effective for farmers. The change will also address the concerns raised in the recent report by the Australian National Audit Office—the Auditor-General’s Audit report No. 50 2004–05 entitled Performance audit: drought assistance—regarding the accuracy of information contained in the EC certificates issued by the relevant state rural adjustment authorities.

I would like to highlight that the ANAO found that the Australian government’s drought assistance measures have been responsive and effective and the agencies responsible for delivering these measures have worked hard to ensure assistance reaches farmers and their families in a timely and user-friendly manner.

The bill seeks to streamline the EC certificate process for farmers and address the ANAO concerns by using a consistent delivery mechanism—Centrelink. Subject to the passage of legislation, from 1 October 2005 EC certificates will be issued nationally by Centrelink to EC declared farmers. This will not require consequential amendment to other legislation which refers to EC certificates.

As I said earlier, the Australian government is strongly committed to delivering EC assistance that best meets the needs of the nation’s farmers. But the widespread nature and ongoing impact of the drought has again highlighted inadequacies with the present EC arrangements.

As a government, we have been trying since 2000 to reform these arrangements. The Drought Review Panel and the National Drought Roundtable both agreed on the need for reform.

As EC is a program run jointly with the states and territories, we are working with these governments to reform the program so EC provides the most effective, equitable and timely assistance possible. Part of this involves negotiating an equitable cost-sharing arrangement for the program—one that ensures the roles of the states and the territories in the EC process are adequately reflected. One of the major milestones achieved through this process to date is the development of a national monitoring system. Once introduced, the system will streamline the state EC application and assessment processes, making it less burdensome for farmers, their respective communi-
ties and the states to lodge applications for EC, and will result in EC assistance becoming available sooner for farmers in an EC event.

The government supports the Drought Review Panel’s recommended broad approach to shift progressively the focus from drought support to drought preparedness. We are already making a substantial contribution to encourage farmers to improve drought preparedness through many of the AAA programs and work is continuing in this area of EC policy reform.

I would like to take this opportunity to also highlight the government’s efforts to support structural adjustment in rural and regional Australia—most notably through the AAA programs and other industry specific assistance.

The Australian government has committed over $1 billion in funding to AAA since it was launched as the flagship rural policy package. The package focuses on capacity building, risk management and self-reliance.

While facilitating this shift the AAA package has also included income and decision support for farm families undergoing financial hardship.

The AAA package comprises an integrated suite of programs, including Farm Help, FarmBis and the Rural Financial Counselling Service. AAA programs provide:

- funding for businesses and natural resource management training and education;
- support for industries undergoing change;
- financial management tools;
- financial information, referral and decision support;
- improved access to markets; and
- funding for professional advice and skills development.

A new AAA initiative introduced in the May 2004 budget—the Industry Partnerships Program—is working to bring the Australian government and rural industry together in a common cause, to build stronger, sustainable rural industries in Australia.

The continuing drought and adjustment pressures in the farm sector also make AAA assistance timely and targeted toward those in most need.

In relation to specific assistance for industry, the government has also introduced a number of special assistance programs for discrete categories of primary producers who have been significantly affected by substantial structural or regulatory factors beyond the normal scope of their farming activities.

Examples of targeted support for Australian agricultural industries include the $1.94 billion Dairy Industry Assistance Package, the Sugar Industry Reform Program 2004, which allows for up to $444 million in industry assistance, and up to $1.5 million through the Australian government’s Citrus Canker Assistance Package.

Conclusion

I would like to reiterate that the Australian government’s record on assisting farmers to manage drought and structural adjustment in rural and regional Australia is strong—and we remain committed to providing assistance when and where it is needed.

I appreciated the opportunity to hear from farmers first-hand during my visits to drought affected areas and at the recent Parkes Drought Summit. I know that the Prime Minister and the Deputy Prime Minister appreciated the response of farmers to their recent tour of some of the worst drought affected areas. This package comes as a direct response to the needs in our rural
communities and to the ongoing consultations on national drought policy, to prepare for the future.

Whilst we welcome very much the recent rain that has certainly eased the drought situation in many parts of Australia, there is still a task ahead of us to help ensure that the back of the drought is broken and then to provide for reasonable recovery assistance to farmers in need.

The National Farmers Federation, NFF, has been a valued sounding board for the government in the development of the package announced on 30 May—providing constructive feedback on the appropriateness of measures as they have been considered.

I would also like to thank the farmers, community and industry leaders and volunteers who have all been involved in the success of the government’s drought assistance measures. My thanks also go to the government’s agencies delivering EC assistance for their swift implementation of the 2005 drought assistance package, the ongoing EC, the AAA and the industry specific programs.

There has been a huge team devoted to the distribution of the drought assistance, and we recognise the significant trials and tribulations and also the pressure under which they have worked in ensuring that this assistance is delivered in a timely way.

The passage of this bill will ensure that our drought assistance is able to reach those most in need in an effective and timely way. I present the explanatory memorandum to the bill.

Debate (on motion by Mr Gavan O’Connor) adjourned.

COMMITTEES
Public Works Committee
Approval of Work

Dr Stone (Murray—Parliamentary Secretary to the Minister for Finance and Administration (9.21 am)—I move:

That, in accordance with the provisions of the Public Works Committee Act 1969, it is expedient to carry out the following proposed work which was referred to the Parliamentary Standing Committee on Public Works and on which the committee has duly reported to Parliament: Ordnance Breakdown Facility, Proof and Experimental Establishment site, Port Wakefield, SA.

The Department of Defence proposes to provide an ordnance breakdown facility that will be located at the Proof and Experimental Establishment site at Port Wakefield in South Australia. The proposed facility will provide the Australian Defence Force with the capability to safely disassemble and research a range of weapons and ordnance.

The proposed ordnance breakdown facility consists of the following elements: a disassembly building that provides separate rooms for breakdown of explosive ordnance, radiographic examination and equipment storage along with an enclosed external unloading/loading bay; a cutting building that provides separate rooms for operation of remotely controlled cutting equipment, radiographic examination and equipment storage along with an enclosed external loading bay; explosive ordnance storehouses for the storage of explosive ordnance and broken down components; and supporting infrastructure and services. The budget estimate for the proposed works is $8.4 million.

In its report, the Public Works Committee recommended that the proposal should proceed. Subject to parliamentary approval, construction will start mid this year and be completed by mid next year. On behalf of the
government, I thank the committee for its support. I commend the motion to the House.

Question agreed to.

Public Works Committee
Reference

Dr STONE (Murray—Parliamentary Secretary to the Minister for Finance and Administration (9.23 am)—I move:

That, in accordance with the provisions of the Public Works Committee Act 1969, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: Refurbishment of Royal Australian Mint building, Canberra.

The Department of Finance and Administration and the Royal Australian Mint propose to undertake a refurbishment of the Mint buildings in Canberra in the Australian Capital Territory. The Mint is responsible for meeting the circulating coin and numismatic needs of Australia though a vision of excellence as a profitable world-class mint. The Department of Finance and Administration manages the Mint buildings, incorporating the process building and the administration building. The Mint buildings have not had any major upgrade works undertaken since they were built in 1965.

The proposal is necessary to preserve the heritage values of the Mint buildings and make the best use of this Commonwealth asset. The cost of the refurbishment is approximately $41.2 million. Finance and the Mint are providing separate funding for the building owner base building works and tenant fit-out works relating to the process building. Internal fit-out of the administrative building will be undertaken by a future tenant. Subject to parliamentary approval, construction is planned to commence in July 2006 and be completed by February 2009. I commend the motion to the House.

Question agreed to.

Public Works Committee
Reference

Dr STONE (Murray—Parliamentary Secretary to the Minister for Finance and Administration (9.25 am)—I move:

That, in accordance with the provisions of the Public Works Committee Act 1969, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: CSIRO Minerals Laboratory extensions, Waterford, Perth.

The CSIRO Division of Minerals was established in 1994 and is currently the largest public domain organisation in Australia conducting world-class hydrometallurgy research into minerals processing and metal production across a broad range of mineral commodities, including alumina, base metals, gold, iron ore and mineral sands.

CSIRO staff numbers have grown steadily at Waterford over the last 10 years. Further growth in the order of 30 staff, 15 students and 15 collaborator personnel is expected by 2008-09. To accommodate this planned growth, CSIRO proposes to construct additions to, and limited alterations within, the existing Koch and Becher buildings at its Waterford site by 2007 to facilitate the ability of CSIRO Minerals to safely accommodate additional staff, collaborators and equipment, as well as pursue efficiencies and business growth.

The proposal will: replace existing unsatisfactory temporary support facilities; provide additional accommodation for new staff, students and collaborators, as well as permanent amenities, research support facilities and storage; and, thirdly, increase the safety and efficiency of existing buildings at Waterford. The estimated cost of the proposed works is $12 million. Subject to parliamentary approval, tenders are planned to be called early next year, with completion of
construction by mid-2007. I commend the motion to the House.

Question agreed to.

PARLIAMENTARY ZONE
Approval of Proposal

Ms GAMBARO (Petrie—Parliamentary Secretary to the Minister for Defence) (9.27 am)—On behalf of the Minister for Local Government, Territories and Roads, I move:

That, in accordance with section 5 of the Parliament Act 1974, the House approves the following proposal for works in the Parliamentary Zone which was presented to the House on 15 June 2005, namely: Extension of approval for the temporary vehicle barriers to remain around Parliament House until 31 December 2005.

The Presiding Officers have previously considered a number of recommendations prepared by ASIO dealing with the security issues affecting Parliament House. One of the resulting projects was the replacement of the existing temporary white plastic water-filled vehicle barriers—the white barriers that we all see—with a permanent arrangement. The project consists of the construction of a wall around Parliament Drive and the installation of a number of both fixed and retractable bollards and related elements, and the works are well under way. It is expected that the wall and most of the bollards will be commissioned by early July 2005.

The second row of bollards on the slip roads to create a car lock and therefore stop tailgating will be completed by the end of July 2005. The Presiding Officers have undertaken that the retractable bollards on the Senate, the House of Representatives and the ministerial wing slip roads will not be activated, that is, raised, until the issues relating to the effect on the building occupants of restricting access to the slip roads have been resolved. This matter is under active consideration by the Joint House Committee and its subcommittee and it may take some time to resolve. The last of the white barriers will not be able to be removed until the bollards are activated or other arrangements are made to secure the building perimeter. A number of white barriers have already been removed and others will be progressively removed or relocated as areas are completed. The white barriers were removed from the grassed ramps at the front of the building and the forecourt area during the first week of April 2005.

This motion proposes an extension of time for the existing white barriers until 31 December 2005. Under section 5 of the Parliament Act 1974, the Presiding Officers are responsible for works within the parliamentary precincts. The Minister for Local Government, Territories and Roads is responsible for other works in the Parliamentary Zone. Accordingly, this motion is moved on behalf of the President. There are no costs associated with this particular proposal and the National Capital Authority has given the works approval. Given the minor nature of this proposal, the Presiding Officers did not think it was necessary to refer the matter to the Joint Standing Committee on the National Capital and External Territories for inquiry and report. I commend the motion to the House.

Question agreed to.

VETERANS’ ENTITLEMENTS AMENDMENT (2005 BUDGET MEASURE) BILL 2005
Second Reading

Debate resumed from 15 June, on motion by Mrs De-Anne Kelly:

That the bill be now read a second time.

Mr BALDWIN (Paterson) (9.31 am)—I rise today to speak on the Veterans’ Entitlements Amendment (2005 Budget Measure) Bill 2005. The purpose of this bill is to amend the Veterans’ Entitlements Act to give
effect to the announcements and decisions in our 2005 budget measures to extend eligibil-
ity for the seniors concession allowance to persons who are gold card holders over vet-
eran pension age and who are not otherwise eligible for the seniors concession allowance
or the utilities allowance. It is important to
note that the seniors concession allowance
was introduced in December 2004.

The effect of this bill is great news to the
over 44,000 veterans and war widows and
widowers who will benefit from a 2005-06
federal budget initiative to extend the Austra-
lian government’s seniors concession allow-
ance to older veterans who have a gold card.
This is a commitment by our government of
$27.7 million over a four-year period to as-
sist gold card holders in meeting the cost of
energy, rates, water, sewerage and motor
vehicle registration. As I said, this initiative
will ensure that an additional 44,000 gold
card holders—adding to the more than
290,000 Commonwealth senior health card
holders who have already benefited from the
allowances—over veteran pension age who
do not already receive the seniors concession
allowance or the twice yearly pensioner
utilities allowance will now get the support
that they desperately need. This seniors con-
cession allowance is a non-taxable payment
of $200 paid in two instalments, on 1 June
and 1 December each year. The annual rate
of the allowance is indexed twice yearly. It is
important to note that it will keep up with the
increase in the cost of energy, rates, water,
sewerage and motor vehicle registration.

A gold card holder, a person of veteran pen-
sion age, who is receiving an income support
payment under the social security law, and is
ineligible for the utilities allowance under
social security law, is eligible for seniors
concession allowance under these new provi-
sions. In addition, a person of veteran pen-
sion age who has a gold card and a CSHC
will not be able to receive two instalments of
seniors concession allowance for the one test
day. Furthermore, a person who has a gold
card and is eligible for the utilities allowance
cannot elect to not receive the utilities allow-
ance instalment and instead receive an in-
stalment of seniors concession allowance.

It is important to understand that as a mat-
ter of clarification, but it is also important to
understand what a gold card is. Gold card is
the commonly used term for the repatriation
health card for all conditions. Persons who
hold a gold card are entitled to treatment un-
der the Veterans’ Entitlements Act in accor-
dance with the treatment principles prepared
under section 90 of the Veterans’ Entitle-
ments Act or under the Military Rehabilita-
tion and Compensation Act 2004, known as
the MRCA, in accordance with the determi-
nation made under section 286 of the MRCA
for any injury suffered or disease contracted.
For further clarification and understanding,
the veteran pension age is 60 for men and
currently 57.5 for women. The veteran pen-
sion age for women is being raised by six
months every two years so that by July 2013
the veteran pension age for both men and
women will be 60. These measures are im-
portant because they bring about balance. It
is about recognising the efforts of those who
served our country and providing to them the
necessary benefits to keep up with the costs
in today’s times.

I would also like to expand on the efforts
of this government in supporting our veteran
community. On 14 June I announced a grant
of $43,100 to the Gresford RSL sub-branch
on behalf of the Hunter District Council of
RSL sub-branches. The work of the Gresford
RSL sub-branch will be representative of the work of the 41 sub-branches that make up the Hunter District Council in establishing and delivering eight memory and ageing seminars for our veteran community and two dementia training sessions for RSL pension and welfare officers. This is part of an investment of more than $2.8 million in funding that was available for veterans and community grants in 2004-05. It is important that we invest in these projects to support our veteran community.

Also on 6 June I was fortunate enough to announce a grant of $3,100 to the Hunter Legacy Appeals Fund. The Hunter Legacy Appeals Fund supports and represents the widows and dependents of veterans who died during, or as a result of, their military service. The money will be used to help buy a printer and storage cupboard to assist with the production of its newsletter, because providing communication for the 700 Legacy widows is very important to keep those widows up-to-date with changes and what is available to them.

Under our Saluting Their Service program we were fortunate enough, on 31 May, to announce a $2,000 grant to the Karuah and District RSL Sub Branch to erect a new memorial outside the Karuah RSL. Saluting Their Service projects encourage our communities to come together to remember and honour the contribution made by those fine Australians who have served in wars, conflicts and peace operations since Federation. This is one for the Karuah RSL. Last year I was fortunate enough to achieve funding through the Department of Veterans’ Affairs under these programs for the Vacy Sportsground Committee, which was granted $4,000 to establish a new war memorial. I was there recently with the schoolchildren of Vacy Public School on a very proud day at the establishment of this memorial. Now the community of Vacy can pay their respects in their own community; they do not need to travel to another town to gather and to pay their respects and give remembrance to those who served our country.

Last year I was also able to achieve funding of $3,789 under the Saluting Their Service program for the Nelson Bay and District Branch of the National Service and Combined Forces Association to assist with the construction of a memorial at Apex Park. As well, the Coomba Park Ex-Services Memorial Association received $4,000 to establish the concrete slab at the base of their memorial. Our funding for memorials is important in recognising the efforts of those national service men and women in World War I, World War II, Korea, Malaya, Vietnam and other theatres of operation that Australia has been involved in.

I am proud to have been able, through the Saluting Their Service or Their Service Our Heritage programs, to have helped establish, upgrade or repair memorials at Myall Lakes, Tea Gardens, Forster, Dungog, Gresford, Coomba Park, Raymond Terrace, Nelson Bay, Tilligerry Peninsula, Clarence Town, Maitland and Karuah to name but a few. These have been important on days like Anzac Day and at other gatherings of remembrance for our communities. It is important to provide our communities the opportunity to have a place to gather to pay our respects.

I was fortunate enough this year to be invited to the dawn service at Tea Gardens at the memorial that we invested in with our community. They had to put a large amount of money in to build the memorial, and our grant was $4,000. Standing there at the dawn service and listening to the bugler as the sun was coming up across the beach made for a morning that will take a long time to forget. From there I moved up to Forster for the Anzac Day march in the morning and to another new memorial that has been established with
the support of this government. It provided an opportunity for over 500 people to come together to pay respects to those who have served our country.

I was also fortunate on 18 August last year on Long Tan Day to be invited by Brian Ferguson to give an address at the Great Lakes Sub-Branch Vietnam Veterans Remembrance Day Ceremony. As we gathered at the surf club kiosk at Main Beach Forster for the march down Little Street, the band turned up. They turned up with the bass drum but unfortunately without the drummer. On that day I learned very quickly about Army volunteers. I was the biggest, so they figured I was the only one who would be able to carry the bass drum down Little Street. I did explain to them that I had absolutely no experience. So in about 20 seconds they taught me how to hold the stick and how to strap the drum on and we marched down Little Street. I have to say this about my community and the band: I was the only one who was in tune—the band was out of tune—and I was the only one who was in step! However, despite my extremely poor performance as a drummer—I have not been invited back since to play the drum; I have for other things, but not to play the drum—it was a very respectful day, a remembering day and a day of celebration and of mateship.

In 1998 the Reserve Forces Day was established to recognise the service of our citizen soldiers, sailors and airmen and airwomen as well as to recognise the essential support of families and civilian employers. On 26 June, the Reserve Forces Day Forster Regional Council will celebrate the efforts of those who served our country with a march through the main streets of Forster-Tuncurry. I would like to congratulate the efforts of the Reserve Forces Day committee, in particular Chairman Keith McNeill, Secretary Bob Russell and their team of Peter Morison, Bill Chandler, Roy McQuire, Jeff Hardy and Mrs Kim Dwyer.

On 2 July, the Newcastle Reserve Forces Day Committee has organised an event at Camp Shortland near Nobbys Head. I would like to congratulate their Reserve Forces Day organiser, Major (Ret.) Peter Toms, for his work and dedication to this day. It will be a very proud day for me because my two sons, David and Robbie, as part of training ship Tobruk will be a part of the march in their naval uniforms. I am very much looking forward to that.

I would also recognise the efforts of Sonny ‘Maurice’ Morris in helping me further understand the issues surrounding all veterans. He has been a driving force in the National Servicemen’s Association in our area and a strong advocate for the needs of all veterans.

On 15 August we will recognise the efforts of those who served in the Pacific through Victory in the Pacific Day. I understand a medal is being struck which will be presented to those who served and to the families of those who served but who are no longer with us. I will have more to say on Victory in the Pacific Day when the parliament resumes after the winter break.

Recognising the efforts of those who gave and those who were prepared to give the ultimate sacrifice for their country is critically important—acknowledging that their efforts were not in vain, respecting and comforting those that have been left behind to deal with the trauma. That is the Australia and the Australians than I am extremely proud of. I commend all those who help to celebrate, to respect and to pay great homage to those who have served our country. I commend this bill to the House. These measures are important and only a very small token of the appreciation due to these people.
Mrs ELLIOT (Richmond) (9.44 am)—I rise to speak in support of the Veterans’ Entitlements Amendment (2005 Budget Measure) Bill 2005. This bill contains important equity measures that veterans in my electorate have been calling for, so I am very pleased to support it here today. However, this bill does not come before its time. Essentially, it corrects yet another government bungle—made either out of neglect or to intentionally exclude our veterans. The government’s election commitment to give self-funded retirees the $200 a year seniors concession allowance was restricted to those people who carry a seniors health card. As a consequence, gold card carrying veterans and war widows were effectively excluded from receiving this benefit. This is because gold card holders have no need for a seniors health card. The measures contained in this legislation will extend the seniors concession allowance to 44,000 gold card holders, including many who live in Richmond.

Whichever way you look at it, local self-funded veterans have indeed been missing out. While other self-funded retirees were getting assistance with their phone, electricity and gas bills, self-funded veterans were left out in the cold. The government has either been negligent or dismissive of the needs of self-funded veterans, many of whom are doing it very tough. This assistance will eventually bring welcome relief for local self-funded veterans. But it is disappointing that these benefits will not reach local veterans until December this year. While other self-funded retirees will have received benefits both in December last year and in June this year, gold card holders will again have to wait. Whether it is through negligence or a deliberate cost-cutting measure, it is self-funded veterans in my electorate who have been treated unfairly by this government. There will be no retrospective payments, not even an apology for what I am sure the minister will call a ‘departmental oversight’. But this is typical of this government and its ministers. Instead of taking responsibility for their blunders, the members of this government blame their bureaucrats. Indeed, the depth of their arrogance never ceases to amaze me. At the very least, the minister should offer veterans an apology. I think that veterans in my local community deserve such an apology. It is not good enough for the government to say to them, ‘You can have the same benefits as other self-funded retirees but you’ll just have to wait.’ They have waited long enough. They have listened to the government pay lip-service to their sacrifices without delivering any real support.

Take, for example, the F111 compensation debacle. The government has failed to announce any details of the compensation for those suffering from toxic exposure to F111 chemicals. This is despite the government publicly admitting liability for the suffering of ex-military personnel, civilian staff and their families caused by the F111 toxic chemical exposures at the RAAF Amberley base from 1975 to 2000. This matter has caused not only financial stresses for those involved but also ongoing emotional distress for them and their families.

The government continues to fail to recognise the need to properly index the Defence Force Retirement and Death Benefits Scheme. Although this is indeed a very complex and difficult issue, the age tables and mode of indexation cause unfairness in calculating these benefits. Veterans accessing TPI benefits suffer a similar situation. The problems with TPI payments arise because the government indexes them only partially to male average weekly earnings. Other pensions and payments are indexed fully. This means that people receiving an age pension or unemployment benefits are in a sense better off than our veterans. These veterans are
I want to take the opportunity in the parliament today to speak on some of the very strong points that this bill seeks to articulate and then to follow through with their application to the people of the community of Ryan. The coalition government very strongly believes that the Australian veterans community deserves our full support, our very generous recognition and our care, and also, very importantly, commemorates them for their part in fighting for the freedoms that we so enjoy in this country.

The government has always sought to maintain a very fair and very responsive income support system as well as a compensation mechanism that can be as straightforward and as efficient as possible. We have a repatriation system that I believe is one of the best in the world—indeed, it is surely the envy of the world—and the government is committed to maintaining it and to improving it as far as it can. During the years of the Howard government, spending on veterans affairs has increased by more than 60 per cent. The Howard government came to office in the new year of 1996. In 1995-96, spending on veterans was some $6.2 billion. Today it is $10.8 billion. I want to continue to urge the government to allocate resources to this important part of our society. This is an increase of $278 million, and I know that the veterans community in the Ryan electorate will be pleased that the government continues to respect their role in our society by acknowledging them in this way.

The Australian budget is some $220 billion. The government plays its part very strongly and acknowledges the role of veterans through a contribution to the Veterans’ Affairs portfolio of almost $11 billion, which I think is a very positive statement. The coalition achievements in this area are very significant. I think it is worthy of members of the government to continue to articulate them in their respective electorates. The in-
creased financial support for service pensions and war widows and widowers is very significant, as are increased compensation payments for veterans with disabilities and improved health care for older veterans and, importantly, for veterans with disabilities.

The government also continue to extend our support for former prisoners of war, for whom we have the greatest respect for what they have endured. Practical support for the Vietnam veterans and their families is very significant. We also support the Vietnam veterans through the Vietnam Veterans’ Children Support Program, something that is very important in the Ryan electorate, where there are a significant number of Vietnam veterans. There is also greater flexibility for younger veterans and the current serving personnel through the new Military Rehabilitation and Compensation Scheme.

The government are also very keen to place emphasis on encouraging community pride in our military history. We do that through many programs, of course, and I think all members of this parliament would acknowledge that that is very important. The expansion of the Australian War Memorial is something that I think we should all take pride in. In 2004-05, the government provided $11.6 million over four years to expand this very important war memorial here in Canberra.

I also want to commend the government for its commitment to excellent health services and the very generous income support and compensation that was provided in this year’s budget. This bill is going to extend the seniors concession allowance to more than 44,000 gold card holders who do not already receive the seniors concession allowance or the twice-yearly utilities allowance. It is going to deliver on the Howard government’s 2004 election campaign commitments. The non-taxable allowance of $200 is paid in two instalments of $100, the first one in June and the second one in December. This will be indexed twice annually. The allowance will assist with the cost of rates, water and sewerage and motor vehicle registration.

Let me take the example of vehicle registration. This is of course state revenue. I want to commend the government for helping veterans in this area by alleviating the cost of that. It is important that we continue to show our support. The new allowance is necessary because state and territory governments will not provide self-funded retirees holding a Commonwealth seniors health card with the concessions they deserve. Quite frankly, I think this is an absolutely outrageous situation, and I call on the state government in Queensland to play its part in recognising veterans and relevant self-funded retirees.

The coalition has sought to provide further concessions to this group, offering state and territory governments some $75 million. Quite remarkably, no state or territory government has taken up this offer. For the life of me, I cannot understand why. I call on the Queensland Premier to play his part in acknowledging what the Queensland government can do. The Queensland government is awash with GST revenue, and of course we all know the history. The Queensland Premier was the first to sign on to the GST agreement with the federal government, yet the Queensland government fails to allocate its revenue to some of the very important measures that the Commonwealth government is supporting. Let me just mention for the veterans of the Ryan community and the RSL groups, who I am sure will be very interested in this, that GST revenue for the states is some $37 billion. I think some portion of that should go to the veterans community. Some portion of that should go to the Ryan veterans. I will continue to support that and advocate that it takes place. In fact, the
GST revenue is $37.3 billion. Again, I call very strongly on the Queensland Premier to have his government allocate some small amount of that to the veterans.

The seniors concession allowance is targeted at retired aged persons not on an age or service pension. It is proposed to provide the allowance to gold card holders over service pension age who do not already qualify for the allowance for utilities. The majority of gold card holders who will benefit from this legislation will be those over service pension qualifying age and with incomes in excess of $50,000 in the case of a single person or $80,000 with a partner.

This year’s budget further strengthens veterans health care and provides important services in a number of areas. Let me give some examples. I want to talk about the eligible veterans who receive the benefit of medical expertise in hospitals when they go in for surgery. The fees of anaesthetists, for example, are going to be increased by some 20 per cent from 1 July. I want to thank this important group in the medical profession for what they do in terms of their medical specialty and the role they play in taking care of not just veterans but also other members of our society. The government will introduce a single claim system for anaesthetists to claim fees from the Department of Veterans’ Affairs, reducing red tape and administration costs.

It is important for us in the parliament to do all we can to continue to minimise and, where possible, eliminate red tape, not just in this area but in business. This government is continuing to do that. It is something that I am very committed to. Red tape chokes our businesses. Red tape chokes efficiency in departments. It is important that this government places a strong emphasis on minimising and, where possible, eliminating unnecessary red tape. It is very relevant in the Department of Veterans’ Affairs, where the department should be commended for undertaking a significant amount of reform.

Fee increases will be delivered to local dental offices that provide dental services to eligible gold and white card holders. Fees paid to allied health professionals such as chiropractors, osteopaths, dieticians, physiotherapists, psychologists and social workers will also increase over the next four years. The allied health professionals are an important group in our community because they take care of our veterans in a very important way. I think we in the parliament should acknowledge the role that they play in looking after our veterans. From 1 July 2005 the fee increases will be phased in each year, with a total increase of 13.6 per cent. These are going to be some very important increases. This will be in addition to the normal indexation. The annual monetary limit for high-cost items will almost triple, rising from $749 to $2,000 a year. This will reduce the amount that veteran patients have to pay for high-cost dental services—for example, services such as crowns. Aged care accommodation bonds will be exempt from the DVA and social security assets test.

I want to take this opportunity in the parliament to strongly compliment and commend those in the electorate of Ryan who dedicate their lives to the veterans community. Of course many of these are members of the RSL sub-branches. The Centenary Suburbs RSL Sub Branch is headed by Don Robertson. The Gap RSL Sub Branch is headed by Graham Wilson. The Sherwood-Indooroopilly RSL Sub Branch is headed by Ron McElwaine. The Kenmore-Moggill RSL Sub Branch is looked after by Mr Paul Coleman, and very admirably. The Toowong RSL Sub Branch is under the stewardship of Mr Kerry Gallagher. These are fine Australians in the Ryan electorate who play their part in our community by taking care of vet-
I know that the 2005 budget initiatives are welcomed by these veterans in the Ryan electorate. Ryan is home to a very active, engaged and involved veterans community. More than 3,000 veterans live in Ryan electorate and it is a great pleasure for me to engage with them on issues of importance to them. It is a great privilege indeed to know many of them personally. These are very inspirational people. I think all members of parliament have similar sorts of people in their respective electorates—and I pay tribute to all of them.

I want to acknowledge in particular in the parliament today the efforts of one Ryan resident from the suburb of Westlake, Mr Ian Caverswall. He is a wonderful individual and is heavily involved in activities in the local Ryan community. He is the president of the ANZAC Day Commemoration Committee of Queensland and someone very committed to the cause of veterans security and the role of veterans in our country.

The ADCC has a very special history in our country, and particularly in the state of Queensland. I want to reveal to the parliament a little about this wonderful committee. The ANZAC Day Commemoration Committee of Queensland has a very special history. Following the successful withdrawal of Australian troops from the Gallipoli peninsula in December 1915, a public meeting was called by the then Lord Mayor of Brisbane to discuss how we could acknowledge those Australian troops. The idea of Anzac Day celebrations came to the fore at that time. At this meeting Mr TA Ryan, a member of the Queensland Recruiting Committee, put forward a proposal that the deeds of these young Australians be forever commemorated. The committee appointed by this historic meeting came to be known as the ANZAC Day Commemoration Committee of Queensland, or the ADCC. It held its first meeting on 3 February 1916. This was the beginning of our most sacred commemorative day.

The ANZAC Day Commemoration Committee of Queensland was responsible for producing a special medallion this year to commemorate the 90th anniversary of the Anzac landing at Gallipoli, as well as the 60th anniversary of the end of the Second World War. The medallion is representative of the struggle and the sacrifices of Australians who have served their country in times of conflict. This week I had the great pleasure of presenting to the Prime Minister one of these very impressive medallions on behalf of the ANZAC Day Commemoration Committee of Queensland. I know that the Prime Minister has a very deep personal affinity with our Australian service men and women. It is widely known that his family made a contribution to this country’s freedom through the sacrifices of his father and grandfather in the great conflicts of the 20th century. He was particularly touched to receive this special token.

As a younger member of this parliament and as someone whose own grandfather fought in Asia against the Japanese, I want to take this opportunity to thank those in the community of Ryan, and particularly the Anzac Day committee, for coming up with this wonderful memento to acknowledge and to honour those who have played a part in this country’s history. I look forward very much to meeting with the Centenary Suburbs RSL Sub Branch—of which Mr Ian Caverswall, whom I mentioned a moment ago, is a member. I will be speaking to them at the invitation of their president, Don Robertson, about what the Department of Veterans’ Affairs and the government are doing in terms of our commitment to and our policies for our veterans community. They have asked me to
present an Australian flag to them. I will be doing that with particular pleasure. I encourage the younger people in the Ryan electorate as well to pay tribute to the role of veterans.

Today I want to also make mention in the parliament of Veterans Support and Advocacy Service Australia, an organisation in the Ryan electorate based in Toowong. Veterans Support and Advocacy Service Australia received a grant of $37,497 from the Building Excellence in Support and Training Program, the BEST Program, which the Howard government supports. This is going to go a long way towards supporting the important work that this group performs. As I said, they are based in Toowong. I had the opportunity to take the former minister to meet them during the last parliament. I look forward to having the opportunity to take the minister in this parliament to Toowong to make their acquaintance. They are a wonderful group of people and I pay tribute to them.

In terms of the grant specifically, $6,380 was allocated for laptop computers, $3,300 for a printer, $2,200 for a desktop computer, $6,000 for ongoing running costs, $880 for a bubble jet printer and a significant amount of money for a photocopying machine. It is very important that this amount of money is received by this group because they allocate it very efficiently. They run their organisation in a business-like manner. I know that they appreciate that this is taxpayers’ money and that they value it for what it is worth because it makes their job a little easier.

This is a year of anniversaries. It is not only the 90th anniversary of the landing at Gallipoli; it is also the 60th anniversary of Victory in Europe Day, which commemorates the end of the Second World War in Europe, and the 30th anniversary of the fall of Saigon. In our part of the world, this year also marks the 60th anniversary of Victory in the Pacific and the end of World War II in this hemisphere. The Pacific is an important part of the world, and it is an important part of Australia’s place in the world. Having grown up in Papua New Guinea, the Pacific is an area that I would like to focus on in my time in this parliament and see what our country and our government can do to assist the Pacific in a general sense in terms of economic development and social stability. Those of us in the parliament who have had the opportunity of going to PNG know it is a beautiful country which saw a terrible conflict in World War II. The town that I grew up in, Wewak, is littered with memorials that should remind young Papua New Guineans of their history and of the past Japanese presence in their country. It is important that those of us who have a connection with places in the Pacific like PNG continue to speak of them at the appropriate time.

The government will continue to work with the ex-service community in this country. We will continue to acknowledge them and continue to honour them through the programs that I have articulated in my speech on this bill. We will also continue to support them in an appropriate financial way. The 2005 budget further strengthens our work on the important issues that are relevant for veterans, particularly health care. I commend the work that the minister does in this portfolio and commend, very warmly, this bill to the parliament.

Ms ANNETTE ELLIS (Canberra) (10.10 am)—I rise to speak on the Veterans’ Entitlements Amendment (2005 Budget Measure) Bill 2005. In doing so, I bring with me to this place a very good and close relationship with a vast number of individual veterans and their families, with the organisations from my community and with the national service people. I am honoured and pleased to have the privilege of representing them in this place. This bill will see 44,000 veterans...
and war widows throughout Australia, many of them within my electorate of Canberra, finally receive the seniors concession allowance promised to them by the government in the 2004 election campaign. The seniors concession allowance, much like the utilities allowance, is a payment that allows self-funded retirees to pay bills such as power and water bills and car registration. The allowance is available to all self-funded retirees over pension age who are not on a pension and who hold a Commonwealth seniors health card.

The 44,000 veterans and war widows will now receive this payment, six months after its implementation and six months after the first payment—a payment that they were promised but did not, until now, receive. They did not receive it, because the government forgot to include them, I believe. To be eligible for the seniors concession allowance, you have to have a Commonwealth seniors health card. What we on this side of the House know—and what apparently the government forgot—is that gold card holders do not need a seniors health card; they already have the gold card. Many veterans and war widows who are self-funded retirees have subsequently missed out on the allowance simply because they did not have a Commonwealth seniors health card. The 44,000 veterans and war widows who were forgotten—by reason of neglect, which I doubt, or by reason of penny-pinching, which is possible—by the government have yet to receive an apology for the delay in this payment. But I guess we have come to expect from this government behaviour of this kind when it comes to looking after our veterans. Hyperbole and speeches and expertly orchestrated ceremonies manufactured for maximum media impact, in my observation of veterans affairs related issues, seem to be the No. 1 priority of this government. Issues such as adequate health care and welfare for veterans have come a poor second over the years of this government.

In this year’s budget we saw the minister, resplendent with bells and whistles, announce a $411 million increase in the DVA’s total budget. At first glance, you could mistakenly think the government had finally taken a serious interest in the wellbeing of veterans and had taken on board the need for adequate funding. A second glance and every subsequent peek at those figures point to an unmistakable and less welcome conclusion. Despite the minister’s hubris, the budget provides only $10 million for new measures in 2005-06. This is set against savings of $52 million from the health portfolio. Of the $411 million increase in DVA’s total budget, $393 million comes from normal cost increases in the DVA budget. To this $393 million is added $60 million carried over from previous years’ budgets. In fact, the Department of Veterans’ Affairs has managed to save $82.3 million. As the new budget measures only add up to $10 million, we can clearly see that in net terms the budget for veterans has gone in what I think, sadly, is becoming the government’s favourite direction—backwards.

What did we hear from the current minister? Did we hear any apology to veterans for not taking that fight through cabinet, or just an honest reflection of the reality of the situation? We did not. One may have hoped that the minister would have been fighting to ensure that the endemic funding problems would finally be addressed. But, unfortunately, over the course of these last nine years funding for veterans has continued to regress as the government lurches from one crisis to another.

We still have the problem of inadequate funding by DVA for veterans’ dental care. That has been mentioned, but let us look at the facts. The Australian Dental Association
began last year its campaign for increased fees for the treating of veterans. What action, you may ask, is the government taking to fix this problem? According to DVA officials at the February 2005 Senate budget estimates:

... some options are being prepared for the consideration of government.

And:

... we are not in a position to negotiate anything. We are in a position to consult widely with the industry ...

And:

We have continued the development of material which would support examination of the prices paid for dentistry.

In short, the summary of the DVA evidence is that nothing has happened and nothing is likely to happen to meet the full requirement of the sector.

And there are also the problems with veterans’ access to specialists, which has also been mentioned. There are now 366 specialists nationally who have effectively refused to accept the gold card. They include orthopaedic surgeons, ophthalmologists, urologists, general surgeons, neurosurgeons, ear, nose and throat specialists, plastic surgeons and psychiatrists, to name just a few. Ten of these specialists are from the ACT. Whilst the government washes its hands of veterans health care and specialists feel they cannot afford to subsidise treatment for veterans, the problem will not go away. Before making an appointment, veterans need to check that their specialist actually accepts the gold card, to avoid having to pay a significant gap payment or to take out private health insurance. In my electorate of Canberra, I have received several letters from anaesthetists writing to me to express their concern over the inadequate remuneration they receive from DVA. Unlike other medical specialists, anaesthetists did not receive on 1 January this year an increase in their fees for treating veterans. Australia-wide, this has resulted in some refusing to accept the gold card.

The previous speaker, the honourable member for Ryan, has been touting information that there are going to be increases to deal in part with some of these problems from 1 July this year. Be that the case or not, the real point that has to be made is: how on earth did the situation ever get to the point it is at now, where people like anaesthetists and other specialists are writing to local members like me, saying that if the government does not do something with the funding arrangements for their specialties then the gold card is going to become almost worthless to its holder? Any bleating about increased payments now really must reflect upon the situation, where it has got to and why people have been put in that position. The government says it values these veterans so much, so how did it ever let the situation get to the point where there was a question to be raised in the first place?

As I have stated before, I really believe this government is obsessed with the ceremonial side of veterans affairs. It loves plaques, monoliths, statues, ribbon cutting and anything that will allow the Prime Minister, the Minister for Veterans’ Affairs or any other member of the government to get on a stage in front of a camera. We saw this displayed in the recent and unfortunate events at Anzac Cove earlier this year, when it was decided to disrupt that site. We have heard about it in this place and in the media constantly.

I have to also mention the questions that have recently been raised about Hellfire Pass. I am not sure what the current status of that is. I do know, however, that I have heard on my local radio station here in Canberra elderly veterans expressing very serious concern about what may be happening at Hellfire Pass. In fact, it would be good if the
minister or the government could clarify this position and say that there is not a problem. There appears to be another problem, another disregard, another possible lack of consultation with the veterans sector and the people involved. I was concerned to hear an elderly gentleman on ABC Radio here in my electorate of Canberra clearly saying that he was part of the party that spread the ashes of Weary Dunlop in Hellfire Pass and how concerned he was to then know that there was disruption to that site because somebody had come up with the ‘good’ idea of raising a monument of some kind in that area. I do not know what the current state of affairs is with this situation. I do know that the issue has been raised by the veterans.

When government members come in here and try to give the impression that the veterans of this country are their major concern, that without them they would be devoid of any services, let us just cut through all of that and look very carefully at what really is happening. Dental care has gone backwards, the gold card has become of less worth to the people who actually hold one, and monuments are being raised, seemingly with no consultation with veterans. Really, a bit of honesty would be a good thing to hear from government when we are talking about issues relating to veterans in this country. These are people that we all value. All of us in this place understand the commitment that they made. But what I will not accept is some hubris from government that tries to create an impression that they are the best friends of everybody concerned with the veterans community. That is not what the veterans in my community tell me and it is not what I hear within my community generally. Never get between a minister, a PM and a Veterans Affairs monument, that is all I can say!

It is a shame to see the way this government has tended to treat veterans and how it has failed to meet the challenges associated with providing health and welfare to our veterans community. This amendment to the legislation is symptomatic of the government’s approach to veterans affairs. Of course it is something we support. Of course it is something that, in itself, is non-controversial. The controversy is really why it is necessary to have the amendment in the first place. If careful consideration had been part of the original decision by government then this amendment would not have been required. Of course I support it, and I support it on behalf of my veterans. I am sorry to see that they are being considered for this payment later than everybody else—that should not have been the case, but it appears to be the case. I am happy to stand up on their behalf and acknowledge a belated thank you to the government. But, please, next time try to make sure that the legislation that you bring into this place on behalf of the community and on behalf of veterans actually includes veterans and does not leave them behind. We do not think they should be left behind. We do not think they should be used in a political way, as we see so often from this government and from this Prime Minister. It is something that I could never agree to, and I am sorry to see it happen time and time again.

**Mr RIPOLL (Oxley) (10.21 am)**—The Veterans’ Entitlements Amendment (2005 Budget Measure) Bill 2005 will affect some 44,000 veterans and war widows. I am always pleased to offer my support to measures which benefit our veterans and past service men and women who have given so much to Australia in their service for our country. I put on the record that it is my belief—I do not have any data to back this up, but I reckon it is pretty close—that Oxley has one of the highest veteran numbers of any electorate in Australia. I would absolutely say with full confidence that it is
probably the strongest veteran community in all of Australia. I am very proud to—

Mr Hunt interjecting—

Mr RIPOLL—Absolutely; Oxley would be the strongest veteran community in all of Australia. I am very proud to represent them. In fact, I have very fond memories of the time soon after I was elected in 1998 when I started to go into depth in terms of representing my community and found a huge gap in services that had been provided—or recognition, as it were, for veterans in the Oxley community. I am sure that is reflected in other parts of the country. I set about trying to turn that around and looked much more closely at the needs of our veterans. Over the years, I have organised a number of functions and gatherings with our veteran community and opportunities for them to discuss their issues. I think that has proved very beneficial for me as their local representative and also for them—that our veterans have a place where they can air their issues and discuss things that are important to their community.

I am always happy to speak on veteran issues, particularly entitlements. With our veterans, one of the strengths of our country should be that, if we ask them to do things for us—if we ask them to go into battle, to risk their lives and to make those supreme sacrifices—then, as a country, as a nation and certainly as a parliament and a government, we should be prepared to meet our obligations to them when they come back, to look after them physically and mentally, to look after their families and to do what we promised we would do.

I am happy that this bill makes some corrections to what was an oversight by government. It corrects a gross oversight in relation to what I can only say was incompetence—and I do not use that word lightly—at a ministerial level within the department. We must face up to this. This is not the only example. There have been quite a number of examples of ministerial incompetence. I would not even stop at saying that it has been just this particular minister; you could take your pick of a string of ministers holding portfolio responsibilities for our veterans under successive Howard administrations since 1996.

Mr Hunt—I thought you said you wouldn’t say it lightly. You’ve just been railing against the whole cabinet.

Mr RIPOLL—I will take the interjection. Government members get upset about this, but the reality is that I do not draw my conclusions about what ministers do in this portfolio from my own view but from that of the veteran community. It is what the veteran community tells me. It is actually what is taking place out in the community and it is the reason I am on my feet today speaking on this bill. Government members can get upset about this, but it is just the reality.

In essence, this bill will extend to self-funded retiree veterans what all other self-funded retirees received last year—namely, a $200 a year allowance. The seniors concession allowance was introduced in December 2004, implementing a government election promise. This allowance is intended to assist self-funded retirees with energy, rates, water and motor vehicle registration costs. Initially eligibility was restricted to retirees with a Commonwealth seniors health card, for which veterans are eligible but which they may not have accessed due to their possession of a veterans gold card. Either by intent or oversight, the allowance was therefore not paid to gold card holders, though they were not precluded from applying for the Commonwealth seniors health card if they wished. This proposal extends the CSHC related benefit to 44,000 gold card holders.
While I am speaking about gold card holders, I would also put on the record my concerns that over a number of years the value of the Commonwealth seniors gold card, particularly in relation to our veterans, seems to be diminishing in the community in terms of access to services that they get. Again, these are not my views; these are the views of veterans in my community—and, more widely, the view in other communities where people tell me these things. When you look at what is happening in the devaluing of that veteran entitlement, you ought to be very concerned.

There are some special provisions to prevent double payments and to provide the allowance to gold card holders under the age pension age of 60 to 65, recognising the different age eligibility of veterans. The first payment will not be made until after 1 December 2005, and there is no provision for retrospectivity.

The explanatory memorandum attached to the bill anticipates that this proposal will cost an extra $200,000 in 2004-05, increasing to $9.8 million in 2005-06, $8.9 million in 2006-07 and $8.9 million in 2007-08. This is a total of $27.8 million over four years. It is a substantial amount for government, but, more importantly, a substantial amount for veterans—something that veterans are entitled to and should have received on time. The ‘on time’ issue in this department is becoming a very sore point. Not many things are on time or as they should be.

The content of the bill is considered to be non-controversial in nature, and in large part is, but some criticism of the government is justified. One would have thought that with an oversight of this nature—the oversight that this bill is rectifying, where a sizeable portion of the population has been effectively cheated—payments would have been made retrospective. We are not talking about just anybody in the community—not those maligned, victimised and continually pilloried by the government. We are talking about our veterans, the people who are the first ones to see the government with ticker tape parades, handshaking and all the things that come with returns and parades. When it comes to the small things, the little things that matter and make people’s lives just a little bit easier, we do not see the same sort of urgency to deal with issues.

Hopefully, the department itself—I will not look to the minister; I will look to the department—will get some of this stuff right. If they can get the timing of a welcome home parade right, make sure the Prime Minister and the minister are there on time to shake hands and make sure they get in the photos, surely, on matters that affect the veterans directly in terms of some extra payments and eligibility for entitlements, there should be some urgency from the department to make sure that veterans do not miss out—that they tick issues off and make sure that they get those entitlements on time. It is their responsibility; it is their department. The effect of this change will be that veterans now get the allowance that they are due but cannot have it backdated. It means the loss of at least two payments of about $100.

The government tried its best to put a positive spin on this when it was announced during the budget week. The government tried to make out what wonderful people it is made up of and just how generous they all are with taxpayers’ money, almost as if it were their own money. Veterans, on the other hand, are a very clever bunch; they know when they are being dudged. They have been short changed, and they know they have been. Again, last year, this benefit was provided to everyone else but them. There is government urgency in some areas, but not when it comes to some in the community—and certainly not to our veterans. On the face
of it, this seems typical of some of the actions and timing we have seen from this department and the minister.

I will take a moment to mention briefly a number of other veterans’ issues. There is the issue of the deseal-reseal, which is an ongoing festering sore for government. There has been inquiry after inquiry, with supposed goodwill from government members. It really bewilders me—that is probably the only suitable word—how government members, having the power of government, can continually walk into veteran meetings on issues such as the deseal-reseal matter, look people in the eye and say to them: ‘Yes, we’re dealing with your issues. Oh, we’re very concerned. We’re going to deal with this; we’re going to do something.’ I say to them: what is it that you are going to do? What is it that these government members are going to do?

Just last week I had a meeting in Ipswich, which was organised by the deseal-reseal group—again, still pursuing what is a just entitlement to compensation for pain and suffering these people have experienced over many years as a result of their service. I am afraid to say that today we still have a government that refuses to budge. There have been numerous inquiries. There is enough evidence, enough information now on the table for the department and the minister, the government, to make a decision. I think a bare minimum expectation is that, before any more of these people actually pass away, the department and the minister, the government, make a decision and deal with the issues of these people one way or another. There is only one way to deal with them though, and that is to recognise their pain and suffering and to compensate them for it.

Many issues are important to veterans and not just those that relate to payments—although their payments are very important, because most veterans live from week to week or month to month; they are not exactly flush with cash and they are dependent on their rightful entitlements. However, before I conclude, I want to raise another issue of exceptional importance to them, and that is the approach of a very important date: Victory in the Pacific, the end of World War II. I have raised this particular issue in the past on a number of occasions, and I thank the government for making available $10,000 to each federal electorate so that electorates can celebrate the end of World War II. It is now 60 years since that war ended and it is a very important time for my community. It will be a time—I suspect probably the first in Oxley and perhaps in other electorates—when we gather all relative veteran based organisations and bodies. I was pretty surprised at the total number in my electorate. You work with these people over many years but never do a headcount of exactly how many disparate groups there are. When the whole lot were finally pulled together in order to celebrate the 60th anniversary of the end of World War II, I realised that I had 28 separate veterans’ organisations in my electorate. That is why I said earlier that I probably have one of the largest veteran communities in all of Australia; I most definitely have the strongest, and I am very proud of that.

Mr Hunt—Proud of you?

Mr RIPOLL—They are much prouder of me than they are of government. Let me tell you: I cannot repeat the words that they use to describe government members and ministers. But let me not digress from this very important issue because of some silly interjection from a government member.

Mr Hunt—Silly?

Mr RIPOLL—Very silly. In the very small amount of time we were given by government to organise celebrations, I called a meeting of my veterans in the electorate of
Oxley to discuss what we would do. As you would expect, we had not been sitting around waiting for government handouts before we did something. Nearly all of these groups had already planned some sort of community activity to mark the 60th anniversary of the end of World War II—and I am very proud of that, because there will be many functions in my electorate. I felt that it was very important that, as their federal member, I represent all of them at once—probably for the first time—in terms of this important day. We are working towards that goal.

So I thank the minister and the government for the $10,000 grant. It is small but it is helpful. It will not be enough in terms of the celebrations we are going to hold on that day, which will involve our schools, our community, and our different veterans’ organisations, including our RSLs, but it certainly will go some way in offsetting the cost. I am very proud of that.

This bill, which corrects an oversight, a stuff-up by government, is beneficial to veterans. I agree with and support these measures. Indeed, I would agree with and support any measures which directly assist our veterans, particularly in extending eligibility for the seniors concession allowance to a group of gold card holders who are not currently eligible for the allowance. I think this is a positive move and I welcome it.

Mrs DE-ANNE KELLY (Dawson—Minister for Veterans’ Affairs) (10.36 am)—Firstly, I would thank the members who have spoken in this debate: the members for Cowan, Hughes, Shortland, Paterson, Richmond, Ryan, Canberra and Oxley. In summing up the debate on the Veterans’ Entitlements Amendment (2005 Budget Measure) Bill 2005, an important piece of legislation for our veteran community, I say that the passage of this legislation will benefit up to 44,000 Australian veterans, war widows and widowers by giving them access to the government’s seniors concession allowance.

The allowance was introduced by this government in December 2004 as an election commitment to help older, self-funded retirees pay the costs of water, sewerage, electricity, rates and motor vehicle registration. A similar allowance, the utilities allowance, was also introduced to assist Australia’s older pensioners. This bill will extend eligibility for the seniors concessional allowance to holders of the gold repatriation health card who are over veteran pension age and who are not already eligible for the seniors concession allowance or the utilities allowance. Once the legislation is passed, the first payment of seniors concession allowance to eligible gold card holders will take place in December 2005. This initiative recognises the needs of older gold card holders and continues this government’s strong track record in supporting our older veterans.

The opposition have asserted that this is a fix-up and this group of veterans has missed out on this payment from December 2004. Plainly they do not understand the nature of the payment. The payment is subject to an income test. The government has recognised the unique circumstances of the veteran group in Australia and the respect in which they are held, and made a decision to extend this benefit to them without the need for an income test. This is clearly an additional measure for the benefit of veterans and war widows.

It is part of the veterans’ affairs budget, which in 2005-06 will provide more than $10.8 billion for the care of the veteran and defence force communities, a rise of $278 million on 2004-05. In breaking that down, the 2005-06 budget commits $4.6 billion to veteran health care, an overall increase of $203 million on the previous year, and $6.1 billion for compensation in income support,
up from $6 billion last financial year. It includes an additional $79.1 million over four years to strengthen the medical services available to eligible white and gold card holders by increasing the fees paid to anaesthetists, dentists and a range of allied health professionals. The government have made a significant effort in the past two years to ensure that gold and white card holders continue to have access to the health care they need. We have increased fees for local medical officers and specialists, injecting an additional $325 million into the veterans health system. Far from the claim by the member for Oxley that the gold card is losing value, in fact it is at a record number and a significant increase in local medical offices has occurred as a result of the government’s efforts. This budget continues that process.

I am pleased to note comments following the budget from none other than the Australian Medical Association, whom one would expect to be well abreast of issues related to health. The then President of the Australian Medical Association, Dr Bill Glasson, made the following comment. He commended the minister and the Department of Veterans’ Affairs:

... for acknowledging the unique problems and challenges of health care for veterans and coming good with funding in the election and the budget. The annual limit for high-cost dentistry items will also be increased, from $749 to $2,000 a year. This new limit will significantly decrease the amount the veteran has to contribute and means veterans may now be able to receive such services free of charge, where previously they could not do so.

In the area of compensation and income support, as well as $27.7 million over four years to extend the seniors concession allowance, the government has committed $8.5 million over four years to carry through on another election commitment to exempt aged care accommodation bonds from the DVA assets test. This exemption will apply from 1 July to all lump sum bonds until the bond is refunded to the person or their estate when they leave aged care, regardless of when the bond was paid. The exemption will also allow a person who pays their accommodation bond using periodic payments to rent out their former home without the rental income or the value of that home affecting their rate of pension.

The comments made by the opposition today are ill informed, in fact, with regard to the current actions of the Repatriation Commission involving reviewing the existing 36-year age limit for the children of Vietnam veterans having access to the Vietnam Veterans Counselling Service. The existing age limit of 36 years for children of Vietnam veterans automatically accessing the Vietnam Veterans Counselling Service was contained in a legislative instrument made under section 88A of the Veterans’ Entitlements Act 1986. That legislative instrument was titled ‘Veterans’ entitlements determination (counselling and psychiatric assessment—former dependents of Vietnam veterans) 2000’, instrument No. 26 2000 and was made by the Repatriation Commission on 8 December 2000. The legislative instrument is a disallowable instrument and was tabled in both houses of the parliament in late 2000.

The instrument was made as part of the government’s response to the report titled A study of the health of Australia’s Vietnam veteran community. That study raised serious concerns about the mental health of the children of Vietnam veterans. The validation study in 1999 noted that the largest group of Vietnam veterans’ children were then aged 25 to 29, and it found that suicides were more prevalent in this group than in the wider Australian community. In the 2000 budget the government announced a range of measures to respond to the findings of this
study. This included recognition of the continuing needs of these former dependants of Vietnam veterans, who, due to their age, were no longer children covered by the requirements of the Veterans’ Entitlements Act 1986. The instrument specifically gave these former children of Vietnam veterans access to counselling services and psychiatric assessments through the Vietnam Veterans Counselling Service.

Paragraph 16 of the explanatory note that accompanied the instrument when it was tabled in the parliament specifically included the following commitment by the government:
The majority of children of Vietnam veterans are now in the 25- to 29-year group. Their ongoing needs will be kept under review, but the available evidence has not established a current need for higher age limit. The age limit is consistent with the limit that is applied to the community youth suicide prevention programs.

Accordingly, the foreshadowed review of the instrument and the 36-year age limit is presently under way and will shortly be considered by the Repatriation Commission. The review will include appropriate consultation with key stakeholders before a final decision is made.

I now want to move to some of the other claims made by opposition speakers. One is that there are large savings in this portfolio. That statement is incorrect. It misunderstands the tables in the portfolio budget statement that refer to a technical accounting adjustment in relation to the Military Rehabilitation and Compensation Scheme. Over-all there has been a net increase in the amounts allocated.

This is a budget from a government who listen to the concerns of veterans. It builds on the strong support we have provided to the veteran and Defence Force communities, including last year’s commencement of the Military Rehabilitation and Compensation Scheme, which is now working to meet the needs of the next generation of veterans. This year the Australian repatriation system marked 87 years of serving our veteran community. It remains a vital commitment to those who serve in the defence of our nation. Under this government the repatriation system will continue to work to meet the needs of serving members, veterans and their families.

I would like to read from one of the other responses made to the government’s budget. It states:
Generally the response to the budget has been a positive one—in particular, the efforts demonstrated by the government to address the difficulties with some specialist issues related to the gold card that have caused much angst among the veteran community and the $600 payment to those carers of our most disabled veterans in receipt of the carers allowance.

That response is from the Vietnam Veterans Association of Australia, an organisation that we find very constructive to work with.

In closing, I would like to refer to some of the comments that the opposition have made about regard for veterans. Regard is a great deal more than simply financial, but in terms of finance the figures speak for themselves. In 1996 when we took government the total Veterans’ Affairs budget was $6.5 billion. In this budget it is now $10.8 billion. The government have worked very hard to give credit and respect to, and to support, our valued veteran community. The repatriation system will continue to meet the needs of serving members, veterans and their families.

I thank all members for their contributions to this debate and commend the bill to the House.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.
Third Reading

Mrs DE-ANNE KELLY (Dawson—Minister for Veterans’ Affairs) (10.48 am)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

TAX LAWS AMENDMENT (2005 MEASURES No. 2) BILL 2005

Second Reading

Debate resumed from 17 March, on motion by Mr Brough:

That this bill be now read a second time.

Mr FITZGIBBON (Hunter) (10.48 am)—In speaking on the Tax Laws Amendment (2005 Measures No. 2) Bill 2005, I begin by seeking a little latitude from you, Mr Deputy Speaker, to do what the member for Hotham did on Monday and what I think the member for Eden-Monaro did on Monday evening as well, and that is to take note of the fifth anniversary of the tragic death of Greg Wilton, the former member for Isaacs. This is a bill that Greg Wilton no doubt would have spoken on. He had a deep-seated interest and expertise in economic matters and in matters relating to the finances of the Commonwealth, including tax revenue. He was a man who fought very hard for social equity, and in many senses he saw that the best way of achieving social equity was to use vehicles like this bill and other matters that come before this House that are economically related.

It is hard to believe that he is not here speaking on this bill. It is hard to believe that it is now five years since his departure from this place. They say that time is a great healer. However, like his family, some of us were close to him, including me and the former member for Werriwa, still find it difficult to deal with not only his death—our loss—but also the circumstances in which that death took place. I thank you for your indulgence, Mr Deputy Speaker, and I know that Greg’s family will be very pleased that some mention of the occasion was made in this place this week and that people in this place collectively—and I know I can speak for both sides of the House—are still thinking about and reflecting on that occasion five years ago.

This is a big week for tax bills—as always; this is a job that certainly keeps me very busy. We have seen the Senate amend the government’s key budget tax cut bills, and therefore there was another debate on those in this place last night. It is interesting to note, again, that the Senate did accept Labor’s amendment and did conclude that Labor’s tax cut proposals were fairer than those being offered by the government. It will be interesting to see what the government does in the Senate today and whether the government is finally prepared to concede that the dividend back to the taxpayer off the enormous wealth the country is currently enjoying could be and can be delivered more equitably and more fairly.

It is also an extraordinary week in terms of tax given the timing of this bill—the delay—and what is taking place with respect to this bill, as I understand it, through the government’s own amendments. But I will turn to those in a moment. First I want to go schedule by schedule through the less controversial issues. The first is schedule 1. These amendments will provide greater flexibility to private companies by allowing them, in certain situations, to pay franked distributions during the income year in which they first incur an income tax liability without incurring the penalty that reduces their franking deficit tax offset by 30 per cent for that year. Because franking credits are not received until the end of the year, a private company cannot really pay a franked dividend in its first profitable year without
sending the franking account into deficit. This measure will correct that anomaly, and on that basis the opposition will be supporting the measure.

I will now turn to schedule 2. An automatic capital gains tax rollover applies from 1 July 2004 to 30 June 2006 inclusive for the transfer of assets by a registrable superannuation entity whose trustee is not licensed to one or more registrable superannuation entities whose trustees are licensed. The effect of the CGT rollover is that the capital gain or capital loss that would otherwise be recognised when the transfer occurs is disregarded. The recognition of the accrued capital gain or loss is deferred until later disposal of the assets by one or more successor registrable superannuation entities.

This change is needed to ensure that the introduction of the tougher regulatory environment of superannuation safety does not penalise superannuation fund members by creating potentially adverse capital gains tax events. The opposition supports this measure but seeks to raise with the minister questions associated with amendments he has proposed to his own bill. In particular I refer to items 1 and 2. Items 1 and 2 in the amendments circulated in the minister’s name amend items 1 and 2 of the original bill with a somewhat curious form of words. The current bill uses the words ‘trustees are’ on page 4, item 9. The amendments seem to replace these words with the new phrase ‘trustees are or will be’. This amendment to the minister’s original amendment to the law may at first appear innocuous, but it does beg closer scrutiny.

The superannuation safety provisions apply from 1 July 2004 with a two-year transitional period ending 1 July 2006. The newly proposed wording seems to be very open ended. Is the minister proposing that the capital gains tax rollover provisions will apply to the transfer of an unlicensed trustee to a trustee who is also not licensed? Is this exemption to apply in perpetuity, as his words ‘or will be’ seem to imply? These are the questions I pose to the minister. I hope that he addresses them when he provides his summation of the debate on this bill some time later today.

This does not appear to be an insignificant change, the policy intent of which the minister has not yet made clear in the House. I call on the minister to clarify whether this very open-ended form of words implies some additional exemption to or derogation from the provisions of the superannuation safety regime. In the absence of the minister presenting a supplementary explanatory memorandum, he really does need to clarify these changes. Again, I note that the changes were introduced very late and that the opposition has had very little time to consider or scrutinise them. I remind the minister of his obligations and that what he does say in the House today may be considered in the event of judicial review of these laws; therefore, they are very important. If the minister cannot adequately explain the change then the matter will need to be referred to a Senate committee. I do not think the opposition would have any choice but to move in that direction if the minister fails to give us an adequate explanation today.

I will now move to schedule 3. These amendments will allow capital allowance deductions for expenditure incurred on acquiring domestic telecommunications cables and for expenditure incurred by licensed telecommunications carriers on acquiring telecommunications site access rights. Domestic IRUs will be written off over the effective life of the underlying telecommunications cable. Telecommunications site access rights will be written off over the term of the right. The new treatment will only apply to expenditure incurred on or after 12 May
2004, and the law contains integrity measures to stop access to the new taxation treatment where existing arrangements are refreshed. The term ‘refreshing’ describes the situation where an existing arrangement entered into prior to a date of effect is essentially terminated and an arrangement on similar terms is entered into to qualify the expenditure for more favourable taxation treatment. Changes in the telecommunications market have resulted in these rights to use the cable network being a significant expense to telecommunications providers. Such rights should be deductible, as with any other capital expense. This is an important recognition of the changing commercial realities in this market, and on that basis the opposition supports the changes.

I will now turn to schedule 4. These amendments allow taxpayers to continue to pay only an annual PAYG instalment in the income year in which they become ineligible to be annual PAYG instalment payers. Generally, these taxpayers will begin paying quarterly PAYG instalments from the first instalment quarter of the following income year. Those taxpayers who are eligible to pay two quarterly instalments annually will commence paying quarterly PAYG instalments from the third quarter of the following income year. This measure reduces the compliance burden of the BAS and gives firms time to adjust to quarterly reporting after GST registration. It is an important small business initiative. While Labor supports this measure, we cannot resist asking why it was not introduced before and why this change is not further evidence of the ongoing nightmare of GST implementation.

At this point I note that I have had an opportunity to read at least part of the Inspector-General of Taxation’s report on the increasing indebtedness of small business to the tax office—indebtedness, if I remember correctly, which has increased something like 25 per cent since the introduction of the GST. This has to be a very real concern to the government. What is happening out there is that small business is finding it difficult to resist the temptation to use their GST collections as cash flow when times are tough. If an unexpected contingency comes along for the small business involved, and they have an account there with up to a quarter’s worth of GST collections, it is very tempting for small business to turn to that account to get them through that difficult cash flow period. It is not surprising that in that event some small businesses find themselves unable to return those amounts of money drawn down and therefore find themselves in difficulty with the tax office.

I am not suggesting for a moment that the tax office be any more relaxed in its pursuit of these matters. It is important to maintain heavy discipline in small business. If we were to do otherwise—that is, impose anything less than a very tough discipline—the result would be small business getting itself further and further into difficulty. So I understand and appreciate that the ATO must be on its toes and quick to clamp down on those who are in breach of the act and move quickly to ensure these matters do not get out of control. As the report shows, some of these matters are ageing significantly—there have been problems with the tax office for a long time. Having said that, I understand the importance of the tax office maintaining integrity and discipline. It is not much good to the Australian economy, to the small businesses involved or to the people who are employed in that small business to send a small business to the wall in order to recover those moneys. The tax office must make every effort to ensure that every possible reasonable arrangement has been entered into and exhausted before it sends a small business to the wall—a small business that could be employing a number of people who
otherwise would be unemployed—and before it puts small business people on the dole queue as a result of the closure of that business.

The government talks a lot in this place about the growing importance of small business to our economy and of course the opposition talks a lot about the growing importance of small business to this economy. It is a very important fact to note that small business does play an increasing role in the economic dynamic of this country. The government has to put its money where its mouth is and recognise that there is no point in sending a small business to the wall simply because it is indebted to the tax office. Every effort should be made to work the issue through and exhaust every possible arrangement.

I note that the tax office currently enters into these arrangements to allow the small business operator to pay off the debt over a period of time. Generally speaking, I think it is fair to say that most businesses having entered into that arrangement are quite relieved and do their very best to keep faith with that arrangement. But I note that in a couple of instances the small business, while keeping faith with the arrangement, has defaulted again on the next BAS, for example, and as a consequence the tax office has immediately moved to call in the current debt and the balance of the debt owed under the arrangement, without any notice to the small business owner.

I want to reinforce that on this side of the House we believe in the importance of keeping the discipline and ensuring that there is integrity in the system. But, at the same time, we also believe that there has to be some flexibility. There is no point going down the road of driving a small business to the wall. It is much better to keep that small business operating and employing people and, as a consequence, making the viability of finally repaying that debt stronger.

I now turn to schedule 5. Schedule 5 of this bill amends the Income Tax Assessment Act 1997 to update the list of deductible gift recipients. The list includes the Page Research Centre, a think tank of the National Party—an oxymoron, some might say, particularly given the Deputy Prime Minister’s performance during question time yesterday. I will resist the temptation to speak at any great length about that. Treasury has advised that the Chifley Research Centre, a very reputable organisation—

Mr Hardgrave—What’s that attached to?

Mr FITZGIBBON—It is attached to the Labor Party—

Mr Hardgrave—Another oxymoron.

Mr FITZGIBBON—and proudly so. It is making a great contribution to public debate.

Mr Kelvin Thomson—He says it is another oxymoron; he does not contest the National Party reference.

Mr FITZGIBBON—the member for Wills makes a good point. The Minister for Vocational and Technical Education did not contest my proposition that a think tank for the Nationals is an oxymoron.

I welcome advice from the Minister for Revenue and Assistant Treasurer that the Chifley Research Centre will be given DGR status in the forthcoming income tax laws amendment bill No. 4 2005. In relying on that commitment, we will allow this schedule to go through and give the National Party’s so-called think tank an opportunity at DGR status. We will not attempt to amend this bill and bring Chifley forward to ensure that there is fair treatment of these matters. As an act of faith, I will take the Assistant Treasurer’s word that the Chifley Research Centre will be dealt with in a future bill. We will be holding him to his promise.
I will now move to schedule 7. These amendments to the income taxation law extend the same taxation treatment currently provided to superannuation split on marriage breakdown to superannuation annuities split upon marriage breakdown. If the superannuation annuity is an immediate annuity—that is, an annuity that is presently payable—that has been split on marriage breakdown then the amendments will ensure it is subject to the same taxation arrangements as apply to a pension in a superannuation fund that has been split in similar circumstances. If the superannuation annuity is a deferred annuity—that is, an annuity not payable on purchase—that has been split on marriage breakdown then the amendments will ensure it is subject to the same taxation arrangements as apply to a superannuation interest in the accumulation phase that has been split in similar circumstances. These amendments to the income taxation law also correct minor anomalies which Labor supports. These changes are needed to ensure that tax law is consistent with recent family law changes.

I now turn to schedule 8. These amendments will replace the current condition that contributions to approved worker entitlement funds must be required under an industrial instrument in order to be eligible for the exemption from FBT. Following the amendment, contributions to an approved worker entitlement fund must be made under an industrial instrument. Concerns with this schedule have been raised with the opposition. We have been told that the reluctance of Treasury to remove the registered agreement requirement appears to emanate from the office of the Minister for Employment and Workplace Relations. We have been told that this seems to be based on a view that to remove the registered agreement requirement would give trade unions what they might call a ‘free kick’ in attempts to persuade the larger employers who have registered agreements to renew them in a go early campaign and to put replacement registered agreements in place before the coalition government has control of the Senate. I call on the minister in his summation to respond to the claim that has been put to us and of course explain the policy intent.

I now return to the matter I mentioned earlier—that is, the extraordinary proposed changes to schedule 6. This, of course, highlights another occasion on which the Assistant Treasurer has introduced into this House a bill with technical deficiencies. This bill was first introduced three months ago and then debate on the bill was adjourned and it disappeared off the horizon. Now, yesterday, the day before the bill comes back into this place for debate, we get lumbered with all these amendments. I understand that the Assistant Treasurer will be coming in here later to move all these amendments. We foreshadow that we will be taking the opportunity to get him to clarify a couple of points which those amendments raise. We have five pages of amendments. Why has the Assistant Treasurer introduced such a major revision to his proposed amendments to the law at such late notice and after such a lapse of time?

In this bill Treasury clearly did not adequately capture the policy intent of its changes, which have been judged by sector participants and independent observers to be overreaching in their scope. It has a ring of familiarity about it. I can go back to inbound tourism and the application of GST. I can go back to the application of the GST to long-term, non-reviewable contracts. The Assistant Treasurer is becoming serial in these offences. In a review of the changes to the GST on foreign tour operators, even government senators had to call upon changes to the proposed law. It does not give you much faith in the imminent control by this government of the Senate. The whole process
really is messy. That issue on inbound tourists is still not resolved.

Seeing the possibility of a repeat of this embarrassment, the Assistant Treasurer has sought to avoid the Senate review process and intends to make the amendments himself. This may or may not be a reasonable way to proceed. In any case, the opposition will seek to have the matter considered further in the Senate committee processes. Still, what is clear is that the Assistant Treasurer has effectively conceded, by the scope of his own amendments, that the original bill is highly deficient. Were this a one-off, those of us on this side of the House might not be so sanguine about the matter. But, as I said, it is becoming serial. This is indeed the sixth major error that has occurred in the short time Minister Brough has been holding this portfolio. So we look forward to him coming in a little later on and explaining it himself.

I will later seek leave to table a list of corrections to bills or legislative revisions the minister has had to introduce to this House to correct previous bad drafting errors. It shows how serial the Assistant Treasurer has been in this regard. It is a reasonably long list for a short period of time and serves to add fuel to the smouldering sense of dissatisfaction with the minister’s performance in dealing with significant tax law changes.

Labor supports all the propositions put forward in this bill. We will continue to pursue schedule 6, though, if necessary, after the minister’s summation. I do refer him to item 17 of the new proposed changes to item 16 of the current bill. This provision at first glance may in fact expand the existing concessions on the GST margin scheme to the supply of real property associated with property acquired from joint venture operators of a GST venture. The minister may argue that the change is purely interpretive and seeks to clarify the existing law, but without a supplementary explanatory memorandum it is difficult for the opposition to make this judgment. There is the chance that this item actually leads to an expansion of the current concessions with a revenue cost. The minister should state in his summation what the revenue cost is and why there is no regulatory impact statement on the proposed new amendments. He should have simply removed the whole schedule and reworked it in its totality and presented it again to this House with a proper explanation. But he has not done so. Again, he has been trying to push through this place with little notice suspect tax changes and in doing so, of course, has put the opposition under significant pressure in deliberating over these matters. This of course is bad legislative practice and the Assistant Treasurer really needs to tidy up his act.

The key change in the newly proposed schedule of amendments to the bill is in item 26, which removes from the bill the primary measure that the schedule was created to implement. This is rather unusual. This original schedule proposes major changes to the margin scheme associated with the application of GST to real—physical—property. The key provision is to apply a hard valuation date of 1 July 2000 for the use of the margin scheme. This increases revenue from the margin scheme arrangement in a manner neither expected nor previously announced by the government. The Assistant Treasurer has to clarify these points. Under the GST act registered businesses can calculate GST payable on supplies of new residential or commercial property under the basic rules and pay the GST at one-eleventh of the GST-inclusive price. However, it is usually better to make use of the margin scheme in which GST is levied at one-eleventh of the margin—that is, the value added since acquisition. If you use the margin scheme, of
course, you do not have the right to claim input tax credits.

The most controversial element of the original bill related to the setting of the valuation date at 1 July 2000 for the use of the margin scheme on real property. Treasury has argued that a later date cannot be set because it is just too difficult to find the appropriate point from which to quarantine all the input tax credits as required under the margin scheme. The nearest date is the date from which the GST began, they argue. This is clearly true, but it has been asserted that through this measure Treasury have sought to increase the tax base in an underhanded way that could be a breach of the agreement with the states. The origin of the concern is that if the property is purchased after 1 July 2000 there is likely to have been considerable capital gains since that time. This means that the base from which the valuation is set is higher and the margin to which the GST is applied is lower. If the date of 1 July 2000 is applied, all capital gains since that date are excluded, the margin is higher and the GST liability greater.

The fact that the minister has omitted the key active provision in item 16 of the bill, item 26 of the newly proposed amendments—that is, the amendments to his own amendments—is clear evidence that the concerns expressed by the sector have some validity. We welcome the backdown of the Assistant Treasurer, which I called for in this House in my speech in the second reading debate on another bill—the Tax Laws Amendment (2005 Measures No. 3) Bill 2005. But I ask the Assistant Treasurer what will happen after 1 July when the government controls the Senate? Will he allow the opposition to allow the Senate committee to review these things? Given past performance, it is obviously important that this should be allowed to continue to be the case. I call upon the Assistant Treasurer to address all these issues that have been raised when he provides his summary of this bill at the conclusion of this debate.

As I mentioned earlier, I have a summary of Minister Brough’s performance in this portfolio, which outlines the frequency of errors in his approach to this portfolio, the number of times the minister has been forced to correct his own bills and the number of times we have been put under pressure to consider these bills at short notice. We have been vindicated in our determination not to be rushed to these measures, because on a number of occasions our concerns have been picked up by the government and corrections have been forthcoming as a consequence. In closing, I seek leave to table that document.

Leave not granted.

Mr ROBB (Goldstein) (11.18 am)—I rise today to speak on the Tax Laws Amendment (2005 Measures No. 2) Bill 2005. As the member for Hunter has observed, it is indeed a big week in the parliament for tax measures. It is a big week because the minor parties in the Senate have agreed to allow the schedules relating to $21 billion worth of tax cuts for all Australians to be allowed. They will get them, now, on 1 July, so it is great news for all working Australians. They will get their cuts despite the trenchant opposition of the Labor Party to these tax cuts and the debacle they have got themselves into over these measures. So it is a great week.

This bill makes eight amendments to our current taxation system, including amendments to the Income Tax Assessment Act, the Taxation Administration Act, A New Tax System (Goods and Services Tax) Act and the Fringe Benefits Tax Assessment Act. I welcome the support of the opposition to all these provisions in the bill. They are technical amendments designed to improve the operation of the tax system in a number of ways. Notwithstanding the comments of the
member for Hunter, the Assistant Treasurer has been very effectively dealing with improvements progressively that could be expected to occur following, in many cases, the introduction of a major rebalancing of the tax system towards greater reliance on indirect tax, as occurred in the new taxation system—again, in the face of trenchant opposition for no good reason from the Australian Labor Party. So a lot of these issues are progressive technical improvements which have been very effectively pursued by the Assistant Treasurer.

The first measure amends the simplified imputation system. Currently a company is entitled to a franking deficit tax offset in an income year if it has incurred a liability to pay a franking deficit tax in that income year. If a company’s franking deficit at the end of the income year exceeds the franking credits in its franking account by more than 10 per cent, the amount of the tax offset is reduced by 30 per cent. The amendment that is in the bill today will allow them, in certain situations, to pay franked dividends due in the income year in which they first incur an income tax liability without incurring the penalty that reduces their franking deficit tax offset by 30 per cent for that year. It is a significant initiative which will provide a significant benefit to those companies.

The second measure in this bill amends the Income Tax Assessment Act 1997 to provide an automatic capital gains tax rollover for the transfer of assets of registrable superannuation entities that merge during the transitional period to comply with licensing requirements under the superannuation safety reforms. The new superannuation safety arrangements that the government is implementing are designed to strengthen the prudential regulation of superannuation funds. Some of the superannuation funds have been unable to comply with the new licensing requirements and have been required to merge with other funds that have been able to be registered. This has had some unintended capital gains tax consequences. After some detailed consultation with the superannuation industry, this bill will insert subdivision 126-F into the Income Tax Assessment Act 1997 to ensure that any capital gain or loss that would have been recognised when a fund that was unable to be registered merged with a new fund will now be disregarded and any capital gain or loss will be deferred until a later disposal of that asset by the licensed fund. This will apply only during the transition period, between 1 July 2004 and 30 June 2006.

The third measure in this bill will amend the Income Tax Assessment Act 1997 so that capital allowance deductions will be allowed for the acquisition of indefeasible telecommunications rights. There is currently a discrepancy between the treatment of acquiring indefeasible rights to use domestic telecommunications cables, known as domestic IRUs, and the acquisition of international IRUs. This amendment will allow for a capital allowance deduction to be available for the cost of purchasing telecommunication site access rights and domestic IRUs. This will apply to expenditure after 12 May 2004.

The fourth measure in this bill relates to the system of PAYG instalments. Currently, taxpayers are able to choose to pay PAYG on an annual basis. However, they can become ineligible to pay PAYG instalments annually for various reasons. Currently, when a taxpayer does become ineligible to pay PAYG annually, there is some confusion and difficulty in how they move to the payment of quarterly payments. This amendment seeks to simplify the movement of companies from annual to quarterly payments of PAYG instalments. When a taxpayer has made an annual payment and then becomes ineligible to make annual payments, they will not make their first quarterly payment until the next...
financial year, thus reducing compliance costs—again, another useful initiative to improve the operation of the system.

The fifth measure in this bill updates the current list of organisations with deductible gift recipient status. Deductible gift recipient status aids organisations in raising funds, so I congratulate Freedom across Australia, Rotary and Leadership Victoria, the National Police Memorial, the Page Research Centre—and I expect some excellent work to come out of the Page Research Centre—and the Russian Welfare Aid to Russia Fund.

The sixth measure of this bill relates to the application of GST to the purchase of real property. These amendments will remove unintended outcomes which arise from the interaction of various provisions of the A New Tax System (Goods and Services Tax) Act which have allowed some property owners to reduce their GST liability on supplies of real property by manipulating various special rules. This amendment also clarifies the margin scheme and ensures that, when an entity joins a GST group, appropriate adjustments are made to the input tax credits.

The seventh amendment relates to the taxation treatment of superannuation annuities that have been split upon the breakdown of a marriage. The Family Law Act has recently been amended to ensure that annuity products, such as annuities purchased from life offices, will be treated in the same way as rolled-over superannuation moneys. These amendments will ensure that the taxation treatment of splitting these annuity products is the same.

The final measure in this bill relates to the removal of the condition that contributions to an approved workers entitlement fund must be required under an industrial instrument in order to be eligible for an exemption from fringe benefits tax.

The bill makes eight distinct but important amendments to our taxation system. It is part of an effective and ongoing assessment of the effectiveness of our various taxation acts, and I commend this bill to the House.

Ms OWENS (Parramatta) (11.26 am)—I rise to talk on the Tax Laws Amendment (2005 Measures No. 2) Bill 2005 with some sense of irony. I remember back in my high school days being told by the guidance counsellor that women really had no role to play in tax law. I was in his office one day in my final year of high school getting advice on my future careers, and he was telling me, one career at a time, all the reasons why I would not be suitable because I was a girl. I could not be an engineer because the men on the construction site would not accept my authority, and I could not be a doctor because, by the time I put all those years into training, I would be ready to give it up. After several more careers, when I ran my finger down the list, I finally got to ‘tax accountant’. I did not really want to be a tax accountant, but it was one of the few careers left, so I said: ‘What about being a tax accountant?’ He said: ‘No, that would never do, because it changes so fast that, by the time you took time off to have children, when you came back it would be a different world and you would never catch up again.’

Mr Hardgrave—Name this person!

Ms OWENS—I am sure there were a lot of them at the time. That was in the 1970s, when the tax law was about 1,000 pages long, so imagine what he would have to say now, when it is some six or seven times that length. So, here I am, standing to speak on a bill which contributes in some ways to the complexity of tax law yet again, even though quite a number of the schedules are about solving issues that are currently in the tax law.
The complexity in the tax law is one of the major issues raised by business at the moment, but it is not just the complexity; it is the speed of change which is an issue. Just as an interesting aside, the Chairman of the Productivity Commission, Gary Banks, when addressing a conference of economists on regulation in Australia, recently noted that both the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997 are about 60 times longer than they were when the original income tax act was introduced in 1936. He speculated that if this growth rate continued those acts could amount to 830 billion pages by the end of the century, requiring three million years of continuous reading to assimilate. That is obviously unrealistic. It will not happen. But it does give a sense of the speed at which the tax law is changing.

True, this is largely a bill which cleans up sections of the tax act—there are a lot of technical changes and many things that seem obvious—but on some of these issues I would have to ask: what took so long? I take that view having come from the small business sector, where it seemed that on a weekly basis there was another letter from the tax office, quite often with a booklet attached, in very small print, that required me to change my systems yet again. My guidance officer was right in some ways—if you do take time off, it is difficult to get back and you do get out of touch. But these days you do not have to take time off to have children to get out of touch; you can just about get out of touch by going to lunch.

As I said, in most part this bill is a collection of corrections and housekeeping amendments to taxation law. Some of these are to keep in sync with other legal frameworks—as regulations change elsewhere, so must the tax act—and some are to clean up anomalies and remove unfairnesses that have been around for a few years. This bill and the way we are debating this bill today, with the late amendments which came in yesterday, are real demonstrations of the government’s approach to legislation: they do it fast, they do it late and they fix it even later. Like so many of the government’s bills, there are a couple of landmines hidden in the package and in the working amendments. I will deal with the easy bits first—the bits that are in many cases obvious. Again I ask the question that is asked by many: why did they take so long?

Schedule 1 on the simplified imputation system essentially helps small businesses to pay a dividend when they become profitable. The amendment provides flexibility to private companies by allowing them in some cases to pay franked dividends during the year in which they first incur an income tax liability without incurring the penalty that reduces their franking deficit tax offset by 30 per cent for the year—in other words, they can pay the dividend in the year in which it was earned. This measure corrects an anomaly and it looks quite reasonable. Again, one has to ask why this did not happen earlier but, to give credit where credit is due, it is good to see that this is happening now.

Schedule 2 refers to the capital gains tax rollover superannuation entities that merge under the new superannuation safety arrangements. This change is needed essentially to ensure that the introduction of the tougher regulatory environment for superannuation safety does not penalise superannuation fund members by creating a potentially adverse capital gains tax event. I quite like that phrase—a potentially adverse capital gains tax event—but one certainly would not want one. So this amendment is quite valuable in correcting that.

Schedule 3 provides capital allowance deductions for certain telecommunications rights—for example, when Vodafone uses
Telstra infrastructure, it will be able to claim the right as a deductible capital gains expense. Again, this seems a reasonable and obvious amendment—so obvious that it is astonishing that this has not happened before now and that companies were not able to depreciate these costs already. It was not such a problem when Telstra was publicly owned, but it has been quite a while since then. The ability of companies to depreciate now must be a major part of the choice whether or not to enter the market in the first place. Again, it is good to see this amendment go through, but one has to ask why it has taken so long.

Schedule 4 refers to the changing from annual to quarterly payment of PAYG instalments. This is extremely important for small business as it reduces the compliance burden of the BAS. I know that there will be a lot of small businesses out there that—once they read the next letter from the tax office, read the booklet, sort out exactly what is happening and change their systems—will see this as a good thing. This fixes a GST compliance nightmare some four years after the GST was introduced. Like the shadow minister, I support discipline and integrity in the way we require small businesses to meet their tax obligations, but our regulation really needs to be appropriate to the business requirements of the business to a far greater extent than to taxation law itself. I am in the opposition and I am voting for this bill. I support this amendment and I know that, in the long run, it is actually a good amendment and will reduce compliance burdens. But, having been out there quite recently, I feel the need to almost apologise to small businesses for yet another change.

When the BAS was first introduced back in 2000, I was managing a small business, one that because of the nature of its work reported to the tax office on a calendar year. Many in the arts industry do that because our year flows from January to December—our income year, through subscription, flows on a calendar year, and so do our grants. So the vast majority of organisations in the arts industry report on a 12-monthly basis. The regulations required that if you reported for tax purposes on a calendar year then you had to submit a monthly BAS—not quarterly, not annually but monthly—on the 21st of the month for the preceding month. So thousands of businesses were struggling with this. The interesting thing about it, though, was that, because of the complexity of the tax law, virtually every staff member at the tax office who was asked had a different story. The complexity is such that the staff at the tax office have difficulty keeping up.

It took nearly six months for my company to get a clear indication from the tax office and another six months before the tax office actually started sending the monthly BAS which I was required to fill in. Having had to deal with the closing off of books for the preceding month by the 21st of the month every month, even though bank statements quite often had not arrived, I am particularly susceptible to changes to regulation which impose an added burden and a change in systems on small business. I have lived with that and it was not fun. It particularly was not fun when, as one of a small number of staff, I travelled overseas for a trade fair and was told by the tax office that I could not have an extension for the requirement to submit the BAS statement by the 21st of the month, even though I was the only person in the office who could actually fill that out. I was fined $220 if I was late by a day. So I am particularly interested in making sure that small businesses have a system in place which is regular, which they know about and which does not change on a daily basis. So I give credit to the government for this amendment to simplify the compliance burden, but I give them no credit at all for taking
so long to do it and for imposing yet another change on our small business community.

Schedule 5 relates to tax deductible gift recipients. It amends the Income Tax Assessment Act 1997 to update the list of deductible gift recipients. As the shadow minister said, the list includes the Page Research Centre, which is The Nationals’ think tank. Unlike the shadow minister, I think it is probably a positive move for The Nationals to do some thinking, so I have no objection to that research centre being on the DGR list. Treasury has advised that the Chifley Research Centre, which is the Labor Party’s equivalent, will soon receive the DGR status itself—most likely in TLAB 4. So we will not be moving an amendment here today but we will be holding the government to that agreement.

I will leave schedule 6 for a moment, not just because it is the most controversial but because there were five pages of amendments that came through yesterday and which lead to another issue altogether.

Schedule 7, ‘Superannuation and family law’, gives the same taxation treatment currently provided to superannuation split on marriage to superannuation annuities split on marriage, and covers a few other changes. Essentially, it ensures that tax law is consistent with family law changes. The need for this is quite recent. It also corrects minor anomalies that ensure appropriate taxation treatment where a non-member spouse receives a share of superannuation as a result of a payment split after the death of his or her former member spouse. It ensures the appropriate taxation treatment of payments made to a non-member spouse or retained for a non-member spouse in the superannuation system when superannuation is split. It clarifies the taxation treatment of a contribution to superannuation made for the benefit of a non-member spouse to satisfy family law obligations. It allows a trustee or retirement savings account provider to reject a member spouse’s request to treat contributions as deductible if, because of a family law related split, there are not sufficient moneys in the member spouse’s account to meet any income taxation liability that would arise for the fund or provider on treating those contributions as deductible. It ensures that a member spouse’s pension is appropriately re-assessed against the reasonable benefit limits whenever the pension is reduced to satisfy a family law obligation.

As I said earlier, the changes are needed to ensure that the tax law is consistent with family law changes, but as I read those explanations of the amendments I, like many Australians who will read this speech later, find the language extremely complex. It is not something that one would want to get one’s head around in an afternoon.

Schedule 6 covers goods and services tax and real property. What a mess this is. This provision seeks to net out any capital gains from 2000 in property leading to a high GST expense on the sale of residential property by business. It was highly controversial when it was introduced three months ago, on 17 March. The industry had much to say about it and was vociferous in its opposition. At the time and since then we thought the schedule needed substantial consideration before it was passed by this House, and we were looking at a committee investigating it in the Senate.

The margin scheme is quite simple to explain. Because of the property boom, a large number of former property investors have become property developers. When calculating their GST liability on land developments, these people very often use a method called the margin scheme. Under this scheme, the developer only pays GST based on the difference between what they sell the property
for and, in most cases, what they purchased it for.

When looking at this schedule as it was, there were two distinctly different views. It seems that Treasury believes that developers have been defrauding the GST, and the developers believe that the government is trying to rip out as much GST as possible. Somewhere in the middle is probably the reality. But, given the vociferous nature of the industry concerns, we believed that this schedule required substantial industry consultation and consideration. Yesterday afternoon we were provided with five more pages of amendment, without any real time for the industry to consider what those amendments mean, making it even more necessary for us to have a serious look at those amendments. I would have to ask, given that there was such vociferous opposition from industry groups, why the Treasury was not asked to provide a memorandum of explanation. While we welcome the government’s backdown on this, we believe that we and the industry deserve an explanation of the changes and a very real opportunity to have a good look at the implications.

In summing up, there are provisions in this legislation that are just housekeeping. Quite a few of those are late. Although they will provide simplification for businesses at large, generally they are just a rejigging of methods of dealing with their tax and they increase compliance burdens. We also reserve the right to consider schedule 6, in particular, at a later time.

Mr BAKER (Braddon) (11.42 am)—Mr Deputy Speaker, may I have your indulgence for a moment to say to the member for Parramatta that, as I went through my accounting and tax degree, the dux of the class was a female, whom I consistently use for research to this day and who is currently working in Melbourne, at Macquarie House.

Mr Hardgrave—So much for the guidance officer.

Mr BAKER—So major reforms have been made in career counselling through the school system.

Mr Hardgrave—And there are more to come.

Mr BAKER—Absolutely. The Tax Laws Amendment (2005 Measures No. 2) Bill 2005 is aimed at making our tax system fairer by implementing a range of improvements. As this bill demonstrates, the Australian government is committed to a fairer tax system. In the last few weeks since the budget, we have seen the debacle of the opposition attempting to stop $21 billion worth of tax cuts for Australian taxpayers. It is wonderful news that this is not going to occur. Australian taxpayers will get their tax cuts from 1 July 2005 instead of 1 July 2006, and instead of 2008—maybe, if, when and however—after the next federal election, as proposed by Labor.

Schedule 1 to this bill amends the simplified imputation system, which we all agree is a great amendment. It will provide a more flexible and fairer imputation system to private companies by allowing them, in certain situations, to make franked distributions in their first profitable year of operation. This will be facilitated by waiving the franking deficit tax limited offset rule, where the private company anticipates franking credits based on a reasonable estimate of the company’s expected tax liability for that income year. Obviously, this will be of great assistance to those companies involved.

Schedule 2 to this bill amends the Income Tax Assessment Act 1997 to provide an automatic capital gains tax rollover for the transfer of registrable superannuation entities that merge during the transitional period to comply with licensing requirements under superannuation safety reforms. This measure
of CGT rollover will ensure that the capital gain or capital loss that would otherwise be recognised on the date that the transfer of assets occurs is disregarded. The recognition of the accrued capital gain or capital loss will be deferred until the later disposal of the assets by one or more successor registrable superannuation entity trustees. This, I am sure you will agree, is a sensible amendment.

Schedule 3 to this bill also amends the Income Tax Assessment Act 1997 to provide appropriate taxation treatment of expenditure incurred on acquiring certain telecommunications rights. This measure will allow capital deductions for expenditure incurred on indefeasible rights of use over existing telecommunications cables and expenditure on acquiring telecommunications site access rights. This amendment will decrease inefficient duplication of infrastructure by facilitating the sharing of telecommunications infrastructure within the industry.

Schedule 4 to this bill amends the Taxation Administration Act 1953 to simplify the movement of taxpayers from paying annual pay-as-you-go instalments to paying quarterly pay-as-you-go instalments when they become ineligible to pay annual instalments in certain cases. These amendments will apply in cases where ineligible is a result of registering or becoming required to register under the goods and services law or, in the case of a company, becoming a member of an instalment group. This will reduce compliance costs and increase certainty for taxpayers who become ineligible to pay annual pay-as-you-go instalments as stated above. This will be achieved by requiring effective taxpayers to commence paying quarterly instalments from the following year rather than immediately. This measure will obviously improve the current system and is extremely important for small business.

Schedule 5 to this bill amends the Income Tax Act 1997 to update the list of deductible gift recipients. The income tax law allows taxpayers to claim income tax deductions for gifts of $2 or more to deductible gift recipients. Organisations that fall within the category of deductible gift recipients are set out in division 30 of the Income Tax Assessment Act 1997, or must be listed under that division. The new additions include Freedom Across Australia, which is a medically supervised holiday travel organisation that provides low-cost holidays within Australia for disabled Australians, including sufferers of cerebral palsy, brain damage, spinal injury or severe mental disability—this exemption will be retrospective to 8 November 2004; and the Rotary Leadership Victoria Australian Embassy for Timor Leste Fund. This fund was established by Rotary in Australia and the Williamstown Community Leadership Foundation to construct an embassy for East Timor in Canberra on land provided by the government. When completed, the embassy will be donated to the East Timor government. This exemption will be retrospective to 8 November 2004.

New additions also include a national police memorial company, established for the construction of a national police memorial in Kings Park, Canberra. This memorial will be dedicated to Australian police officers killed in the line of duty. I think we can all agree that such a memorial will not be before time, as this will be the first of its kind in Australia to honour all Australian police officers who have died in the line of duty. This exemption will be retrospective to 8 November 2004.

Another addition is the Page Research Centre Ltd, established to undertake research and development policy aimed at enhancing the future prosperity of regional Australia. The centre’s research focuses on issues that improve the wellbeing of regional and rural Australia. I am the member for one of Aus-
tralia’s truly regional electorates, in north-west Tasmania, and I am sure many in the House who have been there will agree with me that it is a beautiful part of the country—especially the Minister for Vocational and Technical Education, who is a very welcome visitor at any time.

Mr Hardgrave—A good part of Australia.

Mr BAKER—Absolutely.

Mr Bowen—Do you have a technical college?

Mr BAKER—Yes, we are certainly working down that line. I am looking forward to seeing the results of the Page Research Centre’s excellent work. This exemption will be retrospective to 13 January 2005. A further addition is the Russian Welfare Aid to Russia Fund, established to provide support for children and their families who were victims of the terrorist atrocities in Beslan, Russia. We all saw those appalling events played out on our television screens, and it is pleasing to know that the Australian government is playing its part in assisting the victims and their families by providing this exemption. This exemption will be retrospective to 23 December 2004. I am sure all members of the House will fully support the addition of these worthy causes to the deductible gift recipients list.

Schedule 6 to this bill amends the A New Tax System (Goods and Services Tax) Act 1999. The amendments will uphold the original GST policy intent, with a view that GST is payable on the value added to real property once it enters the GST system. Specifically, the amendments prevent property owners from reducing their GST liability on sales of real property by orchestrating the manipulation of the GST act. Other amendments provide certainty on the operation of the margin scheme and will ensure that entities joining a GST group have appropriate adjustments to claim for input tax credits. These amendments are integrity measures. Most of the amendments will be effective from the date that this bill was introduced into parliament. However, the amendment requiring written agreement to use the margin scheme will apply from the date of royal assent to the bill.

Schedule 7 to this bill amends the Income Tax Assessment Act 1936. The intention of this amendment is to provide appropriate taxation treatment for superannuation annuities—that is, income streams—that have been split on marriage breakdown, to ensure that the taxation consequences are consistent when other superannuation benefits are split on marriage breakdown. It just brings consistency and a fairer approach to the split on real property.

Finally, schedule 8 amends the Fringe Benefits Tax Assessment Act 1986 to remove the condition that contributions to approved worker entitlement funds must be required under an industrial instrument in order to be eligible for an exemption from fringe benefits tax. These amendments will apply in respect of the FBT year beginning 1 April 2005 and all later FBT years. In summary, this bill makes distinct improvements to existing legislation, and I commend the bill to the House.

Mr Bowen (Prospect) (11.51 am)—The Tax Laws Amendment (2005 Measures No. 2) Bill 2005 is an omnibus bill which includes a grab bag of minor tax reforms. The reforms are largely unobjectionable and will receive the support of the opposition.

Perhaps the most important change involved in the bill is that which allows taxpayers to continue to pay only an annual PAYG instalment in the income year in which they become ineligible to be an annual PAYG instalment payer. Generally these taxpayers will begin paying quarterly PAYG
instalments from the first instalment quarter of the following income year. Taxpayers who are eligible to pay two quarterly instalments annually will commence paying quarterly PAYG instalments from the third quarter of the following year. I welcome this reform as it provides at least some relief from the paperwork and compliance burden which accompanied the introduction of the GST. It is late in coming—it should have been introduced earlier—but I welcome it as a fairly minor but important relief in the paperwork burden that accompanied the introduction of the GST.

I have said in this House before that small businesses in my electorate tell me that the paperwork burden that accompanies the GST framework is the biggest problem facing small business in this country. It is not unfair dismissal, not retrenchment, but the paperwork that goes with the GST. Every small business I talk to in my electorate tells me that. Not one small business has asked for relief from unfair dismissal, but they have all asked for relief from the paperwork burden that goes with the GST. Of course, that is about to be worsened by the government’s superannuation choice bills, which were passed in the last sitting week and which will again be a significant paperwork burden on small business. This government promised to reduce the paperwork burden on small business by 50 per cent; they have instead increased it, I would suggest, by about 100 per cent. Not only have they not met their commitment; they have made the situation much worse.

More troubling is schedule 6 of the bill, which has been significantly amended by the minister’s own amendments, which effectively take the heart out of schedule 6. I welcome the amendments. Schedule 6 was quite worrying. The shadow minister and the member for Hunter pointed this out in the House last week. Subsequently the minister has substantially watered down the schedule. I congratulate the minister for listening to Labor on this point.

The schedule proposed major changes to the margin scheme associated with the application of the GST to real, physical, property. The key provision is to apply a hard valuation date of 1 July 2000 for use of the margin scheme. This increases revenue from the margin scheme arrangements in a manner which was neither expected nor previously announced.

Under the GST act, registered businesses can calculate GST payable on supplies of new residential or commercial property under the basic rules and pay GST at one-eleventh of the GST inclusive price. However, it is usually better to make use of the margin scheme, in which the GST is levied at one-eleventh of the margin: the value added since acquisition. If you use the margin scheme, you cannot claim input tax credits.

The most controversial element of the bill was setting an evaluation date of 1 July 2000. Treasury argues that a later date cannot be set because it is too difficult to find the appropriate point from which to quarantine all the input tax credits as required under the margin scheme. The opposition was concerned that, if a property was purchased after 1 July 2000, there was likely to have been a very considerable capital gain. We all know how the property market has taken off in particular parts of the world, particularly in Sydney, Melbourne and, to a degree, Brisbane. This change in the bill had the potential to increase GST revenues in a manner which has not been agreed to by the states, which has not been previously announced and which was quite concerning. The Institute of Chartered Accountants was very critical of the government’s approach.
Some elements of schedule 6 provide useful clarification to the margin scheme. It is not a simple piece of law; it is quite complex. The clarifications ensured that the grouping and joint venture provisions cannot be used to reopen eligibility to the margin scheme; ensured that the grouping and joint venture provisions cannot be used to avoid paying GST on ‘new residential premises’ by converting otherwise taxable sales of new residential premises into input taxed sales; introduced increasing and decreasing adjustments for a change to the extent of the creditable purpose caused by an entity entering or exiting a GST group; and calculated the margin under the margin scheme with the GST inclusive market value as the consideration for a supply to an associate and the GST inclusive market value as the consideration for an acquisition from an associate. It ensured that a property that has been inherited is not subject to unintended tax consequences under the margin scheme, and that is something I am sure all honourable members would welcome. It allowed entities to use the margin scheme even though they are selling amalgamated real property, provided those entities have an adjustment for input tax credit entitlements in respect of that part of the property that was purchased under the basic rules; and again that is something that is happening more and more—amalgamating properties, often for redevelopment, is something which the opposition would welcome. It clarified that, for the purposes of the margin scheme, consideration for the acquisition of the property does not include any consideration for costs incurred in developing or improving the real property, including legal costs, renovation costs and statutory fees; it required that the use of the margin scheme be agreed in writing by the supplier and recipient; and it ensured that, when an entity sells a property on which they have not paid full consideration, the margin should be calculated with reference to the amount of consideration actually paid, rather than the sale price.

The honourable member for Hunter pointed out in his speech in the second reading debate that this is not the first time taxation legislation has had to be substantially reworded. It causes the opposition some concern. However, we appreciate the government’s amendments and note that they are a substantial improvement.

Schedule 5 of the bill updates the list of deductible gift recipients. The honourable member for Braddon pointed out that one of those was a charitable organisation helping Timor Leste. I count myself as a supporter of Timor Leste, having been a visitor there for a substantial amount of time. The people there deserve whatever support the Australian government can give them.

This tax deductibility is welcome. One of the recipients eligible to be added to the list is the Page Research Centre. The honourable member for Braddon pointed out that this is a think tank. He did not point out to the House that it is the think tank of the country party, The Nationals. I am not sure that The Nationals have much representation in north-west Tasmania. The Menzies Research Centre is already on the list. The only research centre of a major political party that is not on the list is the Chifley Research Centre, which of course is affiliated to my party, the Australian Labor Party. The minister has given the member for Hunter an assurance that the next round of tax amendment legislation will remedy this anomaly. On that basis, the opposition will not seek to amend this bill; we will assume that the next tax law amendment bill to be introduced in the House will correct that anomaly. In relation to the Page Research Centre, I note that this is the same body which sponsored the recent address by the Minister for Foreign Affairs on the Curtin
legacy. If I was giving money to an organisation, I would want to see more rigour and a better thought out approach than the one we saw from the Minister for Foreign Affairs in that hysterical and ridiculous address that he gave in Armidale. If quality control were a factor in determining which bodies were—

Mr Hardgrave—Mr Deputy Speaker, I rise on a point of order. I ask the member to come back to the bill. I know that the contribution by the Minister for Foreign Affairs would be causing enormous concern to those opposite—correcting the historical record always does. But I would ask him now to bring this matter back to the bill.

Mr BOWEN—I note that this bill talks about the tax deductibility of the Page Research Centre and it is perfectly germane for me to discuss contributions made under the aegis of that centre. But I have concluded my remarks on that particular matter. I simply note that, if quality control were a factor, this body would not qualify. I do give credit where it is due, however, to the Menzies Research Centre.

Mr Hardgrave—Mr Deputy Speaker, further to my point of order: could I suggest to you—not wanting to escalate it too much as the member for Prospect is a new member in this place—that I think he is reflecting upon your ruling. I would just ask him to be mindful of those comments.

The DEPUTY SPEAKER (Hon. AM Somlyay)—I will rule on the point of order. The member for Prospect will return to the bill.

Mr Kelvin Thomson—Mr Deputy Speaker, further to the point of order. This bill provides tax deductibility to the Page Research Centre. It is entirely in order for the member for Prospect to express a view or an opinion about the desirability of providing tax deductibility to that research centre. That is exactly what he was doing; therefore he was speaking to the bill.

Mr BOWEN—I agree with the honourable member for Wills. I was speaking to the bill. But, as I have said, I have concluded my remarks on that point. The minister at the table might be interested to know that I was just about to pay credit where it is due, and that is to the Menzies Research Centre. I do not often agree with anything that comes out of the Menzies Research Centre—in fact, I cannot think of anything at all that I have agreed with—but I will say that the Menzies Research Centre does provide rigorous policy debate, it does provide some background to its arguments and it does deserve tax deductibility, as does the Chifley Research Centre. But I question the quality control that goes into research by the Page Research Centre.

I now turn briefly to the simplified imputation system in this bill. The amendments will provide greater flexibility to private companies by allowing them, in certain situations, to pay franked distributions during the income year in which they first incur an income tax liability without incurring the penalty that reduces their franking deficit tax offset by 30 per cent for that year. Because franking credits are not received until the end of the year, a private company cannot really pay a franked dividend in the first profitable year without sending the franking account into deficit. This measure corrects that anomaly and I welcome that change.

I do not wish to dwell on other aspects of the bill, as I have commented on what I regard as being the major aspects of the bill and other honourable members have talked at length about other aspects of the bill. Many of the measures in this bill are sensible and are supported by the opposition. We reserve the substance of our position on revised schedule 6, which has been substan-
ially amended. It appears to have been wa-tered down and, in that respect, improved. But we note our reservations. It was so badly worded initially that the Minister for Revenue and Assistant Treasurer has had to amend it—and not for the first time. With that reservation, I commend the bill to the House.

Mr PROSSER (Forrest) (12.05 pm)—I rise in support of the Tax Laws Amendment (2005 Measures No. 2) Bill 2005, which proposes changes by way of eight schedules that will provide improvements to various taxation laws. Schedule 1 to this bill amends the simplified imputation system that was introduced to have effect from 1 July 2002. The rules for its operation are contained in part 3-6 of the Income Tax Assessment Act 1997. The proposed amendments will ensure that greater flexibility is provided to private companies to allow them, in certain situations, to pay franked dividends during the income tax year in which they first incur a tax liability without incurring the penalty that reduces their franking deficit tax offset by 30 per cent for that year. The payment of franking deficit tax allows a company to claim an offset equal to the amount of the franking deficit tax paid when calculating its income tax liability for that income year. The franking deficit tax offset can also be carried forward to later income tax years to reduce the company’s future income tax liability.

The current legislation discourages corporate entities from paying franked distributions in excess of the relevant franking credits arising in an income year. Subsection 205-70(2) provides a reduction in the franking deficit tax offset by 30 per cent if it exceeds 10 per cent of the total amount of franking credits that arose in the relevant year. This franking deficit tax penalty has been a disincentive to private companies in declaring dividends in the year in which they first make profits after incurring losses in previous years because it will give rise to a franking deficit and attract a franking deficit tax penalty. There will be no countervailing franking credits if the losses of previous years are fully offset against the profits of the first profitable year.

Schedule 2 to this bill also proposes to amend the Income Tax Assessment Act 1997 to provide an automatic capital gains tax rollover for the transfer of assets of registrable superannuation entities that merge during the transitional period to comply with licensing requirements under the superannuation safety reform. The capital gains tax rollover ensures that the capital gain or capital loss that would otherwise be recognised when the transfer of assets occurs is disregarded and that the recognition of the accrued capital gain or loss is deferred until later disposal of the asset by one or more successor registrable superannuation entity trustees.

The new superannuation safety arrangements, which modernise and strengthen the prudential regulation of superannuation funds, commence on 1 July 2004 and have been two years in the transitional period. The arrangements, amongst other things, require trustees of registrable superannuation entities to meet the new licensing requirements to ensure better management and protection of members’ benefits. If the trustee of a registrable superannuation entity is unable to meet the new licensing requirements, the superannuation safety arrangement will allow that entity to merge with one or more registrable superannuation entities with a licensed trustee.

An automatic capital gains tax rollover applies during the period from 1 July 2004 to 30 June 2006 inclusive, being the transitional period for the transfer of assets by registrable superannuation entities whose trustee is not licensed to one or more registrable superannuation entities whose trustees are licensed.
The amendments made by schedule 2 will therefore apply to mergers taking place after 30 June 2004 and before 1 July 2006.

Schedule 3 of this bill will again amend the Income Tax Assessment Act 1997 to provide appropriate taxation treatments of expenditure incurred on acquiring certain telecommunications rights. These amendments will provide capital allowance deductions for expenditure incurred on acquiring indefensible rights to use domestic telecommunications cables. Additionally, the changes will provide capital allowance deductions for expenditure incurred by telecommunications carriers licensed under the Telecommunications Act 1997 on acquiring telecommunications site access rights.

Under the uniform capital allowance regime, depreciation deductions are available for physical assets and a number of defined intangible assets. Indefensible rights to use international telecommunication cables are already defined within the uniform capital allowances as depreciable assets. This measure extends the capital allowance treatment to domestic indefensible rights of use. The proposed amendments are intended to better match the taxation treatment of expenditure incurred on acquiring indefensible rights of use and telecommunications site access rights with the economic characteristics of the underlying asset. They are also intended to better facilitate sharing of telecommunications equipment within the telecommunications industry, thereby decreasing inefficient duplication of the infrastructure.

Schedule 4 of the bill proposes amendments to division 45 of schedule 1 of the Taxation Administration Act 1953 to simplify the movement of taxpayers from paying annual pay-as-you-go instalments to paying quarterly pay-as-you-go instalments where they become ineligible to pay annual instalments in certain cases. These amendments apply in cases where ineligibility is the result of registering or becoming required to register under the goods and services tax law or, in the case of a company, becoming a member of an instalment group. This will be achieved by requiring affected taxpayers to commence paying quarterly instalments from the following year rather than immediately. Currently, when taxpayers become ineligible to pay annually during the instalment quarter, in an income year they must generally commence paying quarterly instalments from the current quarter. Taxpayers who are eligible to pay two quarterly instalments annually commence paying quarterly instalments from the latter of the current or third quarter in an income year. Where taxpayers become ineligible to be an annual PAYG instalment payer after the first quarter in an income year, they must still pay an annual PAYG instalment. The annual instalment is reduced by the total of the quarterly instalments for that income year. The rules changing from paying annual PAYG instalments to paying quarterly PAYG instalments due to GST registration or becoming a member of an instalment group and the requirement to pay both annual and quarterly instalments for the same income year have caused confusion for taxpayers and practical problems for the Australian Taxation Office. The amendments will simplify these rules and reduce compliance costs for taxpayers.

A further amendment to the Income Tax Assessment Act 1997 is proposed by schedule 5 of this bill, which lists several organisations as deductible gift recipients. The income tax law allows taxpayers to claim income tax deductions for gifts of $2 or more to DGRs. To become a DGR, an organisation must fall within a category of organisations set out in division 30 of the Income Tax Assessment Act 1997 or listed under that division. Such deductible gift recipient status will assist the listed funds and organisations
to attract public support for their activities. There are five new DGRs on the list.

Schedule 6 amends the GST law under A New Tax System (Goods and Services Tax) Act 1999 to uphold the original policy intent that the GST is payable where the value is added to real property once it enters the GST system. Under the GST act, registrable businesses can calculate GST payable on supplies of new residential or commercial property under the basis of the rules being one-eleventh of the GST inclusive price—or, subject to certain conditions under the margins scheme, GST is one-eleventh of the margin. Use of the margin scheme generally ensures that GST only applies to the value added to real property held by registered owners on or after 1 July 2000.

Purchasers of real property under the margin scheme are not entitled to claim an input tax credit for GST remitted by the supplier. Consistent with this, the margin scheme does not apply where property has been acquired under the basic calculation of tax payable, as an input tax credit would generally have been claimed on the purchase of the property, and GST would effectively not have been collected. The effect for many of the arrangements is that the value added to the real property before the arrangement is imposed is excluded for GST purposes. This is contrary to the policy intent that the GST be collected on the value added of real property held by registered owners on or after 1 July 2000. These amendments prevent property owners from reducing their GST liability on sales of real property by manipulating various special rules in the GST act.

Other amendments provide certainty on the operations of the margin scheme and ensure entities joining the GST group have appropriate adjustments to claim for input tax credits. Most of the amendments will apply from the date this bill was introduced into parliament, as they are an integrity measure addressing the unintended consequences in the GST law. However, amendments requiring written agreement to use the margin scheme will apply from the date of royal assent to this bill.

The amendment that requires the supplier and recipient to agree in writing to apply the margin scheme, that being items 9 and 10, applies from the date this bill receives royal assent. This date has been chosen to allow time for entities purchasing property to ensure they have written agreement where they wish to apply the margin scheme. It also ensures that those entities who settle on the sale of property on the date this bill is introduced into parliament are not unexpectedly denied the use of the margin scheme because they do not have written agreements.

Schedule 7 of this bill amends the Income Tax Assessment Act 1936 to provide appropriate taxation treatment for superannuation annuities that have been split on marriage breakdown. The broad aim of these amendments is to ensure that, where a superannuation annuity is split upon marriage breakdown, the taxation consequences will be the same as those that currently apply where an equivalent benefit in a superannuation fund is split.

Legislation under section VIIIB of the Family Law Act 1975, which allows separating couples to split their superannuation on marriage breakdown, commenced on 28 December 2002. This legislation, and related legislation, provided for the splitting of superannuation on marriage breakdown but it did not apply to superannuation-like annuity products, such as annuities purchased from life offices with rolled-over superannuation money. The government has recently amended the Family Law Act 1975 to allow these superannuation annuities to be split between separating couples on marriage.
breakdown in the same way as other equivalent superannuation benefits.

As a result of the amendments to the Family Law Act 1975, amendments are required to be made to the income taxation law so that superannuation annuities split on marriage breakdown are taxed in the same way that equivalent superannuation benefits are taxed on marriage breakdown. These amendments clarify the law in several areas and give effect to the original policy intent of the superannuation family law arrangements.

Finally, schedule 8 to this bill amends the Fringe Benefits Tax Assessment Act 1986 to remove the condition that contributions to approved worker entitlement funds must be required under an industrial instrument in order to be eligible for an exemption from fringe benefits tax. Currently, certain contributions to approved worker entitlement funds are exempt from FBT. The exemption was designed to ensure that these contributions are not taxed twice: once as a fringe benefit when paid into the fund and again as income when paid out of the fund. From 1 April 2003, funds have been able to obtain prescription as an approved worker entitlement fund if it meets certain criteria. Long service leave funds established and operated by or under Commonwealth, state or territory legislation are also approved worker entitlement funds.

These amendments will replace the current condition that contributions to approved worker entitlement funds must be required under an industrial instrument in order to be eligible for an exemption from FBT. Following the amendment, contributions to an approved worker entitlement fund must be made under an industrial instrument. These amendments will apply in respect of the FBT year beginning on 1 April 2005 and all later FBT years.

I am happy to support the proposed measures outlined as they will allow for improvements to be implemented for the smooth operation of our taxation laws. I commend the bill to the House.

Mr BROUGH (Longman—Minister for Revenue and Assistant Treasurer) (12.18 pm)—in reply—I thank all honourable members who participated in the debate today for their contributions. The Tax Laws Amendment (2005 Measures No. 2) Bill 2005, as the House would recognise, continues the government’s program of modifications and improvements to the tax laws for the benefit of taxpayers.

The first measure outlined in the bill amends the simplified imputation system. The amendment allows private companies in certain situations to pay franked dividends during the income year in which they first incur an income tax liability. This is achieved by removing the penalty which would otherwise apply if a franked dividend was paid in advance of the payment of the income tax. The proposed measure provides greater flexibility to the taxpayers in managing these affairs. These changes also give effect to the government’s announcement that was made in the 2004-05 budget.

The next measure provides an automatic capital gains tax, CGT, rollover for the transfer of assets of superannuation entities that merge to comply with new licensing requirements under the superannuation safety reforms. By way of background, the new superannuation safety requirements arrangements commenced on 1 July 2004 and they have a two-year transitional period. The arrangements, amongst other things, require trustees of superannuation funds to meet new licensing requirements and allow funds to merge with other funds in order to satisfy the new requirements. Merging involves a transfer of the assets from one fund to another.
which would normally give rise to a capital gains tax liability or loss—a capital gains tax event. Previously, the rollover would not apply if the transfer of assets was to an entity whose trustee was not licensed at the time of the transfer.

The amendment will extend the CGT rollover to apply when assets are transferred to one or more superannuation entities whose trustees are not licensed at the time of the transfer but where it is reasonable to assume that they will be licensed by 1 July 2006 deadline. They also ensure that, if the trustees of the registrable superannuation entities do not acquire the required licence by 1 July, the rollover will be treated as if it had not happened. I believe the member for Hunter asked a question to that effect and that should clarify that issue for him.

The third measure allows capital allowance deductions for expenditure incurred in acquiring indefeasible rights or the use of domestic telecommunications cables and expenditure on acquiring telecommunications site access rights. The current situation is that similar rights in relation to international telecommunications cables can be depreciated, but expenditure on domestic rights can only be claimed on expiry of the right or at the end of the life of the underlying cable. This amendment will help facilitate sharing of telecommunications infrastructure within the telecommunications industry, thereby decreasing inefficient duplication of infrastructure to the benefit of all consumers.

The fourth measure allows taxpayers to continue to pay only an annual PAYG instalment in the income year in which they become ineligible to be annual PAYG instalment payers. Generally, these taxpayers will begin paying quarterly PAYG instalments from the beginning of the income year rather than immediately; that is, the beginning of the year in which they become eligible—in other words, generally the following year. This measure reduces compliance costs and increases certainty for taxpayers who become ineligible to pay annual pay as you go instalments as a result of registering or becoming required to register under the GST law; or, in the case of a company, becoming a member of an instalment group.

Schedule 5 lists several new organisations as deductible gift recipients. Deductible gift recipient status will assist the listed organisations to attract public support for their activities.

As I announced in my press release of 7 June this year, amendments to schedule 6 will ensure that the GST real property amendments do not have an unintended consequence—that is, they ensure that their requirement to obtain written agreement for the use of the margin scheme no longer affects contracts entered into before royal assent but which settle afterwards. The new rule for calculating the margin for the supply of real property that was initially acquired as a GST-free going concern or GST-free farmland have been removed from the bill. The government intends to undertake further consultation with industry on the proposed rules to ensure the margin scheme applies appropriately to suppliers of real property. A number of minor changes to address mainly technical issues, including in respect of the groupings, joint venture and deceased estate provisions, are also contained in the schedule. The GST real property amendments are largely tax integrity measures.

Recently, the family law has been amended to allow superannuation annuities to be split between separating couples on marriage breakdown in the same way as other superannuation benefits. As a consequence, the seventh measure of this bill will amend the income tax laws that the superannuation annuities split on marriage break-
down can be taxed in the same way as other superannuation benefits are taxed on marriage breakdown. Furthermore, this measure will correct some minor anomalies in the income tax laws relating to superannuation benefits which are split on marriage breakdown.

The final measure of this bill will remove the conditions that contributions to approved worker entitlement funds must be required under an industrial instrument in order to be eligible for exemption from fringe benefits tax. Instead, it will be enough if the industrial instrument creates the obligation to make the payment but does not specify that it has to go to an approved fund. I believe the member for Hunter asked a question in relation to this provision also. I will try to clarify the question that was asked in relation to this issue.

Mr Fitzgibbon—It’s an important question.

Mr BROUGH—I am trying to remember the question from the member for Hunter.

Ms Gillard—It was a memorable question.

Mr BROUGH—It was. The member for Hunter asked why—

Mr Fitzgibbon—I was dozing off. I can’t remember which question you were after.

Mr BROUGH—I am sure you wouldn’t be able to help me on the issue. The member for Hunter was asking why we would not be able to continue this transitional arrangement. I remind him that my predecessor, Senator Coonan, had already increased this transitional period twice—by two years in one-year increments—so we felt that industry had had sufficient time to make the adjustments required, and it will come into effect as outlined in this bill.

In conclusion, I suggest that the measures proposed in the bill, as has been agreed by most members, will make the taxation regime more equitable in a number of ways. In this way they will improve the operation of the Australian tax laws. For these reasons, and the reasons I outlined above, I commend the bill to the House.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr BROUGH (Longman—Minister for Revenue and Assistant Treasurer) (12.26 pm)—I present the supplementary explanatory memorandum to the bill.

Mr FITZGIBBON (Hunter) (12.26 pm)—I will take a very brief moment to comment in the consideration in detail stage. I make the point that I made during the second reading debate that again today we have the government moving amendments to its own amendments to its own bill—on this occasion, a bill that was introduced into this place some three months ago. Again, we were only given notice of these amendments yesterday. It is therefore another occasion on which we have not been provided with adequate opportunity—

The DEPUTY SPEAKER (Mr Wilkie)—Order! I hate to interrupt the member for Hunter but the minister does need to move the amendments prior to the discussion taking place.

Mr FITZGIBBON—I made that suggestion to him. He assured me that he had done so.

Mr BROUGH (Longman—Minister for Revenue and Assistant Treasurer) (12.27 pm)—by leave—I move government amendments (1) to (32) as circulated:

(1) Schedule 2, item 1, page 4 (table item 9), after “trustees are”, insert “or will be”. 
(2) Schedule 2, item 2, page 4 (line 19), after “have”, insert “or will have”.

(3) Schedule 2, item 2, page 5 (line 30), after “licence”, insert “, or it is reasonable to assume that each successor RSE trustee will have such an RSE licence by 1 July 2006”.

(4) Schedule 2, item 2, page 7 (after line 5), at the end of section 126-210, add:

No roll-over if successor RSE trustee not licensed

(6) A roll-over under this section is taken never to have happened if each successor RSE trustee does not have an RSE licence under Part 2A of the Superannuation Industry (Supervision) Act 1993 by 1 July 2006.

(5) Schedule 6, item 2, page 16 (lines 10 to 12), omit subsection (2A), substitute:

(2A) A supply of the premises is disregarded as a sale for the purposes of applying paragraph (1)(a):

(a) if it is a supply by a member of a * GST group to another member of the GST group; or

(b) if:

(i) it is a supply by the * joint venture operator of a * GST joint venture to another entity that is a * participant in the joint venture; and

(ii) the other entity acquired the interest, unit or lease for consumption, use or supply in the course of activities for which the joint venture was entered into.

(6) Schedule 6, item 8, page 17 (lines 14 to 17), omit the item.

(7) Schedule 6, item 10, page 18 (after line 2), at the end of subsection (1A), add:

Note: Refusing to allow, or allowing, a further period within which to make an agreement is a reviewable GST decision (see Division 7 of Part VI of the Taxation Administration Act 1953).

(8) Schedule 6, item 11, page 18 (line 14), omit “inhiring”, substitute “’inhiring”.

(9) Schedule 6, item 11, page 18 (lines 16 and 17), omit “, because of one or more previous applications of this subsection,”.

(10) Schedule 6, item 11, page 18 (lines 27 and 28), omit “, because of one or more previous applications of this subsection,”.

(11) Schedule 6, item 11, page 18 (line 29), at the end of subparagraph (iii), add “; or”.

(12) Schedule 6, item 11, page 18 (after line 29), at the end of subsection (3), add:

(d) it is a supply in relation to which both of the following apply:

(i) you acquired the interest, unit or lease from the ”joint venture operator of a ”GST joint venture at a time when you were a ”participant in the joint venture;

(ii) the joint venture operator had acquired the interest, unit or lease through a supply that was ineligible for the margin scheme.

(13) Schedule 6, item 11, page 18 (after line 29), after subsection (3), insert:

(4) A reference in paragraph (3)(b), (c) or (d) to a supply that was ineligible for the margin scheme is a reference to a supply:

(a) that was ineligible for the margin scheme because of one or more previous applications of subsection (3); or

(b) that would have been ineligible for the margin scheme for that reason if subsection (3) had been in force at all relevant times.

(14) Schedule 6, item 16, page 19 (line 17), omit “, but the ”recipient was,”.

(15) Schedule 6, item 16, page 19 (line 18), at the end of paragraph (1)(b), add “and”.

(16) Schedule 6, item 16, page 19 (after line 18), after paragraph (1)(b), insert:
(ba) the "recipient was at that time, or subsequently became, a member of the GST group;

(17) Schedule 6, item 16, page 19 (after line 32), after subsection (2), insert:

Margin for supply of real property acquired from joint venture operator of a GST joint venture

(2A) If:

(a) you acquired the interest, unit or lease in question at a time when you were a "participant in a "GST joint venture and the entity from whom you acquired it was the "joint venture operator of the joint venture;

(b) you acquired the interest, unit or lease for consumption, use or supply in the course of activities for which the joint venture was entered into;

and

(c) subsection (2A) does not apply;

the margin for the supply you make is the amount by which the "consideration for the supply exceeds an "approved valuation of the interest, unit or lease as at 1 July 2000.

(18) Schedule 6, item 16, page 20 (line 4), omit "inheriting", substitute "* inheriting".

(19) Schedule 6, item 16, page 20 (line 5), omit "neither subsection (1) nor subsection (2)", substitute "none of subsections (1) to (2B)".

(20) Schedule 6, item 16, page 20 (before line 10), before paragraph (d), insert:

(ca) if you know what was the consideration for the supply of the interest, unit or lease to the deceased and you choose to use that consideration to work out the margin for the supply— that consideration; or

(21) Schedule 6, item 16, page 20 (line 10), after "if", insert "paragraph (ca) does not apply and".

(22) Schedule 6, item 16, page 20 (line 19), after "if", insert "paragraph (ca) does not apply and".

(23) Schedule 6, item 16, page 20 (line 28), omit "inheriting", substitute "* inheriting".

(24) Schedule 6, item 16, page 20 (line 29), omit "neither subsection (1) nor subsection (2)", substitute "none of subsections (1) to (2B)".

(25) Schedule 6, item 16, page 20 (lines 33 to 35), omit all the words from and including "exceeds" to the end of subsection (4), substitute:

exceeds:

(d) if you know what was the consideration for the supply of the interest,
unit or lease to the deceased and you choose to use that consideration to work out the margin for the supply—that consideration; or
(e) if paragraph (d) does not apply—an approved valuation of the interest, unit or lease as at the day on which the deceased acquired it.

(26) Schedule 6, item 16, page 21 (lines 1 to 19), omit subsections (5) and (6).

(27) Schedule 6, item 16, page 21 (after line 33), at the end of section 75-11, add:
(8) Subsection (7) applies to an acquisition through a supply made by:
(a) a GST branch; or
(b) a non-profit sub-entity; or
(c) a government entity of a kind referred to in section 72-95 or 72-100; as if Subdivision 72-D affected the operation of subsection (7) in the same way that it affects the operation of Division 72.

(28) Schedule 6, item 26, page 25 (line 16), omit “subsection 75-5(3)”, substitute “subsections 75-5(3) and (4)”. 

(29) Schedule 6, page 25 (after line 16), after item 26, insert:
26A Section 195-1
Insert:
Inherit: you inherit a freehold interest in land, a stratum unit or a long-term lease if you become an owner of the interest, unit or lease:
(a) under the will of a deceased person, or that will as varied by a court order; or
(b) by operation of an intestacy law, or such a law as varied by a court order; or
(c) because it is appropriated to you by the legal personal representative of a deceased person in satisfaction of a pecuniary legacy or some other interest or share in the deceased person’s estate; or
(d) under a deed of arrangement if:
(i) you entered into the deed to settle a claim to participate in the distribution of the deceased person’s estate; and
(ii) any consideration given by you for the interest, unit or lease consisted only of the variation or waiver of a claim to one or more other assets that formed part of the estate.

(30) Schedule 6, page 25 (after line 18), after item 27, insert:
27A Section 195-1 (definition of margin scheme)
Omit “you choose, under section 75-5, to use the margin scheme in working out the amount of GST on the supply”, substitute “subsection 75-5(1) applies”.

(31) Schedule 6, page 25 (before line 19), before item 28, insert:
Taxation Administration Act 1953
27B Subsection 62(2) (after table item 37A)
Insert:
37AA refusing to allow, or allowing, a further period within which to make an agreement that the margin scheme is to apply

(32) Schedule 6, item 28, page 26 (lines 3 to 6), omit subitem (3), substitute:
(3) The amendments made by items 9 and 10 apply only in relation to supplies that:
(a) are made under contracts entered into on or after the day on which this Act receives the Royal Assent; and
(b) are not made pursuant to rights or options granted before that day.

Mr FITZGIBBON (Hunter) (12.27 pm)—He does not seem to be able to get anything right, whether it be with respect to
amendments to his tax bills or procedure in this place. I was making the point that the opposition is not being unreasonable in its request that it be given better notice on these highly technical amendments to highly technical tax bills. I simply ask the Assistant Treasurer to lift his game.

The DEPUTY SPEAKER (Mr Wilkie)—The question is that the amendments be agreed to.

Question agreed to.

The DEPUTY SPEAKER—The question now is that this bill, as amended, be agreed to.

Question agreed to.

Bill, as amended, agreed to.

Mr BROUGH (Longman—Minister for Revenue and Assistant Treasurer) (12.28 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

MINISTER FOR HEALTH AND AGEING

Ms GILLARD (Lalor) (12.28 pm)—I move:

That so much of the standing and sessional orders be suspended as would prevent the Member for Lalor from moving that this House condemns the Minister for Health for undermining Australia’s Pharmaceutical Benefits Scheme by implementing a new system of Special Patient Contributions which will:

(1) put additional costs of hundreds of dollars per prescription on to patients with lung cancer, epilepsy and depression; and

(2) create a new system of charging patients extra which will eventually be applied to a vast array of PBS medications.

Of all the sly and mean things the minister has ever done, this is the worst by a country mile.

Mr BROUGH (Longman—Minister for Revenue and Assistant Treasurer) (12.29 pm)—I move:

That the member be no longer heard.

Question put.

The House divided. [12.33 pm]

(The Deputy Speaker—Mr Wilkie)

<table>
<thead>
<tr>
<th>Ayes</th>
<th>80</th>
</tr>
</thead>
<tbody>
<tr>
<td>Noes</td>
<td>54</td>
</tr>
<tr>
<td>Majority</td>
<td>26</td>
</tr>
</tbody>
</table>

AYES

Abbott, A.J. Anderson, J.D.
Andrews, K.J. Bailey, F.E.
Baird, B.G. Baker, M.
Baldwin, R.C. Barresi, P.A.
Bartlett, K.J. Billson, B.F.
Bishop, B.K. Bishop, J.I.
Broadbent, R. Brough, M.T.
Cadman, A.G. Causer, I.R.
Ciobo, S.M. Cobb, J.K.
Costello, P.H. Downer, A.J.G.
Draper, P. Dutton, P.C.
Elsom, K.S. Entsch, W.G.
Farmer, P.F. Fawcett, D.
Ferguson, M.D. Forrest, J.A. *
Gambaro, T. Gash, J.
Georgiou, P. Haase, B.W.
Hardgrave, G.D. Henry, S.
Hockey, J.B. Hull, K.E.
Hunt, G.A. Jensen, D.
Johnson, M.A. Katter, R.C.
Keenan, M. Kelly, D.M.
Kelly, J.M. Laming, A.
Ley, S.P. Lloyd, J.E.
Markus, L. 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.
Robb, A. Ruddock, P.M.
Schultz, A. Scott, B.C.
Secker, P.D. Slipper, P.N.
Smith, A.D.H. Somlyay, A.M.
Thursday, 16 June 2005  HOUSE OF REPRESENTATIVES  55

The House divided. [12.39 pm]
(The Deputy Speaker—Mr Wilkie)

Ayes............. 78
Noes............. 54
Majority........ 24

AYES
Abbott, A.J.        Andrews, K.J.        Anderson, J.D.
Adams, D.G.H.       Bevis, A.R.         Bailey, F.E.
Beazley, K.C.       Boland, C.          Baker, M.
Bird, S.            Baldin, R.C.        Barresi, P.A.
Burke, A.E.         Bartlett, K.J.      Billson, B.F.
Corcoran, A.K.      Bishop, B.K.        Bishop, J.J.
Edwards, G.J.       Broadbent, R.       Brough, M.T.
Ellis, A.L.         Cadman, A.G.        Causer, I.R.
Emerson, C.A.       Ciobo, S.M.         Cobb, J.K.
Ferguson, M.J.      Costello, P.H.      Dutton, P.C.
Garrett, P.         Draper, P.          Entsch, W.G.
George, J.          Elson, K.S.         Fawcett, D.
Gillard, J.E.       Farmer, P.F.        Forrest, J.A. *
Griffin, A.P.       Ferguson, M.D.      Gash, J.
Hatton, M.J.        Gambaro, T.        Haase, B.W.
Hoare, K.J.         Georgiou, P.        Henry, S.
Jenkins, H.A.       Hardgrave, G.D.     Hull, K.E.
Lawrence, C.M.      Hockey, J.B.        Jenson, D.
Macklin, J.L.       Hunt, G.A.          Keenan, M.
McMullan, R.F.      Johnson, M.A.       Kelly, J.M.
O’Connor, B.P.      Kelly, D.M.         Ley, S.P.
Owens, J.           Laming, A.          Markus, L.
Price, L.R.S.       Lloyd, J.E.         McArthur, S. *
Ripoll, B.F.        May, M.A.           Moylan, J.E.
Sawford, R.W.       McGauran, P.J.      Nelson, B.J.
Smith, S.F.         Na’im, G.R.         Panopoulos, S.
P. Swan, W.M.        Neville, P.C.       Prosser, G.D.
Thomson, K.J.       Pearce, C.J.        Robb, A.
* denotes teller

Question agreed to.

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

Mr GEORGANAS (Hindmarsh) (12.38 pm)—I second the motion. This decision marks the official arrival of the American health system into Australia.

Mr BROUGH (Longman—Minister for Revenue and Assistant Treasurer) (12.38 pm)—I move:

That the member be no longer heard.

Question put.
Question agreed to.

Original question put:

That the motion (Ms Gillard’s) be agreed to.

The House divided. [12.42 pm]

(The Deputy Speaker—Mr Wilkie)

Ayes.......... 54
Noes.......... 78
Majority...... 24

AYES

Adams, D.G.H. Albanese, A.N.
Beazley, K.C. Bevis, A.R.
Bird, S. Bowen, C.
Burke, A.E. Burke, A.S.
Corcoran, A.K. Danby, M. *
Edwards, G.J. Elliot, J.
Ellis, A.L. Ellis, K.
Emerson, C.A. Ferguson, L.D.T.
Ferguson, M.J. Fitzgibbon, J.A.
Garrett, P. Georganas, S.
George, J. Gibbons, S.W.
Gillard, J.E. Grierson, S.J.
Griffin, A.P. Hall, J.G. *
Hatton, M.J. Hayes, C.P.
Hoare, K.J. Irwin, J.
Jenkins, H.A. King, C.F.
Lawrence, C.M. Livermore, K.F.
Macklin, J.L. Melham, D.
McMullan, R.F. O’Connor, G.M.
O’Connor, B.P. O’Connor, B.P.
Owens, J. Plibersek, T.
Price, L.R.S. Quick, H.V.
Ripoll, B.F. Rudd, K.M.
Sawford, R.W. Sercombe, R.C.G.
Smith, S.F. Snowdon, W.E.
Swan, W.M. Tanner, L.
Thomson, K.J. Vamvakinou, M.

* denotes teller

NOES

Abbott, A.J. Anderson, J.D.
Andrews, K.J. Bailey, F.E.
Baird, B.G. Baker, M.
Baldwin, R.C. Barresi, P.A.
Bartlett, K.J. Bilson, B.F.
Bishop, B.K. Bishop, J.I.
Broadbent, R. Brough, M.T.
Cadman, A.G. Cauley, I.R.
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. Fawcett, D.
Ferguson, M.D. Forrest, J.A. *
Gambaro, T. Gash, J.
Georgiou, P. Haase, B.W.
Hardgrave, G.D. Henry, S.
Hockey, J.B. Hull, K.E.
Hunt, G.A. Jensen, D.
Johnson, M.A. Keenan, M.
Kelly, D.M. Kelly, J.M.
Laming, A. Ley, S.P.
Lloyd, J.E. Markus, L.
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. Robb, A.
Ruddock, P.M. Schultz, A.
Scott, B.C. Secker, P.D.
Slipper, P.N. Smith, A.D.H.
Somlyay, A.M. Southcott, A.J.
Stone, S.N. Thompson, C.P.
Ticehurst, K.V. Tellner, D.W.
Question negatived.

FAMILY AND COMMUNITY SERVICES LEGISLATION AMENDMENT (FAMILY ASSISTANCE AND RELATED MEASURES) BILL 2005

Consideration of Senate Message

Bill returned from the Senate with requested amendments.

Ordered that the requested amendments be considered immediately.

Senate’s requested amendments—

(1) Schedule 2, item 1, page 12 (lines 5 and 6), omit the item, substitute:

1 Paragraph 36(5)(b)
Repeal the paragraph.

(2) Schedule 2, item 2, page 12 (lines 7 to 11), omit the item.

(3) Schedule 2, page 12 (after line 11), after item 2, insert:

2A At the end of section 36
Add:
(6) For the purposes of subsection (5), a child is a person under the age of consent, where age of consent has the same meaning as in the Social Security Act 1991.

Ms LEY (Farrer—Parliamentary Secretary (Children and Youth Affairs)) (12.47 pm)—I move:

That the amendments be disagreed to.

These amendments concern the government’s maternity payment. I remind the House that the government has provided a non-means tested maternity payment for each child born after 1 July 2004 of $3,079, which will rise to $4,000 in July 2006 and $5,000 in July 2008. The Senate has requested the House to make amendments that would remove the eligibility requirement for maternity payment that a child who is adopted be adopted while still under the age of two. The government does not support this request. Maternity payment is currently available to both birth parents and adoptive parents and recognises the extra costs associated with the birth of a baby or the adoption of a child aged up to 26 weeks.

The new arrangements announced in the budget and legislated in this bill will extend maternity payment to families who adopt a local child under the age of two and to families who adopt a child from overseas where the child is under two years of age upon entering Australia. I understand there are 26 weeks for families to apply for the maternity payment upon the child entering Australia. The change illustrates the government’s commitment to providing additional assistance to families and recognises that most adoptions, both local and overseas, take time to complete and that families who adopt children under the age of two face similar costs to families with newborn babies. As maternity payment is intended to assist with the costs of a baby, setting the age limit at under two years strikes a reasonable balance between the policy intent and the practical realities of adopting from overseas. This measure will extend financial assistance to the majority of families adopting a child from overseas—over 70 per cent, I understand.

I remind members opposite that other assistance, such as family tax benefit parts A and B, may be available to assist families with older children. Family tax benefit B, in particular, has been specially designed to assist families who face both the normal costs of raising young children and the increased, indirect costs of reduced work force participation. This payment may provide assistance to families who need to meet the requirements of state and territory adoption...
Mr FITZGIBBON (Hunter) (12.56 pm)—I move:

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

“whilst not declining to give the bill a second reading, the House notes that the bill contains a number of corrections of errors in relation to legislation introduced last year and calls on the Government to take steps to reduce the incidence of such errors recurring in taxation bills requiring subsequent legislative amendment”.

These measures represent further implementation of recommendations from the Board of Taxation review on international taxation. They seek to apply models and trends in international taxation. Labor supports the initiative designed to improve the competitiveness of Australian companies and seeking to provide a taxation framework that reflects changes in the international marketplace.

This commitment began, of course, with the major changes to the regulatory environment that occurred on the watch of the former Treasurer, Paul Keating. Paul Keating opened up the Australian economy, floated the Australian dollar, deregulated the banks and opened up the financial services sector to foreign competition. In addition to that, he introduced dividend imputation, laying the foundation for the very good economic environment we have today—in fact, laying the foundation for 14 years of consecutive economic growth.

Labor will be supporting the propositions put to us today. Indeed, we welcome the government’s efforts to build modestly upon Labor’s profound reforms—those which occurred throughout the eighties and the nineties. I note that the Productivity Commission has put a value on these reforms, suggesting that the reforms have added a value in the order of $5,000 annually to the income of each individual Australian.
I note that the analysis in the regulatory impact statement for this bill as it relates to revenue states:

6.31 The revenue impact of the new definition of commencing day is unquantifiable. The revenue cost of the changes to remove inappropriate consequences that follow from the listing of a country is insignificant and has been rounded down to nil.

It says:

6.32 A reliable revenue estimate of the other measures cannot be provided. However, none of these measures is expected to have a discernible effect on revenue.

Given the equivocal nature of this statement in relation to measures in schedule 2, the ‘commencing day’ provisions, I take the opportunity to seek assurances from the Assistant Treasurer that the revenue impact will be insignificant. It is not good enough to simply say that significant tax changes are unquantifiable. The parliament deserves greater opportunities to scrutinise these bills and, of course, their revenue implications. The government is asking the opposition to take a fairly large leap of faith on these issues. So I invite the Assistant Treasurer once again, in his summation on this bill, to provide some assurances to the opposition in this regard.

I now turn to dividends received by foreign owned branches taxed on an assessment basis. Schedule 1 to this bill amends the taxation treatment of certain non-residents in respect of Australian branches by taxing dividends paid to the branches on a net assessment basis and providing tax offsets in relation to franked distributions received. Currently dividends paid by an Australian company to a non-resident are subject to dividend-withholding tax. This occurs even when the income from which the dividends are derived relates to an Australian branch of a nonresident company. That is usually a domestically based subsidiary of a foreign multinational company. The effect of the current law is to ensure that expenses incurred in obtaining these dividends are not deductible. Moving to an assessments basis means such dividends are now deductible. The approach taken is consistent with the general trend to treat branches as entities separate from the non-resident behind them. Again, the opposition supports this measure.

I turn to the changes to the controlled foreign company rules. Controlled foreign companies are meant to be in Australia’s taxation net. But what happens when they have just become a foreign controlled company? What happens to accrued capital gains and losses prior to that time? A line has to be ruled somewhere, so tax law introduces something called the commencement day—the date at which a company became a foreign controlled company. Capital gains tax events before this date are ignored.

But there are times when a foreign controlled company will still not be part of Australia’s tax net. This can occur when they have a foreign associate through whom they exercise control over a foreign company but do not actually have a direct or indirect interest in that company. In this case there is a capital gains tax event but no actual taxpayer who has a gain or a loss that is attributable to the gain or loss derived by the foreign controlled company. They are technically captured in the Australian tax net but in fact should not be.

These rules effectively exclude them by changing the cost base of the foreign entity from valuation at the date when the entity became controlled to the time following, when there is actually an Australian taxpayer who derived an attributable capital gain or loss from the company’s activities. Other provisions in this schedule remove errors and uncertainties created by previous legislative changes. This is the second bill that seeks to make changes to correct anomalies in the
international tax arrangements—that is the 2004 bill. While admittedly this was a complex matter, it appears the previous bill was not well drafted. So I call upon the Assistant Treasurer again to concede this and state categorically whether he now has all these problems fixed up or whether this bill potentially remains deficient and will require a further tidying up some time in the future.

I now turn to Australian branches of foreign financial entities. Schedule 3 to this bill extends the existing separate entity treatment currently provided to Australian branches of foreign banks to include Australian branches of foreign financial institutions. Separate entity treatment entails treating a branch as a separate legal entity from a parent company as if it were a subsidiary. Australian branches of foreign banks are treated as entities separate from the head office of the foreign bank under part IIIB of the Income Tax Assessment Act 1936 for thin capitalisation grouping purposes and under the transfer of loss provisions. Further extending separate entity treatment to Australian branches of foreign financial entities will improve competition within the financial services sector.

What is at stake here is the single entity rule—that is, a legal person cannot enter into transactions with himself or herself. The trend internationally is to treat branches as separate entities like subsidiaries—to tear away the veil of unity between a branch and the head office. Although the explanatory memorandum states this is the trend in Australian law, clearly the consolidation rules represent a countervailing trend. I call upon the Assistant Treasurer to answer the question of whether the proposed changes in this bill to treat branches as different tax entities from the head office are consistent with the process of consolidation that he himself has helped to introduce. In terms of international tax policy, is the government here something of a pantomime horse with the head and the feet moving in different directions? That appears to be the case, and I invite the Assistant Treasurer to clarify that point at the end of this debate.

I now move to cross-border employee shares and rights. Schedule 4 to this bill amends the income tax law to more closely align the taxation of shares or rights acquired under an employee share scheme with international norms developed by the OECD. The amendments are relevant for individuals who work in more than one country or change their country of residence. They will help prevent double or nil taxation of employee shares or rights and provide greater certainty for individuals. The tax treatment of such rights is currently not clear. This bill seeks to provide certainty by specifying that such benefits are not assessable when they relate to an interest acquired at a time when an employee is not a resident.

This is an important change and may help to encourage greater labour market flexibility and make it easier for executives to move to Australia to take senior positions. And I might take this opportunity while on that point to extend my very best wishes to Mr David Murray, the outgoing CEO of the Commonwealth Bank, and to send my very best wishes to the new CEO, Ralph Norris. I look forward to having as good and as constructive a relationship with Ralph Norris as I enjoyed with Mr David Murray.

I now turn to technical corrections to the application rule. Schedule 5 of the bill amends the application rule in subitem 140(2) in schedule 2 to the New International Tax Arrangements (Participation Exemption and Other Measures) Act 2004 to ensure all the amendments made in parts 2 and 3 of that schedule operate as intended. In passing I refer to a curious fax the Assistant Treasurer sent the Senate whip only yesterday seeking to expedite this bill from the Senate. I will
just send a message to the Assistant Treasurer: if he wants opposition agreement to expedition of these matters through the Senate he need only call my office. That might be helpful in the context of the difficulties we have had with the Assistant Treasurer and the way he has dumped some of these technical bills and amendments upon us at short notice with the expectation that we deal with those bills in such a short time. This is why today I have moved the second reading amendment.

Mr Albanese—He can’t do that. He is too obtuse. He is not very bright.

Mr FITZGIBBON—He backs the wrong football team, I should say to the member for Grayndler. I would like to highlight the fact that the Assistant Treasurer has become a serial offender. Almost on a daily basis he is in here dumping amendments on the opposition. We saw him earlier today moving his own complex amendments which were given to us only yesterday. That is not sufficient notice. If the Assistant Treasurer wants to talk about expedition of bills I suggest he talk to me. I suspect he did not want to talk to me because in the past the Labor Party have stood our ground and denied expedition of bills in circumstances where we have not been given due notice, have not been offered a briefing on a bill or have not been given an opportunity to properly scrutinise a bill to determine whether it is meritorious enough to be supported in this place. We will stick to that approach because we have been vindicated in the past.

We were vindicated when we refused to be rushed on the application of the GST on long-term, non-renewable contracts, when the government was forced to back down and bring on its own amendments. On that occasion I think we were given the bill the day before it was debated in this place. We were vindicated in relation to the bill which sought to change the arrangements as to how the GST is applied to inbound tourism packages. We refused, on that occasion, to be bullied and rushed into consideration of the bill. We were vindicated, again, when the Senate committee found that there were deficiencies in that bill. It would have had unintended consequences and we were right to demand changes. It is interesting to note that the government still has not sorted out that mess and the opposition still awaits a proper response from the government.

So we will not be bullied into rushing our consideration of these bills. We do not mind who has control of the Senate in this sense. We still expect to have the opportunity to put an alternative view on behalf of the many people who support the great Australian Labor Party, and we will continue to put that view whether or not we have the numbers to give effect to change in the Senate. This raises another point about what opportunity the government is going to give the opposition in the Senate to scrutinise the complex matters in these bills. We will not, of course, enjoy the numbers required to force these matters to Senate committees any more, and I invite the Assistant Treasurer, in the context of tax bills at least, to foreshadow to the parliament the government’s intention in this regard.

I gave two very good examples of tax legislation which was deficient. Those pieces of legislation went off to a Senate committee which was able to highlight deficiencies and make recommendations. In terms of the application of the GST to inbound tourism packages, even government members—and I cite Senator Watson in particular—were in screaming agreement with the opposition that there were unintended consequences in that bill, which, I repeat, are yet to be remedied. I invite the Assistant Treasurer (1) to answer the questions that I posed earlier today during the second reading debate on Tax
Laws Amendment (2005 Measures No. 2) Bill 2005—something he has not done—(2) to answer the questions and the issues of concern I raise on the New International Tax Arrangements (Foreign-owned Branches and Other Measures) Bill 2005 and (3) to tell the Australian community now that when the government takes control of the Senate after 1 July it will, particularly on these complex bills, provide an opportunity for Senate committees, which do a fantastic job, to scrutinise them at greater length and to bring in witnesses—people who are likely to be assisted or adversely affected by the bill—and give them an opportunity to argue their case.

In terms of Tax Laws Amendment (2005 Measures No. 2) Bill 2005, which I spoke about during the debate earlier today, I particularly invite the Assistant Treasurer to address the questions I posed to him on schedule 2, schedule 6 and schedule 8. The opposition will be very pleased to hear from him on these issues. He was obviously struggling during the consideration in detail stage when the bill was debated last time around. I invite him to take the opportunity, in his summation on this bill, to finally answer those questions.

The DEPUTY SPEAKER (Mr Lindsay)—Is the member for Hunter’s amendment seconded?

Dr Emerson—I second the motion and reserve my right to speak.

Mr KEENAN (Stirling) (1.11 pm)—I note the support that the member for Hunter has given to these very sensible measures in the New International Tax Arrangements (Foreign-owned Branches and Other Measures) Bill 2005, but I need to take issue with some of the comments he made in his opening remarks because I have heard such comments creeping into Labor rhetoric on a number of occasions. I think we need to address the record in a more sensible way. The member for Hunter said that Australia’s current economic prosperity is somehow the result of the 13 years of Labor government between 1983 and 1996. I would be very happy to concede that during the Hawke and Keating governments some necessary economic reform was made in Australia. I would never come into this place and be so partisan as to say that everything that the Labor government did was wrong.

By the same token, I think that Labor needs to be a little more realistic about what is responsible for Australia’s economic prosperity. The Hawke and Keating governments engaged in only very piecemeal reform of the Australian economy and there were many things that they refused to do. One of the most important and telling of these was their opposition to any meaningful tax reform in this country. They ran an election campaign in 1993 where their whole platform was based on opposing the necessary changes that we wanted to make to the Australian taxation system, even though the then Prime Minister knew very well—as did all his Labor colleagues—that those reforms were necessary and vital to the continued performance of the Australian economy.

They did that in 1993 and then they compounded that mistake by opposing these same changes in 1998. That is the worst form of political opportunism: to see changes that need to be made and stand in their way because of cheap populism. We need to be sensible when we look at what is responsible for our current prosperity. It was only the coalition that was brave enough to tackle much needed tax reform. And, again, it is only the coalition that is brave enough to tackle much-needed industrial relations reform—something that the Labor Party could never do because its union masters would never let it.
I will move on to the bill we are debating, which is an important one. It is part of a package of measures that the government is implementing following a review that has been conducted into international taxation arrangements. It is very good news for businesses because it reduces compliance costs and simplifies our existing arrangements. The bill is going to help to maintain Australia’s status as an attractive place for business and investors. We live in an increasingly competitive international environment and we recognise that in Australia we must continually adapt to cement our status as one of the world’s leading economies. These measures contained within the bill contribute to doing exactly that.

The bill is going to provide parity of treatment between nonresidents investing in Australia through subsidiaries and nonresidents investing through branches. This will remove some inconsistencies between domestic income tax law and tax treaties and reduce some compliance costs. As I said before, this measure is one of the reforms announced in the 2003 budget following the review that was conducted into our international taxation arrangements and it is consistent with the general trend to treat branches as separate from the non-resident entities behind them.

Dividends that are paid by an Australian company to a non-resident company or individual that are attributable to an Australian branch of the nonresident will be taxed on a net assessment basis. Relevant expenses will be allowed as deductions against the non-resident’s assessable income. A non-resident company or individual in receipt of a franked distribution that is attributable to an Australian branch will be entitled to the franking tax offset. Furthermore, dividends paid by an Australian company to an Australian branch of a nonresident are currently subject to withholding tax, and that is now going to be changed. It will be calculated as a percentage of the gross income remitted by the Australian company paying the dividend.

Australia’s tax treaties require that dividends paid to foreign owned branches in Australia be included in the branches’ assessable income for the relevant year and taxed on a net income basis. This measure, as I have said, is going to reduce compliance costs both for Australian companies paying unfranked dividends to Australian branches of nonresidents and for the Australian branches themselves. This will ensure that Australia’s CGT rules have appropriate coverage and will reduce compliance costs associated with acquisitions of overseas groups and the restructuring of overseas operations.

Further measures contained within the bill are going to improve competition between the Australian branches of foreign banks and foreign financial entities by providing greater parity in their income tax treatment. The same separate entity treatment provided to Australian branches of foreign banks will be extended to Australian branches of foreign financial entities. The purpose of this is to more closely align Australia’s taxation of shares and rights acquired under employee share schemes with the international norms. This will help prevent double or nil taxation of employee shares and rights and provide greater certainty for individuals and employers. From now on, individuals acquiring employee shares or rights will have access to the offshore employment income exemptions. Similarly, foreign tax credit and foreign loss provisions will apply to employee share scheme income in the same way as to other employment income.

Concessional treatment for qualifying employee shares or rights will extend to cases where individuals are employed in Australia after acquiring the employee rights or shares relating to that employment. Furthermore,
for individuals in this position, amounts that relate to employment offshore while not a resident will not be assessable income. The amendments are also going to rectify problems for employee share trusts in respect of employment offshore, deal with overlaps with foreign investment fund rules and improve interactions with the CGT provisions for both residents who become nonresidents and nonresidents who become residents.

Finally, this bill provides a technical amendment that corrects an application rule to ensure that earlier changes operate as they were originally intended. The original application rule for parts 2 and 3 of schedule 2 to the New International Tax Arrangements (Participation Exemption and Other Measures) Act 2004 was in terms of dividends paid on or after 1 July 2004. However, it did not say what was to happen when the operation of the amendments did not depend on the payment of a dividend. The new application rule will ensure that the amendments apply to any relevant events after 30 June 2004. Amendments not relating to events—and that is principally those dealing with controlled foreign companies—will apply to statutory accounting periods starting on or after 1 July 2004.

I would like to note the support that has been offered for these measures by the International Banks and Securities Association of Australia. I have a media release that the association issued on 17 March this year. It states that these measures will ‘enhance Australia’s competitiveness as a place to conduct international business’. It further goes on to say it will eliminate compliance headaches for branches that are taxed under tax treaties which will further enhance our international competitiveness. They thank the government very much for the consultation that has taken place on these measures. They have faxed through to me today to remind me of the vital importance that global banks who operate in Australia have for the health of our economy. They are vital to the efficient running of our economy and many of them use Australia as a base to do business in Asia.

As I said at the beginning, Australia needs to continually adapt in a constantly changing world, and part of that process is to look at our international tax arrangements to make sure that they protect the revenue stream of the Commonwealth but are still as simple and as transparent as possible. The measures contained in this bill will ensure that Australia has the most competitive international taxation arrangements across the globe, and I commend them to the House.

Dr Emerson (Rankin) (1.21 pm)—The New International Tax Arrangements (Foreign-owned Branches and Other Measures) Bill 2005 is complex, and I take at face value the assertions of the government that it reduces compliance costs for business. To the extent that that is true, Labor welcomes it because the income tax system, particularly under this government, has become ever more complex. One indicator of that is that, when the government first came to office with an undertaking to simplify the income tax arrangements for Australia and to cut red tape by 50 per cent, the Income Tax Act ran to 3,500 pages. After nine years of simplification, streamlining and red tape cutting, it is now 9,000 pages. This legislation is a further instalment on complexity, but the irony is that it is designed to reduce compliance costs for business. To the extent that it does that, Labor welcomes it.

I note that the regulatory impact statement of the explanatory memorandum goes to the issue of revenue forgone. It says in part:

The revenue impact of the new definition of commencing day is unquantifiable.

A reliable revenue estimate of the other measures cannot be provided. However, none of these...
measures is expected to have a discernible effect on revenue.

Let us hope that these are not words that come home to haunt the government. I trust that that is not the case. I do not believe that the Taxation Office would, of itself, develop arrangements that would be very expensive and then not bring forward in the regulatory impact statement a reasonable estimate of the revenue forgone.

But it does worry me when I hear references in the debate to employee share ownership schemes. It was only a few years ago that the House of Representatives Standing Committee on Employment, Education and Workplace Relations, of which I was a member, conducted an inquiry into employee share ownership schemes. I recall very vividly talking to people from the tax office, as witnesses to that inquiry, and their indicating solemnly to the committee that they had everything under control in relation to tax avoidance activities associated with employee share ownership schemes. The committee then tabled one of the latest schemes—an aggressively marketed scheme—of which the tax office at the time were unaware. It transpired that, far from that matter being under control, employee share ownership schemes were being abused, not only within Australia but internationally.

So it does worry me when I hear in the debate that this legislation will make employee share ownership schemes more attractive, because that is exactly what the aggressive promoters of these schemes want—that is, to minimise tax. From a Labor point of view, if there is any merit in employee share ownership arrangements it is to coincide the interests of the employer and employee, not to be a tax minimisation device. Labor at that time issued a dissenting report because the committee, chaired by the now Minister for Education, Science and Training, had put forward outrageous recommendations that would have allowed further revenue leakage through those arrangements. To the credit of the Treasurer, he opposed those in the cabinet room. I am sure that the tax office opposed them as well. So, good on the Treasurer on that occasion, and good on the tax office. Let us hope that these new complex arrangements do not in any way open up new opportunities for abuse of employee share ownership arrangements.

A final point I want to make on the employee share ownership issue is that we should be mindful of the fact that although the word 'employee' is used, very often these schemes are in fact executive share schemes or option schemes. To a very large extent it was the executive arrangements that were being abused, not $1,000 here and there on the part of individual employees. I trust that the tax office now has all of that under control. We had the terrible situation of the tax office issuing contradictory private binding rulings and public rulings, which seemed to prejudice legal cases that were then pursued by the tax office.

To return to the matter of this legislation, it is true that there is some complexity here, but perhaps that reflects the increasing complexity of international business. The idea of companies operating largely within their own boundaries and then doing the occasional bit of business with other countries is well passed—if it ever existed, given that the original incorporations for companies, such as the Dutch East India Company, were designed to allow companies to operate abroad. If there ever was a quaint time when businesses operated largely within national boundaries, that time has long since passed. In recognition of that, the Ralph committee was formed to make recommendations about business taxation reform. I thought the Ralph review did a very good job. The measures in the legislation before us are a further instal-
ment on the Ralph committee’s reports and recommendations.

The fundamental proposition behind the Ralph committee’s work was to broaden the base of the income tax system to remove a lot of the opportunities for tax minimisation. Broadening the base would provide the wherewithal to reduce the company tax rate—at that time from 36 per cent to 30 per cent. The reduction in the rate has occurred but the base broadening measures that were promised by the government have to a very substantial extent failed to materialise. I notice that the member for Wentworth is in the chamber today. The member for Wentworth, to his credit, has been arguing for a return to the philosophy of the Ralph review—that is, broadening the base of the income tax system and knocking out some of the avoidance opportunities, the concessions and even the rorts in order to finance reductions in marginal rates of income tax. I would be even more encouraged if the member for Wentworth would show a little more courage and identify a few more of the base broadening measures that would be necessary.

Certainly the Treasurer had done that in picking up the Ralph committee’s recommendations. He signed a letter and handed it to the then shadow Treasurer, the member for Hotham. In that letter the Treasurer undertook in writing to broaden the base by addressing the taxation of entities, which is a fancy phrase for cracking down on family trusts. I think the member for Wentworth was tempted to say that perhaps that is an area the government ought to have another look at. Very sadly, the Treasurer, having written to the shadow Treasurer indicating that he would do that, was rolled in the party room, or rolled over in the party room, and those entity taxation arrangements did not proceed insofar as family trusts were concerned.

A number of the Treasurer’s other commitments were not kept either. It astonishes me that to this day the Treasurer of a country has been able to make a commitment in writing to the opposition—that if the opposition supported base-broadening measures, which we did, the government would also agree to a reduction in the company tax rate from 36 to 30 per cent and on that basis we would have a deal—and has then completely reneged on that arrangement. He has got away with that pretty well scot free. I would certainly remind our friends in the media that when we are talking about ‘truth overboard’, while that term tends to be associated with the Prime Minister, in this instance, at a very large cost to the nation, it should also be attached to the Treasurer because he signed a document that turned out to be untruthful. So I believe we should have a debate about base-broadening measures in this country.

Certainly in the tax reform program of 1985 there were such measures—and the member for Stirling obviously was not around at that time because he said Labor had never supported tax reform. Labor did in fact implement tax reform by introducing a capital gains tax in the first place, introducing fringe benefits tax and removing the lurk of business people being able to take clients and themselves out to lunch and dinner and, at least to the extent of the tax rate, book it up to the taxpayer. So there were base-broadening measures at that time and if they had not been implemented and if there had been no capital gains tax in Australia then the housing bubble that has occurred over the last several years would have been massive and the bursting of that bubble would have been incredibly disruptive to this country. Billions of dollars of national savings being diverted into housing rather than productive investments has already been a consequence of the government’s halving of the capital gains tax. When we look at the work and
writings and musings of the ginger group over on the other side, we see that some members of the ginger group now want to go further than the tax cuts that will be delivered from 1 July: they are now advocating further reductions in the capital gains tax and perhaps even its abolition altogether. Of course they would—their cheer squad would love that because that would open up the opportunity for unfettered conversion of income into capital gains and therefore revert to pre-Labor years—that is, the period before 1983 when Professor Russell Mathews described the income tax system as ‘a voluntary tax system for the wealthy’.

There is a fair bit of evidence that we are returning exactly to that situation where income tax is increasingly becoming a voluntary tax for the wealthy, but I again want to congratulate the Australian Taxation Office and the Commissioner of Taxation for the good work that they have been doing in cracking down on not avoidance by high-wealth individuals but outright fraud. At least 100 high-wealth individuals appear to have been caught up in an arrangement involving the fraudulent issuing of invoices, and the tax office is on to them. I think there are at least four law firms who have been associated with this. Revenue estimates of $300 million have been cited as being the savings as a result of this crackdown, but I note that the tax office is saying that could in fact be the tip of the iceberg. I cannot agree with an editorial in today’s *Australian Financial Review* which is headed ‘Fairer tax system would reduce fraud’—a comforting suggestion! It says:

Regrettably as such practices are, they are mainly symptoms of a tax system that strives too hard ... to redistribute wealth from those who earned it to those who can’t or won’t. This inevitably fails, but in the process creates complexity, vast opportunities for tax avoidance and a sense of grievance that encourages more taxpayers to consider even riskier schemes.

Making the tax system simpler, fairer and flatter would put many scheme promoters out of business. Outright fraudsters would exist under any system, but fewer would be tempted under such a system.

I do not agree with that. If someone is considering going into a fraudulent tax arrangement, then they are going to do it whether the marginal tax rate is 48½c in the dollar or 40c in the dollar because they just hate the idea of paying tax and if they can get away with it they will. Good on the tax office and good on the tax commissioner for cracking down on them. To give the member for Wentworth credit, I think he would not agree with the sorts of activities that have been going on in this country where high-wealth individuals have been able to make the tax system a voluntary tax system as far as they are concerned.

We need an internationally competitive tax regime because in the 21st century, more than the notion of capital moving around the world, we need to adjust to the notion of people moving around the world. The ageing of the population is so severe in many Western countries that there will be an acute shortage of working age people and, in particular, skilled working age people—‘creative people’, as Richard Florida would describe them, but they do include managers and people working in the arts and information technology. They will be very much sought after in our global competitive economy of the 21st century. One of the considerations that they will have in making their decisions on where to live and work will be the competitiveness of a particular country’s tax regime, so I believe we need to keep that in mind in designing international tax arrangements and our own national tax system. At the moment around three-quarters of a million Australians are living and working
overseas and the great preponderance of those are creative people; they are professional people with lots of skills. I do not object to and I do not have difficulty with the idea of Australians working overseas, gaining experience, creating wealth and prosperity and then coming back to Australia and benefiting our country in this way. But what we do not know at this stage is how many of those 750,000 Australians working and living overseas intend to come back. Of course some will, but if our tax regime is uncompetitive then that will be one consideration in their minds in making such decisions.

It is not good enough for the government to point out that there is a net brain gain to Australia. Of course skilled migrants are coming to this country and we should welcome that. They will be very scarce in the 21st century and we should encourage and welcome migration to this country, especially skilled migration. But to be complacent and to suggest that simply because there is a net brain gain it does not matter that up to 750,000 Australians are living and working overseas at any particular time is completely foolish. We need to understand why so many Australians are leaving this country. Some would say that they are fleeing the Howard government. That might be a little bit unkind but I reckon there would be a few of them. There is probably a range of factors and perhaps our tax regime might be one of them. There is a worldwide shortage of skilled people already and Australia will need to compete for them in the 21st century.

A competitive tax regime does not mean a readily avoidable regime. I call on government to pay attention to this and I urge the tax office to keep up its good work. I call on government to ensure in the design and drafting of legislation such as this that in reducing compliance costs for business it does not at the same time open up new opportunities for avoidance. I would like to see this government take seriously the Ralph review recommendations and the notion of repairing the income tax base to reduce avoidance opportunities, because only then can we have a genuine debate about reducing higher marginal rates of tax. We cannot and must not have in this country an argument that reductions in higher marginal rates of tax should be financed by lower and middle-income earners.

That is exactly what is happening through bracket creep. Bracket creep is hitting the forgotten people, those in the lower and middle-income range who, as a result of this government’s latest tax scales, get a derisory $6 a week tax cut, which not for one day or one dollar will exceed the amount that will be taken from them in bracket creep. If we are going to talk about reductions in marginal rates of income tax towards the higher income end let us have a proper debate about broadening the base and ensuring that high-wealth individuals are not able to do what they have been doing in the last few years—avoiding tax, making the income tax system a voluntary tax system for them while lower and middle-income earners pay the bill.

Mr BROUGH (Longman—Minister for Revenue and Assistant Treasurer) (1.42 pm)—in reply—I would like to thank everyone who participated in today’s debate on the New International Tax Arrangements (Foreign-owned Branches and Other Measures) Bill 2005. It is pleasing to hear that the member opposite barracks for the Queenslanders. We are on the technical bill here on tax law and, as important as I believe rugby league is to the wellbeing of the nation, I think we should stick to this issue today—but it is good to see a Victorian backing a Queenslander.

This bill continues the government’s program to modernise Australia’s international tax regime following the government’s re-
The first measure amends the tax laws to provide for Australian branches of nonresidents who receive dividends to be taxed by assessment rather than by way of withholding. Also, nonresidents with Australian branches will receive franking credits when they receive franked dividends. I am sure that these will be welcome measures in the business community. Ultimately this measure ensures that there is a parity of treatment between nonresidents investing in Australia through subsidiaries and nonresidents investing through branches. This measure provides greater consistency between domestic income tax law and tax treaties whilst reducing some of the compliance costs.

The next measure provides minor amendments to the controlled foreign companies rules. The member for Hunter wanted an assurance relating to this particular measure. He wanted to know whether the treatment of CFCs had now been resolved or whether there were further amendments. I want to confirm for the member for Hunter that as part of the government’s suite of reforms the government announced that it would consult widely with industry on an ongoing basis on ways to improve this law to the benefit of all, and these amendments were part of that process. Further examination of these measures will be ongoing.

The amendments deal predominantly with potentially inappropriate consequences that could occur following the listing of a country for the purpose of the controlled foreign companies rules. These amendments will enable further countries to be added to the listed country list without inappropriate consequences. Furthermore, the amendments in this schedule ensure that Australia’s capital gains tax rules do not overextend their scope when a controlled foreign company’s assets are sold. This change will reduce compliance costs associated with the acquisition of overseas groups and restructuring of overseas operations.

The third measure provides Australian branches of foreign non-bank financial institutions with separate entity treatment for income tax purposes. This means that they will be treated more like foreign owned subsidiaries. This treatment is already given to Australian branches of foreign banks. This measure ensures that tax laws do not discriminate on the basis of ownership and entity structure between different financial institutions providing similar financial services in Australia.

The fourth measure moves to align more closely the taxation of shares or rights acquired under an employee share scheme with international norms developed by the OECD model tax convention. At present difficulty arises for the treatment of employee shares or rights income when employees move between countries. This is because dividing the taxing rights between countries is quite obviously very complicated. These changes move towards the OECD approach, which will make the treatment of these situations clearer for affected individuals. This measure will not only help prevent double or nil taxation of employee shares and rights but also provide a greater certainty for individuals and employers. Individuals who work in more than one country will be able to calculate with certainty the Australian tax liability related to the employee shares or rights.

As the honourable member for Rankin mentioned, the reality is that we have more people moving between countries with employment and it is not unusual for them to be employed in a number of countries around the world in any one income year. This is just recognition of the changing world that we live in. Australians are far more mobile, not only within the country but also internationally, as their technical skills and expertise are
widely respected—I think the figure mentioned by the member for Rankin for those overseas was 750,000. Many of these people do travel overseas to gain worthwhile experience and, after doing so, return to Australia to add to the brains trust here. This country is world renowned not only in the area of financial services but also across the spectra of industries and, most notably in recent times, in medicine where there have been some wonderful breakthroughs. It is by people being able to move more freely, by being able to benefit from the measures that we are legislating for today, that further encouragement will be given to people and they will not feel disadvantaged.

These measures will not only help prevent double taxation or nil taxation of employee shares and rights but also provide a greater certainty for individuals and employers, and that is very important. The last measure is a technical amendment to an error in the application of some amendments contained in a previous instalment of reforms. The member for Hunter made reference to that during debate on two bills that have been before the House today, and I will come back to his comments shortly. In concluding, I suggest that the measures proposed in this bill will make the taxation regime more equitable in a number of ways. Each of the main measures is eagerly anticipated by industry and applies prospectively in each case.

The member for Hunter asked: what is the government’s strategy for mitigating the high number of technical amendments that have been evident? I am happy to answer his question. The government has an extensive consultation process through the department. Of course, in doing so you pick up the concerns of industry in what are technical areas which require cross-jurisdictional consideration. When you consider things such as the tax legislation that we are trying to synchronise with many countries, it is important that we consider the provisions and take into account our own tax laws for the important players who are moving between countries. In doing so, we make no excuse for consulting with industry, identifying problems, road-testing the provisions and making the changes to ensure that the tax law reflects best possible practice.

The member for Hunter also asked for an assurance that the amendments relating to the commencement date have an insignificant impact on revenue in schedule 2. I confirm that this is the case, as set out in the regulation impact statement. The final point, which has been made considerably today by the member for Hunter, is the timeliness of the introduction of some of these measures into the House. He complained that the opposition has had insufficient time in which to take a considered position in relation to these amendments. The first thing I would say to the member for Hunter is that the government has adhered to the longstanding practice not just of this government but of previous governments. The drafting of this legislation has been done pretty much along the same time lines as the usual practice. It is not as though we have somehow changed that in any manner.

I suggest that the member for Hunter and other members opposite look at the measures that we are considering today—the five schedules—and at when they were announced, when they became public and when the opposition could start to look at how the impact of those measures would affect people they represent and the wider community. I point out to him that measures contained in schedule 1, ‘Dividends received by foreign owned branches’, were announced in a press release by the Treasurer on 13 May 2003, which is more than two years ago. Changes to the foreign controlled companies rules in schedule 2 were also announced by the Treasurer on 13 May 2003. Measures con-
cerning the Australian branches of foreign financial entities were also announced on 13 May 2003. Measures contained in schedule 4, ‘Cross border employee shares and rights’, were also announced by press release by the Treasurer on 13 May 2003. The technical correction, which is in the application to the rule contained in schedule 5, had not previously been announced. It is technical in nature only; there are a whole four lines to it and it simply makes a technical correction, so there was no discussion required with the Labor Party. There has been ample time for an engaged opposition to consider these measures, which we are passing into law today, to make any suggestions and to consult as widely as they wished. I draw the member for Hunter’s attention to those points in commending this bill to the House.

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

Question agreed to.

Original question agreed to.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr FITZGIBBON (Hunter) (1.49 pm)—I welcome the Assistant Treasurer’s great effort in his summation of this bill. He did make a fair fist, unusually, of answering some of the questions I posed during the debate on the second reading. I make the point again: it is a great leap of faith on the part of the opposition to accept what he says on the revenue impact of this bill. I put him on notice again that we will be watching that with great interest. He should not expect us to always take that great leap of faith. I point out, though, that he still did not respond to questions on schedules 2, 6 and 8 of the previous bill when I invited him to do so during debate today.

Mr Brough—I responded to them in the last debate.

Mr FITZGIBBON—I do not think you adequately responded to them, Assistant Treasurer, and I look forward to you doing so at some future date. I know the member for Corio wants to finish his contribution to another debate before question time, so I will leave it at that, except to say that I was surprised to hear the banter between the member for Corio and the Assistant Treasurer. The Assistant Treasurer said that he thought the debate on these tax bills was more important than the football. On that basis, I would have thought that he may have made an appearance here for the debate on the budget tax cuts rather than going to Queensland to watch the football.

Bill agreed to.

Third Reading

Mr BROUGH (Longman—Minister for Revenue and Assistant Treasurer) (1.51 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

AUSTRALIAN TECHNICAL COLLEGES (FLEXIBILITY IN ACHIEVING AUSTRALIA’S SKILLS NEEDS) BILL 2005

Second Reading

Debate resumed from 15 June, on motion by Mr Hardgrave:

That this bill be now read a second time.

upon which Ms Macklin moved by way of amendment:
That all words after “That” be omitted with a view to substituting the following words:

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

(1) creating a skills crisis through its continued failure to provide the necessary opportunities during their nine long years in office for Australians to get the training they need to get a decent job and meet the skills needs of the economy;

(2) failing to train enough Australians in areas of skill shortage and relying on skilled migration;

(3) exacerbating this crisis by failing to introduce Budget measures to train more Australians now, including Labor’s Trade Completion Bonus for traditional apprentices;

(4) making Australian business wait until 2010 for the Technical Colleges to produce their first qualified tradesperson;

(5) failing to double the number of school-based traditional apprentices and provide extra funding to support schools in taking up the places;

(6) failing to further invest in our world-class school and TAFE systems to create opportunities for young Australians to access high quality vocational education and training at all schools, not just 24 Australian Technical Colleges;

(7) its uncooperative and hostile attitude towards the States and Territories in establishing these Colleges, despite the central role the States and Territories will play in any successful operation;

(8) failing to provide new support to other regions that also have high youth unemployment, an industry base and skill shortages, but are not listed for a Technical College; and

(9) inappropriately using vocational education and training as a vehicle through which to drive their ideological industrial relations agenda which bears no relation to successful student outcomes”.

Mr GAVAN O’CONNOR (Corio) (1.52 pm)—The Minister for Education, Science and Training should get out and talk to a few school administrators about the problems they currently face in trying to make SBNAs work: coordination issues; timetabling problems; transport problems; finding willing and able employers; and, of course, insufficient money. These are all issues that schools find impossible to solve to their satisfaction. Employers are the key to this scheme, but how do you find employers who can offer a wide range of training experiences and who have the time to put into training young people who will be at the workplace on only one day per week?

Minister, you have been sold a pup by your advisers. This agenda is clearly not looking after the interests of young people or Australia’s need for trained workers. How does the minister think the young people in the technical colleges are going to have any chance of getting a reasonable TER score when faced with the disruptive academic program this scheme offers them, which involves missing school one day a week to be at work while normal classes go on? The minister will say that the colleges will work their timetables around this, but I do not think they will be able to do that. For one thing, there will be a shortage of suitable employers to allow the block release of students.

What sort of educational theory is it to base two years of critical schooling on an SBNA that no-one can complete? It is a national disgrace that students will be exposed to such a poorly thought out scheme. The students will pay for this government’s incompetence for the rest of their lives. The approach should be to develop students’ general technical skills at school and to have them undertake a pre-apprenticeship program in the trade of their choosing, while doing an appropriate academic program. The best environment for this would be the TAFE colleges, simply because they have a suc-
cessful record in this area and the infrastructure already in place. Why go to the expense of setting up an entirely separate system? It simply does not make sense.

The minister’s plan to establish 24 colleges is based on a flawed concept. If we look at the take-up rate of SBNAs in traditional trade areas, we see it is very low—probably in the region of five per cent. The greater number of students are in retail, fast food or clerical. The minister is not basing this concept on a very successful part of the SBNA scheme. The regional nature of this scheme is also of concern. Trying to find a large number of ‘suitable’ employers to take on unskilled young people seems unachievable in some regional areas. Remember that these colleges have to focus on the traditional trades and not the softer options that most in the SBNA program have gone into—that is, not retailing, fast food, hospitality or clerical but building, automotive and engineering.

I have some real concerns about the budget for this program and where it is going to be spent. What is the point of spending on new plant and equipment which will be a direct duplication of infrastructure that is already out there? How much is to be spent on the Commonwealth bureaucracy to monitor the operations of just 24 colleges located in eight states and territories, each with its own rules and regulations on senior schooling? It seems to me a terrible misallocation of resources.

It has been said that these colleges will need to access funds from the state and Commonwealth governments just like private schools. On the face of it, the budget seems okay—if it is the recurrent budget. But clearly this is not the case and these colleges are going to be a lot more expensive than the $344 million over the first three years. Of course, the minister will not have attempted to get agreement from the states to help with the implementation of this fly-by-night scheme. It is reassuring to know that at least some on the government side recognise the limitations of their own proposal. We notice that the minister can override aspects of the scheme that apply to the making of payments to colleges, so we know that the government has a sniff of the looming failure of this scheme. In other words, if the colleges do not perform against their targets, they can still get paid—and save the minister the embarrassment of any of these technical schools closing.

The government needs to address skill shortages as quickly as possible with a scheme that will have qualified skilled workers in place well before 2010, which is the best that this scheme will be able to do. Coming up with ways to keep young, disengaged kids at school, or to get those who have left school back into training, has to be a national imperative. These young people are disengaged because of the pressures and inflexibility of government secondary systems which have, for years, faced substantial cost cutting. Not only will these early school leavers have unfulfilling lives, but it has been calculated in a recent study that every young person who completes school or an apprenticeship will contribute the equivalent of $20,000 per year to the economy for the rest of their working lives—a huge return on a relatively small investment. We need to think of how much more satisfying those young people’s lives will be. (Time expired)

Mrs VALE (Hughes) (1.58 pm)—I appreciate the opportunity to speak on the Australian Technical Colleges (Flexibility in Achieving Australia’s Skills Needs) Bill 2005. This bill clearly demonstrates the Howard government’s commitment to vocational and technical education. The purpose of the bill is to implement an important election policy commitment of the Howard gov-
The government’s vision is that Australian technical colleges will operate as specialist schools with each student enrolled in a school based new apprenticeship and academic course leading to a year 12 certificate. The colleges may be based in existing institutions or totally new institutions. Specifically, with the implementation of the government’s policy in this bill, students at Australian technical colleges will be able to commence a school based new apprenticeship, enabling them to begin—and in some cases obtain—a nationally recognised qualification; undertake years 11 and 12 curricula in English, maths, science and information technology; undertake business education, including how to run a small business; and receive tuition in small business management.

The government. It provides for the establishment of 24 Australian technical colleges for up to 7,200 year 11 and year 12 students in nominated regions across Australia. It also sets out a broad framework for the operation of the Australian technical colleges and provides funding of $343.6 million from 2005 to 2009 to support the infrastructure development and additional costs associated with the delivery of the specialised programs.

Mr BEAZLEY (2.00 pm)—My question is to the Minister for Agriculture, Fisheries and Forestry. I refer the minister to yesterday’s decision by Mr Justice Murray Wilcox to set aside the decision by the Director of Quarantine to approve pig meat imports, and declare illegal any import licences issued in accordance with that decision. In the light of that decision, what action does the minister propose to take in relation to the existing pig meat import permits?

Mr TRUSS—Yesterday Mr Justice Wilcox made orders following on from his judgment of the previous week or so in relation to an appeal by Australian Pork Ltd concerning the import risk protocol for importing pig meat into Australia. In that particular judgment he made a number of statements and rulings which the government consider to be of considerable significance. We have indicated our intention to appeal that judgment. Yesterday the orders required the revocation of a permit issued to one particular company. That action will naturally be taken in accordance with the judge’s requirements.

Mr Justice Wilcox made no ruling in relation to the other 84 permits which are in place, and the legal advice that the government have received is that those permits can continue to operate and remain in force until they expire. Some of those permits are for around two years, but some of that time will have been used up. So there will be a capacity, on the basis of the legal advice provided to the government, for imports to continue...
on the basis of the other 84 permits until they expire. When they expire, on Mr Justice Wilcox’s ruling, they could not be renewed.

However, in making those comments, let me add that the government will be pursuing an appeal in relation to the basic nature of Mr Justice Wilcox’s decision, because of the significant implications of the decision for the administration of quarantine policy in Australia and other areas of administrative law.

Fiscal and Monetary Policy

Mr FORREST (2.03 pm)—My question is addressed to the Treasurer. Has the Treasurer seen recent comments by the Reserve Bank concerning inflationary pressure? Is the government aware of any recent published views which endorse the government’s approach to fiscal and monetary policy?

Mr COSTELLO—I thank the honourable member for Mallee for his question. I have seen comments made by the Reserve Bank governor on Tuesday setting forth his assessment of recent economic developments where he stated that the situation has evolved quite favourably, with domestic demand continuing to slow to a sustainable pace. The governor also said in his speech that there are indications that inflationary pressures are not building as quickly as might have been expected earlier in the year, which is good news. I remind the House that, whilst under the previous government inflation averaged 5.2 per cent per annum, under this government it has only averaged 2.4 per cent.

Am I aware of some published views endorsing the government’s approach to fiscal and monetary policy? Yes, I am. I have come into possession of a new book called Postcode: The Splintering of a Nation by Wayne Swan. It is not the first book that has been published under the title Postcode. Australia Post has a publication called Postcode, listing suburbs and postcodes. Of the two, I would have to say that Australia Post’s is the more interesting publication. In the other Postcode, which makes Civilising Global Capital read like a saucy novel, the author of that learned tome says there are five things that can be done to keep inflation down and interest rates low.

The first thing is that the government should ensure that the budget remains in balance over the cycle. Of course, that is a policy which we announced in 1996 and have had in place ever since. The second thing he says is that the government should have effective monetary policy through an independent reserve bank. Again, that is what we put in place in 1996 with my agreement of 14 August, which has been in place ever since. The third thing is that a government should finance spending through savings and reprioritisation—that means, of course, no new debt, which is the policy that our government put in place in 1996. We have now reduced Labor’s debt by $80 billion, and by the end of the forthcoming financial year we will have reduced it by $90 billion.

He then says that it is important to combat price inflation through pro-competitive reforms. I must say that I did gulp when he said that he was in favour of pro-competitive reforms. The Labor Party went to the last election with a policy of increasing tariffs. They have a policy of opposing industrial relations reform. They opposed waterfront reform. And, of course, they opposed the introduction of a broad based indirect tax, under their policy which dares not speak its name but which begins with the R-word.

The fifth thing the author said, which really caught my eye, was that Labor’s new policy will focus on the productive capacity of the economy, with an emphasis on productivity, participation and population. I thought to myself, ‘Where have I heard that before—the law of the three Ps?’ I modestly
refer the House to a speech I gave on 7 August 2002 where I said this:

Today I am going to frame the law of the three Ps. They are population, participation and productivity.

Unfortunately, I forgot to put a ‘C’ for ‘copyright’ on my speech. I do sincerely say to the learned author that they are five things that keep interest rates low and they are five things which this government has put in place; and the endorsement of coalition policy by the Australian Labor Party is warmly to be welcomed.

DISTINGUISHED VISITORS

The SPEAKER—I inform the House that we have present in the gallery this afternoon Dr Andras Hajdu, State Secretary of the Ministry of Foreign Affairs of the Republic of Hungary. We also have present the Minister for Trade, Kursad Tuzmen, from Turkey. On behalf of the House, I extend to them both a very warm welcome.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Mr Douglas Wood

Mr BEAZLEY (2.08 pm)—My question is to the Prime Minister. Following yesterday’s good news, will the Prime Minister provide an update on the wellbeing of Mr Douglas Wood? Can the Prime Minister provide any further details regarding Mr Wood’s rescue? Can the Prime Minister reveal any government plans to recognise those who contributed to securing Mr Wood’s freedom?

Mr HOWARD—Can I start by apologising to the House for being a little delayed; I was speaking on the phone to the Iraqi Prime Minister when question time began. This provided me with an opportunity, on behalf of all Australians, to convey our great gratitude to his government, to the brave people of Iraq and, in particular, to the military forces of Iraq. It was a detachment of the Second Battalion, 1st Iraqi Army Brigade—supported, I believe, by force elements of the United States—that effected the military rescue and recovery of Mr Wood. Another Iraqi hostage was also released and two insurgents were arrested.

I very warmly welcome the fact—and I know that all members of the House will equally welcome the fact—that this rescue was accomplished by the Iraqi forces. What that says is that evidence is building of growing competence and capacity on the part of the Iraqi military and the Iraqi security forces. Whatever views people may have about the coalition operation in Iraq, we are surely united in the desire to see a free, independent and democratic Iraq. Strong security and military forces are indispensable to a free, independent and democratic Iraq.

Along with the Foreign Minister, I had the opportunity this morning after the news conference of having morning tea with Mr Wood’s family, a very impressive group of Australians—a group of men and women who care for their brother and brother-in-law and uncle but also understood what was involved. I want to say again that the strength, the dignity and the resolve of the Wood family have been an inspiration to everybody associated with this event. I again record my thanks to them.

The best advice I have is that, notwithstanding his current ailments, which have been documented in the past, Mr Wood is in a reasonably good physical condition. As to whether there will be any lasting psychological impacts, I am in no professional position to comment and am not in receipt of any advice in relation to that. He has clearly been through a traumatic experience and one that has come the way of only few people.

This is a remarkable event. I think perhaps only two or three out of the several thousand people who have been taken hostage in Iraq...
have been rescued. That is amazing. All of us can find whatever expression we want—whether he has a guardian angel, whether it is just sheer good luck or however we describe it—but it is a remarkable thing. Do not forget that he was rescued by the military forces of free Iraq. That is very significant.

The Leader of the Opposition has asked me about recognition. Specifically, attention has not been given to that. Generally, yes, it will be. There are many people to be recognised. I think, for persistence of effort, pride of place—apart, of course, from Mr Wood’s family—must go to Mr Nick Warner, the Deputy Secretary of the Department of Foreign Affairs and the head of the emergency task group that was sent within 24 hours to Baghdad. They worked in very close professional harmony with the Americans and also with the Iraqi forces.

I again record my thanks to members of the Islamic community of Australia for the compassion and support that they displayed. This was a united Australia trying to achieve the freedom of one of our fellow countrymen. That was a message that went around the world. It is also a reminder that countries should not give in when extortionate demands are made. It is a reminder of the importance of the resolve that was displayed on that particular score. As to the greater details of the operation, as more information is available either the Minister for Foreign Affairs or I, consistent with any operational considerations, will make that information available.

In my conversation with the Prime Minister of Iraq, he indicated to me a growing confidence in the capacity of the Iraqi security forces to deal with the security situation in his country. He took the opportunity of expressing his gratitude for the ongoing support of the Australian forces in Iraq, and I assured him on behalf of the government that those forces would remain in his country until their job was completed.

Mr Douglas Wood

Mr BARRESI (2.15 pm)—My question is addressed to the Minister for Foreign Affairs. Would the minister inform the House of the circumstances of Mr Douglas Wood’s release in Iraq and outline the actions taken to achieve this?

Mr DOWNER—I thank the honourable member for Deakin for his question. As the House knows, Mr Douglas Wood was kept in captivity for 47 days. Inevitably it is difficult to piece together all the details surrounding his release, but the best that we are able to articulate at the moment is as follows. There was what is called a military ‘cordon and search’ operation in Baghdad which involved Iraqi forces, supported by American forces. The Iraqi unit involved was the 2nd Battalion of the 1st Iraqi Army Brigade. We understand that some intelligence was passed on to the 2nd Battalion forces. As a result, they raided a location in the suburb of Ghazaliya in Baghdad, and that was where they found Mr Wood and also another hostage who had been taken. Obviously as time goes on we hope to get a more comprehensive picture, and as we get a more comprehensive picture we are happy to brief the opposition or, perhaps during the course of next week, provide a bit more information to the House, because there is no doubt there is a good deal of interest in the details of how this happened.

Mr Wood is now being protected by the Australian Emergency Response Team in Baghdad. He has undergone medical checks, and the House will be pleased to know that he is well. He has spoken on the phone to members of his family. We expect that Mr Wood will move out of Iraq during the course of today, Baghdad time, and go to another location in the Middle East. We will not say publicly where that location is or-
der to avoid a media scrum on his arrival, but I would be happy to privately brief members who may be interested.

The government always made it clear—and I think the parliament always made it clear, the opposition as well as the government—that no Australian government can ever give in to the demands of hostage takers. An Australian government cannot pay ransoms and should not allow its policies to be changed as a result of the demands of hostage takers. On this occasion we stuck to our policy. We were supported by the opposition—which made it a lot easier—and, very importantly, the Wood family supported that policy as well. It is one thing when you do not have any direct family involvement, but for those involved in the family to have supported that policy showed extraordinary courage, and they deserve the highest praise for the courage that they showed. So Douglas Wood has been released without Australia paying any ransom and without Australia conceding to the policy demands of people who would take Australians hostage. That will always be our position, and I know the opposition supports that.

We are happy to provide more information, particularly privately in briefings to members of parliament who might be interested, on the full saga over the 47 days—what my department did; what some of our friends and allies did; what the Iraqis did; and what Sheikh Hilaly, who played a very prominent role, did.

Of course, during this whole saga there were moments when we did not know whether Douglas Wood was dead or alive. There were two videos which were made public. There was also a third video that we received on 29 May. In that video, Douglas Wood looked in good health, and that gave us some confidence—obviously he was alive, and from the statements he made it was clear that the video had only been made a day or two before. It was delivered to the Australian team in the form of a memory stick—one of those small memory sticks you put in a computer. We were told that the existence of this video was not to be made public at all, so we endeavoured to keep that reasonably quiet at the time. But at least we were aware up until quite recently that Douglas Wood was not only alive but looked as though he was in good health.

Finally, let me reiterate what the Prime Minister said, and that was that we pay enormous tribute to the Iraqis, to the Americans and to those from other countries who helped us. By the way, quite a lot of people from other countries helped us in this—the Italians and the French. Some of the eastern Europeans who have had their citizens taken hostage were extremely helpful with advice and in giving us contacts and so on to follow up. But the Iraqis themselves were tremendously committed to trying to get Douglas Wood released—and obviously the Americans were as well, as you would expect.

Our team did a great job. As the Prime Minister has already done, we thank Nick Warner, the Department of Foreign Affairs and Trade staff, the Australian Defence Force staff, the Australian Federal Police and others. I want to reiterate our thanks and support to the Iraqi people. There was a great quote by Colonel Mohammed, the Iraqi colonel who did a press conference with Nick Warner a few hours ago. He said:

This is a great day for Iraq.

That really plays into what the Prime Minister has been saying. It was a great day for Iraq, but of course, whatever our politics, we in this House all feel it was a great day for Australia.

**Air Safety**

Mr **STEPHEN SMITH** (2.21 pm)—My question is to the Deputy Prime Minister and
Minister for Transport and Regional Services. I refer the Deputy Prime Minister to his statement to the House on 27 November 2003 that:

... it is not my job, my responsibility or my training to be able to advise on every technical aspect of safety. That is why we have statutorily independent advisers to keep our skies safe ...

Can the Deputy Prime Minister confirm that his senior adviser wrote directly to officers of the Civil Aviation Safety Authority in 2003, claiming they had failed to give the implementation of the Deputy Prime Minister’s national airspace system the priority the Deputy Prime Minister required? Why did the Deputy Prime Minister interfere in this way with the work of statutorily independent officers responsible for air safety?

Mr ANDERSON—I thank the honourable member for Perth for his question. If he really understood this area of government policy he would know that the government has responsibility for governance as opposed to the day-to-day maintenance of safety issues. It is certainly the case that the government, after consideration by cabinet, resolved to proceed in relation to airspace upgradings in this country. That was a matter of policy. In terms of my responsibility in governance terms, it was entirely in my remit to indicate that I wanted government policy to be taken forward. That is not and does not constitute interference in day-to-day safety management.

While I am on my feet, can I say this. Yesterday in this place the member for Perth waved around a brochure which I had released in my electorate about safety and claimed that the photograph showed that the worker involved was not properly protected. When we provided him with an enlarged photograph—

Mr Stephen Smith—Mr Speaker—

The SPEAKER—Is there a point of order?

Mr Stephen Smith—The question was about air safety, not the Prime Minister’s disregard for occupational health and safety.

The SPEAKER—The member for Perth will resume his seat.

Mr ANDERSON—We showed him the evidence, in an enlarged photograph, that the worker was properly protected and had what was required in that factory workplace. When asked about it this morning, the member for Perth fudged.

Ms Gillard—Mr Speaker, what the Deputy Prime Minister is trying to do is to add—

The SPEAKER—Is this on a point of order?

Ms Gillard—Yes, it is. What the Deputy Prime Minister is trying to do is add to an answer. The forms of the House require that to be done by leave after question time. All these matters are wholly irrelevant to the question.

The SPEAKER—The Manager of Opposition Business will resume her seat. The Deputy Prime Minister will come back to the question.

Mr ANDERSON—The member for Perth is trying to imply that I am not concerned about the safety of Australians. As I say, when presented with the evidence that the worker was well protected, he fudged this morning by saying that he was talking about a range of safety gear required to have been worn by the worker, not merely ear and eye protection. I invite the member for Perth to seek a briefing from us. We have checked it out very carefully. That worker was in full and absolute compliance with the workplace safety requirements of their workplace.

Pharmaceutical Benefits Scheme

Mr KEENAN (2.25 pm)—My question is addressed to the Minister for Health and
Ageing. How is the government’s policy to reduce the cost of new generic brands of medicine by 12½ per cent helping to keep the Pharmaceutical Benefits Scheme sustainable for the long term?

Mr ABBOTT—I thank the member for Stirling for his question. It is a very important question about a very important topic. As members would now be starting to understand, and as the Prime Minister and the state Labor premiers all agreed recently, Australia has a very, very good health system. The challenge is to make a good system even better.

The Pharmaceutical Benefits Scheme is one of the most important parts of our health system, but its costs have been growing at a compound rate of some 12 per cent per year. During the election campaign, the government announced that new generic drugs entering the PBS would be subject to a mandatory 12½ per cent price cut, saving some $800 million over the then forward estimates period. A generic drug is one which has a chemically identical active ingredient to an existing drug. The government is implementing this policy and I am happy to tell the House that all the new generics listing on the Pharmaceutical Benefits Scheme on 1 August will do so at a 12½ per cent price cut.

Unfortunately, there are a few companies with drugs already on the PBS who have not accepted the flow-on price cut. To avoid the withdrawal of these drugs from the market, those companies can charge patients a premium on top of the standard co-payment. The critical point is this—

Ms Gillard—No other health minister has ever been so incompetent.

Mr ABBOTT—I say this to the member for Lalor, who does not ask any questions—who just pulls stunts in the parliament these days, because she is not allowed to ask any questions by her tactics committee—

Ms Gillard—It’s a shambles, and you know it.

The SPEAKER—Order!

Mr ABBOTT—I say to the member for Lalor: every patient—

Ms Gillard interjecting—

The SPEAKER—Order! The member for Lalor!

Mr ABBOTT—every single patient will have access to a clinically suitable drug at the standard co-payment, mostly because there will be an alternative drug at the benchmark price; and, in a minority of cases, where the patient’s doctor believes there is no clinically suitable alternative, the doctor will be able to seek an authority from the Health Insurance Commission and in those cases the government will pay the premium.

The government is determined to ensure that the PBS makes better use of generics. The government is determined to ensure that taxpayers get the best possible deal. I should point out to the member for Lalor that, just because of the entry of generic statins onto the PBS as a result of this measure, there will be a savings of $400 million over the forward estimates period. The government is determined—

Ms Gillard interjecting—

The SPEAKER—The member for Lalor is warned!

Mr ABBOTT—to ensure that no patient will be disadvantaged where there is a genuine clinical need. This government is determined to balance all these important, but sometimes competing, objectives. We are determined to balance these things. We are capable of doing it. We do not engage in irresponsible scaremongering like the member for Lalor. That is why the Australian people are prepared to trust the Howard government with their health care and that is why the Howard government is the best friend that
Medicare ever had—the best Prime Minister that Medicare ever had and the best Treasurer that Medicare ever had.

**Air Safety**

**Mr Stephen Smith** (2.29 pm)—My question is again to the Deputy Prime Minister and it follows my earlier question to him about his reliance upon independent statutory advice and his letter to advisers by his senior adviser. Can the Deputy Prime Minister confirm that, following the letters from his senior adviser to CASA officers, the then secretary of his department called those officers to his departmental office and questioned their ongoing careers should they not do exactly what the Deputy Prime Minister wanted?

**Mr Anderson**—I thank the honourable member for his question. I cannot report on the nature of conversations that might or might not have taken place between the secretary of my department and CASA. It is highly appropriate for them to talk and to talk often—they did and they still do. I am happy to ask my department whether the then secretary had a conversation or conversations at that time. But I do not believe for a moment that my office or my department would have interfered in operational safety matters because I have always been absolutely fastidious and consistent with the statutory authorities that have responsibility for aviation safety in Australia that they must never compromise the safety of the travelling public of this nation. And I believe that the government and all members of this House would expect nothing less.

**Workplace Relations Reform**

**Mr McArthur** (2.30 pm)—My question is addressed to the Minister for Employment and Workplace Relations. How have the government’s policies helped to bring about lower levels of industrial disputation in Australia? Are there any threats to this performance?

**Mr Andrews**—I thank the member for Corangamite for his question and I applaud his continued advocacy for further workplace relations reform in this country. Under the Howard government, the level of strikes in Australia has consistently been at its lowest level since records were kept—and that goes back to 1913. Indeed, the December 2004 quarterly result was the lowest quarterly result ever.

It is against this background that I note the unions have promised a nationwide week of action at the end of June this year. Some of the comments being made about this are a cause for concern. Last Saturday, Chris Cain, the Western Australian secretary of the Maritime Union, told a meeting of unionists at the Victorian Trades Hall:

If you believe in rank and file trade unionism, you have to break the law ... Because I break the law every day and sooner or later we’re going to have casualties when we do, but if we do it en masse, then we’ll win ...

If that statement were not regrettable enough, Mr Cain then went on to endorse the tactics of one Craig Johnston, who was, I should point out to the House, recently released from jail as a result of being imprisoned for violent raids on two Melbourne businesses as part of a union campaign in 2001. Mr Cain went on to say:

I just believe the type of trade unionism Craig Johnston has brought to Victoria and around the country needs to be put on more to more unionists around the country ...

Craig Johnston shared the stage at the Victorian Trades Hall Council with Chris Cain last Saturday. Barely a week after being released from jail for violent acts, including against a pregnant woman in a Melbourne business, he was being given star billing at the Trades Hall Council in Victoria.

**Government members**—Shame!
Mr ANDREWS—It is a shame. According to reports by AAP:

Mr Johnston called for support of the Labor party in the next three years, saying they were the best chance for getting reform.

Mr Johnston is quoted as saying:

We need them to say industrial relations is a political issue ... and they can repeal all the current laws.

Quite clearly, Mr Johnston got what he wanted, because the next day we had the Leader of the Opposition saying that he would do exactly what Johnston had demanded. The re-emergence of Johnston—this is a serious issue for the Labor Party—and this tactic of lawless activity are a test for the moral fibre of the Labor Party and the ACTU. What they must do, in light of these public comments from Johnston, is dissociate themselves from these comments by Johnston and from his supporters. That is the test.

The issue is: Johnston having been drummed out of the AMWU, what is the Leader of the Opposition going to say when, as is widely reported, he turns up as a member of the Victorian branch of the CFMEU? What is the Leader of the Opposition going to say then? If he is not going to dissociate himself from the likes of Craig Johnston and say that this man, his associates and these sorts of tactics to be undertaken by unionists in this country are inappropriate, are we then to conclude that militant unionism is the type of roll back that the Leader of the Opposition has in mind?

Distinguished Visitors

The SPEAKER—I inform the House that we have present in the gallery this afternoon members of a delegation of senior public sector managers from Indonesia. On behalf of the House, I extend a very warm welcome to the members.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Air Safety

Mr STEPHEN SMITH (2.35 pm)—My question is again to the Deputy Prime Minister and Minister for Transport and Regional Services. I refer the Deputy Prime Minister to the Australian Transport Safety Bureau’s web site, which shows that, for the five-year period to 2005, 71 per cent of Queensland’s and 26 per cent of Australia’s aviation fatalities occurred in North Queensland. Is he also aware that the web site shows that 69 per cent of Queensland’s and 24 per cent of Australia’s aviation fatalities occurred in North Queensland for the five years to the year 2000? Can the Deputy Prime Minister advise the House whether there is any common theme or analysis in the circumstances of these fatalities that requires investigation by the Civil Aviation Safety Authority?

Mr ANDERSON—I can advise the member for Perth that CASA and indeed I have had some concern about some of the overrepresentation of aviation safety incidents in the north of Australia. As a result, particular attention has been paid to consultations between CASA and airline operators. That has sometimes been the subject of quite a bit of toing-and-froing between some of the local members and me. I believe that real progress is being made, but no advice has come to me that we need any further investigation. Since I am meeting with CASA this afternoon—or I think it might be Monday—I will pursue that matter on the member’s behalf. Aviation safety is something that concerns us all, and I would never seek to be political about something as sensitive and as important as aviation safety.

Literacy and Numeracy

Mr VASTA (2.37 pm)—My question is addressed to the Minister for Education, Science and Training. Would the minister update the House on the government’s efforts to
introduce national literacy and numeracy tests and plain language report cards?

Dr NELSON—I thank the member for Bonner for his question. I know he is strongly supportive of states’ rights when it comes to rugby, but he is driving national consistency in standards in literacy and numeracy across Australia. The Australian government is delivering $33 billion to Australian schools over the next four years. For the first time the Australian government has put conditions on that funding, which include a national starting age for schooling, national testing in literacy and numeracy, and plain language report cards to parents about the progress their children are making through the school system. In fact, I read today in the Courier Mail under ‘Literacy testing set for year 9s’:

QUEENSLAND Year 9 students will be required to sit for national literacy and numeracy tests from 2007.

And:

The increased testing and reporting against minimum standards has been driven by—

the Australian government, which—
says parents need more information about how their children are performing

At the moment there are four jurisdictions in Australia which are yet to sign and will have to sign in the next two weeks otherwise $7.5 billion will be withheld from those state and territory governments for schools funding. The principle reason why those states and territories are refusing to sign is that they are opposed to plain language reports to parents about the progress that their children are making. The government are requiring that school reports will be reported in ‘A’, ‘B’, ‘C’, ‘D’ and ‘E’. The average parent knows exactly what that means. In addition to that, we are requiring the states to actually rank into which quartile, or which 25 per cent, in the classroom the parents’ son or daughter is falling.

The people that are delivering the opposition to this very sensible reform are the same people that are delivering reports to parents today that, for example, will report children’s progress in class as ‘almost achieved’, ‘working towards’, whatever that means, ‘needs attention’ or ‘consolidating’—all this politically correct language-denuded explanation which does not mean a damn thing to the average parent in Australia. This government are determined that there will be national consistency in Australia. There will be plain language reporting to parents. We will withhold money from states and territories unless they sign up.

As far as the Labor Party is concerned, I heard the Leader of the Opposition this morning on radio, and he was asked about his tax policy. He basically said, ‘It’s almost achieving.’ What does that mean? To the average parent, as far as this government’s school reports are concerned, Labor’s opposition to tax cuts for Australia on 1 July would be rated an ‘E’—in other words, crashed and burned. They would be in the bottom 25 per cent of the class. As far as his frontbench is concerned, he would probably report them as ‘needs attention.’

Air Safety

Mr STEPHEN SMITH (2.40 pm)—My question is again to the Deputy Prime Minister and Minister for Transport and Regional Services. It follows on from my previous question, where he acknowledged the over-representation of North Queensland in aviation fatalities. Can the Deputy Prime Minister confirm that air operating certificates held by UZU Air and Whyalla Airlines were suspended following accidents involving multiple aviation fatalities? Can the Deputy Prime Minister also confirm that, in contrast to the suspension actions taken against those opera-
tors, the air operating certificate held by TransAir was not suspended following the multiple fatalities at Lockhart River last month? If, as the Prime Minister asserts, he has been paying particular attention to fatalities in North Queensland, can the Deputy Prime Minister explain the rationale for this change in approach in relation to the Lockhart River tragedy?

Mr ANDERSON—I again thank the honourable member for Perth for his question. Let me note at the outset that he is attempting to put words in my mouth. I indicated and acknowledged that there is something of an overrepresentation of aviation safety incidents. That can mean reportage of inadequate maintenance or whatever. That is a far different thing to conceding any point in relation to an overrepresentation with regard to actual fatalities. The other point I would make is that the member just a few moments ago was implying that I should not directly involve myself in operational safety. I do not. He apparently now wants me to.

CASA, I believe, has been doing a very competent job in this regard. I have confidence in CASA. I make the point that we inherited a very unsatisfactory mess from the Labor Party some years ago. CASA was on the front pages of the newspapers every other day. I think its performance has been lifted very considerably indeed. I think Australians, broadly speaking, have confidence in CASA, as I have confidence in CASA, and I think that is a significant improvement over the situation that pertained some years ago. Mr Speaker, I am happy to have CASA explain, in any forum that you so choose—and you often do over in the Senate—it’s rationale for decisions that it has made in these matters. I will seek any further information that might be required and provide it to you.

Trade Liberalisation

Mrs MAY (2.43 pm)—My question is addressed to the Minister for Trade. Would the minister inform the House how trade liberalisation can help lift people out of poverty in developing countries?

Mr VAILE—I thank the member for McPherson and acknowledge her interest in matters that go to the alleviation of poverty across the world. Of course Australia plays a very strong role, a leading role, in a number of policy areas in poverty alleviation across the world. Most importantly, our advocacy of trade liberalisation, particularly in the agriculture sector, is critical to our pursuits, along with other developed countries, in achieving a better outcome for the world’s poor. It is an undeniable fact that agricultural protection depresses global prices for agricultural goods and severely restricts the abilities of developing countries to lift their economies and lift the many people in their populations out of poverty.

Many members would have seen the comments overnight by the new head of the World Bank, Paul Wolfowitz, who called on wealthy countries to reduce agricultural subsidies to boost trade prospects for developing nations. His comments are not just aimed at the European Union and Japan but also at his own country, the United States of America. This follows a World Bank analysis that estimates that ending farm support would lift 140 million people out of poverty and deliver a $600 billion gain to the global economy. This could happen if those wealthy countries that excessively support and protect agriculture were prepared to liberalise their agricultural markets.

Interestingly, the British PM Tony Blair is again demonstrating leadership by battling his European Union counterparts on European Union reductions to farm subsidies. The Labour Prime Minister of Great Britain is
showing great leadership and moral courage in this regard. It is said that the average European cow receives $2 a day in taxpayer support. That is more than half the world’s poor have to live on in a year.

Earlier this year at the Davos economic forum in Switzerland our Prime Minister told world economic leaders that aid alone will not end poverty. Liberalisation of trade, and of agricultural trade in particular, is also needed to help alleviate poverty across the world. So we are at the front of those nations calling on the developed countries of the world to liberalise their agricultural markets to give the developing world a chance to trade their way out of poverty.

We also lead the way in other areas. We have announced that we will provide tariff-free and quota-free access to the 49 least developed countries in the world into our market in Australia to try to assist those countries to develop their economies. Debt forgiveness is very important and aid is admirable, but they will not work without trade liberalisation.

**Air Safety**

**Mr STEPHEN SMITH** (2.46 pm)—My question is again to the Deputy Prime Minister and it follows on from my earlier question on the Lockhart River tragedy. Can the Deputy Prime Minister confirm that airline operators who hold Commonwealth contracts are required to have satisfactory quality assurance systems in place? Can the Deputy Prime Minister assure the House that Aero-Tropics, the ticketing carrier in the Lockhart River tragedy and the operator who provides search and rescue services in North Queensland, fully complies with the terms and conditions of all its contractual obligations to the Commonwealth in relation to these search and rescue services?

**Mr ANDERSON**—I can confirm that I have not been advised to the contrary. I can confirm, too, that this tragic accident is still the subject of an inquiry by the ATSB—as it ought to be; a no-blame investigation which will be thorough and far-reaching. I think it fair to say that if CASA had found it necessary to ground this airline it would have done so. I also make the point that some allegations have been made against this airline which, if you like, have been unsubstantiated. When I have asked the people who have made those complaints to come forward—

**Mr Stephen Smith**—No assurance; no cancellation.

**Mr ANDERSON**—Do you want the answer or not? They have not been prepared to come forward and substantiate those concerns. I make the point again that, if people feel they have something they can usefully contribute to the current inquiry into this very unfortunate accident—this is a no-blame investigation—I plead with them to come forward in the interests of aviation safety and our management of it in this country, because it is a very important matter.

**Budget 2005-06**

**Mr SOMLYAY** (2.48 pm)—My question is addressed to the Minister for Revenue and Assistant Treasurer. Would the minister advise the House of progress on the government’s budget commitment to abolish the superannuation surcharge? Are there any obstacles to delivering this benefit to Australian workers?

**Mr BROUGH**—I thank the member for Fairfax for his question. I remind the House that on budget night the Treasurer announced the abolition of the superannuation surcharge for all Australians, to take effect from 1 July. A total of 600,000 Australian would benefit from this abolition, to the tune of $2.5 billion over the forward estimates, meaning that more Australians would be able to put some-
thing away for their future without the imposition of this additional surcharge.

It is my melancholy duty to inform the House that the measure has been defeated in the Senate. And who has it been defeated by? By the Labor Party. On the same day that they came into this place and tried to say that Australians should not get a tax cut, they were in the other place saying that the superannuation surcharge should remain in place. Shame on the Labor Party!

The Labor Party may want to reject tax cuts and to continue to impose this tax of $2.5 billion on Australians but from 1 July, regardless of what the Labor Party does, the coalition will ensure the surcharge is removed. That is a rock solid guarantee. It means that the Labor Party will be deemed to be irrelevant to the debate, because when the new Senate is in place this side of the House will ensure that we deliver on that commitment.

Industry is saying to the Leader of the Opposition that Labor should get behind the government. ASPA has said, ‘Let’s make the execution of the unpopular super surcharge swift and clean and allow one million Australians to be a bit better off.’ That is a great sentiment. ISFA has said: ‘The “nays” have got this wrong ... by rejecting this bill they have rejected good policy.

And in today’s Australian a financial executive described Labor’s plan as ‘a feeble attempt to fuel the politics of envy’. We all know where the politics of envy come from, don’t we, Member for Lilley? Everything is about the politics of envy. I inform the House and the Australian population that this government, the Howard-Costello government, will ensure the super surcharge is removed from 1 July, even if we have to wait for the implementation of the new Senate after July.

Telstra

Mr KATTER (2.52 pm)—My question is to the Minister for Transport and Regional Services. I refer to the minister’s assurances given at the National Press Club on 29 September last year and in comments on 4 May 2005 at a doorstep interview: ‘But we will not move to sell of Telstra until services are up to scratch in the bush.’ Also, in response to a reporter’s question on 21 July about whether the time was right to proceed on full privatisation, he replied: ‘No. Well, we have made it quite plain that it’s not.’ Minister, in the light of the statements—no news to rural Australia—by the NFF in the Sydney Morning Herald on 14 June, ‘We believe that only about half the recommendations have been implemented to what we call the satisfactory level’, are you going to stand by your undertakings to rural Australia and oppose the sale until the Estens recommendations are implemented? If not, would the minister consider that when surveys are consistently showing, as was the member for Dawson’s survey, 80 per cent opposition to the sale of Telstra—

The SPEAKER—Order! The member will conclude his question.

Mr KATTER—Is it not unreasonable for the people of rural Australia to be seeking to create a political party that will support their views?

The SPEAKER—Order! The Deputy Prime Minister will ignore the last part of that question.

Mr ANDERSON—I thank the honourable member for Kennedy for his question. The government is very proud of its commitment to rural and regional telecommunications. We are very proud of the responses to the three inquiries that we have set up. The first went to the standard of fixed line services, the second concentrated largely on mobile services and the third focused on the
issue of telecommunications that is of real importance to rural and regional Australia: the provision of broadband. I want to emphasise this point in particular.

Mr Tanner interjecting—

The SPEAKER—Order! The member for Melbourne is warned!

Mr ANDERSON—The debate about telecommunications in the future, for all Australians including rural Australians, will be about the provision of bandwidth for new technologies that are coming on stream. I will tell you what real leadership on telecommunications is. It is about making sure that we get the timely delivery of those new technologies rather than holding people back in a horse and sulky age. We are committed to the Estens recommendations. The HiBIS scheme in particular has been highly successful. I think we are making very good progress. There is no backing away from our commitments whatsoever.

Workplace Relations Reform

Mr WOOD (2.54 pm)—My question is addressed to the Minister for Small Business and Tourism. Would the minister inform the House how Australian small businesses will benefit under the government’s proposed workplace relations reforms?

FRAN BAILEY—I thank the member for La Trobe for all of the good work that he does with small business in his electorate. Ninety-five per cent of all business in this country is small business. It is vital for our economic growth, for creating jobs and for innovation. This government understands the needs of small business and understands that the workplace needs to be flexible to meet the needs of small businesses and their workers. The government’s new workplace relations system will be simpler, it will be easier to understand, it will cut red tape and it will be less costly for small business.

Mr Martin Ferguson—What, like superannuation choice?

Mr Crean—What about BAS simplifications?

FRAN BAILEY—Let me tell you what one small businessman said. Mr Mick Martin, who runs his own roofing business, said that small businesses are being strangled by regulations and simplifying the system is vital.

Opposition members interjecting—

FRAN BAILEY—They can interject as much as they like, but they do not understand the needs of Mr Martin and others like him. Mr Martin says: ‘I like the way it’s going to be simpler.’ It is clear that the improvements that this government will be making to the workplace relations system will help in cutting that red tape, in creating more jobs, in ensuring that productivity levels are increased and in increasing real wages. Small businesspeople like Mr Martin understand that. This government understands that. If those opposite had the slightest interest in small business, they would support what this government is doing.

Commonwealth Games

Mr GRIFFIN (2.57 pm)—My question is to the Prime Minister. Is the Prime Minister aware of a series of demands made by the Minister for the Arts and Sport regarding the Commonwealth Games Queen’s Baton Relay? Prime Minister, isn’t one such demand the inclusion of video footage of both the Prime Minister and the Treasurer at local ceremonies around the country? Isn’t this just another example of blatant self-promotion by the Howard government? Or should we expect to see the Prime Minister pass the baton to the Treasurer to coincide with the Commonwealth Games?

Opposition members interjecting—
Mr HOWARD—I’ve heard there might be a little baton-passing in Victorian pre-selections.

Opposition members interjecting—

Mr HOWARD—The House is in a very happy mood. I think it indicates that we have good government in this country. Could I simply assure the honourable member that the Commonwealth Games will be a magnificent sporting festival. There will be no politicisation of it—none whatsoever. We cannot help being the Commonwealth government at the time of the Commonwealth Games, any more than Mr Bracks can help being the Premier of Victoria at the time. I know how low-key he is in promoting the games. And why wouldn’t he want to promote the sporting glories of the city of Melbourne, which is undoubtedly in so many ways the sporting capital of Australia.

Opposition members interjecting—

Mr Griffin interjecting—

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

Mr HOWARD—This is my last word: after a question like that I am more than ever convinced that the baton will always remain on this side of the House.

Work for the Dole

Mr MICHAEL FERGUSON (3.00 pm)—My question is addressed to the Minister for Workforce Participation. Would the minister update the House on how Work for the Dole is helping job seekers and local communities around Australia?

Mr DUTTON—I thank the member very much for his question. On Tuesday night I had the pleasure of presenting the Prime Minister’s Work for the Dole awards, and what a great success the night was. The awards recognise excellence in achievement under the successful Work for the Dole program. Finalists from all over Australia attended the function, which highlighted the diversity of participants, supervisors and individual activities conducted during 2004. Indeed, 370 nominations were narrowed down to three winners.

I say by way of congratulations, particularly to the member for Bass—who was there on the night and had spoken to me about the award recipients from Tasmania—that one of the recipients on the night was the Mount Barrow historic forest trail in Launceston, which won the award for the best Work for the Dole activity. Participants in that program employ traditional techniques to recreate the roads and huts of forest workers in Tasmania in the 1900s. Congratulations to that organisation. I also make mention of Angela Field, who won the best participant award for her participation in Adventure Assisting Youth in Lithgow, New South Wales. She said, ‘I never thought that Work for the Dole could change my life but it did.’

I also want to mention Robert Mackie from the Rotary Club Safety Cycle Centre in Katherine, Northern Territory. Senator Sculion and the member for Solomon spoke to me about that excellent program. It is a wonderful program in the Northern Territory. Work for the Dole has been an incredibly successful program. I note that also in attendance on the night were a few members from the ALP. Unbelievably, they were there. They were most welcome. They joined many members from this side of the parliament in celebrating what has been a fantastic program. I will be having a little bit more to say about those people in the near future.

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

QUESTIONS TO THE SPEAKER

Point of Order

Mr PRICE (3.03 pm)—Mr Speaker, yesterday I rose on a point of order to ask you on what basis the Deputy Prime Minister was
addressing the House, as he did not seek to add to an answer when seeking the call. I thank you for advising me that he sought to add to an answer when seeking the call. Mr Speaker, will you require ministers who seek the call on the basis of adding to an answer to advise you when they rise to their feet or are some ministers and the Deputy Prime Minister exempt from such courtesies in the House?

The SPEAKER—I thank the Chief Opposition Whip. He makes a point that I am sure all ministers will take note of.

Ms Fran Tierney

Mr ALBANESE (3.04 pm)—Mr Speaker, I raise an issue that I raised with you prior to question time. You will recall that last week the Minister for Employment and Workplace Relations gave an extensive answer to a question in which he criticised in a very personal way Ms Fran Tierney and alleged that she was a well-paid trade union official. Mr Speaker, have you received a letter from Ms Tierney outlining that her income is limited to $14,000 as a local government councillor on Lane Cove Council; pointing out that she is an honorary official of the Australian Services Union; and asking, under the conditions of the House, that you refer this complaint to the Privileges Committee so that she has an opportunity to a right of reply against the outrageous slur made by the minister against a fine community person?

The SPEAKER—The member for Grayndler is asking a question, not debating it. The member for Grayndler has raised this point with me. I have received a letter from Ms Tierney. I am giving it serious consideration and I will report back in good time.

DOCUMENTS

Mr McGAURAN (Gippsland—Deputy Leader of the House) (3.05 pm)—Documents are presented as listed in the schedule circulated to honourable members.

Details of the documents will be recorded in the Votes and Proceedings and I move:

That the House take note of the following documents:


Sydney Airport Demand Management Act—Quarterly report on movement cap for Sydney airport—1 October to 31 December 2004.

Debate (on motion by Ms Gillard) adjourned.

MATTERS OF PUBLIC IMPORTANCE

Foreign Debt

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

The failure of the Government’s policies to address the issue of Australia’s burgeoning foreign debt.

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 BEAZLEY (Brand—Leader of the Opposition) (3.06 pm)—Today I want to expose the Howard government for taking us to the edge of a foreign debt cliff, for leaving Australia unprepared to pay our debts and for allowing Australia to fall behind our global competitors. As I do, I find that, sadly, Labor’s arguments are being proven in Victoria. Reports from Victoria suggest that 660 jobs at two car components factories will shortly be lost. A Broadmeadows company has announced it will shed 500 jobs and another company at Springvale has announced that 160 jobs will be lost as it shifts its production offshore. I say this to the Howard govern-
ment: many Victorian families will not sleep well tonight, and that is a national disgrace. It is not good enough to send more Australian jobs overseas. The Howard government is importing foreign skills and exporting Aussie jobs. That is a terrible double whammy. Why aren’t we training Australians, Prime Minister? Why aren’t we investing in Australia? Why are we losing out—in this instance to China?

Australia’s foreign debt has now surged to $425 billion. That is half the size of our economy. On average, foreign debt has gone up by more than $2 billion in every single month of the Howard-Costello government. The interest bill on that debt is spiralling. We are sending $20 billion every year overseas in interest payments on our foreign debt. Australia’s credit card is nearly maxed out. Yet the Treasurer’s only solution is to keep asking for an increase in the credit limit. Australia now has the worst foreign debt performance of any advanced country in the world. In net terms our foreign debt has risen to $425 billion. It is a dramatic increase. It was just $193 billion when this government took office. The only country in the world that has a higher foreign debt level is the US.

Australia produces just over one per cent of world economic output and yet it has a larger foreign debt in absolute terms and in US dollar terms than any other nation. Australia’s foreign debt is worse than those of Argentina, Nauru and Russia; it is worse than those of Brazil, Barbados and Bosnia; worse than those of Latvia, Lithuania and Libya; worse than those of Slovenia, Slovakia and Sri Lanka; it is even worse than New Zealand’s. But the Prime Minister says that that is not a problem.

Per head of population our foreign debt is now $21,000—much worse than that of the US. Indeed, there are only two nations in the world that record a higher foreign debt per capita than we do. Those countries are Iceland and Qatar—both of them micro economies less than one-sixth the size of the economy of Queensland. Yet the PM says that we do not have a problem. He says that it does not really matter because we can afford to service the debt. He cites the debt servicing ratio—the percentage of export revenues that is spent on interest payments. But the Prime Minister was quite misleading in his remarks to the House on that issue earlier this week when he told the House:

... the figure ... shows the debt servicing ratio has declined quite sharply since this government came to power.

In fact the debt servicing ratio is almost unchanged from when he came to power. It was 11 per cent in March 1996 and it is 10 per cent now. That is not a sharp decline. It masks a serious structural worsening of our debt servicing position. According to analysis by Saul Eslake, in March 1996 we were paying an average effective interest rate on our foreign debt of 5.1 per cent. Since then, world interest rates have fallen. Currently we are paying 3.6 per cent. Since March 1996 our terms of trade have lifted by almost 30 per cent. So you have had a cut in interest rates of one-third and you have had a lift in the terms of trade of almost one-third and yet the debt servicing ratio is almost unchanged. That is because our foreign debt is soaring. I say to the Prime Minister: that is not a sharp decline; that is a sharp deterioration—a worsening that is masked by some good luck on interest rates and export prices. Won’t we be in trouble if world interest rates rise and then—and when—our export prices fall?

The Prime Minister has also argued that foreign debt is not a problem because he has balanced the budget. If you have a balanced budget in Canberra, he says, then you do not have a foreign debt problem. It shows just how out of touch he is. It shows just how exaggerated his sense of self-importance has
become—how Canberra-centric—as if he has solved Australia’s foreign debt problem by running a balanced budget. What matters is whether the nation is paying its way and not just whether one level of government is. Australia’s foreign debt problem was never primarily a problem of government debt. More than two-thirds of the foreign debt was private sector debt in 1996. The fact that it is private sector debt does not stop it being a problem, as the Prime Minister himself argued 10 years ago. Of course, the Prime Minister says that foreign debt is not a problem because it is just a private matter between lenders and borrowers in open markets. If the borrowers cannot afford to repay the loan, they say, there are really only consequences for the lenders. If only it were that easy. The problem is that if debt goes too far there is just one main adjustment mechanism in an open market economy, and that is the exchange rate. And there is only one exchange rate—an exchange rate that we all share. When a nation gets into excessive and unsustainable debt, and markets react to it, it triggers a plunge in the dollar. When that happens government has just one lever to respond with—higher interest rates. That is why a high foreign debt is a problem for us no matter whether it is a public or private sector debt. That was one of the important lessons of the financial crisis in Asia which the Prime Minister now chooses to ignore.

The OECD’s own analysis directly contradicts his excuses. According to the OECD’s Technical Paper No. 132, Unsustainable and excessive current account deficits, published in 1998:

... current account deficits can pose serious problems for policy makers, even in the absence of public sector deficits.

The fact... that large current account deficits primarily reflected a private-sector saving-investment imbalance did not prevent private capital markets from attacking currencies in Chile (early 1980s), in the United Kingdom and the Nordic countries (late 1980s), in Mexico and Argentina (mid-1990s), and in several Asian countries (1997).

It says—and I absolutely emphasise this:

A large external deficit will not be financed by foreigners forever. At some point, there will inevitably have to be adjustment back to payments balance.

The problem is that when the market makes the correction they make it abruptly, and that is the risk that Australia now faces. But it is a risk made much greater by this government’s complacency. Mr Howard might not think this is a problem, but others are waking up to it. The International Monetary Fund is waking up to it. Their most recent report on the Australian economy rings alarm bells on our external position. The IMF thinks our problem is serious enough to run what it calls stress tests on us to examine our external debt sustainability. They are not fanciful scenarios but they make chilling reading. They show our external debt rising to 100 per cent of the value of our economic output this decade if our dollar falls just 30 per cent. But the Prime Minister still says that we do not have a problem. More concerning still is that the foreign debt explosion is not funding a vast expansion in our productive capacity. Of course, we are seeing strong investment in our mining sector, but the foreign debt has grown on the back of record household debt. The Economist magazine warned in March last year that with our rocketing household debt ‘the clock is striking midnight on Australia’s boom; a downturn may not be far off’. That is not the Australian Labor Party talking; that is not some bunch of right wing or left wing ratbags; that happens to be the Economist magazine, probably the shrewdest judge of affairs in our region amongst any of the publications that we in this parliament popularly consult.
I want to make something absolutely clear. I regard this as the single greatest threat to Australia’s economic future, but I do not believe the sky is falling in. I am concerned about a long-term slide that we must address now. In fact, I am sure that with the benefit of the resources boom our external accounts will be looking a little better in a year’s time than they are looking today. But here is the risk: when that happens we will see a complacent Treasurer grinning ear to ear, resting back in his chair and telling us there really was no crisis. We will still be piling up debt but things will get worse more slowly. But the real risk lies beyond this time in that, if our terms of trade come downwards from their heights, or China slows down, or global interest rates rise or our currency falls sharply, we will be in real trouble. The risk to Australia from our surging foreign debt is not this year. It may not be next year. It is the fact that our economy will be at risk more and more year by year, because there is no short-term solution to a foreign debt crisis when it arrives except to slow an economy down to a snail’s pace—that is your only solution—with a sharp, downward shift in living standards. I do not say that that is about to happen immediately, but if we do not get this problem under control and if we do not get our economy paying its way, Australia will face a very serious crisis down the track.

Of course, 10 years ago, the Prime Minister thought foreign debt was a problem. He said it would cause higher interest rates regardless of whether it was private or public sector debt. The Prime Minister said the following about his predecessor, the Prime Minister of the time:

He began to enter the denial stage about foreign debt. He now says foreign debt—debt really doesn’t matter. He said debt is not so bad as long as you can service it. I mean that is the classic response that somebody who has been there so long and has been so unable to find a solution to something. He thinks he will define the problem away by pretending that it doesn’t exist.

What we hear from this Prime Minister now is just the classic response of someone who has been there too long and who cannot find a solution to this growing crisis caused by his complacency and his neglect. Today we hear more about how Australians are paying for this Prime Minister’s complacency. Today we hear that, after 30 years of business, the Trico windscreen wiper factory in Springvale, Victoria is shutting down and moving offshore, with 160 workers losing their jobs. We hear as well today that, after 40 years of manufacturing, Autoliv, a manufacturer of seatbelts and airbags in Campbellfield, will dismiss 560 workers—two-thirds of its work force. Those closures come on the heels of announcements of other closures in the car industry in recent weeks. Things are just as tough in one of Australia’s grandest and oldest industries, the wool sector. They too cannot compete, and 180 workers in the AusTop factory in Parkes in central western New South Wales will now lose their jobs. While we can shear the sheep in Australia, we have to send the wool offshore to make it into finished goods—and Mr Howard says we do not have a problem!

We now have a crisis in our manufacturing exports. Growth in manufactured exports has slumped from 14 per cent annually in the seven years to 1997 to just two per cent since then. This is the legacy of a decade of this Prime Minister’s rule—the erosion of our export base and the explosion of debt. This Prime Minister inherited an economy with soaring productivity, low inflation and strong export growth—an economy that was diversifying its exports and increasing its competitiveness, an economy that was getting on top of the imbalance on the external accounts. The legacy that this Prime Minister could be leaving is a strong Australia—a
Mr BROUGH—I welcome the interjection of the honourable member opposite, because I must confess to the House that I am in fact plagiarising. I am reading, straight out, the words of the member for Brand, the then member for Swan, the then Minister for Finance, the Hon. Kim Beazley, in a speech to this House in September 1995. Those were the words that condemned the matter of public importance that he has put up here today, because the fact is that, in his own words, he told this House in 1995 that foreign capital finds its way to well-managed economies. The Howard-Anderson government has delivered a strong, stable, growing economy for the last nine years.

At the time when the Leader of the Opposition, who was then the finance minister, delivered this speech, unemployment was at over eight per cent. Today it is at near 30-year lows, approaching five per cent. The important cash rate today is sitting at 5.5 per cent. At the time, the cash rate was at 7.5 per cent—that is the new cash rate target: 7.5 compared to 5.5. The credit rating of this nation—that is, the premium the nation pays for the debt that it has to sustain—was of course not AAA. It was upgraded under the Howard government. It was in fact a higher risk to the lenders of the world.

And, of course, there was government debt. Here we are today discussing the overseas debt of this country. At the time of that speech, the federal government debt was approaching $96 billion. That was the money that taxpayers’ taxes had to make in order to make the interest payments. And who was the finance minister? The now Leader of the Opposition, the man who stands before the House today trying to pretend that he is somehow credible on the issues of economics and of managing an economy; when, as I just stated, under Labor unemployment was at over eight per cent; household interest rates, as in mortgage rates, were over 10 per
cent; our credit rating was poor; and our national debt—but, most importantly, debt that was owned by the Commonwealth—as a percentage of GDP was of course much greater than it is today.

In fact today, of this foreign debt, the debt that is owned by the Commonwealth is something in the order of just 3.2 per cent. Almost all of Australia’s foreign debt stock is attributed to the savings and investment decisions taken by the private sector, not by the Commonwealth. The private sector now holds 96.8 per cent of foreign debt. That is not contributed to by the government; that is by individuals, by industry and by households.

So let us come to the point raised by the member for Brand, the Leader of the Opposition, when he rightly said that the majority of this debt is in fact household debt. Most of this debt is held by the average household in Australia, not by the Commonwealth. As the Treasurer informed the House again today and on budget night, the Commonwealth will reduce its debt to just $6 billion by the end of this financial year—and it was $96 billion when Kim Beazley, the member for Brand, was the finance minister and directly responsible.

Let us come to household debt. At the moment, in this country, household debt is below the 10-year average. Household balance sheets have benefited from strong asset growth. For every dollar of debt, households have around $2 in financial assets and more than $6 in total assets. Households are not having difficulty in meeting their debt-servicing requirements. So the one thing that the Leader of the Opposition said today that was correct, in referring to debt, was that the overwhelming percentage of this foreign debt is in fact household debt. As I have just pointed out, that foreign debt being held by households is not even at the 10-year averages, as far as household debt growth is established, and the balance sheets of the households mean that they are in a far better position to carry that debt.

In his wide-ranging speech today, the Leader of the Opposition referred to job losses in Victoria. That comes to fundamental reforms that government has to have the courage to undertake to ensure that the productivity of the nation is maintained, so that our competitiveness with the overseas nations that we compete with on a day-to-day basis in the form of the sale of goods and services is as good as we can make it. He referred to job losses in Victoria. The first thing that the Labor Party could do is support the government’s industrial relations reforms in this place to ensure that we can continue to make our workforce the most productive that we possibly can, so that the cost of production comes down, making us more competitive against China and our other international competition so that our export markets can grow.

That is an important issue, but it is one that the Labor Party cannot face because it means that they have to uncouple themselves, unshackle themselves, from the union movement. Time and time again in this place we have seen people get up and give their maiden speeches and pay homage to their union backgrounds. Well, paying homage to your union bosses does not help the Australian workers, does not help the Australian economy and will not help those workers in Victoria as they are displaced from their work.

We have initiated other important reforms like taxation reform, which we have been debating in the House again this week. We are putting more money into the hands of Australian workers and making the system more competitive so that Australian workers can earn a bit of extra overtime, can put a bit
more work in, make their businesses more productive and use workplace relations reforms such as AWAs to ensure that the worker and the business benefit. In doing so, they ensure that our products and services are more competitive so that we can improve our foreign trade position.

The opposition leader also spoke about foreign trade. Let us get the facts on the table. Australia remains well on track for a record export performance in the 2004-05 financial year. I remind the opposition that exports rose 13.8 per cent in the 10 months to April 2005, compared to the same period in the previous years. The trade deficit narrowed in April by $1.3 billion. It is now at its lowest level since January 2003. More can be done here if we push through the workplace relations reforms, if we make our services more productive and if the states do the right thing by freeing up the ports and assisting the federal government in its work. Rural exports have grown by 11 per cent. Resource exports have increased by 35 per cent. Manufacturing exports have increased by seven per cent, and services exports have grown by four per cent. This is not the story that the Labor Party want the public to hear, because it goes to our performance internationally and our capacity to be competitive on the international market.

Let me talk further about savings. Given that the opposition are talking about debt—and we are talking about household debt being the greatest percentage of that debt—you would think that they would like to add whatever incentives they could to encourage Australians to save. The stated policy of the Labor Party is to remove the super co-contribution, which is assisting low-income earners. For those who put $1 away in savings—we are not talking about debts; we are talking about savings—the federal government will give them $1.50. That is fantastic. The Labor policy is to get rid of that. That is stated Labor policy as enunciated at the last election. The super surcharge was brought up in question time today. That accounts for another $2.5 billion worth of savings. Labor’s answer is to keep the tax there—in other words, Labor’s answer is more taxes and fewer incentives to save. Once again, they are trying to drive up debt, not drive up savings, which is what we are attempting to do.

Opposition members interjecting—

Mr BROUGH—The member for Lilley asks why. I remind the shadow Treasurer that in 1996 the incoming federal government was left with $96 billion worth of debt. That is a fact. The Leader of the Opposition, the outgoing finance minister, said to the press at the time that there would not be any black hole. We had what became known as Beazley’s black hole of $10 billion in one year.

Earlier, I referred to a speech given in this place in September 1995. Members on this side will find this hard to believe, but I want to quote some words of the Leader of the Opposition when it came to the issue of debt. I want to make this clear: I am quoting Kim Beazley, the member for Brand and the then finance minister, who is today the Leader of the Opposition. He said:

Part of that saving comes from fiscal discipline by the government.

Do you believe that? It gets better:

No matter what you say about us, we have now delivered five surplus budgets.

He said that in September 1995. The member for Lilley might like to remember that. He said that Labor had delivered five surplus budgets, when the government was in debt to the tune of $96 billion and about to find $10 billion in debt which it had hidden under the backseat. That did not come out until after the election. He said:

You delivered none—not one.
We have delivered surplus after surplus after surplus. Today the total net debt of the Commonwealth government is in fact $6 billion because of the fiscal responsibility of the Howard-Anderson-Costello government. What is important is our ability to service the foreign debt.

We have dealt with all of the arguments that the Labor Party have thrown up today. The one point we agree on is household debt. It is a fact that there is household debt and that it is a major contributor. But, as we have stated, the households of Australia, the individuals who make decisions about their debt, are in a better position today because more of them are employed—1.5 million of them have jobs, something they did not even dream of under the Labor Party—and because their real wages have increased by some 14 per cent under the coalition, instead of 1.2 per cent. They are paying less tax on that, and from 1 July—despite the best efforts of the Labor Party—they will pay even lower taxes.

The competitiveness of the Australian economy is not in question. Let us look at the credit ratings of this country when the Labor Party were last in government. That credit rating—in other words, the premium you pay because of the risk that creditors feel they have in regaining that income—was in fact downgraded twice under the stewardship of the Labor Party. Under the Standard and Poor’s credit rating system, it went from AAA in 1981 to AA-plus in 1986. In 1989 it went down to AA. In 1999, after we turned the budget position around and brought in financial responsibility, we regained our AA-plus rating, and in 2003 it went up to AAA, the top rating that you can have.

I reflect on the words that the current Leader of the Opposition spoke in this House in September 1995. He is right: foreign debt has been attracted to this country because we have a strong financial position and because we have taken the tough decisions. We acknowledge that there are tougher decisions to be taken—for example, in the area of tax reform, which we have put before the House but which has been rejected by the Labor Party, and, most importantly, in the area of industrial relations reform. The Labor Party, who are shackled to the unions, will reject this reform out of their own selfishness and because they do not have the best interests of the country at heart. (Time expired)

Mr Swan (Lilley) (3.37 pm)—I welcome the opportunity to speak on this very important matter of public importance. It should be recognised that the Treasurer has once again dingoed a debate in this parliament. He rarely comes in for a debate on a matter of public importance, and we have seen it yet again. He is missing in action. Today we have a Prime Minister and a Treasurer who are in denial about the nation’s external balance sheet. They fail to recognise that it has deteriorated and they fail to recognise the risk that is posed by it. This government is showing a dangerous indifference to the state of our nation’s external balance sheet. This indifference and complacency pose a threat to our continued economic growth and prosperity. Indeed, this risk should be taken far more seriously by this government. If the government will not take it seriously, the Labor Party will. We will not sit idly by as these risks go unattended.

In gross terms, for every $3 we earn, we owe $2 in debt. Net foreign debt now stands at $425 billion, a little over 50 per cent of GDP. Its nominal value has doubled since 1996. Last year we sent $20 billion overseas just to pay the interest on our accumulated gross foreign debt. Foreign debt continues to accumulate as our trade balance remains in the red. Our ability to service this debt is diminishing as it continues to snowball each
day, each week, each month. Despite the best prices for commodities in more than 30 years, our current account deficit is deeply in the red. It sits at 7.2 per cent of GDP. Let us look at what the Prime Minister has had to say about this in the past. He said this on 28 June 1995:

We will have a worse current account deficit than Mexico. And I can barely think of a more humiliating comparison that can be made of such a proud, independent nation as Australia.

Worse than Mexico! Today, where are we? The latest OECD Economic Outlook shows that Australia’s current account deficit is not only worse than Mexico’s; it is three times the size. How humiliating can it be? These are very serious figures indeed. This government should wake from its slumber and begin to take these matters seriously.

Over the past weeks and months we have seen the government—and it happened again today—arrogantly dismiss the risk posed by foreign debt and the current account deficit. Government members have had only one reply: the budget is in fiscal surplus. That is the only thing they have to say. They pretend that the total stock of debt, most of which is private debt, is not a problem; that it will simply go away, that it will have no impact. They talk about the Commonwealth budget being in surplus and about government debt being low, as if external imbalances do not matter. I tell you this: they do matter.

This government believes that it can live in a cocoon, completely divorced from the market. This country does not have that luxury. We have to face the future. We have to recognise that we are in debt substantially to the rest of the world. The government, in no uncertain terms, has been warned that the external imbalances do matter. It has been warned by the IMF. It has been warned by the OECD. It has been warned by the Treasury. It has even been warned by Standard and Poor’s. It has been warned by all the reputable agencies around the world.

Let us look at what the IMF has been saying. The International Monetary Fund has conducted some very important research, and what did it find? It found that there is a high probability that current account reversals lead to an exchange rate crisis, that attempts to stop the exchange rate falling are not usually successful and, most importantly, that current account reversals significantly reduce economic growth. So there is a serious risk here for the economy. The IMF, in its December 2004 survey of the Australian economy, made some pointed comments about Australia’s external imbalances. The IMF critiqued the so-called Lawson doctrine, the doctrine which the Treasurer and the Prime Minister have used to dismiss our nation’s external imbalances. The doctrine, to quote the IMF, goes like this:

Some economists and policy makers have argued that an increase in the current account deficit that results from decentralised decisions on private saving and investment made by private agents should not matter or be a concern, including for public policy.

That is the argument put in the House by the Assistant Treasurer, by the Treasurer and by the Prime Minister—the Lawson doctrine. What does the IMF say about the Lawson doctrine in contemporary circumstances? This is what it says:

The Lawson doctrine ... has come into question owing to a number of currency crises and sharp current account reversals that have occurred in emerging market and industrial countries in recent years. This issue is of particular relevance to Australia in the current conjecture with the current account deficit around 6 per cent of GDP, a government fiscal surplus, and low and declining public sector debt.

Although countries that suffered a reversal had a fiscal deficit on average, a number of these countries maintained fiscal surpluses, and fiscal balances on average were not deteriorating prior to
the reversal. Subsequent to the reversal, however, fiscal balances deteriorated.

That is, the IMF is saying that the Lawson doctrine does not apply and that there is a risk in a country with a fiscal balance. So there you have it: according to the IMF studies, countries in fiscal surplus have suffered reversals which have, in turn, harmed the central government’s finances. That is the International Monetary Fund; but the fund is not out there on its own. We also have the OECD, who have come to the same view as the IMF. I quote from the OECD Technical Paper 132:

Current account deficits can pose serious problems for policy makers, even in the absence of public sector deficits ... A large external deficit will not be financed by foreigners forever. That is the risk to this country. The deficit will not be financed by foreigners forever. At some point there will inevitably have to be adjustment back to payments balance. That is the risk that this country faces.

In Technical Paper 155, the OECD pointed out some of the consequences that flow from external imbalances and, in particular, their impact on interest rates. This is where it gets really hard, because if there is a correction or a reversal and if that has an impact on interest rates then that has a dramatic impact on the very high level of household debt held by so many Australians. So when the Assistant Treasurer and the Treasurer stand there and say, ‘It is all private sector debt,’ what they are really saying is that they do not care about the risk to the households in this country if there is a sudden reversal or correction. We should hold them accountable for that across this great country, where people have borrowed for their housing and many other things. Technical Paper 155 from the OECD really bell the cat:

Australia has had a history of relatively balanced government finances but a persistent current account deficit, resulting in higher real rates.

As everybody knows, we have higher real interest rates in this country when they are considered on an international comparison. So Labor finds it astounding that, in the face of this research, the Prime Minister and the Treasurer would seek to downplay the nation’s external imbalances.

Who should we trust on this matter? Should we take the assurances of the Assistant Treasurer, the Treasurer or the Prime Minister, or should we at least listen to the IMF, the OECD, the Reserve Bank and Standard and Poor’s? We know who has a better record when it comes to that. But it is not just those organisations; it is even the federal Treasury. Here is what Dr Martin Parkinson had to say recently at budget estimates. He suggested that such premiums can arise even in the absence of a fiscal deficit. When he was asked about this, he said:

Just to add to this point in relation to risk premia, risk premia can arise from a whole variety of different phenomena. It is true that it is possible they could arise because a country has a large current account deficit. Equally, it could be true that they could arise because a country has a very large fiscal deficit ...

That comment blows away the argument that has been put repeatedly in this House by the Prime Minister and the Treasurer. Just a few weeks ago Standard and Poor’s said that there were risks, mainly owing to the fact that we have such a high level of external debt, debt that is now 260 per cent of revenues. That takes care of the Treasury, and then we go to the Reserve Bank. They have made similar comments.

Currently, we are sending $20 billion a year overseas to service debt. This amounts to 13.2 per cent of our goods and services credits, or export earnings. In March 1996, it amounted to 13.4 per cent. We have heard a
lot of comparisons between 1995 and now, with the government claiming to have such a superior record to the previous Labor government’s. But now we find that servicing our debt is still as big a burden as it was all those years ago, despite the claims from this side of the House as to their being such effective economic managers. They have certainly not been producing the results. So debt servicing today is as high as it was when the Treasurer and the Prime Minister were going around the country claiming a crisis. Debt servicing is about the same today as in 1996, despite record commodity prices. What would it be like without the current gold rush in our terms of trade? That is why this government should be held accountable. (Time expired)

Mr Turnbull (Wentworth) (3.47 pm)—The MPI seeks to criticise the government’s policies for failing to address the high level of the current account deficit, but in each of the speeches from opposition members we did not hear a word about what policies the opposition would employ to address the current account deficit were they in a position to implement them. The reality is that our current account deficit has been at its lowest when our economy has been in recession. The most decisive way to reduce the current account deficit would be to see a downturn in the economy, perhaps triggered by a rise in interest rates or by ‘a recession we had to have’—or by a recession that the Labor Party no doubt believes we ought to have. We are living in a very different world to the days when the Labor Party was in government. Back then, governments were running deficits and borrowing to finance them, resulting in the $96 billion of government debt inherited by this government in 1996. Private corporations were also big borrowers. Those borrowings—over-borrowings in many cases—put many Australian companies at great risk. Financial collapses caused financial loss and, in many cases, unemployment. Households were net lenders.

Since then, however, there has been a complete turnaround: the government has become a saver and not a spender. Almost all of Labor’s debt has been repaid, and net debt by next year will be barely one per cent of GDP—effectively, eliminated. Private corporations are now net lenders. They are financing their expansion and growth from retained earnings.

An interesting feature of today’s picture is not only that the identity of the borrowers has changed but that Australian households’ borrowings are in Australian dollars. The banks that have funded the loans to the household sector have either borrowed in Australian dollars or hedged their foreign exchange risk back into Australian dollars. So while there is a high level of household indebtedness—and there can be no doubt about that—the foreign exchange risk is being borne by the foreign lenders. As the Reserve Bank’s Deputy Governor, Glenn Stevens, said in December last year in a speech to the Economic Society of Australia addressing this issue:

So if there is a problem here, it is not that Australian households borrowed from foreigners, in particular, to fund investment in the dwelling stock, it is that they borrowed from anyone to do so. The risk they are running is not an exchange rate risk, it is simply that their future income may not be as high as expected, leaving it harder than they anticipated to service their Australian dollar borrowings. This is another way of saying what we have said a number of times: that a position of higher leverage leaves households more vulnerable than they would otherwise have been to a negative shock to income. How serious a risk this is ultimately remains to be seen, but the same degree of concern would ... be there regardless of the state of the current account.

Why has there been this increase—some people would say a blow-out—in household
indebtedness? It is because there has been a property boom. In the same speech, the Deputy Governor of the Reserve Bank sets out a table showing the cyclical changes in Australia’s savings and investment position as a percentage of GDP over a series of periods where there has been a rapid growth in the current account deficit. The interesting feature about the latest period, from September 2001 to September 2004, is that the change in investment of three per cent—which, of course, was matched by a decline in savings of 1.3 per cent—increase in dwelling investment. That is more than twice as high as in any of the previous periods.

What we have seen in Australia in terms of driving domestic demand has been in effect a property boom—some people would say a property bubble. The good news is that this is slowing. The domestic demand appears to be slowing this year, from six per cent last year to 3½ per cent. That has been driven by a change in the housing sector. The Reserve Bank sent some signals through interest rate increases; the Treasurer, using his oratorical powers, sent many signals to remind Australians of the dangers of an excess of enthusiasm in the housing sector. We have seen a turnaround in house prices; growth has flattened; mortgage lending has slowed; house building has contracted.

This means that, with a pull back in domestic demand, there is less demand for imports, so that side of the trade deficit has obviously improved. Of course, we saw that just a few weeks ago. The trade figures in April were at their highest monthly level ever for exports, growing at nine per cent, to reach $14.6 billion. Imports were less than had been expected. The remarkable thing is that this halving of the trade deficit from $2.6 billion to $1.3 billion, which was the lowest since January 2003, was achieved despite the drought. And, despite that drought, rural exports rose seven per cent.

I come back to the question: what should the government do? Is the opposition seriously suggesting that it should call for an increase in interest rates? Should the government impose tariffs? Should we reverse the move to free trade? Should we seek to have a Keating style recession? I do not think so. We are seeing a sensible moderation in domestic demand as households recognise that housing prices have perhaps got a bit ahead of themselves, as saving has improved and as borrowing has slowed.

A number of factors about some of these household debt figures need to be borne in mind. A very important factor is that the figures on the balance of household savings and investment tend to understate the level of real savings in the household sector. They do not take capital gains into account as income; they certainly do not take into account unrealised capital gains, obviously. Equally, we have to recognise that, when Australians are investing in their own homes, they are making a prudent decision about saving just as if they had put money in a bank. Housing has been a very strong investment, though, as I said, perhaps it has got a little ahead of itself. The decision of Australians to focus their investments on their homes has not been historically an unwise one. Household balance sheets, and Australia’s balance sheet as a consequence, are very strong.

The Leader of the Opposition suggested that Australia’s economic plight was comparable with Bosnia. I wonder whether he and his colleagues are planning to move to Bosnia. We on our side of the House would rather stay here. The Leader of the Opposition referred to the Economist. I was able to check the article in the Economist that he was quoting from. He was quoting selectively. What did the Economist urge the government to do? Labour market reform.
ernment to do? Labour market reform. Tax reform. Is the opposition supporting those initiatives? No. The Economist urges the government to continue with economic reform. What is the Economist’s judgment on the government? (Time expired)

The DEPUTY SPEAKER (Mr Jenkins)—The discussion is concluded.

COMMITTEES
Publications Committee
Native Title and the Aboriginal and Torres Strait Islander Land Fund Committee
Membership

The SPEAKER—I have received advice from the Chief Opposition Whip that he has nominated members to be members of certain committees.

Mr NAIRN (Eden-Monaro—Parliamentary Secretary to the Prime Minister) (3.57 pm)—by leave—I move:

That Mr Price be discharged from the Publications Committee and that, in his place, Mr Hayes be appointed a member of the committee, and Ms Vamvakinou be discharged from the Parliamentary Joint Committee on Native Title and the Aboriginal and Torres Strait Islander Land Fund and that, in her place, Mr Melham be appointed a member of the committee.

Question agreed to.

Corporations and Financial Services Committee
Report

Ms BURKE (Chisholm) (3.58 pm)—On behalf of the Parliamentary Joint Committee on Corporations and Financial Services, I present the committee’s report, incorporating a dissenting report, on the exposure draft of the Corporations Amendment Bill (No. 2) 2005, together with the evidence received by the committee. I move:

That the report be made a parliamentary paper. Labor members called for an inquiry by the committee into the Corporations Amendment Bill (No. 2) 2005 in order to allow proper consideration of the issue of shareholder participation as it relates to the amendments proposed in the bill. The question Labor members sought to examine was whether the proposed changes both met concerns regarding potential abuse of existing avenues for shareholder participation and balanced the legitimate right of small shareholders to participate in company governance processes.

Labor has heard the concerns expressed about the cost and risk of abuse of calling frivolous extraordinary general meetings. We therefore have recommended retaining an avenue for small shareholders to call meetings in truly extraordinary circumstances. We have suggested retaining the five per cent of voting rights but capping it at 1,500 members and also ensuring marketable parcels held by those shareholders. Special circumstances need to be considered for mutuals—the experience of NRMA has demonstrated so a five per cent rule is also imposed there but with a cap of 5,000. These changes are part of a continuing journey towards improving shareholder participation. Labor remains committed to encouraging active shareholder participation. Therefore we propose to remove these amendments in two years.

Question agreed to.

AUSTRALIAN TECHNICAL COLLEGES (FLEXIBILITY IN ACHIEVING AUSTRALIA’S SKILLS NEEDS) BILL 2005
Second Reading

Debate resumed.

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

Mrs Vale (Hughes) (4.01 pm)—As I was saying, the implementation of the government’s policy with the Australian Technical Colleges (Flexibility in Achieving Australia’s Skills Needs) Bill 2005 will allow students of Australian technical colleges to commence a school based new apprenticeship, enabling students to begin and in some cases obtain a nationally recognised qualification; to undertake years 11 and 12 curricula in English, maths, science and information technology; to undertake business education, including how to run a small business and tuition in business management; to undertake practical education and training in addition to standard years 11 and 12 curricula; to gain an essential understanding of the workplace environment with such things as teamwork, communication, problem solving, self-management, planning and organising, information technology, learning and initiative through employability skills training; to receive professional careers advice on the opportunities available through various trade paths including in high-tech innovative business industries such as electronics, aircraft, plastics and chemicals industries; to undertake practical work-related experience in a range of industries in areas of the student’s interest and career choice; and to build relationships with local industry, leading to employment after school.

Australian technical colleges will have to meet state school registration requirements to operate as schools and to be eligible for both state school grants and Commonwealth financial assistance provided through this bill and the schools assistance legislation. Australian technical college authorities and state governments will therefore have to sign two agreements for Commonwealth funding, agreeing to the conditions of both pieces of legislation.

While the agreements will set some standard governance and administrative requirements for Australian technical colleges, an exact mode of operation is not prescribed. Significantly, the implementation of this bill will provide flexibility to these colleges. Each college will be able to operate in a manner that best meets the needs of industry and students in the region in which it is established. However, an Australian technical college must fulfil certain specifications: it must specialise in a particular trade and offer a trade or trades from at least four industries including metal and engineering, automotive, building and construction, electro technology and commercial cookery; it must have links to or be a registered training organisation; it must have a governing body chaired by a local businessperson and consisting of local industry and community representatives; and it must offer flexible employment arrangements.

I note that this bill is only one aspect of the Howard government’s strategy in skilling Australia for the future. There are many pressing challenges and, since the last election, this government has already made huge commitments to vocational and technical education. These commitments have been possible because of Australia’s sound economic management over the last 9½ years. This has sustained growth and low interest rates and, most importantly with this bill, it has seen a fall in unemployment from 8.7 per cent in 1995 to 5.1 per cent today—the lowest rate of unemployment since November 1976. This success has resulted in Australia facing pressing skill needs in a number of traditional trades. Failure to address this issue will have a detrimental impact on the strong Australian economy of the future. Therefore, it is vital that this government take measures that will attract more young people into the trades.
As usual, the government is criticised by those on the other side of the House. I note the amendment by the member for Jagajaga alleging, amongst other things, that this government has created the skills shortage that we face today. Yet, during the 13 years in which Labor was in office, no strategies were in place to provide opportunities for trade training or vocational education. In fact, the opposite was true; it was as though academic qualifications were the only real accoutrements needed by a young person to face the world. Today we realise it is very different.

What Labor did provide in those 13 years—and many Australians will well remember it—was the infamous recession: the one we had to have. The nation faced dole queues, bankrupt businesses and subdued industry. There were no skills shortages, but there was no energetic economic muscle punching above its weight either.

Today Australia boasts a vibrant economic environment that has brought benefits that are shared by all Australians, and we enjoy such benefits because of the strong and responsible economic management of this government. Today the strength of the Australian economy has also brought forth the added challenge of providing sufficient skills to support the demands of our energetic industries and high performing sectors. It is clear that, because we have managed the economy so well, we now face the challenge of a national skills shortage today. More people are in the workforce than ever before, more people have real jobs and real incomes and there is a sense of wellbeing and prosperity in our towns and cities.

It is interesting how the opposition is criticising this bill considering that some of the goals our government is determined to achieve include promoting pride and excellence in trade skills for young people; providing skills and education in a flexible learning environment; adopting a new industry led approach to providing education and training, which includes establishing an industry led governing body for each college; providing trade training that is relevant to industry and that leads to nationally recognised qualifications; and encouraging an environment of freedom and reward for effort for the staff of the colleges through flexible employment that rewards excellent performance.

I do note with disappointment that commitments from the Leader of the Opposition in relation to this legislation that were actually given last March will not now be delivered. I quote from a speech that the Leader of the Opposition made in the House on 10 March 2005 when talking about the pending legislation on Australian technical colleges. He said:

We on this side of the House say, ‘If you really want to do that, go ahead and do it. That’s fine. We’ll put the legislation through in the Senate. We are not worried about that. If you want to do that, go ahead and do it.’

Apparently, according to a media release from the Minister for Vocational and Technical Education, the Hon. Gary Hardgrave, it appears that the Leader of the Opposition has now reneged on that commitment. The minister says:

Today … we see … the old Kim Beazley—the rollback Kim Beazley—going back on his word to the Australian people of ensuring the Australian Technical College Bill would pass through the Senate with the support of the ALP …

Instead Mr Beazley has delayed the Bill even being debated in the Senate until the latter half of this year.

This is a shame because this is a wonderful opportunity to be put in place for the young people of Australia. It is not only necessary for our national economic progress but important for the young people of Australia as individuals.
This bill will strengthen Australia’s economic base through the introduction of a flexible, highly capable and specialised training system. The new Australian technical colleges will provide a highly skilled work force that will meet the future needs of Australian business and industry. The bill will promote a national approach to the delivery of vocational education and training through the collaboration of the federal government, the states, the territories and, most importantly, industry. I commend this excellent legislation to the House.

Mr BOWEN (Prospect) (4.09 pm)—I am pleased to be able to speak on the Australian Technical Colleges (Flexibility in Achieving Australia’s Skills Needs) Bill 2005, which deals with one of the biggest problems facing the Australian economy: a growing skills crisis in trades essential to our export sector and essential to our economy more generally. There is very little disagreement from anyone that the skills crisis facing this nation is the most important problem and challenge facing our economy. The OECD has commented on it, employer groups agree with it and any economic commentator agrees with it. The government accepts it. This is not a shortage which developed overnight; some trades have been experiencing shortages continuously since 1994.

The Governor of the Reserve Bank, Ian MacFarlane, identified skill shortages as one of the causes of capacity constraints which led to the recent increase in interest rates. The Reserve Bank has said:

...skilled trades people are getting older and there are not enough new ones in the pipeline.

The ACCI-St George business report in its latest survey identified the skills crisis as the No. 1 constraint on investment in small business—and I am glad that the honourable member for Watson and shadow minister for small business is in the chamber, because he would agree. The skills crisis is the No. 1 constraint on investment in small business—not unfair dismissal laws, not the entitlement to redundancy which the Australian Industrial Relations Commission has created, none of the things which the government says are stymies on jobs, but the skills crisis.

This bill, together with other bills passed by the House this week, represents the government’s response to the skills crisis—and what a troublesome response it is. The government has abolished the Australian National Training Authority, and now it seeks to duplicate the state TAFE and school based apprentices scheme with this wasteful approach of Australian technical colleges. It is interesting to note that traineeships accounted for seven per cent of training across the country in 1990. Traineeships were then extended to areas like clerical and service jobs, and they now account for 67 per cent of training. I do not say that is necessarily a bad thing, but I do say it shows why we are facing a crisis in traditional skills today. The ACTU estimates that Australia needs to produce 25,000 more apprentices a year. Likewise, the Australian Industry Group released a policy statement last year which highlighted that the skills crisis will worsen in the next five years as older workers retire and nowhere near enough new apprentices come on line.

Let me turn to the government’s response encapsulated in this bill. The bill furthers the government’s election promise to implement Australian technical colleges, at a cost of $351 million over five years. Nobody can deny that this is a massive duplication of the state school and TAFE system. There are massive set-up costs in establishing Australian technical colleges, and they cannot deliver apprentices as efficiently as schools and TAFE colleges. Several members of the government have pointed this out in their local
Several honourable members who represent Liberal and National Party seats have said that they regard this as a duplication of existing services—and they are right.

You do not need much analysis to work out why the costs involved in this Australian technical college scheme are so large. In addition to the start-up costs—which are obvious—that will go into establishing an Australian technical college, there is a start-up lag. Australian technical colleges will not supply a single apprentice until 2010—and how could they? They need to be set up, they need to begin training and they need to take the students through their apprenticeships. But the skills crisis is with us now, and 2010 is five years away. Everyone agrees that the skills crisis is going to get more acute in the next five years, but this government policy will not deliver a single apprentice until 2010.

This is particularly galling when you consider that 40,000 students were turned away from TAFE last year. The government’s response to this is predictable. They will say it is all the states’ problem, it is all the states’ fault. That is very predictable. The honourable member for La Trobe is being as predictable as all the other government members on this. When in doubt, when faced with a problem, blame the states. But this is particularly galling because this government is putting $350 million into this wasteful and duplicated system, when they could be putting the equivalent amount of money into the TAFE system and getting more people into the existing TAFE system.

I call on the government to put aside their political agenda, to put aside their ideological obsession with centralism and taking power away from the states—this Whitlamite agenda that we see from the Prime Minister. I call on the government to put that aside and to work cooperatively with the states and to put the money into the TAFE system and the school system and see more apprentices delivered now—not in five years time. We cannot afford to wait. The government should put aside this obsession with state bashing and criticising the TAFE system and state governments and put the $350 million into the TAFE system and school based apprentices. That way, we would see apprentices produced in traditional trades now, when we need them, not in 2010—it could even be later. We have not seen one technical college established yet. I make a prediction that we will not see one for some time; they will be delayed. We cannot afford to wait. This minister is fiddling while the schools crisis burns.

I would like to deal for a moment with a matter of geography. We have heard from the government that there will be 24 Australian technical colleges spread throughout the country, including one in Western Sydney. Western Sydney is a big place. It stretches from the Blue Mountains to Bankstown, from south of Campbelltown to north of Penrith, but there will be one technical college in Western Sydney. I will go out on a limb and make a prediction that that technical college will not be in my electorate but in the electorate of Greenway. I might be wrong: it might be in the electorate of Lindsay, but I predict it will be in the electorate of Greenway. This has been a very thorough analysis on my behalf. I have not been through the apprenticeship figures, the unemployment figures or the skills crisis figures. I had a look at the electoral map and I saw a big blue blob over the seat in Greenway, which is held by the government. They will, to prop up a marginal MP, put the technical college in their most marginal New South Wales seat, which is Greenway. I could be wrong, but I doubt it.

If that college is in Greenway, what does this mean for my constituents? At the mo-
ment, people who wish to go to TAFE in my electorate have a pretty good choice. They can go to Wetherill Park TAFE, which is in my electorate; Granville TAFE, not far away; Liverpool, Blacktown or Bankstown. They have a wide range of choices as to which technical college they can go to. But if the college is in Blacktown, what does this mean for my constituents? They will have to catch a bus to Fairfield, a train to Granville, change trains, and then catch another train to Blacktown when they could have gone to Wetherill Park all along. Or they could have gone to their local high school. There are many very good school based apprenticeships in high schools and I have seen first-hand some of the vocational education and training which goes on in high schools in my electorate. I note the presence in the gallery of students from Emmaus College in my electorate, which is a very good school. There are other schools in my electorate which provide excellent vocational training and school based apprenticeships. That is where the money should be going: into the school based system and the TAFE system instead of this wasteful ideological obsession that we see from the Prime Minister and the minister for education.

There is another question: where are the teachers coming from for these technical colleges? We are all agreed that there is a skills crisis, but the government thinks it is okay to have a TAFE system, where teachers will be employed, and, separate from that, to have an Australian technical college which will be competing with the TAFE system for the teachers. We have a skills crisis. There are not enough people in these trades to go around but the government is creating more teaching positions, taking people off the frontline. The government will be struggling to get the teachers, particularly when you look at the employment conditions that will be offered.

We hear a lot from the government about choice, that it is a good thing to be able to choose. I note that this legislation gives technical colleges no choice about the employment conditions they give to their employees. Typically, euphemistically, the government is saying that employees must be offered flexible working arrangements. Whenever I see the term 'flexible working arrangements' I get concerned because that is code for reduced wages and bad conditions. It is also code for Australian workplace agreements. I would not have a problem if Australian workplace agreements were offered but I suspect that they will be more than offered; they will be compulsory for employees of Australian technical colleges.

Looking at Australian workplace agreements, I was drawn to a recent study by Professor David Peetz of Griffith University who has undertaken a careful analysis of reports from the Employment Advocate entitled ‘How Well Off Are Employees Under AWAs? Re-analysing the OEA’s Employee Survey’. He notes that it is very hard to do this because the Employment Advocate will issue hardly any information. These contracts are secret; they are not released. But he has managed to put the evidence together and says:

Individual contracts, such as Australian workplace agreements, represent a weakening of the bargaining power of employees. He goes on to say:

For ordinary employees, those below managerial and professional ranks, this is translated into increasing hours and work intensity, a poorer work/family balance, lower satisfaction with paying conditions.

He has also found that salaries and wages are lower under AWAs. When you compare like with like—Australian workplace agreements
against registered collective agreements—employees on AWAs work six per cent more hours and earn two per cent less. Women receive 90 per cent of the hourly pay of men on collective agreements but on AWAs they receive 80 per cent of the hourly pay of men.

I say that for two reasons. One, because it shows the hypocrisy of this government which talks about choice, better wages and conditions. The Prime Minister says: ‘My guarantee is my record.’

Mr Wood—Hear, hear!

Mr BOWEN—I appreciate the support of the honourable member for La Trobe. He agrees with me that the record is evidence that this government has reduced wages and is driving down conditions. It will drive down the conditions of employees and teachers in Australian technical colleges and I suspect that it will be very difficult to get those teachers.

I have the biggest industrial estate in the Southern Hemisphere in my electorate. Employers in that industrial estate tell me that it is very hard to get skilled employees and that they are driving wages higher and higher just to attract skilled employees. But here we have this government introducing compulsory AWAs for Australian technical colleges to reduce wages, which will result in difficulty in achieving employment results and in getting teachers.

But there is an alternative. In addition to the proposals put by the government, Labor’s trade apprenticeship school incentive scheme will allocate 4,000 places in our schools for years 11 and 12 students. School based trade apprenticeships would attract a 50 per cent skill shortage loading and an additional $1,750 per student apprentice, which would go to school communities to provide equipment, improve synergies with local employers and generally improve conditions for apprenticeship training in schools. In addition, Labor would better use government funds to embrace the trade completion bonus. I call on the government to embrace Labor’s trade completion bonus.

Attracting people into apprenticeships is not the only solution. It is also necessary to encourage people to finish the apprenticeships they commence. Longitudinal studies indicate that around 40 per cent of individuals did not complete their apprenticeship in the early 1990s, and this figure is now 45 per cent. Labor’s trade completion bonus of $1,000 halfway through the apprenticeship and $1,000 on completion will encourage people to complete their apprenticeships. The aim of the policy is to increase completion rates to 80 per cent.

What we see here is an ideologically driven, anti-state, politically driven program to introduce Australian technical colleges at the expense of the very well managed existing TAFE system. This is unravelling before the government’s eyes. We saw in the House yesterday the honourable member for Jagajaga ask the Minister for Vocational and Technical Education whether it was true that a government document stated that the colleges will not operate entirely as outlined in the government’s vision. The minister said, ‘The answer, essentially, is no.’ The honourable member for Jagajaga has released the document and it is there in black and white. These will not operate in line with the government’s election promises. The Prime Minister promised that there will be no fees. There are going to be fees. The Prime Minister made a range of promises about these technical colleges, which this government document confirms will not be met.

The government really needs to accept the fact that the skills crisis is with us today. We cannot wait until 2010 for these Australian technical colleges to come online. It must be dealt with today. These technical colleges
will not attract the teachers they need. They will not create one apprentice until 2010. I call on the government to get fair dinkum.

Mr Ticehurst—Rubbish!

Mr BOWEN—‘Rubbish’, says the honourable member for Dobell. If the honourable member for Dobell is following me, I would be glad to hear how they are going to create an apprentice before they start. They are not starting until 2010, and he says ‘rubbish’.

Mr Ticehurst interjecting—

Mr BOWEN—I am going to stay and listen to the honourable member for Dobell’s contribution, because he says these colleges are going to create apprentices before then. I am fascinated to hear how that is the case. I will be delighted to hear how that is the case. He thought he could just lob in an interjection, lob in a ‘rubbish’, and he would get away with it. Where is the evidence? Where is the meat? Tell us where the apprentices are coming from. Tell us when they will be created. It is going to be a miracle! They are going to be the most efficient technical colleges in world history. They are going to create apprenticeships before they are created. Before they are created, they are going to bring apprentices online. I am delighted to hear about this development in government policy. I am sure the minister is going to be delighted to hear, when he reads the Hansard tomorrow, that the honourable member for Dobell has committed the government to creating apprentices before the technical colleges come online. The honourable member for Jagajaga has joined us in the chamber. She will be delighted to hear that the honourable member for Dobell has just committed the government to creating more apprentices before 2010. He has just told us.

Ms Macklin—Is that right? How’s he going to do that?

Mr BOWEN—The honourable member for Dobell might be about to enlighten us. He has said it is rubbish that there will not be one apprentice created until 2010. He is going to tell us how, and I can’t wait to hear it.

QUESTIONS TO THE SPEAKER

Intimidation of Members

The SPEAKER (4.26 pm)—At the conclusion of question time yesterday the Member for Lalor raised with me what she believed may have been a matter of privilege, concerning comments about members reported to have been made outside this place by another member.

I remind all honourable members that a matter of privilege is one of the most serious issues which can be raised in this place. Allegations of breach of privilege, or suggestions that a breach may have occurred, should be very carefully considered so as not to undermine the importance of one of the most valuable aspects of parliamentary law available to members of the House.

I have considered the matter raised. I do not believe that it is such as to warrant precedence being given to a motion seeking to refer the matter to the Committee of Privileges.

AUSTRALIAN TECHNICAL COLLEGES (FLEXIBILITY IN ACHIEVING AUSTRALIA’S SKILLS NEEDS) BILL 2005

Second Reading

Debate resumed.

Mr WOOD (La Trobe) (4.27 pm)—I stand to support the Australian Technical Colleges (Flexibility in Achieving Australia’s Skills Needs) Bill 2005. I would firstly like to raise an issue mentioned by the member for Prospect. Labor is totally opposed to technical schools but every single federal Labor member wants a technical school in their electorate. At the same time there are
concerns raised about getting teachers to go to technical schools. In my electorate of La Trobe I know that teachers are very keen to establish and work in a technical school.

This bill is designed to strengthen Australia’s vocational and technical education system through the allocation of 7,200 places nationwide, committing $343.6 million over five years to this project. The technical school college system will provide quality training and facilities to complement our existing educational network. With a renewed focus on increasing our strength in education in trades, it addresses a budget commitment to improve the skills shortage we face in our workplaces.

These colleges will offer nationally recognised qualifications so school based apprentices can focus their academic studies on areas relevant to their trades. The system will provide a flexible learning environment by combining academic secondary education, achieving recognised qualifications, with training for a career in the trades.

We will be providing young people with the choice to study traditional trades in years 11 and 12. Partnerships with local industries and communities will also develop through local involvement with councils at each college. This relationship will provide strategic guidance and set performance measures based on industry standards. The leadership will better equip the individual technical college with trades to address the specific skills shortage in their local community.

The key to the success of this model is the fact that each college has the flexibility to change their trades focus to address the skills shortage of the day. This will equate to an education system that can assess and address the changing climate of the work force as it happens. Principals of the college will have the autonomy to make key staffing and financial decisions relating to the functioning of the college. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

AUSSLYNK (NATIONAL LAND TRANSPORT) BILL 2004
AUSSLYNK (NATIONAL LAND TRANSPORT—CONSEQUENTIAL AND TRANSITIONAL PROVISIONS) BILL 2004
CRIMES AMENDMENT BILL 2005
HEALTH LEGISLATION AMENDMENT (AUSTRALIAN COMMUNITY PHARMACY AUTHORITY) BILL 2005
FILM LICENSED INVESTMENT COMPANY BILL 2005
FILM LICENSED INVESTMENT COMPANY (CONSEQUENTIAL PROVISIONS) BILL 2005
MELBOURNE 2006 COMMONWEALTH GAMES (INDICIA AND IMAGES) PROTECTION BILL 2005
PAYMENT SYSTEMS (REGULATION) AMENDMENT BILL 2005
HIGHER EDUCATION LEGISLATION AMENDMENT (2005 MEASURES No. 2) BILL 2005
PRIMARY INDUSTRIES (EXCISE) LEVIES AMENDMENT (RICE) BILL 2005
CIVIL AVIATION AMENDMENT BILL 2005

Returned from the Senate
Message received from the Senate returning the bills without amendment or request.

ADJOURNMENT
The SPEAKER—Order! It being 4.30 pm, I propose the question:
That the House do now adjourn.
Ms MACKLIN (Jagajaga) (4.30 pm)—I seek leave to table these principles of fairness signed by the presidents of student organisations from all around the country.

Leave granted.

Ms MACKLIN—These student organisations have agreed to these principles which they practice every day in their home universities to demonstrate to the Howard government and the Minister for Education, Science and Training that they are out of touch with the reality of student organisations in Australia today. The destructive anti-student approach of the Howard government will ruin critical student services like child care, sporting and cultural services, and of course advocacy. While the Howard government is intent on playing student politics with people’s lives, students have been meeting here in Canberra over the last couple of days, trying to find productive and meaningful ways to present their case to the government. I hope that the government members here today will learn from the students who have been wanting to present their case to them.

These principles of fairness, which I have just tabled, show that the students seek a meaningful dialogue with the minister so that they can work out how best to provide student services and student representation around the country. If the minister was serious about listening to student concerns, he would realise that the majority of students in universities right around the country do no want this ideological crusade that the Howard government has embarked upon. The government is fortunately alone in this ridiculous crusade. Along with the students and so many other people in our community, I am saying that we want to stop this agenda of punishing all those who have dared to oppose the government’s policies, whether it is hiking up HECS fees, introducing degrees that cost as much as $210,000 or trampling over the rights of university employees. Students have stood up against all of those things.

Now we have the government trying to penalise students in their efforts to represent those who are at our universities. The government are trying to destroy other people’s livelihoods while they are about it. I met with students and staff in Lismore just last Thursday. They informed me that 150 jobs are on the line because of this government’s crusade. Just today I met with students from the La Trobe University’s Albury-Wodonga campus. These students, too, are very concerned that this anti-student legislation will not only destroy campus services like counselling and student loan funds at their campus but also render regional campuses less able to attract students. They put it to me that so many of them would not have chosen to go to La Trobe Wodonga if the student association could not have offered those essential services. So students at that campus, like every other campus right around Australia, are concerned that the quality of courses and facilities at their universities will decline if the university is not able to attract students to their campus because the services that student organisations provide no longer exist.

I am sure that you, Mr Speaker, know that regional campuses play a very important role in keeping local students in their area. Like me, you come from a country area. We know that without these services, we would not see the strength in our regional campuses that we have today. The last thing that I want to see, and I am sure the last thing you want to see, Mr Speaker, is an exodus of rural and regional students from the country—never to return. That will not be good for regional Australia. I am glad to see that the members for Bass, McEwen and Dobell are in the chamber now. They all represent very important parts of the country. The member for
Dobell represents the great Ourimbah campus of Newcastle university. I hope that he will listen to the students from Ourimbah who want to make sure that the services that they provide are critical to the students on the Central Coast. It is time that all of these members stood up for the students that they represent. *(Time expired)*

**Whaling**

Mr TICEHURST (Dobell) (4.35 pm)—I can assure the member for Jagajaga that I am very concerned with Ourimbah. I am certainly working very closely with the management there and with Newcastle university. We will look after them. We are going to have 1,000 places for the next three years and we are providing them a $10 million advance on the loan. It will work out fine.

Firstly, on behalf of the Central Coast community, I wish the Hon. Ian Campbell the best of luck with his quest to the International Whaling Commission in South Korea next week, where he will fight to keep in place a two decade-long ban on commercial whaling. Our thoughts are with him on this important expedition to curb what is nothing short of a vile and merciless practice. Be assured, residents of Dobell are appreciative of the lengths that are being taken by the Australian government to stop this abhorrent cruelty. This has been indicated by the number of phone calls and huge response to a petition I initiated on this cause. This petition is available from my office and the Wyong Shire Council libraries. A copy of the completed petition will be sent to the Japanese ambassador in Canberra. I will ensure that the Wyong Shire and Gosford City mayors receive a copy of the petition, and will continue to endeavour that they forward the documents to their councils’ sister cities.

While I am delighted with the response from local residents, I must express my disappointment at the Wyong and Gosford councils’ lack of action on this matter. I urge both councils to use their sister city relationships with Japan to join the community campaign to end Japan’s bid to hunt more whales. The fact is, both councils have developed and enjoyed sister city relationships with Japan in recent years and these ties provide another avenue for seeking support. This is not a matter to be complacent on just because one level of government is getting off its behind and doing something. The sister city ties are not there for fancy tea parties and the like; they are about education, encouraging exchange of information and international cooperation. If they cannot use their sister city ties to express the concerns and beliefs of our local community, what is the point of having these relationships?

Footage captured by an animal protection group last month in Norway highlights my frustration and the concerns of many. The film shows minke whales being hunted by a whaling ship and enduring a painful death over two hours. I understand that a whale was hit by a grenade-tipped harpoon and seven rifle shots. It repeatedly resurfaced, splashing before dying. It is utterly tragic that there are humans out there who can be so inhumane. When it is happening in our own backyard, why should we quietly traipse around and not offend anyone? Where will we get in this world if we worry constantly about offending people over something as barbaric and wrong as this image. I know this image has struck a chord with so many members of the Dobell community, particularly those people who flock to Crackneck Point and Norah Head to watch the seasonal highlights of these beautiful creatures moving up and down the Tasman Sea.

I understand that Wyong Council has resolved that their sister city committee will discuss the issue of Japanese whaling in Australian waters and see if they feel it is appropriate to send correspondence to the sister
city, Tanabe. They should be sending it. There should not be any need to have another committee meeting. When making their decision I urge them to consider that Japan is proposing a program that would, if continued for 18 years, lead to the slaughter of 18,000 minke, humpback and fin whales. This cannot be disguised as science. This is full-scale commercial whaling and the slaughter of one of the largest and most intelligent creatures on our planet. It is an entirely appropriate thing for Australia to tell the Japanese that, while we are friendly with them, good friends can disagree and the slaughter of whales is something that this generation must put an end to. This is something that both councils should do on behalf of all the ratepayers of the Central Coast.

To conclude, I am thankful for the strength of feeling in the Central Coast community about this issue. I assure them that the role they are playing in this issue is vital to our goal of stopping the exploitation of these magnificent creatures. Along with the minister, the Hon. Ian Campbell, I believe that humankind will in part be judged by the way in which we treat this important species and I am proud that the Australian government is leading the way on this extraordinary mission.

Ms BURKE (Chisholm) (4.39 pm)—Thank you, Mr Speaker.

... on the issue of compulsory unionism ... It is essential that all Universities and other tertiary institutions have clauses for conscientious objection to the payment of Union fees. By the same token, since the various student unions do have a positive contribution to offer to student welfare and student education they should be supported by all those who profit from them. It seems reasonable that all those who do profit should make some contribution in return. The funding and therefore provision of the various student services would be impossible unless there was some requirements to pay a contribution towards them.

The fact that some people object to the way in which some public funds are spent does not mean that they are therefore exempted from paying taxes. The fact that there are some political donations made on behalf of S.R.C.s and A.U.S. that may be abhorrent to some people who have contributed union fees does not mean that we should therefore create a situation whereby all activities including those that are profitable to the people concerned are financially penalised by voluntary payments.

Since the facilities of student unions are only practical on the basis of compulsory contributions then by the same token there should be some effort to make sure that the money is properly distributed—perhaps the introduction of compulsory voting, in student elections would be a step towards it.

So wrote Peter Costello in 1978 in Lot’s Wife. The Treasurer wrote my speech for me!

Mr Michael Ferguson—Plagiarism!

Ms BURKE—It is not plagiarism when you admit to taking it. So Peter Costello wrote in 1978 at Monash University in the illustrious Lot’s Wife. He wrote that we should have compulsory student unionism. Not only that, but that we should have compulsory voting. Let people and the Hansard note that for future reference, if the member for Casey over there gets his way.

What will we lose if the ridiculous voluntary student unionism bill is introduced—this bill showing the ideological bent of many on the government’s side? If voluntary student unionism comes in, what do we lose from Monash University alone? We lose short courses provided for students that help them with their degrees but also give them skills to get jobs. We lose subsidised child care. SWICH childcare at Monash assists students with sessions for $20 or $35 a day. I pay $50 a day at my community child-care centre,
and that is cheap. These students will be forced out of study because they can no longer get access to child care.

Monash Student Association has a welfare department that provides a range of services to struggling students who have problems meeting basic living costs, including providing free meals on Monday night. It has a women’s department that operates a room specifically for women, which deals with issues of sexual harassment at the campus and in workplaces. Monash has a Queer department that offers support for gay members on campus. The association also has an international students service, which is exemplary. It provides an enormous range of services to those international students who come to campus and feel very isolated. It is a wonderful association. There is also a great mature age association that assists mature age people on campus.

Monash Student Association has a transport department. If anyone has been out to Monash they will know that it is literally in the middle of nowhere. Getting to and from the Clayton campus at Monash is very difficult. Without providing transport assistance they would not get there. Monash Student Association has a host scheme. The host scheme offers students the ability to go away on an orientation program before they get onto campus. Studies over many years have demonstrated that the greatest drop-out rate in the first weeks of university life is due to loneliness—you have not connected with anybody and you have not made friends. Going into a lecture theatre nowadays with 1,000 people means you may never actually meet someone. It is very lonely wandering around campus all on your own. So without host schemes and without O-weeks you cannot meet those friends and you may drop out of university. You will have wasted your opportunities in life. Shame on the government for doing that. Monash University Student Association also runs Wholefoods restaurant—sometimes I may or may not recommend it, but never mind—the DIY Radio, the student theatre and it provides other wonderful activities. I have been to many a great union night at Monash and I have had a great time. Then there is the fantastic Lot’s Wife, where Peter Costello got his start in life.

This is just talking about what goes on at Monash. There are also clubs and societies. As a proud president of the Newman Society on Monash campus I can tell you that it was a great organisation that provided a number of benefits. That is just talking about Monash Clayton campus. I also wanted to talk about the Deakin University Student Association and the campus at Burwood. It is a wonderful institution. Again, DUSA—(Time expired)

**Australian School of Fine Furniture**

**Mr MICHAEL FERGUSON** (Bass) (4.44 pm)—Tonight I rise to support the Australian School of Fine Furniture, the finest institution of its kind in Australia. I am proud to advise the House that the very serious challenges of recent times have now been overcome. The aim of the Australian School of Fine Furniture is to transmit the highest standards of professional skills and knowledge of furniture making to succeeding generations. Its focus includes, but is not limited to, the Western tradition of design since ancient times, and it offers an intensive workshop based program of study for the truly committed student. The two-year course helps those who aspire to establish their own businesses and designers and makers of fine furniture. Students graduate with a Diploma of Arts (Furniture Design) and a Certificate IV in Business (Small Business Management).

Let me say how disappointing it has been to see the Tasmanian state government abuse the situation with a view to obtaining a sig-
significant financial advantage at the expense of that local community, local families and the very existence of this young, vulnerable national institution. The state government has been mischievous, deceptive and even downright dishonest. It has lost the trust of everyone in that school community, and tonight I condemn the Lennon government for its trickery and foul play.

The federal Liberal government has believed in the ASFF since its inception—in fact, a federal government grant of $460,000 in the school’s very early days assured the school’s establishment. This very substantial grant established training facilities and the fit-out of a derelict building owned by the Tasmanian government. In recognition of the school’s initiative, the state government offered not to charge commercial rents but, since then, has starved the school of ongoing funds. Prior to the 2004 election, I was pleased to jointly announce with Brendan Nelson that, to help the school continue its successful program, the coalition government would provide two student scholarships each year and substantial further funds for necessary capital upgrade of the school’s facilities, along with plant and equipment.

On 3 June this year it was revealed that the ASFF had obtained verbal agreement with TAFE Tasmania and the state government to take the company into voluntary administration with a view to winding up the company. There was also agreement on the transfer of the ASFF name and assets to TAFE Tasmania. There was a commitment to maintain the identity of the Australian School of Fine Furniture and the transfer and maintenance of the current operations and educational programs—including the unique master-craftsman and pupil approach—and staff were committed to be retained with TAFE. There was a further commitment from TAFE for the maintenance and underwriting of the operations of the school for a period of at least three years.

On 5 June it became clear that in fact the state government had no genuine commitment to that agreement. It demonstrated a motive for takeover of the improved facilities, equipment, other assets, the ASFF name and prospects of—can you believe this?—future federal government funding. It seemed to be taking advantage of the fact that there was no written agreement and that the school had in fact entered into administration. A day later, on 6 June, staff were told that they would need to register for employment with TAFE Tasmania under a TAFE award and that their positions were not even assured. Members of the defunct board of management and enrolled students were understandably very aggrieved at this circumstance. They believe that they have been bullied and tricked into an impossible bargaining position. Even overseas students have been advised that, because of these changes, they would have to go back to their home countries. This situation was totally unacceptable and I promised to fight for a much fairer outcome.

On 10 June I was able to announce that we had successfully lobbied for an emergency Commonwealth payment—and I hope the members of the Labor Party can hear me say this. The cash injection meant that the school can continue its fine work and that student programs would not be interrupted. This important Launceston based school is an international training icon which really deserves the support of all levels of government. The Tasmanian Minister for Education should be ashamed that this situation got to the stage where the Australian government had to intervene to save the school. She should be ashamed for overstating her government’s financial support for the school and for personally attacking me for standing up for it. The Liberals have always been a
strong advocate for this school and will re-

main so. I will close by simply saying how rewarding and satisfying it has been to be able to play a role in defending the Australian School of Fine Furniture, her students and the community she serves so admirably well.

Voluntary Student Unionism

Mr GIBBONS (Bendigo) (4.49 pm)—The Howard-Costello government’s move to introduce voluntary student unionism will destroy a range of essential services at La Trobe University in Bendigo and for university students across Australia. On the part of the Prime Minister this represents dog in the manger politics, and on the part of the Treas-

urer it represents mangy dog politics. The plan to abolish universal membership of student organisations will mean the end of subsidised child care, health care, food services, entertainment, sporting clubs, accommodation advice, counselling and student support services. The federal government is playing student politics with this blatantly ideologi-

cal attack on student organisations. This is clear payback to students for daring to criti-
cise the Howard-Costello government’s mas-

sive increase in HECS and other appalling legislation. Student organisations are a vital part of campus life and fees go to supporting a range of vital services to help students complete their degrees.

La Trobe University Vice Chancellor, Professor Michael Osborne, has said publicly in Bendigo that if the Howard-Costello govern-

ment’s VSU bill is successfully passed through both houses it would potentially put another $7 million onto La Trobe University’s budget. Australian universities like La Trobe simply do not have the funds to pay for services normally provided by student associations after $5 billion in Howard and Costello funding cuts since 1996. The end of universal membership of student organisa-

tions will deal a savage blow to university sport and will destroy the vital role played by student organisations in all facets of campus life. It will be a very sad day indeed when universities have to close their doors to young people needing support and facilities. Ending automatic membership of student organisations will put an end to university sporting culture and spell the death of cam-

pus life.

Having such an organisation provides students with a choice, as, without this, they would not have the ability to fight for campus conditions and regressive government policies which directly inhibit the ability of students to access higher education and other social ‘privileges’. If students had the choice over whether or not to join student organisa-

tions, those organisations would potentially be underfunded in the kind of work they are able to do, such as providing much needed services, and an active voice for students to voice their dissent would be obsolete. It is this ‘active voice’ aspect of student association activities that has angered the Howard-

Costello government. Student associations often organise themselves to oppose the fed-

eral government’s obnoxious legislation, such as the massive hike in fees that I men-

tioned before, and the overall reduction in university funding.

In addition to the attack on student ser-

vices, the federal government is asking for radical changes to the system under which university staff working conditions and pay have been set. AWAs are to be offered to all and, in effect, are to take precedence over agreements such as enterprise bargaining agreements. Further, existing agreements are to be stripped back drastically, and they would cover fewer aspects of university tasks. Organisational change provisions would go. The system governing increments and reclassifications would be drastically changed and made to depend on performance
rather than being related to the fulfilment of the duties set out for a given level or grade. The requirement that agreements avoid ‘excessive detail and prescription’ could threaten many provisions. Collective bargaining will in effect cease, although unions will have a minor role as bargaining agents if individuals nominate them as such. The present system, whereby every three years or so staff have the chance to review the general terms under which they work, like salaries, and then the university has to negotiate with them and also make decisions regarding its position in relation to other universities, would be non-existent.

University staff unions and student associations have always been extremely active in highlighting the policies of the Howard-Costello government and their severe impact on the higher education sector. This is what angers the Prime Minister and, I suspect, the Treasurer, whose fingerprints appear all over this current policy. In fact, the Treasurer cut his political teeth in student associations, as my colleague mentioned previously. Now, after this experience launched him into federal parliament, he wants to tear down the very organisation that helped him enter parliament. I have no doubt that, were it not for the Treasurer’s involvement in student associations, as my colleague mentioned previously. Now, after this experience launched him into federal parliament, he wants to tear down the very organisation that helped him enter parliament. I have no doubt that, were it not for the Treasurer’s involvement in student associations, he would not have had the intelligence or the organising skills to gain the pre-selection for his seat of Higgins. But, then again, I might be wrong. Organising skills can be hereditary. I will have a lot more to say about either the Treasurer’s hereditary organising skills or his lack thereof, probably next week.

The fact is that a small student association membership fee, in practical terms, is nothing compared to what students would be paying to the university administrations if student organisations did not exist. It may seem that having a choice about membership of a student association is appropriate but, in reality, having voluntary membership actually inhibits the choices of others. (Time expired)

Autism

Mr ANTHONY SMITH (Casey) (4.54 pm)—Today the federal government hosted an important national forum here in Parliament House on autism. I want to take the time of the House to outline how important I thought this was and also to highlight some of the challenges that parents of autistic children face. These are challenges that they face directly, that their family members face and that their friends face with them.

The division of policy responsibility on matters to do with autism between federal and state governments and, in many cases, local governments is frustrating to many of the parents, who of course are starved of time from the moment they wake up until the moment they turn the television off at night. They face a constant battle of time, every minute of every day, requiring patience, stamina and understanding.

Of course this is the case with many disabilities that we see in our electorates, but I think that with autism there is an additional critical factor—that is, the disorder is not widely understood in the community. The ignorance level is greater, and that does pose a major hurdle. I think it is probably greater because the disorder is not as obvious as many other disabilities. It is not obvious in a physical sense and it is not obvious at birth. This in itself can lead to a lack of understanding in the community. Many people are aware of what autism is—I am not saying that they are not—but they are not aware of the extreme burden that the parents of autistic children carry and what it means for their siblings and relatives on an all-consuming, daily basis. There is a lack of appreciation that the simple things like going to school, going to a dentist and going on a picnic are
all major ordeals for families with an autistic child.

I think it is fair to say that that ignorance is often only broken when someone is confronted with an autistic child in their own family. I say that because that has certainly been my experience. My 10-year-old nephew, my sister’s son, is autistic. It has really only been watching my sister, her husband and their family deal with these challenges on a daily basis that has educated me. I am more than happy to say that, before that, I was not particularly aware of the disorder, but watching them has educated me and dissolved my ignorance on the subject.

All parents of autistic children face challenges on a daily basis, as I have said. Of course it has to be said, in all honesty, that some face more challenges than others. Not every autistic child in Australia today has all the support they need, and this is through no fault of the parents. Some simply live where that support is not available, others live where they do not have the family support networks around them, if they have moved away from their family, and it has to be said plainly that some do not live near enough to where the resources are. The resources are very scarce at a state level and in some of the local government areas as well.

Parents of autistic children need greater help and support. In a bipartisan sense, this forum today and the breakfast that preceded it, attended by members of both sides of this House, was a very productive thing. But, beyond the need for resources, parents of autistic children also need understanding, not just from governments but from the community, from schools and from their family members as well. I thought today’s forum was a critical step in moving that forward at a national level, to try and achieve better benchmarking of some of the important assistance that the state governments offer and to ensure that there is a national benchmark.

To that end, I particularly want to pay tribute to the Parliamentary Secretary to the Minister for Health and Ageing, Christopher Pyne, who organised today’s forum and announced a $50,000 study for benchmarking at the state level to work out what the best practice should be and to look at some overseas examples. I also want to pay tribute to Meredith Ward from Victoria, who has worked very hard in bringing about today’s forum as well and who has done so much to educate me on these important issues in my time as the member for Casey.

Question agreed to.

House adjourned at 4.59 pm
STATEMENTS BY MEMBERS

Drug Action Week

Mr Douglas Wood

Ms VAMVAKINOU (Calwell) (9.30 am)—Today I rise to speak about Drug Action Week, which is being held across Australia next week. Like many parents, and indeed many of us here, I am concerned about the harmful effects drugs can have on our children, particularly on young children. Recently the government, to its credit, launched its Tough on Drugs campaign, which is designed to scare and shock children into resisting drug use. While the aims of the campaign should be applauded, I do have some concerns about the emphasis on the shock element of the campaign. As I do in other cases when we use shock therapy, I do question whether showing pictures of young people being resuscitated in hospital and being locked up in a psychiatric ward are the best ways to get this message across. Often shock therapy can have spin-off effects that are unwanted and unintended.

The Tough on Drugs campaign also fails I think to comprehensively address many of the social problems and economic hardships that can often contribute to why many young people resort to drug use in the first place. It is encouraging to see that the recent national drug household survey showed that the proportion of people who had used illicit substances decreased from 16 per cent in 2001 to 15.3 per cent 2004. In 1997 to 1998 there were more than 14,400 hospitalisations attributed to illicit drug use, and the estimated social cost of illicit drug use including alcohol abuse to the Australian community each year is a staggering $6.1 billion. Rather than just getting tough through fear campaigns alone, it would be more beneficial for government to take some action to provide adequate support services to the community.

In the electorate of Calwell, which I represent in this place, there are no specific drug-counselling or support services available. If my constituents need to access such services, they have to travel as far away as Richmond, which can be quite difficult for many residents, particularly those from Sunbury and other semirural parts of the Calwell electorate. I want to thank the alcohol and other drug councils of Australia as well as the Victorian Alcohol and Drug Association for organising this week. Hopefully, the information and publicity that will surround next week’s events will play a significant role in discouraging many young people from trying drugs in the first place.

I would like to take the opportunity to put on record on behalf of my constituents our relief at the release of Douglas Wood. To his family and to all those at Foreign Affairs and everyone involved who contributed to his successful release, I would like to say thank you. I have already received emails from some of my constituents who have indicated their relief and exhilaration at the fact that Douglas Wood is now free to go home.

Mr Jeff Meyer

Mr NEVILLE (Hinkler) (9.33 am)—The Prime Minister’s Work for the Dole awards are a celebration of community and personal achievement. For the second year running Bundaberg
has produced an award finalist. Last year it was Kathy Tomkins, who took out the award for the best participant, and this week I was very proud to see Jeff Meyer take his place as a finalist in the best supervisor category. Mr Meyer has overseen the tremendous Kepworx program at Kepnock State High School for several years. In fact, we have had four of these Kepworx programs and we eagerly await the fifth. He has inspired dozens of Work for the Dole participants to reach their goals. Jeff Meyer is the embodiment of the good things coming out of the Work for the Dole program and, by steering participants through the refurbishing work that has been going on at Kepnock State High School, he has given them skills for life.

He has supervised participants working in various areas of the school, including the management of the community swimming pool and the tuckshop. He oversaw the renovation of school buildings as well as joinery, carpentry, carpeting, painting and labouring activities. Jeff has also encouraged the community to use the school facilities and has produced fortnightly newsletters, which include information on the accomplishments of Work for the Dole participants. It is distributed to staff, students, community members, the mayor and councillors. Jeff has shown great skills in leadership in his program, which was coordinated by our local CWC Skill Centred Queensland. It was a pleasure to see Gerry Crotty and senior management John Barriball and Kerri Savidge at the function on Monday night.

A number of communities are looking at the Work for the Dole model developed by Jeff and are seeking input into solving their community issues. His leadership has helped dozens of participants break the cycle of unemployment, restored their confidence and self-esteem and helped them set up a stimulating and inspirational path for engagement in the work force. His nomination for the Prime Minister’s award is well deserved, and certainly reinforces Bundaberg’s fine reputation with regard to the Work for the Dole program. I congratulate Jeff Meyer and the team from Skill Centred, and in particular Siggy Schmieman, the principal of Kepnock State High School, for his outstanding leadership.

Overseas Pharmaceutical Aid for Life

Ms KATE ELLIS (Adelaide) (9.35 am)—I rise today to speak of a wonderful organisation situated in my electorate: Overseas Pharmaceutical Aid for Life, or OPAL. They are having a major impact overseas saving lives. OPAL are a not-for-profit organisation situated in Kilburn. They provide medicines and medical consumables to numerous remote and needy communities around the world. I first had the pleasure of meeting with the directors of OPAL—Geoff Lockyer, Dara Lockyer and Jan Stirling—in December last year after receiving an invitation to visit the premises. I was impressed by the determination and dedication of the team, which includes a group of hard-working volunteers. These people are really saving lives.

Over the last 12 years OPAL have provided over $30 million worth of medicines to more than 50 countries, including Bali, Papua New Guinea, Uganda, Mongolia, East Timor, North Korea, Iraq and India. As well as providing much-needed medical aid, OPAL also run an environmental program collecting pharmaceutical waste which is safely disposed of. In April this year OPAL approached me with an update of their work in Sri Lanka after the Boxing Day tsunami tragedy. As well as providing much-needed medical supplies, which included $700,000 worth of aid medicines, OPAL set up 12 small solar powered purification units, which are manufactured in South Australia, and a water purification plant that was kindly donated by Manly council. The purification plant was producing 1,500 litres of water an hour.
This technology was purifying contaminated water into fresh, clean drinking water for the people of Sri Lanka.

OPAL received funding from Baptist World Aid and a donation from Rotary International of 36 additional solar powered water purification plants, and they committed to purchasing a second purification plant. However, they needed to raise further funds to finance the purchase of additional plants and units that were so desperately required to provide more clean drinking water for the people of Sri Lanka.

I had recently met with the former lord mayor, Jim Jarvis, who is the chairman of the business advisory board of World Vision for South Australia and Northern Territory. I know that World Vision have a solid reputation for the humanitarian work that they do. I understand that, to date, World Vision has assisted approximately 85 million people worldwide, and I thought that Jim and World Vision should definitely know about this great work being done at OPAL. I set up a meeting between Geoff Lockyer, Jim Jarvis and Graham Fussen from Rotary International in my office. To their credit, a partnership was formed and Geoff and Jim worked quickly and tirelessly to organise further support for the tsunami affected Sri Lankan community through the water for life program.

This program is worth approximately $2 million and will fund the purchase and installation of 1,000 additional solar panel purification units and five purification plants. It is expected that thousands of Sri Lankan lives will be saved as a result of having clean, safe, drinkable water. The program was launched on Tuesday, 7 June on the banks of the Torrens River in Adelaide, and all attendees got to sample water from the Torrens which had been purified by the unit. I would like to commend them for their excellent work. (Time expired)

Volunteer Small Equipment Grants

Mr ANTHONY SMITH (Casey) (9.38 am)—Recently I had the pleasure of being able to announce a series of volunteer small equipment grants for 11 organisations in my electorate of Casey based in Melbourne’s outer east, Yarra Valley and Dandenong Ranges. Over $11,000 will shortly be used for small equipment purchases that will help these volunteers in important local groups and, in turn, assist a large number of individuals and families in the Casey electorate. As we all know, volunteers are a critical part of our community life and critical to the fabric of our suburbs and towns.

In recent years the Howard government has funded an annual round of volunteer small equipment grants to directly assist local groups to better perform their duties in the community. Significantly, the first round formed part of the Australian celebration in 2001 of the International Year of the Volunteer. This year’s grants also deliver on a 2004 election pledge to continue the very valuable and worthwhile volunteer small equipment grants program. The grants are often small in dollar value but they make a world of difference to the people on the ground who are spending their own time and effort to contribute to the wellbeing of the community they serve and live in. It is no understatement to say that volunteers are at the heart of these organisations and are essential to their ongoing work, which directly benefits the wider community in which they live. This year’s grant recipients in the Casey electorate include school organisations, a Country Fire Authority brigade, an environment group, a chess club and St John Ambulance.
As I have said, these grants enable these organisations to operate and produce more effective outcomes in their respective communities. This will certainly be the case in the Dandenong Ranges, one of the bushfire capitals of Australia, particularly in Kalorama and the Mount Dandenong township itself. Under the leadership of Captain Bill Robinson, over 60 locals serve their community through the CFA in Kalorama. Twenty-five fully equipped fire-fighters are supported by many others in their efforts to protect the lives and property of the residents of the Dandenong Ranges. The almost $2,400 volunteer small equipment grant for a pole light will assist the brigade’s work when attending car accidents, usually along the busy Mount Dandenong tourist road. Unfortunately, the men and women of the Kalorama-Mount Dandenong CFA Brigade are quite busy. On average there are two accidents every week—more than 100 a year—that they attend at all hours of the day and night. This portable light will provide added visibility at accident scenes and ensure greater safety for the volunteer crews. Notably, other CFA brigades in our area have similar lighting equipment. However, that was purchased from locally raised funds. Therefore this grant has added significance to the brigade as their ongoing fundraising can now be used to purchase other important equipment. For hardworking brigade members it is not just local car accidents; it is also fighting house fires and, in the warmer months, bushfires should they occur not just in their area but right across Victoria and interstate. The volunteers of the Kalorama-Mount Dandenong CFA Brigade deserve high praise and recognition for their efforts.

Ms KING (Ballarat) (9.42 am)—Last week I was part of a parliamentary delegation to Banda Aceh. I particularly wanted to go to Aceh to see how Australia’s aid effort and the reconstruction efforts were going. Frankly, the extent of devastation still remaining in Aceh is absolutely overwhelming. We had the opportunity to take a helicopter ride over most of the devastated region. When you consider the enormity of the work that needs to be undertaken, you conclude it is amazing that we have made any progress at all. One of the remarkable things that strikes you when you are on the ground in Aceh is just how quiet it is. My experience of Indonesian cities is that they are often very crowded and it is very difficult to cross roads—you take your life in your hands when you do so. But Aceh is empty and quiet, and when you consider that a city of 300,000 people has been reduced to 100,000 people you understand why.

A lot of the efforts that are being made are concentrating on large-scale infrastructure such as roads. While we were there we announced Australia’s contribution to reconstructing the port, a very important facility. We also toured the hospital. A lot of effort has gone into that, and I think the establishment by the Indonesian government of a reconstruction authority has been a very important part of that. We were able to meet with Dr Kunto Mangkusubroto to talk to him about how these efforts are being undertaken. One of the things that I am concerned about, having looked at Aceh, is how little progress has been made in rebuilding people’s houses. There are some practical considerations that have stopped that occurring. Obviously there are issues as to where people can rebuild. The honourable member opposite who was with us on the delegation would be aware of this. There are very practical considerations as to what people can rebuild and as to finding where the foundations of their houses are as many have actually been under water and continue to be so. Certainly shortages of concrete are contributing to the situation.
One of the really positive initiatives that we were able to see was that AusAID is contributing to rebuilding local community centres. They will be the basis for rebuilding neighbourhoods. Having visited Aceh, I think it is incumbent on this parliament to make sure that we keep it at the front of our minds as we are talking about a long-term reconstruction effort. One of the most touching things that happened to me while I was there at the port authority was that a woman approached me to tell me her story of having lost her entire family including all of her five children. She had temporary housing as people in her local neighbourhood had rebuilt her small house, with timber and what was around, on the old foundations but she was really in incredibly desperate circumstances. So my experiences and the experiences of the other members of the delegation last week indicate we need to be in there for the long haul. I commend the work of AusAID, Australian NGOs and the Indonesian authorities in reconstructing Aceh. (Time expired)

Indian Ocean Tsunami

Mr SLIPPER (Fisher) (9.45 am)—I had intended to talk on another topic, but I will pick up on the points made by my colleague the honourable member for Ballarat. As she foreshadowed, I too was a member of the delegation to Jakarta and Banda Aceh. Included in the delegation were the honourable members for Dunkley, Mackellar, Deakin and Maribyrnong, Senator Ruth Webber from Western Australia and Senator Andrew Bartlett from Queensland. It was a very good delegation that worked very well together. We travelled all day Monday, we had some meetings in Jakarta on Tuesday and we flew—as was indicated by the member for Ballarat—to Banda Aceh on Wednesday, where we had a series of meetings and inspections. On Thursday morning we were privileged to meet the President of Indonesia, and I have to say that meeting was a most fruitful one. On Thursday we flew back to Australia.

I share the concerns of the honourable member for Ballarat. I was shocked at the lack of reconstruction so many months after the tsunami disaster. But I am impressed with Dr Kuntoro; I think he will do an excellent job. The Minister for Foreign Affairs is very much aware of the situation in Banda Aceh, and from all our meetings with the Indonesians they very much appreciate that we are working with them. Banda Aceh is of course a part of Indonesia, and we as a nation are working in cooperation with the Indonesians. There is a great will to rebuild Banda Aceh. There is not a shortage of money, but there has been a lack of organisation, and the fact that so many months have elapsed before we have seen a lot of construction on the ground means that there is so much more to be done. But I believe that everyone now has their act together and their eyes on the ball and reconstruction will progress over a number of years. This is not going to happen overnight, because of the complete and utter devastation.

As the member for Ballarat mentioned, the fact that well over 100,000 people lost their lives means that the place is very silent; it is a very sad place. The problems with reconstruction are quite enormous, as the member for Ballarat mentioned. Large areas of what were previously land and houses are now absolutely inundated by water. There are problems of knowing how to delineate property boundaries—where somebody’s land starts and where it finishes. So many families have been completely wiped out.

I am very proud of what AusAID and Australian non-government organisations are doing. The international community is working very well together. I think our government has done a good job. It was an excellent delegation, and it contributed greatly to my understanding of the tragic situation in Banda Aceh. (Time expired)
Mr Harry Hunt

Mr HAYES (Werriwa) (9.48 am)—I rise today to acknowledge and congratulate the 2005 Liverpool Citizen of the Year, Mr Harry Hunt. Being named your community’s citizen of the year is a great honour and, in this case, a very fitting tribute to the many years that Harry has put into the Liverpool Chamber of Commerce and to the community of south-western Sydney. Harry’s achievements and contributions are too extensive to list here today, so I will only touch on a few of them.

I would like to draw the attention of members to some of his more recent efforts aimed at building the community, or at least building community spirit. In addition to operating a successful motel and conference venue, Harry is the President of the Liverpool Chamber of Commerce, Chair of the Salvation Army Red Shield Appeal for the south-west of Sydney and Regional Ambassador to the Red Cross—and we all know what a great organisation that is. But these are merely titles. Harry’s contribution is better measured in the hours and effort he puts in and his overall generosity to his community. Harry is not afraid to roll his sleeves up and get involved to help those less fortunate in society. After the Boxing Day tsunami, Harry’s was one of the first businesses to hold a function to raise money to help the victims. Later, he hosted a benefit night when approached by Father Chris Riley to organise money for the tsunami orphans in Aceh, Indonesia.

Harry’s efforts are not always directed to raising funds for victims of disasters or assisting local charities. Recently I attended a benefit night he organised to raise money for a 13-year-old girl afflicted with a rare and particularly aggressive form of leukaemia. On his own initiative, Harry gathered together a number of people and along with the family’s support network nearly 300 people in all came together to support young Samantha Armour and her family. Having not only donated his venue and his staff, he also prepared most of the food himself. Everyone who attended that night could see in the faces of the family members, when they struggled through the tears to thank Harry, how much it really meant to them and how much they appreciated his support and generosity. Being named Liverpool citizen of the year is the most fitting public acknowledgement of Harry Hunt’s efforts for his community.

Stirling Electorate: Rotary Clubs

Mr KEENAN (Stirling) (9.51 am)—I want to acknowledge the hardworking Rotary clubs in my electorate. For anyone who is not familiar with the group, Rotary is a worldwide organisation of business and professional leaders that provides humanitarian service, encourages high ethical standards in all vocations and helps build goodwill and peace in the world. There are approximately 1.2 million Rotarians belonging to more than 31,000 Rotary clubs in 166 countries. I am very fortunate to represent an electorate in which Rotary is very active and I have five separate clubs within the electorate. There is the Balcatta club whose president is Tony Cook, the Karrinyup club under president Chris Heaton, the Osborne Park club under president Craig Clatworthy, the Scarborough club under president Darren Meakins and the Scarborough Beach club under president Alan Bennett. Since I have been elected I have had the pleasure of attending meetings at the Scarborough, Osborne Park and Karrinyup clubs. All are very vibrant and they make a valuable contribution to my electorate.

Rotary’s motto is ‘Service above self’ and they apply this in the community and the workplace. The Scarborough club in my electorate has been involved in providing wheelchairs to disabled children in our region. The program, which is known as Wheelchairs for Kids, works
in association with the Christian Brothers and volunteers who build the wheelchairs for less than $100 each. These wheelchairs are then delivered to children in Indonesia, Cambodia, Kenya, Vietnam, China and Mongolia. I was very pleased to attend the most recent fundraiser for this very worthy program. It is the Scarborough Rotary club that has built and maintains one of the most prominent landmarks in my electorate, the Scarborough clock tower and flagpole, for which I am pleased to provide the Australian flags.

Providing wheelchairs for kids under that program has become even more urgent after the tsunami disaster last December. I am following on from what the members for Ballarat and Fisher have said about their visit to Banda Aceh. The response of Rotary International to this disaster was truly magnificent and it mobilised the full resources of Rotary to help the dispossessed and injured in the affected countries. Rotary already has a proud record of assistance to the developing world. The Polio Plus program was a 20-year commitment to eradicate polio. This is the most ambitious humanitarian program that has ever been undertaken by a private entity.

I think it is particularly pertinent that we acknowledge the efforts of Rotary in its 100th anniversary year. The organisation was founded in 1905 in Chicago by Paul Harris, an attorney, who wished to recapture in a professional club the same friendly spirit he had felt in the small towns of his youth. Rotary arrived in Australia in 1922 and has been active in serving the community ever since. I know the pride the organisation shares in its 100th anniversary year and I would like to congratulate the clubs in my electorate for all they do for the community.

(Time expired)

Australian Forum for Minorities in Bangladesh

Ms OWENS (Parramatta) (9.54 am)—On Monday I attended a public forum at the Parramatta Town Hall. It was hosted by the Australian Forum for Minorities in Bangladesh, known by the short name Aus-Bangla. It was an event that focused community attention on the treatment of minorities of all kinds. I have been attending Aus-Bangla’s events since its launch in November last year, a very small beginning for a very large idea. I attended its second event, a fundraiser for the tsunami victims earlier this year and the symbolic donation of blood representing the giving from one person to another. The third event, on Monday, represented another step forward for this young organisation—the launch of Bangladesh Minorities Day and the publishing of the first edition of Minority Voice, a community newsletter that draws attention to the plight of minorities in Bangladesh in particular.

I would like to acknowledge the commitment of those who made this happen, particularly Prabir Maitra and his family. For Prabir and most Australian Bengalis of all religions the fight for independence and democracy in 1971, which began with the declaration of independence on 26 March and ended nine months later with the emergence of an independent Bangladesh on 16 December, was a fight by all the people of Bangladesh, people of all religions. Around three million died during those nine months, and around 10 million refugees fled to India. After all this, Bangladesh was established as a country committed to secularism, a separation of church and state, as the basis for social and democratic freedoms. That secularism was enshrined in that first constitution. Subsequent amendments have taken Bangladesh backwards. Minorities Day, launched on Monday, marks 9 June 1988, when the constitution was amended to recognise Islam as the state religion.
Aus-Bangla was started by Hindus but now extends much further. It is an organisation committed to bringing all religions together, recognising that around the world you will find people of all and any religion who are persecuted by others for their religious choices. Both Minorities Day and the newsletter Minority Voice are valuable additions to our local community. While shining a light on the worst of what is happening in a country that many Australians know very little about, both carry in them a hope for the future that the best of human nature will prevail. I would like to close by reading a message from the president, Prodip Roy Chowdhury, which was published in the first issue of Minority Voice. He said:

Observation of the Minority Day is a symbolic act that vehemently protests against the … injustices and atrocities, which have been taking place in Bangladesh over the years. It is also a day of light and hope for all the oppressed people in Bangladesh. Let us harbour this hope and ignite this light throughout our continued commitments to this great initiative … I hope the Minority Voice that has also seen the light today will be illuminated as a mouthpiece for many years to come. We will only succeed if this voice reaches to the hearts and minds of millions of people around Australia and the world and bring change to the life and alleviate the sufferings of minorities in Bangladesh.

These people believe that the voice of an individual should be raised to change the world for the better, and they will be coming to an office near you soon. (Time expired)

Pharmacy Agreement

Mrs GASH (Gilmore) (9.57 am)—Negotiations for a new pharmacy agreement between the government and the Pharmacy Guild are drawing to a conclusion. The last three Pharmacy Guild-government agreements have resulted in a fundamental restructure of the industry, including limits on pharmacy approval numbers, introduction of relocation rules, rules restricting the opening of new pharmacies et cetera. Most of these arrangements have been put in place by government to fulfil policy objectives, including controlling the growth of PBS expenditure. It is important to note that the restriction of pharmacy numbers was originally opposed by the guild but was insisted upon by the Commonwealth as it believed that controlling pharmacy numbers would help control the cost of the PBS. ‘There are too many chemist shops’ was the mantra of the day. Now we have the almost bizarre situation where national competition policy has identified this arrangement as being anticompetitive. How times and bureaucratic opinions change.

Several weeks ago I had occasion to sit down with two representative pharmacists to hear their side of the story. What they had to say was that, much to the dismay of community pharmacists, over the last couple of months an orchestrated campaign had come out of Canberra full of misinformation regarding the PBS and payments to pharmacists. To quote their words:

It’s a tired old story which is trotted out by the bureaucrats with boring monotony. Unfortunately, it is a line easily swallowed by an ill-informed press and could also just as easily sway the decision makers. It makes a good headline and generates a small amount of excitement for a day, and a large amount of ill will for a long time after that. The timing of this campaign in the lead-up to the ‘fourth agreement’ is not coincidental. It is always demoralising for pharmacists to work so hard in delivering government programs, providing a world class service to a very fortunate Australian public, only to be ‘kicked in the guts’ in this manner.

Community pharmacists obviously feel aggrieved at what they perceive is an unfair comment on their business practices. The mark-up on the cost of drugs has been reduced from 50 per cent to the current 10 per cent in this industry. The 10 per cent mark-up is currently capped at
around $18, so that a drug costing a pharmacist $1,200 gives a mark-up of $18 not $120. By way of comparison, mark-ups in other retailing industries range from 50 per cent to 400 per cent. Pharmacists need a mark-up to cover the cost of buying and holding PBS medicines. Carrying stock of any sort carries the risk of loss, and as well there is rent for space, handling and shelving costs and refrigeration. All this has to be financed, hence the need for an adequate mark-up.

One service the pharmacists deliver that cannot be quantified is the timely and expert opinion they provide to their customers. I have grave reservations about allowing supermarket chains access to an expanded pharmacy operation. To do so will compromise the quality of present service for a questionable trade-off in retail prices. I do not believe such a trade-off would give value for money and suspect it is a false economy.

Whilst I appreciate that the growing cost of the PBS has to be curtailed, I also appreciate letting in supermarkets is not the way to go. Their tremendous market power would soon see an end to the corner pharmacy with a service that would devolve into an impersonal shop front, either in a supermarket or a super pharmacy. Either way, the quality of service that consumers expect with their pharmacy purchases and medicines will diminish to the point where self service will take over and self medication will become a lottery. Is this what we need or want? I think not.

The DEPUTY SPEAKER (Hon, IR Causley)—Order! In accordance with the resolution agreed to on 14 June 2005 the time for members’ statements has concluded.

APPROPRIATION BILL (No. 1) 2005-2006
Consideration in Detail

Consideration resumed from 15 June.

Immigration and Multicultural and Indigenous Affairs Portfolio

Proposed expenditure, $1,454,822,000.

Mr LAURIE FERGUSON (Reid) (10.01 am)—As I noted earlier, the total dependence of this government on skilled migration as a solution to the problem they have created in training is also related to another issue: the question of foreign aid and its effect on the Third World. As indicated earlier, articles in the New Internationalist this month referred to the fact that in Britain one child in every 150 dies before the age of five. In Ghana, one child in 10 dies before the same age. In this situation, we see that sub-Saharan Africa needs 620,000 more nurses now to tackle the HIV-AIDS epidemic and meet basic UN development goals. The reality is, as indicated in Britain, that 43 per cent of nurses registering were foreign trained in 2003 compared with 10 per cent a decade earlier.

There is a failure in this country to do anything about trades. AIDS is an issue that has a deep impact in the Third World. It is all right to have meetings at Gleneagles about debt arrangements for the Third World and to talk about foreign aid. I praise the Europeans for moving to 0.7 per cent of GDP by 2015. These are all good initiatives but, at the same time, because of policies of this government on skilled migration we see this country stealing trained personnel from the Third World. There was an instance a few years ago where one of the Caribbean nations had its whole emergency nursing unit stolen by Britain because of similar policies.
Another matter I want to turn to briefly is assistance in filling out applications for people proposing people under the refugee humanitarian intake from offshore. Many people in this debate want to live in a dream world—they do not understand that the coalition government at the moment has coupled the onshore and offshore in the refugee humanitarian intake. We cannot ignore the reality. Unfortunately, the people who get lost constantly in this debate are those people trying to apply offshore for the refugee humanitarian intake. Those with simplistic notions talk about the fact that there is supposedly no queue. The reality is that people every day around the world are trying to come to this country through our offshore intake which is internationally novel, despite the fact that Britain is moving in that direction. One of the failings is the lack of help given to people who are trying to assist people coming here from offshore in the refugee humanitarian intake.

We cannot have a legal system helping people applying from Peshawar, Nairobi or Khartoum to have legal access to their own system in order to get those claimants onshore. However, those on both sides of the debate, including the refugee humanitarian advocacy movement, should not totally ignore the plight of people trying to enter the country by legitimate means. Whilst there is some assistance through IHSS, there is now a patent failure to provide assistance for people inside Australia to sponsor their family offshore in the refugee humanitarian intake.

I ask the government to seriously look at establishing a program to help people in the completion of these forms. My attention has been drawn to this matter by Judy Burgess, who does voluntary work at the Auburn Migrant Resource Centre, which the minister visited last week, and saw their performance first hand. She has proposed that our program should assist people in the completion of these complex forms. More often than not they come from dislocated families. Family situations are often complicated by missing relatives and the inclusion of orphaned relatives who have been customarily adopted into the family. The information contained in the application forms is crucial to their successful entry into the country. Applicants under the refugee and humanitarian program who are not immediate family need to provide evidence of persecution or discrimination. Applicants rarely have the resources to gather country information from independent sources to support their claims.

These people in Australia might know broadly of the human rights issues in Sudan. They might have recollections of their own experience but they usually do not have the ability to fill out these forms and argue their case decisively. As I said, there is a voluntary service at Auburn, but the government should really look at assisting the people who are launching these claims. My own electorate and large parts of Melbourne have a significant number of applicants from the Horn of Africa who have entered this country in recent years. These people cannot possibly fill out these forms correctly and accomplish success. If we do not do this, we will have a situation where people will become even more frustrated with our offshore program and this will be very encouraging to people-smugglers. We have to make sure that there is legitimacy in our offshore program and that people have a reasonable go at entering this country. If we do not, there will be another driving force for people to access other avenues for entry to this country.

I commend the proposal from the Migrant Resource Centre that we put some money into assisting these applicants. As I noted earlier, the reality is that these people are struggling to
re-establish themselves in Australia and to have to fill out these forms is a further burden.  

(Time expired)

Mr MARTIN FERGUSON (Batman) (10.06 am)—With respect to the tenders just announced—for example, in Melbourne AMES is to do the work for people needing assisting on arrival—AMES does not have a presence in the northern suburbs of Melbourne. Are you prepared to ensure that, in AMES taking over this work, it is required to have an on-the-ground presence in the northern suburbs of Melbourne where this assistance is required on a day-to-day basis? At the moment, obviously, we have the Northern Migrant Resource Centre, which you recently visited. They have lost this contract for work. That leaves a huge gap on the ground in the suburbs where a lot of these people are settled.

Mr McGAURAN (Gippsland—Minister for Citizenship and Multicultural Affairs) (10.07 am)—I will deal with the honourable member’s question first. I am constrained in what I can say because the integrated humanitarian settlement services contract is still under way. The department is negotiating with the preferred tenderer and as a result there is not yet a settled contractual arrangement. The member for Batman raised a very good question. As minister, I am utterly removed. Because of the size of this tender—$60 million or thereabouts—the Commonwealth tender requirements kick in and I am kept entirely at arm’s length by the probative lawyers and the like. I am not even allowed to express an opinion. All I was able to do—you may detect a note of frustration in my voice, but these are the Commonwealth’s governance and administration practices—was to sign off when the panel had decided on a preferred tenderer. I was not allowed to fiddle with it or to change it. This is quite separate from the CSSS grants, where I have discretion to intervene and make judgments of my own. Unless I thought there was a corruption in the process or that the result was so wholly unsatisfactory that we had to start all over again, I was unable to change the recommendations. I can understand the member for Batman, because the panel made a pretty revolutionary and even unexpected decision. The panel had two principal stages: the first was to technically assess the competence of the various tenderers and the second was to look at the price, all in the interests of getting the best value for the amount of money allocated to the IHSS.

I am very conscious, as is the member for Batman, that MRCs and other organisations that over the last four years conducted IHSS satisfactorily and with great competence and dedication appear to be no longer part of the service. However, in an open tender system the panel assesses the technical capacity on all different levels of the tenderers and then looks at the competitive price. I should say that the amount of money allocated by the government for IHSS compared to the previous allocation is up very substantially, so I hasten to assure the member for Batman it is not a financial issue alone, although that is a determinant amongst the tenderers. I am monitoring it. I am anxious that his constituency in the northern suburbs not be neglected. I am certain that the tender put in by AMES in Victoria will have covered all of the bases. I will certainly satisfy myself again that that is the case. I would wish MRCs to be involved, ideally—I have great respect for them, particularly the northern MRC, whose work he is so intimately familiar with—but I cannot guarantee it. In any event, beyond that, the tender is still under way.

Mr MARTIN FERGUSON (Batman) (10.11 am)—In light of the minister’s response I make no comment or reflection on the tender process, because I have no knowledge of it, but I merely reinforce that I think the government, having finalised the contractual arrangements,
should actively involve itself in trying to ensure that in the establishment of the new operations there is some direction or suggestion from the department that these services should be provided with an on-the-ground, full-time presence where they are required. Otherwise, frankly, it is not a question of the tender process but of the delivery of service becoming questionable.

Mr McGauran (Gippsland—Minister for Citizenship and Multicultural Affairs) (10.11 am)—The member for Batman’s constructive points are noted. I think it is safe to say that the preferred tenderer would have had to convince the selection panel that all areas of need, including the northern suburbs, for recent arrivals were covered. But I assure the member for Batman I will satisfy myself as to that point.

My final comments are related to the very good contribution by the member for Reid, who again demonstrated an impressive grasp of the portfolio’s complexities and the competing forces at work because we are dealing with people’s lives. I was mightily impressed by his comments regarding offshore refugee and humanitarian applicants. He started off yesterday by saying, if I can paraphrase him, that African settlement would not be done properly because he did not think sufficient funds were being allocated to it. I have to admit that at times you feel you are riding a wave: sometimes I finish a day thinking that the African settlement is the most difficult, challenging and at times seemingly impossible task the government has taken on; but on other days, when I meet refugees who have come from the Sudan, Somalia, Eritrea, Burundi, Rwanda, the Congo and Ethiopia and who have settled and are gainfully employed, then my spirits soar. I must say that I meet a great many more success stories than I meet failures. It is still under way. It is really only in the last three years that we have been receiving upwards of 6,000 or 7,000 African refugees from our 13,000 overall intake, and that is going to be at least the number for the foreseeable future.

It is the most difficult in our history—I happily concede that. You would probably have to go back to the Indochinese refugee settlement between 1975 and the early 1980s for anything comparable. But, even so, most of the African refugees are from rural areas and they have not had the education standards so their literacy and numeracy levels are low, especially compared to those of the Australian society to which they are coming. Then there was the Lebanese refugees program following the civil war during the 1980s and they were highly educated and could integrate into Australian society relatively quickly. Then there was the Chinese refugee flow post Tiananmen Square and they were basically middle class. Then the nineties were dominated by the former Yugoslav republic refugees who were highly educated, in refugee terms, and spoke English and it was a lot easier for them. Since 2000 it has been Middle Eastern and now African refugees. They present enormous challenges, but they are willing, given the trauma and torture they are escaping, to integrate into Australia as quickly as possible.

I have met refugees at the airport, and you just choke back your tears—because you cannot indulge yourself when you are trying to assist them; you are not much help to them if you are blubbering on their arrival—at the joy and the gratitude they show when you welcome them to Australia and embrace them as people fleeing the worst circumstances imaginable of human deprivation in the refugee camps.

Settlement is a noble and important cause that Australia has embarked on. We are one of only three countries in the world doing it—Canada, America and us; no-one else is—and we
should be very proud as Australians. But it does mean, as the member for Reid exhorts, that enormous responsibilities for the government and the community at large come with this to do it properly.

Our intensive settlement assistance is regarded as the best in the world—both the Americans and the Canadians come here and look at it. We want to improve on it. We want to do it better. So I do not agree with my friend the member for Reid when he says that African settlement will not be done properly. It is being done properly but that is not to underestimate the daily challenges. How do you take people from those shocking circumstances and settle them in Australia quickly so that they can reach their goals—their ambitions for themselves and their families—and contribute to Australia as they want to? We wrestle with this. (Extension of time granted)

The member for Reid raised another major point. He is annoyed with regard to skilled migration—which the government has put such heavy emphasis on—that the onus of proof is still not on employers to detect and weed out illegal employment and the like. I do not agree entirely with that. We have taken a number of initiatives to cut down on illegal working. We have the entitlements verification online system, which allows registered users—employers and educational and other institutions—to check the status of potential employees or people seeking benefits for study.

Some states have agreed for certain licensing and registration activities to include a check on the immigration status of employees. As the member for Reid would know, the security industry in New South Wales has been dogged by illegal workers or ‘taxi licences’. We have some Commonwealth activities now as part of the checking of immigration status of people working at airports and sea ports and especially in the context of the issuance of security cards. The Migration Agent Task Force was established in June 2003 to target migration agents acting unlawfully, particularly in submitting spurious applications for visitors to secure work rights and the like. You have to be pretty careful about putting the onus entirely on employers in a legislative sense. Talk to the orchardists or the citrus industry growers and the like and see how they feel about being the immigration police men and women, as the case may be. So it is constantly under consideration and we are tackling it on a number of fronts.

Finally, I notice the member for Reid was talking this morning about assisting refugees who arrive in Australia under the refugee and humanitarian program to get assistance in completing migration forms to bring out close relatives. He makes a very good point. Of the 13,000 in the program each year, 6,000 are refugees from camps, and the United Nations High Commissioner for Refugees nominates them. The other 7,000 are humanitarian entrants who are sponsored by refugees. Obviously, refugees want to bring out family members, but often they have not settled or integrated themselves and have made commitments of sponsorship regarding housing and income support that they cannot honour. I do not blame them for that. Of course they want loved ones to be free from the same misery that they had to endure for so long, and we sympathise. You have to be a bit careful, though, because you will just compound the problems of the refugees themselves seeking to settle.

I am very conscious of this migration advice because it is part of a settlement process, as the member for Reid alluded to. If a refugee is worrying enormously about the fate, security, safety and health of family members, then they are not going to be able to concentrate on settling their own family, finding employment and becoming part of the community. So I am
Thursday, 16 June 2005

looking very closely at how we can ramp up migration advice to refugees to sponsor out family members. I thank the member for Reid for his contribution.

The DEPUTY SPEAKER (Hon. IR Causley)—The question is that the proposed expenditure for the Immigration, Multicultural and Indigenous Affairs portfolio be agreed to.

Question agreed to.

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (10.20 am)—I suggest that the order for the consideration of the proposed expenditures agreed to yesterday by the Committee be varied by considering the proposed expenditure for the Foreign Affairs and Trade portfolio after the proposed expenditure for the Health and Ageing portfolio.

The DEPUTY SPEAKER (Hon. IR Causley)—Is the suggestion of the parliamentary secretary agreed to? There being no objection, that course will be followed.

Industry, Tourism and Resources Portfolio

Proposed expenditure, $1,039,918,000.

Mr KELVIN THOMSON (Wills) (10.21 am)—In the absence of either of the ministers responsible for this portfolio area, I wish to draw to the attention of the parliamentary secretary, the member for Leichhardt, the budget document ‘Making Australia stronger—delivering our commitments’ and in particular the items under the Industry, Tourism and Resources portfolio. On an examination of these items you will see that there are half a dozen tourism projects referred to—one involving the Great Green Way from Townsville to Cairns, one involving the Cairns Esplanade and a third involving Fairbridge Village in Western Australia. But the three that stand out like a sore thumb are the Lancefield Reserve, the Lancefield Visitor Information Centre and the Woodend bike trail, all of which are in the federal electorate of McEwen. I am curious, and I am sure the people of Australia would be curious if they had this document in front of them, about why these particular projects have been singled out for funding in this portfolio.

I ask the parliamentary secretary: why is it that during the election campaign the government decided to land one visitor information centre—the Lancefield Visitor Information Centre—with $200,000 of funding? How did this particular visitor information centre get chosen from all those around Australia? Did Minister Bailey just go and ask Minister Hockey for the money? Did Minister Hockey go and announce to people generally that money was available for this visitor information centre or was this a special arrangement for the member for McEwen? Was there any reciprocal arrangement? Did Minister Bailey go and fund something in Minister Hockey’s electorate and announce that during the federal election campaign?

The second project I want to refer to is the Lancefield Reserve, involving $10,000 for an amenities block. Humphrey Bogart memorably said in Casablanca, ‘Of all the gin joints in all the towns in all the world, she has to walk into mine.’ The member for McEwen is no Humphrey Bogart, but she has done an impression of Humphrey Bogart by going to Minister Hockey and saying, ‘Of all the toilets in all the towns in all the world, you have to upgrade mine.’ The question is: why is the Commonwealth government funding this? What is the Commonwealth government doing funding a public toilet upgrade?

The third project that I want to refer to is the Woodend bike trail, funded for some $200,000. Only one bike trail in Australia was funded during the election campaign—again,
you guessed it, in the electorate of McEwen. The same issues apply here as for the visitor information centre and the public toilet at Lancefield. Why was the only bike trail in Australia—and these days there are hundreds if not thousands of kilometres of bike trails around Australia—to be funded during the election campaign located in the electorate of McEwen? Did the government receive any other applications for funding of bike trails? Who assessed them? What process of advertisement, application and assessment was there? Did Tourism Australia contact any councils or anyone else who might be interested in cycling trails to discuss the possibility of federal funding?

As with the sports portfolio’s mysterious 27 grants during the election period—16 to McEwen, 11 for the whole of the rest of Australia and 12 of those grants being $10,000 each—there are many unanswered questions here. The public are entitled to know how this taxpayers’ money came to be spent and whether these particular projects—this information centre, this cycle path and this public toilet—have been given money on the basis of their competitive merits in comparison with others around Australia or whether the money has been handed out on the basis of the applicants’ political contacts. I want the parliamentary secretary to satisfy the people of Australia that this government is handing out taxpayers’ money on the basis of the merits of the projects, subject to appropriate assessment and scrutiny, rather than on the basis of the Liberal Party’s political advantage and on the basis of who you know.

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (10.25 am)—I thank the member for Wills for his question. I say from the outset that any public funding for any project related to tourism is always done very much on merit. There are assessment processes that we go through and, while I am not completely familiar with all the ins and outs of these projects specifically, my understanding is that the proponents of these projects had been working for a considerable time prior to the election in putting forward information to seek support for these projects. With regard to the amenities block, this is not the first time that funding for an amenities block has been provided. I note that it is in a reserve. There may well be strong environmental reasons, which reflects our environmental commitment to ensure that this type of infrastructure is available. Clearly, it was not provided by the state Labor government in Victoria so there was obviously a need for this. The Lancefield community obviously recognised that, and I commend them for that. I have just been advised that the amenities block was not a toilet block, so you are obviously incorrect there. In fact, it was for upgrading lighting in the area. Obviously, they had a very strong case for it. As for the bike trail, I suggest to the honourable member that it reflects this government’s commitment to tourism and to providing the broadest possible experience for people as they travel around Australia and a little bit of lateral thinking on the types of experiences there are. I am not aware of any other bike trail submissions being put up for approval at that particular time. It may well be that there were only a couple of them or that there were no others. Either way, I am sure it was selected on merit. It is the same with the visitor information centre. That is important infrastructure for tourism and strongly reflects the government’s commitment.

I also point out to the honourable member that, at the time these commitments were made, the member for McEwen was not the tourism minister. In fact, she was not appointed as tourism minister until sometime after the election. So I totally refute any suggestion that there was
some sort of deal done. I am very happy to provide on notice any other information the member for Wills may require.

Mr MARTIN FERGUSON (Batman) (10.30 am)—I seek advice from the parliamentary secretary as to why a bike track was funded from the tourism portfolio when it was clearly intended that, Australia-wide, such bike tracks be funded from the Roads to Recovery fund, which was directly given to local councils for this purpose. I ask why the local council was not required to meet the requirement for the funding of the cycle track from additional money already allocated by the Commonwealth for that purpose.

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (10.31 am)—I thank the honourable member for Batman. Can I say to him—

Mr MARTIN FERGUSON (Batman) (10.31 am)—It is an interesting question.

Mr ENTSCH—It is not easy. Looking at the experiences that are now available for people visiting regional areas of our wonderful country, we have provided funding for wine and food trails; we have provided funding for walking trails; we have provided funding, I would not be surprised, for horse trails. We have even provided funding for things like the great Savannah Way, a road trail which goes from Cairns to Broome. So why on earth would we discriminate against bicycle riders? We are totally committed to bicycles; they are environmentally friendly. I would have thought a shadow minister for the environment would have been applauding an investment in trails for bike riding. I cannot see any reason why we would not do that for a tourism experience.

Mr MARTIN FERGUSON (Batman) (10.31 am)—It is about time some of the councils were told that they are given money for certain purposes and they should use it for those purposes, rather than double dipping on taxpayers’ money.

I now turn to the strategic investment incentive for ethanol production which appears at page 29 of the PBS. Can the parliamentary secretary advise on the following: who are the recipients of grants from this fund; who have the recipients been to date and how much has each one received; how many eligible companies are there in Australia; and what is the application and determination process? And can the parliamentary secretary explain the creation of the forward three-year estimate and the variation in earlier years?

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (10.32 am)—A quick response to the comment made by the honourable member is yes, we do provide money under Roads to Recovery for councils, and these funds have been spent very well. Unfortunately, it was the only way we could stop the state governments from syphoning them off and cost shifting. They have spent that money very effectively. We are very proud of that program and anything further that we can do to enhance the tourism experience we will do.

With regard to the specifics the honourable member raised about ethanol, I am sure he would appreciate that I would not have that information readily at my disposal, but I would be more than happy to seek that advice and provide it to him as soon as I can.

Mr MARTIN FERGUSON (Batman) (10.33 am)—I seek further advice on the Mitsubishi South Australia structural adjustment fund. Can the parliamentary secretary advise what analysis was undertaken to arrive at the $45 million figure for the structural adjustment fund for South Australia? How much of the $45 million has been allocated for this financial year
and in future years? How many applications for the fund have been received to date? How many successful projects have been funded to date? What will happen to allocated funding for this financial year that remains unspent as at 30 June?

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (10.34 am) — Again, the detail that the member is requesting is impossible for me to provide at this point, but I will certainly do so. I will make a point about the support that has been given to Mitsubishi. As I am sure the honourable member for Boothby, as a South Australian, would appreciate, the value of that company continuing to operate in South Australia cannot be underestimated, particularly in relation to the opportunity for jobs and the economy there. I understand that Mitsubishi released a new model—

Dr Southcott — In October.

Mr ENTSCH — They are to release it in October this year. They believe it will certainly strengthen their position, and their capacity to deliver that model has been very much enhanced by the support that this government has given to Mitsubishi. I understand there is a second model in the pipeline which will hopefully continue to build on those strengths. So I make no apology for the support that was given there. It is important that government offers that support, and I am sure the honourable member would also appreciate the need to do everything we can to ensure that those jobs are safe for the many Mitsubishi workers that we have, particularly in South Australia. But, as far as the other specific questions go, again, I would be more than happy to get back to you in detail.

Mr MARTIN FERGUSON (Batman) (10.35 am) — I go to the issue of the energy industry. Can the parliamentary secretary please advise, because I think it is fairly important, what is the current status of funding for the Australian Energy Regulator? When will the final funding arrangements be in place, and has the dispute between the Commonwealth and the states and territories over funding held up the practical implementation of the Australian Energy Regulator’s responsibility and activities?

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (10.35 am) — Again, you are asking for far more information than I can provide in a forum such as this. I am more than happy to get back to you. I will certainly seek advice and provide it to you at the earliest convenience.

Mr MARTIN FERGUSON (Batman) (10.36 am) — With all due respect, this is what the committee stage is about—accountability and ministers or their representatives actually having the information available at their fingertips. I see a long line of advisers from the department in attendance. For that reason, I then go to the current status of the Australian Energy Market Commission. I seek information as to whether it is fully operational. If not, why not, and when will it be fully operational? When does the government expect gas regulation to be transferred to these bodies?

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (10.36 am) — Again, I can only respond as I did before and provide that information in written detail as soon as possible.

Mr MARTIN FERGUSON (Batman) (10.36 am) — Given the fact that the parliamentary secretary represents the state of Queensland, which is fairly important in the resources sector—and I am sure he takes an interest in the resources sector—perhaps he could advise the
committee what initiatives the department is working on and planning in order to facilitate increased investment in the discovery and development of minerals and energy resources in Australia?

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (10.37 am)—Again, this is covered through Minister Macfarlane. Unfortunately, as I explained to the honourable member earlier on, Mr Macfarlane is currently sitting on an aeroplane travelling to the United States to further industry opportunities for this country. So to respond in areas that are somewhat outside my own immediate knowledge is impossible, but again I would be more than happy to provide the written information.

Mr MARTIN FERGUSON (Batman) (10.37 am)—Given the interest in the price of petrol in recent times—and I am sure the parliamentary secretary, as the member for Leichhardt, has had regard to this—perhaps he could give me some information on the following issue. Given that the government has increased the value of exploration deductions in designated frontier areas from 100 to 150 per cent when determining liability for petroleum resource rent tax, what is the department’s response to claims by Santos chairman, Mr Gerlach? He said:

… Indonesia, through market and financial incentives, is focused on strengthening its domestic energy supplies. Disappointingly, it is something that Australia appears unwilling to do.

Doesn’t this in many ways imply that our own government policy initiatives in this area do not have the support of industry and are not working at the moment?

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (10.38 am)—Can I suggest that the opinion of one individual does not necessarily reflect the view of industry—unless you are suggesting to me that the representative from Santos actually speaks on behalf of the entire industry. This government has shown considerable initiative and commitment in funding arrangements to encourage expansion, particularly into frontier areas, and there is considerable debate at this point in time within government looking at ways in which those incentives can be increased.

Mr MARTIN FERGUSON (Batman) (10.39 am)—If that is the case, perhaps the parliamentary secretary can advise me—because of his statement that there is a lot of interest in the area of frontier development—what has been the uptake of designated frontier areas since the policy was introduced. What is the forecast exploration expenditure in these areas? What initiatives does the department have in place and plan to do to gain greater market access for Australian resources, including winning further LNG contracts? Further, what initiatives does the department have in place to address export infrastructure constraints related to this? What is the status of the planned oil code and petrol retail reform process?

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (10.40 am)—I thank the honourable member for the simplicity of the questions which he is directing at me! In one question you asked what we are doing about furthering opportunities in LNG. That is an area where you should be congratulating the government from Prime Minister down in that we have achieved significant outcomes. I can assure you that, given our past performance, we will continue to develop in this area. With regard to the specifics, I know the honourable member would be disappointed if I just brushed him off with a general statement. I would much prefer to come back at a time in the not too distant future and provide him with a comprehensive answer, very specific to the questions he has asked. I am sure we have here enough fine people from the department who have taken note of every
word and sentence he has said and who will come back and give him those answers which he justly deserves.

Mr MARTIN FERGUSON (Batman) (10.41 am)—Perhaps I will give him a dorothy dixer—after all, he is a Queenslander and I am sure he takes a lot of interest in the state of Queensland. I go to that major resource centre, Gladstone. I note that the budget provides for a $10 million contribution to the conversion of the Queensland Alumina refinery from coal to gas at Gladstone. The PBS states that this funding is to be absorbed by the department from within existing administrative appropriations. On appearances, from a budget point of view this seems to be a large amount of money to be handled in this way. Could I be advised as to which program or areas the $10 million is coming from for that purpose? I also understand that the refinery is installing a new gas turbine as part of an expansion, not converting an existing gas turbine from coal to gas. Can the parliamentary secretary confirm that this funding is actually for conversion from coal to gas and not for a new turbine? If the funding is not for a new turbine and associated with expansion, can the parliamentary secretary explain how the project qualifies for funding? Under which program and criteria is that the case?

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (10.43 am)—I thank—

Mr Martin Ferguson—Did Queensland win last night; that might be an easier question?

Mr ENTSCH—No, actually we did not. We decided to give New South Wales a break to make an interesting third round. I am advised that the $10 million has come out of the Commercial Ready program. I am advised it is for conversion to gas. I am sure you are aware of the prospect of a gas supply coming down through the north and we are hoping that that may well eventuate.

Mr Martin Ferguson—PNG gas, is it?

Mr ENTSCH—It has been in the pipeline for quite some time. I can assure you that the project is not dead, not by a long shot. There is actually bipartisan support for that project—from the Beattie Labor government and the Howard federal government. Let us wish them all success in their endeavours. It will certainly do a lot for Queensland.

Mr MARTIN FERGUSON (Batman) (10.44 am)—Can we have some information on the issue of Indigenous employment given the nature of the seat of Leichhardt? Can the parliamentary secretary comment on the Mining Industry-Indigenous Communities Working in Partnership program, which is funded at $0.5 million per year? I would like to be advised about what the program has achieved over the last year. Is industry satisfied with the program, and do you have any examples of where it has drawn the government’s attention to its satisfaction with the program? Furthermore, are Indigenous communities satisfied with the program, and what examples of Indigenous communities advising the government of their satisfaction does the parliamentary secretary have?

The DEPUTY SPEAKER (Hon. BK Bishop)—Before I call the parliamentary secretary, I point out that we will conclude dealing with this portfolio at 10.50 am. We were running behind time because we went to Immigration earlier in the day. After this we will move on to the Defence portfolio.

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (10.46 am)—I know there has been considerable involvement in that pro-
gram. I am aware of companies such as Rio Tinto, through Comalco, and others that have embraced the program. I know that, from an Indigenous perspective, they certainly welcome the opportunity. In the past—and I am going back many, many years—there has been a profound failure in delivering outcomes in relation to successful conclusions for Indigenous training. There have been a lot more failures than successes. We are hoping that this will be more successful. It is a relatively new program; it will take some time to be able to measure its success. I am hopeful that it will be successful. I know the Indigenous community is certainly working with it in a very positive way. I am advised that there will be an increase in funding from $300,000 to half a million dollars. Evaluation has certainly shown that there are positive benefits in the communities, but it is going to take a little bit of time. I am more than happy to give you an update specific to a future point in time, but it is a little bit early yet to be able to say whether it will succeed or fail.

Mr MARTIN FERGUSON (Batman) (10.47 am)—Given the labour shortage of skilled workers in Australia, I want to be advised: what is Invest Australia doing about including a requirement for private sector investment in skills and training as a criterion or a condition for obtaining a strategic investment incentive?

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (10.48 am)—One of the great things that we are doing in relation to creating incentives for skilled people to stay and work in Australia is to make amendments to the tax system so they do not have to go overseas to find tax relief. Any support that the honourable member would like to give us with regard to ensuring that our skilled people are encouraged to stay here and that our tax system is not a disincentive would be greatly appreciated.

The DEPUTY SPEAKER (Hon. BK Bishop)—The question is that the proposed expenditure for the Industry, Tourism and Resources portfolio be agreed to.

Question agreed to.

Defence Portfolio

Ms GAMBARO (Petrie—Parliamentary Secretary to the Minister for Defence) (10.49 am)—I am very pleased to be standing here today representing the Minister for Defence, Senator Robert Hill, and also the Minister for Veterans’ Affairs, Mrs De-Anne Kelly. I am delighted with the budget measures. The defence of Australia and Australia’s interests will, as always, be top priorities for the Howard government, and we will continue to invest in building a stronger and much more capable Defence Force for this great nation of ours.

Defence will receive an extra $461 million in the financial year as a result of the 2005-06 budget. This will increase the Defence budget to $17.5 billion for 2005-06. It is probably the second largest budget that this government has to administer. Its importance is absolutely paramount to this great nation of ours. This extra funding will be partially offset by the application in 2005-06 of an efficiency dividend, which the Department of Defence will be subject to for the first time. The dividend will result in $3.4 million being returned to the budget in 2005-06. The budget also provides an ongoing commitment to the white paper funding of a further $2.3 billion. It builds on this with the $4 billion in increased funding already provided by the government over the period from 2001-02 to 2004-05. It maintains Defence expendi-
ture at 1.9 per cent of GDP. We have built on these increases over a five-year period and will continue to do so, which is very good news for the Defence budget.

The government’s priorities include key security projects such as the offshore protection of the North West Shelf. The honourable member earlier spoke about our LNG. It is of particularly great importance to this country and we will ensure that the surveillance of our facilities there is maintained as a high priority, including the northern approaches. We will also continue to enhance the security of the defence bases and other facilities that we have.

There are numerous other commitments in this budget. They include the rehabilitation of Iraq, with a commitment of an additional $466.1 million, including $240 million over four years. That includes the $24.8 million in 2004-05 to meet the cost of deployment for the Al Muthanna Task Group to Iraq. They are doing an absolutely magnificent job there. In addition to this, $246.5 million has been committed for a range of security related projects, including a $138 million commitment to protecting offshore oil and gas platforms. I mentioned a little while ago how important that is. It is a major industry for Australia and will continue to be so. The $16.4 million of further funding for the surveillance of Australia’s northern approaches has been put into Operation Reflex II in 2005-06. There is an additional package of $74.8 million over two years for Operation Safe Base, which provides for the increased protection of personnel and infrastructure at defence bases and facilities around this country, and $16 million for counterproliferation measures and enhanced security for overseas posts. One can see the extraordinary demands that are being placed on our overseas postings.

The 2005-06 budget allocation builds on both the strategic and financial foundations which have been laid down in the Defence white paper 2003 update and the Defence Capability Plan. The benefits of the long-term funding commitments and reforms this government has made to defence were instigated particularly in the area of defence capability procurement and we are seeing the great benefits of that this year, where we will have that $48 million, but also we will have flow-through from previous years that will come to fruition. It is a very top priority of this government to improve and build on that capital procurement program. *(Time expired)*

Mr BEVIS (Brisbane) (10.54 am)—In the very limited time available I want to talk initially about the situation with respect to our F111 and FA18 replacements, to ask a few questions and to make a few statements. I invite the parliamentary secretary—with her advisers behind no doubt to assist—to explain why it is that the government have repeatedly indicated that no formal decision to purchase the Joint Strike Fighter has been made, yet the department’s own official documents on Air 6000 are headed ‘Air 6000(JSF)’. If no decision has been taken, why is the department publishing material that identifies Air 6000 as the JSF?

Ms GAMBARO (Petrie—Parliamentary Secretary to the Minister for Defence) (10.55 am)—As this is not in my direct portfolio responsibility, I am happy to take that particular question on notice. In the short time available to the member for Brisbane, he may have a number of other questions regarding capability that he may wish to raise and I am happy to take them on board and provide answers. I have been informed by department officials that the government will make a decision on that particular project in 2006. I happy to take any further questions from the honourable member.

Mr BEVIS (Brisbane) (10.57 am)—It is a pity that in a forum like this the House of Representatives does not have available people who can actually answer questions about one of
the most expensive—in fact, the most expensive—acquisitions, I believe, we will make in our history and one of the most critical in terms of its strategic and tactical importance. But that appears to be the way in which the government is approaching these procedures here in the Main Committee. Let me then ask: on what basis does the government continue to assert that we will be receiving the first tranche of JSFs—assuming a contract is entered into, which seems to be a foregone conclusion—from 2012? On what basis does the government assert that date is a realistic date?

Ms GAMBARO (Petrie—Parliamentary Secretary to the Minister for Defence) (10.57 am) — Due to the short time available to us I will take the honourable member’s question on notice. Again, direct capability issues are not my direct portfolio responsibility, but I will attempt to provide some insight. The schedule depends entirely on deployment. I will provide any further assistance the honourable member requires in a written form.

Mr BEVIS (Brisbane) (10.57 am) — I look forward to getting some answers in a written form because it does not appear that I will get any here today. I will just make a couple of other observations. I notice that Senator Hill earlier this year, when asked about the escalating costs of the Joint Strike Fighter F-35, said: ‘When that figure was written into the DCP’—the Defence Capability Plan—‘there was no real comprehension of what would be the capability of the new aircraft.’ That is a quote directly from the minister. That has to be one of the most astounding admissions from a minister of total dereliction of duty that I think I have seen.

How is it that the government came to allocate funds in a budget and effectively commit to an aircraft when, in the words of the minister, there was no real comprehension of what would be the capability of the new aircraft? Why is it that the government is committed to the acquisition of an aircraft when it seemed, at the time at which the commitment was made, that there would be no knowledge of what the capability of the aircraft would be? I imagine the parliamentary secretary’s answer is that she will take it on notice and send me a note, so I will continue talking rather than lose time, because there is very restricted time here.

In respect of those matters I would also appreciate a response from the government as to the Australian government’s interpretation of the concerns raised by the United States Government Accountability Office, which identified that the project was now two years behind schedule and the development costs had blown out by 80 per cent. That is a fairly recent report of the US Government Accountability Office. I seek from the government a statement of its interpretation of that US assessment.

Similarly, I also seek a statement from the government as to how it interprets the more recent determinations of the US House Armed Services Committee in its approval of the 2006 defence authorisation bill, which was reported on 19 May. It said this about the Joint Strike Fighter:

The committee recommended a decrease of $152.4 million to the budget request for Joint Strike Fighter (JSF) ...

It went on to say:

During the past year, the JSF program has addressed a projected weight growth problem in all three JSF variants by making design changes, which, if uncorrected, would inhibit the aircraft from performing to its key capability parameters. While the design has since been modified to a decreased weight, the first flight of the lighter JSF will not occur until 2008. Since the Department of Defense will not know until
2008 whether the design changes will be effective, the committee believes that funding the low-rate initial production is premature.

I put it to the government—and I seek their interpretation and response to those findings of the US House Armed Services Committee—that, if the US Congress has said that the US Department of Defense will not know until 2008 whether its new lighter design is actually going to work and to do the task, how can the government continue to assert that there will be no delay in the delivery schedule? In its position in dealing with this matter, why does the government ignore the findings of the US Government Accountability Office, which concluded that the business case for the JSF was ‘unexecutable’? That is the US Government Accountability Office determining that the plans laid out originally for the JSF were ‘unexecutable’.

In the face of the quite clear and unambiguous findings of a number of appropriate authorities in the United States parliamentary and defence chain of responsibility, why do the Australian government continue to assert that there will be no delay and that there are no pressures on cost that should alter the total number of aircraft that we acquire? In their propaganda the government are still referring to the figure of ‘up to 100’. Of course, ‘up to 100’ could mean 22, but the assertion of ‘up to 100’ certainly implies that it is a figure closer to 100 than to 70. I look forward to what I imagine will be the parliamentary secretary’s commitment to provide me with a written answer to that, but I certainly do seek from the government a clear statement in response to those issues that I have raised. What is the Australian government’s response to those quite significant findings of the various US authorities to which I have referred?

Ms GAMBARO (Petrie—Parliamentary Secretary to the Minister for Defence) (11.02 am)—I will endeavour to provide the answers to the technical questions that the honourable member for Brisbane has asked about the Joint Strike Fighter. But I am sure that the Minister for Defence makes his own decisions about defence matters on the advice of his department. We have a number of top-level scientists in this country and I am sure that he does not need United States advice to make decisions on our capability needs. I am sure that he will take the advice of his officials and scientists, particularly members of the DMO and associated agencies, into account in making those decisions. I thank the honourable member for Brisbane for his questions and I will ensure that he will be provided with the answers to those technical aspects he asked about in respect of capability.

Mr McCLELLAND (Barton) (11.03 am)—The parliamentary secretary referred in her summation to an efficiency dividend being achieved. I think the budget papers show that about $220 million of additional spending over four years has not been funded and that funding will be obtained through an efficiency dividend. It appears from the budget papers that in the years 2005 and 2006 that efficiency dividend will only be in the order of $3.4 million, on our calculations, meaning that something in the order of $100 million needs to be found in efficiency dividend in 2007-08. Having read the estimates transcript on this, I think it is fair to say that there had not been any areas identified as to where that efficiency dividend would be obtained. Do you know if any additional work has been done on identifying those areas that might provide the efficiency dividend?

Ms GAMBARO (Petrie—Parliamentary Secretary to the Minister for Defence) (11.04 am)—I thank the shadow minister for his question. Yes, Defence has played a part by undertaking to absorb the costs of $217.8 million over four years through reordering priorities in
the Defence budget for the new budget measures. The efficiency dividend that the shadow minister referred to is only $3.4 million in 2005-06. The efficiency dividend will be dealt with in the 2006-07 budget. But, in the context of financial year 2005-06, this particular budget does provide an additional $458 million, and we will be making savings through efficiency dividends.

Mr McCLELLAND (Barton) (11.05 am)—There is a report in the Australian today—and I appreciate that the parliamentary secretary may not have the information or that it may not be appropriate to disclose intentions with respect to what is reported in that article—which said that contemplation is being given to whether Australia next year may provide additional forces to assist in stabilising Afghanistan. The parliamentary secretary may feel comfortable to comment on the accuracy of that report; if the parliamentary secretary does not feel comfortable, I am sorry. However, in the context of the Chief of the Defence Force saying that as a result of the commitment we have currently to the war in Iraq ‘our dance card is full’—I think those were his words—would we in any event have the capability to contribute any forces to additional requirements in our region and, in particular, additional forces for Afghanistan?

Ms GAMBARO (Petrie—Parliamentary Secretary to the Minister for Defence) (11.06 am)—The honourable member speaks about a hypothetical situation that may or may not be decided. I am happy to take that particular question on notice. I have not seen the article in the Australian so I would not wish to comment on it at this stage. But I will take his question on notice and I thank the honourable member for his question.

Mr BEVIS (Brisbane) (11.07 am)—I wish to turn to a personnel issue. I am sorry that the minister who has direct responsibility for this, who is in the House of Representatives, is not here. But in her absence I raise with the parliamentary secretary and the departmental officials a case that I pursued in questions without notice and that was also pursued in the recent Senate estimates hearings, on 31 May, by Senator Faulkner. The case concerns the Medical Board of Western Australia findings against Dr McKenzie and the questions associated with compensation for the naval officer who was the victim of Dr McKenzie’s improper activities.

I refer to the board’s findings against Dr McKenzie, and I remind the parliament that Dr McKenzie’s legal fees of some $377,221 were actually paid for by the Department of Defence and were the subject of some questions at Senate estimates. Isn’t it the case that the application for legal assistance at Commonwealth expense guidelines say that such assistance will be given where the officer has acted ‘reasonably and responsibly’? I would be interested to know how the government interprets Dr McKenzie’s behaviour as having been ‘reasonable and responsible’ given the very damning findings by the Medical Board of Western Australia. Doesn’t appendix E of the legal service directions also say that ‘if it is not clear whether the official has acted reasonably and responsibly, it may be appropriate to defer a decision on assistance until the conclusion of the proceedings’? If that is so, why was that course of action not taken? Why was a blank cheque, it seems, provided to fund the legal costs of Dr McKenzie, whose behaviour was anything but reasonable and responsible? In those circumstances, why was the $377,000 readily paid to the guilty party for his expenses while the victim, a female lieutenant commander, received no payment for her costs?

As the victim, a female lieutenant commander, had her career effectively sidelined for four years as she went through this ordeal and all the trauma associated with it, why did the De-
partment of Defence seek to settle this matter by making an offer of compensation of about as much as the parliamentary secretary will receive in a pay rise next year, as compensation for all that had happened? Then, when that was rejected, they made an offer of what amounted to a couple of months pay. Does the government really believe that making offers of that sort to the victim—after having paid out about half a million dollars, around $400,000 of that directly to look after the guilty party—is just, fair and reasonable? Will the government give a clear commitment to this parliament, on a matter that has been raised in both chambers, that the injustice done to that lieutenant commander will be addressed and proper compensation paid?

Ms GAMBARO (Petrie—Parliamentary Secretary to the Minister for Defence) (11.11 am)—Though I have an overview of the case, as it is not in my direct portfolio responsibility and comes under the portfolio responsibilities of the minister assisting, I will endeavour to provide a written response to the honourable member for Brisbane. I thank him for his question.

Mr McCLELLAND (Barton) (11.11 am)—I will not trouble the parliamentary secretary with any additional questions at this stage, but in the brief time available to me I will add to the opposition’s contribution to the debate by flagging areas of concern in the appropriations. The first point is a recognition that we will spend in the order of $1.2 billion in the four-year projected period on our engagement in the war in Iraq. It has been a substantial exercise indeed, in circumstances where—I do not think I am unfairly verballing him—the Chief of the Defence Force has said that, as a result of these operational commitments, our dance card is pretty well full in terms of what further operational demands can be made on our defence forces.

I asked the question before—not in a hypothetical sense; I do not know their veracity or otherwise—about statements that Australia may be contemplating sending additional troops to Afghanistan. It just shows that in focusing on the war in Iraq to the extent of this commitment we may have restricted—or limited, at the very least—our ability to focus on what unquestionably are very significant events in our region, particularly in terms of the drug trade, which can reach our streets. Obviously, a re-emergence of the drug trade in Afghanistan has direct repercussions not only for security in our region but for law and order on our streets. All decisions have an opportunity cost, and obviously in making a decision as to where the cost is extended you need to consider the benefits from a national interest perspective. These issues obviously have to be factored into any decision-making process regarding ongoing involvement in the war in Iraq.

I raise this in the context of a number of issues that clearly have to be addressed in Australia. I asked a question about the efficiency dividend. I think we are entitled to ask those questions in the context of the nightmare, from an accounting point of view, of the defence budgets. We recognise that a lot of work has been done—but much more still needs to be done, and we are entitled to doubt whether that efficiency dividend will be obtained, given what has come before us.

I congratulate the Australian National Audit Office on their impartiality. I think it is very important that we have institutions such as that as part of our democratic system. The Audit Office asked questions with respect to equipment. For instance, pieces of equipment could not be found during the stocktake. We do not know—nor does Defence—whether those pieces of
equipment are there somewhere or Defence has lost them, misplaced them or sent them off with the unit without accounting for them. When you have the Auditor-General raising such things, there are real questions as to whether the efficiency dividend is achievable.

In terms of some immediate problems that are confronting the Defence Force, the opposition have flagged in public comments our concerns about recruitment and turnover. I congratulate the defence forces for their honesty in conducting the Defence Force survey on the attitude of troops. But we saw in that survey that up to a third of our armed forces—the Air Force seemed to be doing a bit better—were contemplating their future in the Defence Force over the next 12 months. It was said in estimates that this may be a feature of generation Y, but I think it also indicates pressure. In that context, we as a community, and certainly as a parliament, may have to have regard to the salaries that we pay our defence forces. ASPI has recently done some work on how the rate of increase of defence force salaries has not kept pace with private sector salaries. These are issues that we have to address, but we also have to look in greater detail at what we are doing about our long-term capability plan. Certainly the procedures that have been put in place for approving projects are more effective but they have not been funded at the front end, so there is a delay there. We also believe that the government has not identified properly its long-term strategic priorities as to hardening of the Army, as against acquiring Joint Strike Fighters or acquiring air warfare destroyers. These things have to be done sooner rather than later and have to be appropriately funded from a long-term perspective.

The DEPUTY SPEAKER (Hon. BK Bishop)—The question is that the proposed expenditure for the Defence portfolio be agreed to.

Question agreed to.

Agriculture, Fisheries and Forestry Portfolio

Proposed expenditure, $638,047,000.

Mr GAVAN O’CONNOR (Corio) (11.17 am)—I will open the consideration in detail stage of the Agriculture, Fisheries and Forestry portfolio expenditure with some statements on quarantine. This is a very important area for Australian agriculture, and it is always a difficult balancing act for a country like Australia. We have a need to protect producers, industries and rural communities from exotic pest and disease incursions. We have well-developed expertise both at the federal and state levels to give effect to that task. But we also have WTO responsibilities to enforce appropriate trading rules. In that context, the allocations made to the science based import risk assessments that are conducted by Biosecurity Australia and, of course, the operations of AQIS out in the field are of particular interest to the opposition. A key initiative announced in the budget was a total of $560.9 million over four years for AQIS and Customs for border protection. This is a continuation of a program announced four years ago with an allocation of $596 million over four years. I would like to address a question to the minister. On the face of it, Minister, it looks as though the government has cut available funds for border protection by $36 million over the next four years. Can you explain to the House the basis on which this cut has occurred?

Mr TRUSS (Wide Bay—Minister for Agriculture, Fisheries and Forestry) (11.19 am)—The situation is that three years ago this government introduced a massive increase in quarantine expenditure to build up our capacity to intercept passengers’ luggage and freight on its arrival at our various ports. That expenditure was time limited. I note as an observation that
during the election campaign the opposition made no provision to extend that funding so, in fact, thousands of passengers would not have been intercepted had the opposition been elected. The opposition, in reality, would have cut back substantially our border protection activities. Indeed, most of the funding was going to be siphoned off to the so-called Coast-watch operations which would have left our borders significantly under protected.

The amount of $596 million—I hope I am quoting the opposition spokesman accurately—that was in the previous budget included significant capital works to our airports and, naturally, that work has been done. There is no need to redo the work to provide the facilities that were necessary to house large numbers of extra staff and to provide them with the working environment that was necessary to do their work, particularly at the airport level. We are dealing here with a program that is well and truly up and running. There will be no cutbacks. The service will continue without any reductions, and it is our anticipation that the high level of intervention that has occurred will continue. In fact, we are achieving above the targets, and I think that that is meritorious.

Can I add one final point. Australia now has the largest border protection service in the world. There is no other country that has a quarantine border protection service that can match Australia’s, and that demonstrates very clearly the government’s commitment to keeping our country free of pests and diseases.

Mr GAVAN O’CONNOR (Corio) (11.21 am)—I do take note of the comments that have been made by the Minister for Agriculture, Fisheries and Forestry on the matter I raised, and I think it is important for the House to put in context this expenditure on quarantine and border security arrangements. As I recollect it, when the government came to power one of the first things you as minister did in your first budget was to axe funding for the quarantine task, and quite substantially. I think it ought to be put on the public record that the government, when it came to power, certainly did not have quarantine as an urgent priority, even though the exotic pests and diseases that threatened Australian primary producers, industries and many regional communities had not diminished but had increased as a result of the trading environment that Australia found itself in.

I think the community accepts that additional moneys had to be put to this particular task and, indeed, given the new environment that Australia finds itself in—the new global trading environment and the new security environment—these expenditures are appropriate. But it is very important to appreciate that it did not seem to be a priority of the government in its first years. Of course the minister will no doubt trot out the usual statements about debt and the need for the government to slash expenditure across the board and that his department was no more vulnerable than any other. We have heard all of those arguments before on the floor of the House and they have been contested by the opposition in the context of the economic debates. We do not accept that in areas such as quarantine, which are very important to Australian agriculture, the government ought to be cutting its funding to these tasks yet going out to the primary producers of this nation and to the community beating the drum on Howard’s tough stance on security and how it is protecting Australia’s borders.

Labor went to the last election with a comprehensive quarantine policy. A key element of that was the movement of Biosecurity Australia from where the minister had placed it in the trade division of his department. We also went to the election with a very strong policy to strengthen the import risk assessment process—the scientific basis on which some of these
assessments are made and a set of proposals to make it difficult for the director of quarantine or any bureaucrat to change the procedures put in place in the import risk assessment handbook at whim. We thought that was a sensible proposal. We also put on the table the need for another major review—a Nairn type review of the quarantine service. It is even more of an imperative given the major questions about the administration of the quarantine service that have emerged in recent years.

I do note, Minister, that at the end of the day you did steal elements of Labor’s policy. We are quite pleased with that. I would have thought that, with the benefit of staff in your office and the hundreds and hundreds of bureaucrats to back you up, you could have come up with those proposals yourself. Be that as it may, we are particularly pleased that the minister did adopt those key elements. It is in relation to one of those that I would like to address the next question to the minister. In the PBS document, Biosecurity Australia has its own section and its own budget. (Time expired)

Mr LAMING (Bowman) (11.26 am)—This is an opportune moment to highlight the work of the Department of Agriculture, Fisheries and Forestry and to congratulate them in an area very relevant to my electorate: the industry of avocado oil. Last year Chris Nathan launched an industry he has brought from New Zealand and it represents an elegant case study in a number of areas. First of all, it attracts international business to domestic locations to strengthen the economy, in particular in the electorate of Bowman. It also represents innovation in the virtuous cycle where the by-products of industry can have positive outcomes. I will outline those. Thirdly, we have some engagement at the moment with Mr Nathan and his firm because he has an offer that may well assist drought affected farmers. He is in discussion with the department at this point.

I want to begin with what really underpins this whole discussion: it is through optimal business conditions in Australia, financial security, transparency and the business friendly environment that this government has worked on very hard that we have managed to attract new industry, and avocado oil is just one example of that. What is the situation? This is a New Zealand industry that has moved to Australia to utilise if not exploit the opportunities offered by our close proximity to ports and supply of avocado.

Think for a moment what the pressing of avocado means. It means you take the lower quality fruit—giving you a utilisation that you may well have otherwise lost—and that forces up the price for top quality avocados. That is a fantastic virtuous cycle being exploited right here. Of course, avocado oil has its own advantages—a high smoking temperature and lots of cooking and nutritional benefits. That is good news. But what was not expected is that, in Australia’s current and obviously tragic drought conditions, avocado pulp is well known as a highly nutritious by-product that in New Zealand is used to feed cattle. What we have here is effectively what some people would describe as the caviar for cows or the royal jelly for the livestock industry. This is avocado pulp that can be transported out to drought affected areas. That is currently under negotiation. Obviously there will be logistic, familiarity, transport and refrigeration issues, and I am hoping that they can be in worked through. This will give a meaningful benefit to those on the land who can mix avocado pulp with other forms of grain for the benefit of their livestock.

The presence of Olivado also complements other similar industries in my electorate. There is a strong tourism focus as well, with Sirromet Wines in nearby Mount Cotton. All of this is

MAIN COMMITTEE
exploiting, in liaison with agriculture, the export potential, the niche markets, the local job opportunities and training. The work being done by Chris Nathan is all good news for Bowman. I wish them, as I do other agricultural industries dealing with the department as we speak, every success in exploiting those economic opportunities and benefiting and producing the virtuous spin-offs. I do hope that we can find a way to have that avocado pulp find its way to drought affected farmers in western Queensland.

Mr GAVAN O’CONNOR (Corio) (11.29 am)—Further to the comments I was making with regard to Biosecurity Australia, it is fair to say that significant elements of the administration of Australia’s quarantine arrangements in recent years are in somewhat of a shambles. The Minister for Agriculture, Fisheries and Forestry must accept direct responsibility for these matters. The Senate inquiry into citrus canker has exposed major shortcomings in AQIS’s administration, and I can understand the nervousness of the minister after the evidence that was presented only yesterday in that particular inquiry. We certainly have a long way to go in that inquiry, and I commend the Liberal chairman of that committee who has determined to get to the bottom of this very messy business that is now before the Senate. I offer the chairperson of that inquiry, Senator Bill Heffernan, the full support of opposition senators in getting to the bottom of that issue.

The devastating Federal Court judgment on pork has cast serious questions about the administration of the quarantine task. Major industries such as those of apples and bananas are asking serious questions about the science underpinning import risk assessments in those areas. I know the honourable member for Franklin will be joining me in the discussion on the issue of apples. More recently, we have had the American investigation into AQIS’s performance of monitoring the standards in Australian meatworks. These are very serious issues that have been raised about the quarantine task.

I note that before the election the minister adopted Labor’s policy of moving Biosecurity Australia away from where you put it to another place. We would like you to explain the reporting lines of Biosecurity now. Who is the director of Biosecurity Australia initially responsible to? Where is he situated and what are the reporting lines for the director? Ultimately, of course, the buck stops with you and I guess the head of your department, but are there any other points in the chain that primary producers and this parliament and the opposition ought to be aware of? I would appreciate it if the minister could explain those reporting lines.

Mr TRUSS (Wide Bay—Minister for Agriculture, Fisheries and Forestry) (11.33 am)—Firstly, I compliment the honourable member for Bowman on his remarks in relation to agricultural industries in his electorate. It is great to have a city member making a contribution like that to the policy debate on agricultural issues. There are obviously serious concerns about the drought, and many farmers have faced difficulties in obtaining appropriate feedstock, and I am sure there will be some who will be interested in the ideas that he has put forward.

I have a couple of comments on the issues raised by the honourable member for Corio. He claimed this government had reduced quarantine services in its early days. That is not the case—in fact, the reductions were made when Labor was in government. The significant clawback in the number of people employed in quarantine services occurred during the Labor administration. In those days only a couple of per cent of all the mail coming into Australia was subject to any scrutiny and a maximum of 20 or 30 per cent of passengers were inspected.
and had their luggage inspected on arrival. The winding down of quarantine occurred under Labor; the massive increase in quarantine services has occurred under this government.

The honourable member also tried to rewrite history in relation to the movement of Biosecurity Australia away from the trade section of the department. That actually occurred well before the election and before the Labor Party announced it as a policy, so it has been the Labor Party playing catch-up on the structure of Biosecurity Australia, not the government. I listened with some interest to the Senate inquiry into citrus canker yesterday. I have to say I did not notice anything in particular being exposed that was not already public knowledge, but maybe there will be some things that we can listen to in the future. Obviously, the Senate, as it always does, will conduct a full, open and unrestrained inquiry.

I do not really want to make any comments on the court issues associated with pork, because there are appeals pending. It is probably not appropriate to make too many comments other than that the legal advice the government has is that imports will be able to continue on existing permits, with the exception of the one permit which will be cancelled as directed by the judge. There are still 84 other live permits, which have a term of up to two years, so the judge’s decisions will enable pig imports to continue. That will be good news for people in many of the processing facilities in Australia who were concerned that their jobs may be lost because of the absence of product for them to use. But those issues are still the subject of further court proceedings, and I suggest to the honourable member for Corio that he leave his commentary until the appeals are all heard and the issues are properly resolved.

The member asked a question about to whom Biosecurity Australia reports. It is a prescribed agency, so it acts independently, but ultimately, of course, it is answerable to the secretary of the department. It has its own appropriation, as the honourable member for Corio correctly reported to the Committee, and therefore it has a high degree of independence, but ultimately it is answerable to the secretary of the department.

Mr QUICK (Franklin) (11.37 am)—I have one concern that I would like to raise with the minister. Coming from the Apple Isle, I heard the alarming news on Tuesday night via the wire service about the New Zealand agriculture minister taking the industry and Biosecurity Australia to the WTO to raise the stakes in an issue that has been going on for 80 years. In a press statement the minister said there was nothing to fear from New Zealand’s actions. There have been two or three instances before where they have made threats but done nothing about it, but can the minister explain what Biosecurity Australia are going to do with the import risk analysis? Are they going to develop a new one? Will they put the same one forward when the issue comes to the WTO? As the industry has said, if fire blight does come in, a billion dollar industry is going to be placed in jeopardy. As the minister knows, the jobs that are created through the apple and pear industries are vital for rural and regional Australia. I would like an assurance from the minister; the industry in Tasmania has asked me to raise this issue.

In Tasmania we have had to fight the battle around Atlantic salmon. Thankfully, that is not an issue at the moment. Is the minister concerned that the New Zealanders are fair dinkum this time and are really going to take us through the whole process? Are we going to be put through the wringer? Is the new risk assessment going to be stronger? How confident is the minister? Is it just a wasted exercise by the New Zealanders? If we are successful this time, will the issue die and let us get on with keeping the industry on a sustainable basis and expanding our exports?
Mr TRUSS (Wide Bay—Minister for Agriculture, Fisheries and Forestry) (11.39 am)—I thank the honourable member for his questions and comments. New Zealand is not taking Australia to the WTO on this issue at this time. What it has done is formally inscribe it on the agenda for the next meeting of the SPS committee, which will be held around 28 June. So this is a step short of taking WTO action. I am hopeful that the discussions that will occur around the table of the SPS committee may encourage New Zealand to step back from taking the quite significant step of moving this into the WTO forum. It would be the first time that the CER partners have been opposed at a WTO hearing and obviously that would not be good for the relationship. There is an election coming up in New Zealand and this is obviously a very politically charged issue. I think the New Zealand government has acted with restraint, bearing in mind the obvious concerns and antagonism in New Zealand over this issue.

I can give the honourable member an assurance that Australia will make its decisions on apples on the basis of sound science alone. A draft import risk assessment was released some time ago, and there were quite a number of objections to it, but that process was interrupted by the announcement during our election campaign and subsequent action to prescribe Biosecurity Australia as a separate agency. We made a commitment at that time that each of the IRAs that were under preparation would be subjected to a new round of review by the panel before being released for a new objection period.

So that is the stage we are at with the apple IRA. It is being reviewed again by the panel. The panel have taken the view that they should deal with the issues raised by the objectors in this stage of the process. They will seek to respond to some of the concerns raised by the objectors on both sides, so that the new IRA will have the benefit of any new information that was provided as part of that objection process. There will still be another objection time, during which new issues can be raised. Obviously, the progress of that IRA is in the hands of Biosecurity Australia and, in this particular case, the scientific panel. It is not a matter for a minister, when you have a prescribed agency, to direct them in their time flows. The latest advice I have been given is that the IRA is probably a month or two away, and then it will be released for another period of public consultation.

I think you asked me another question, which I have forgotten. You will no doubt come back to me if that is the case. There is one other comment I would like to make. You would be aware that, separate to Australia’s consideration of the New Zealand request to bring apples into Australia, there has been a case involving Japanese restrictions on apple imports from the United States which has dealt in great depth with the scientific issues associated with the transmission of fire blight on apples. That case provides significant guidance to us on where the WTO is likely to move on any dispute that could occur over apples from New Zealand. We anticipate that there will be a further report on that case fairly soon. That will provide some additional information which I think the Australian industry will need to take on board in considering its approach on New Zealand apples coming to Australia.

Mr GAVAN O’CONNOR (Corio) (11.43 am)—One of the roles of an opposition is to hold the government accountable for the decisions it makes, the programs it implements, the expenditures it makes in relation to those decisions, and for its policies. When we go to the portfolio budget statements that the government puts out, I think it would be fair to say that many on the opposition side have had great difficulty at times, given the changes that have occurred in accounting procedures, in deciphering some of these budget account statements.
Let me preface what I am going to ask by saying that we do have some very real concerns about the accountability of the government not only in this portfolio but in other portfolios as well. I am very pleased that the House of Representatives is exercising its capacity to engage in this sort of detailed discussion about the portfolio budget statements. I note last year, Minister, in most of the programs that were listed as expenditures by your government, that four-year projections were provided. The amounts provided were all very clear. There was an explanation of the particular programs and performance information was also supplied. It was a very detailed budget statement. But I notice in the portfolio budget statement for 2005-06 that the explanation of programs and the performance information for the new programs has been omitted. I would have thought that, in the interests of parliament, the opposition—and certainly the community, where these new programs have been provided—a full and open accounting mechanism would have been available to the parliament to ensure that we can keep tabs on exactly what the government is doing. I would welcome any comments that the minister would make on the issue that I have raised.

Mr TRUSS (Wide Bay—Minister for Agriculture, Fisheries and Forestry) (11.46 am)—I thank the honourable member for Corio. I needed some assistance to get an answer for him. I am told that what has, in fact, happened is that those explanations have been moved into Budget Paper No. 2. Instead of repeating them in two separate documents they are now only in Budget Paper No. 2. If you find that is not an adequate answer to your question and that there are still some missing pieces of information, please contact me again and I will be happy to provide what you would like.

Mr GAVAN O’CONNOR (Corio) (11.46 am)—I thank the minister for clarifying that issue. I am sure that his time is extremely valuable and there is a limit to the amount of delving that he does on issues, so he relies on advice. Indeed, in my office we do not have a lot of staff to comb through all of the budget documents and I am thankful that he has clarified that issue.

The other matter that I would like to raise relates to moneys that were taken out of the National Landcare Program—some $9.7 million—to fund the new International Food and Agriculture Service exporting Australia’s agriculture to emerging markets program. We on this side of the House, Minister, have a particular sympathy for the Landcare program because we initiated it. It has had a far-reaching impact on the land in rural and regional Australia. Certainly, without that program, the sustainability of Australian agriculture would not be in the position that it is today. Therefore, it is with some concern that I note that this very important program has had what I would term a sizeable amount of money, $9.7 million, extracted from it. I would welcome the minister’s comments on the likely impact the withdrawal of this money is going to have on the overall performance of the Landcare program. That is not to take anything away from the International Food and Agriculture Service program. It is very important that Australian agriculture diversify.

I commend the publication that was recently released by RIRDC on new crops and new opportunities, and the forensic detail that has been provided to growers and other interested Australians who might want to get into some niche production in rural Australia. We encourage them to place their money in rural and regional Australia to create new niche industries and diversify Australia’s agricultural base but, at the end of the day, you have to be able to sell your product. It is not enough to have a good idea; you have to be able to identify and develop a market and sustain a level of production to service that market. I do not have any qualms
with the emerging markets program. I think it is very important to support new industries and to assist them to diversify, but I am concerned that such a large slab of money has been extracted from the Landcare program. Could the minister comment on the likely impacts of this?

Mr Truss (Wide Bay—Minister for Agriculture, Fisheries and Forestry) (11.50 am)—Again, I thank the honourable member for the question. The amount of money that has been transferred from the Landcare program to the international market service needs to be put in some degree of perspective. Yes, it is $9.7 million, but that is out of $120 million, from memory, or $126 million—I am not precisely sure of the number. It is still a very significant commitment by the Australian government to Landcare. I recognise the bipartisan support there has been for the Landcare movement and also the strong support from most states. It is a pity that the honourable member for Franklin has left the chamber, because Tasmania has unfortunately been the odd state out lately. It has been walking away from Landcare, and he might like to try and encourage his state colleagues to do their share also for Landcare. But it has been a worthwhile organisation.

This particular funding reduction will mean that there is less money available for projects in that area—I acknowledge that—although there is still significant funding being provided for projects. We found in the last year that the money had not been fully expended. In other words, no projects have been cut or terminated as a result of this lower level of funding, but I acknowledge that there will be less money available in the next year for new projects than would otherwise have been available. We made a judgment that this international service was important, that we needed to do it and that the Landcare program could continue its excellent work. Even though its budget allocation is a little less than it had previously expected, it is still a very good figure if you look at the expenditure that has historically been provided by the Commonwealth government for that program.

The final point I would make is that there is now significant additional funding available under the Natural Heritage Trust for local groups. The Envirofund is now $20 million, provided annually for projects at the local level. The new water fund will provide $50 million for local grants for water-type activities. So there are a range of other programs that Landcare is able to tap to make sure that its activities and projects are effectively continued.

Mr Gavan O’Connor (Corio) (11.52 am)—I do take on board the explanation that has been provided by the minister on this matter. I would contest the fact that $9.7 million out of a $100-odd million project is a substantial amount of money, and the reduction will impact quite significantly on the operations of the Landcare scheme and the scope of activities covered by the scheme.

I would also contest, Minister, the explanation that you have given. I did note that before the election campaign some $6 million was spent on advertising particular programs. That was part of a patchwork of advertising, obviously programmed up to the election, costing some $100 million. We on this side of the chamber had some very grave reservations about that advertising and its intent, particularly when it was bunched in an election year and was such a sizeable amount. I would have thought that, if the minister were concerned about the objectives of Landcare, about the good work that it does and about keeping the infrastructure in place on the ground, perhaps the advertising money that, as we say, went against the wall before an election might have been diverted to that particular purpose.
Be that as it may, I also note that $4 million was provided for the Australian HomeGrown campaign by taking funds from the FarmBis program. The minister would appreciate that the FarmBis program is a popular one out on the ground with farmers and with rural producers generally. It has done a lot of good work in preparing producers better financially and in a strategic planning sense for the challenges that they face. Once again, $4 million is a fairly large expenditure related to the total expenditure, as the minister knows, for that FarmBis program.

The opposition would like the minister to comment on the likely impact of the withdrawal of these funds on the FarmBis program. I do note that a portion of the $3 million for the conservation of the southern bluefin tuna scientific research program has come out of FarmBis, also out of the Exotic Diseases Preparedness program and out of the Building a National Approach to Animal and Plant Health program. So there seems to be a pattern here, Minister, of raiding your good programs.

The minister, if I might say with the indulgence of the House, makes great play of initial expenditures that the government makes to FarmBis and Landcare, but he raids them later on for other projects. At the same time we have massive expenditure by the government on fairly useless advertising running into tens of millions of dollars, and before the last election a hundred million dollars. The minister’s department spent some $6 million on one advertising program alone. I think the minister owes the parliament and farmers generally an explanation of the impact on the FarmBis program of this $4 million taken from it for Australian Home Grown and the portion of the $3 million for the conservation of the southern bluefin tuna scientific research program. We would like to know what amount was taken from FarmBis for that $3 million and what the impact of the $4 million is likely to be on the FarmBis program.

Mr TRUSS (Wide Bay—Minister for Agriculture, Fisheries and Forestry) (11.56 am)—I am conscious of the fact that the time allocated for this portfolio has expired, but let me respond briefly to the honourable member for Corio. There will be no impact on the FarmBis program from the transfer of these moneys to other activities, because there is significant underspend in the FarmBis program, for two major reasons. There are probably a number of others but, particularly, the availability of drought assistance has meant that the call-up for the farm help program has been much lower than we would normally expect because farmers are able to access exceptional circumstances assistance. They have not chosen, therefore, to take the farm help assistance, which has more onerous conditions attached to it than the exceptional circumstances assistance. There really has been a significant reduction in the number of people seeking help under the farm help program.

The second issue, and it is one that the honourable member might like to take up with his mates in the states, is that the states have not taken up their share of the FarmBis funding. Some states did not seek any money at all, and New South Wales has now walked away from FarmBis entirely. Therefore, the money allocated to the states for FarmBis has simply not been taken up. So that money is now being used for other purposes. No-one will lose anything to which they are entitled under the FarmBis program as a result of these transfers. The biggest reason there is funding available under the AAA program is that there has been a shortfall in numbers applying for farm help, but there is also the failure of the states to take up the money available to them under FarmBis.
Mr GAVAN O’CONNOR (Corio) (11.58 am)—I thank the minister for the explanations given to the questions I raised. I regret that the time allocation for this consideration is as it is, because I have a list of questions longer than my arm that I would like to ask the minister. Obviously, we will have to do that over a cup of coffee.

The DEPUTY SPEAKER (Mr McMullan)—The question is that the proposed expenditure for the Agriculture, Fisheries and Forestry portfolio be agreed to.

Question agreed to.

Attorney-General’s Portfolio

Proposed expenditure, $2,858,450,000.

Mr McCLELLAND (Barton) (11.59 am)—In the interests of time and to allow colleagues on both sides of the chamber to make a contribution, I thought it would be best to flag a number of issues and then perhaps to invite the Attorney-General to respond to these. The first relates to his capacity as the minister ultimately responsible for Customs and the Australian Federal Police. Of the maritime security initiatives that are being dealt with in the Senate today, we still have an issue that unnecessary fragmentation remains in the government agencies responsible for border protection. There are certainly eight government agencies with a substantial responsibility and there are 11 primary pieces of legislation that we are aware of that are vital to effective border protection. Our question on that issue essentially is whether the government has any plans to greater coordinate—and we note the establishment of the Joint Offshore Protection Command—those agencies and perhaps rationalise some of the work they perform and whether the government will conduct a review of the relevant pieces of legislation to ensure that the powers exercised by officers of the Commonwealth under each of those respective pieces of legislation are consistent.

In that context we note, for instance, that the rules of engagement, as we understand them, that apply to the military when they are pursuing a fleeing vessel—an illegal fishing vessel, for instance—are such that the military are not permitted, other than in exceptional circumstances, I gather, to fire into the propulsion mechanism of that vessel. For understandable reasons, those rules of engagement are not publicly disclosed. On the other hand, the clear powers given to not only the Australian Customs Service but also the Royal Australian Navy under, for instance, the Fisheries Management Act legislation—and immigration legislation as well, as I recall—specifically include the power to fire into the propulsion mechanism of a fleeing vessel. There does seem to be a need to standardise those rules of engagement, particularly in the context of the welcome step of Customs vessels being fitted with at least a small arms capacity on their decks. So that is a question as to whether those rules of engagement will be standardised.

My next question is on the resourcing of our border protection regime. This is a politically charged issue, but there does seem to be a need to undertake an analysis of our capability. Experts say that we have currently got 15 Fremantle class patrol vessels and eight Customs vessels and that, if you draw an equivalency given the distance that they cover, their operation is roughly equivalent to 50 police cars patrolling the whole of Australia. Granted, you are not going to have the intensity of population in our maritime zone, but increasingly we have got extremely valuable assets, if not traffic, in those zones and some rationale has to be made as to whether the government plans to review this in the long term. We understand that, for instance, the cost of operating a Fremantle class patrol boat—and it is probably similar to that
for an Armidale class patrol boat—is in the order of $69,000 a day while operating a Customs vessel is in the order of $19,000 a day.

From the point of view of public policy, we have to end up making a decision as to what capabilities we expect from these naval vessels, whether the investment in that equipment is necessary and whether we are going to get more value for our money—and hence a greater spread of vessels on the water—if we look at what is being required from those vessels and perhaps, from a future planning point of view, having more of an emphasis on Customs type vessels as opposed to having more of an emphasis on the capacities of the heavily armed patrol vessels with their crews trained in warfare. We factor in of course the training elements in asking that question, but that does seem to be a rationale issue.

The other issue is foreign seafarers. Does the government intend to take steps to increase the face-to-face interviews of foreign seafarers? We are doing a lot of work with maritime security identification cards but, as we understand it, no such similar scheme applies or is intended to apply to foreign crew. There is still an unsatisfactory level of face-to-face Customs checking of these foreign crew. We understand there are in the order of 120,000 a year. Does the government intend to increase face-to-face scrutiny? (Extension of time granted) Does the government intend to look at a security regime that may apply to foreign seafarers?

There are a number of issues on port security. Does the government intend to equip either our Navy or Customs vessels with the power to authorise legislative interdiction where vessels fail to report their cargo, in accordance with the Prime Minister’s announced reporting zone establishment, 48 hours away from our ports? Related to that, is the government reviewing the extent of port security currently available? For instance, I know that New South Wales and Victoria are heading in that direction, providing greater equipment to state police forces, but it seems to me that the powers of apprehension or detention that a state police force may be able to exercise for the purpose of state law enforcement activities is nowhere near adequate if it comes to supervising international trade and, in particular, stopping a suspect vessel off our shores for the purpose of inspecting that vessel using the additional legislative powers that we have under the Commonwealth for supervising and managing international trade. Is work being undertaken to look at what respective state governments are doing and their capabilities in port security? Is anything being contemplated federally to supplement those?

On the issue of security identification cards for both the aviation industry and the maritime industry, it would seem to us that the reliability of that identification scheme will depend on the accuracy of the primary documentation. Does the government intend to further progress the document verification system? There were reports that perhaps $300 million had been suggested to cabinet and an ultimate budgetary figure of $6 million. Obviously, that will not be disclosed today by the Attorney, but the question remains: is this work in progress and will additional resources be provided for that document verification scheme?

There are a number of other issues—more recently on the controversy of aviation security. The Customs report that was leaked to the Australian was reported widely and was the subject of debate in the parliament. It seems to us to be inexcusable that that report was not distributed more widely, certainly to either the Australian Federal Police or the respective ministers—the Attorney-General as well as the Minister for Justice and Customs. It was not even provided to the Office of Transport Security. We know that an investigator is being appointed.
to look at airport security, but will the government be taking a greater role in coordinating what is happening and the communications between our agencies in these vital security areas?

I note that the Attorney-General has made comments in speeches and I understand meetings are taking place on revamping and strengthening public transport security. Are initiatives being taken there? Are any short-term initiatives being taken? Obviously public train transportation in capital cities is an issue which we believe cries out for control. There is no reason, for instance, that a cooperative arrangement could not be struck between the Commonwealth and the police, at least in the short term, to provide explosive detector dog capabilities so that they could patrol platforms and trains with a view to using their ability to detect scents in briefcases, backpacks and so forth that could be carried on trains. It would not seem an undue expense, from talking to experts involved, and not an unnecessarily or unreasonably burdensome task, to train dogs to patrol platforms and trains. Are any of these measures being contemplated, at least in the short term, pending the introduction of more sophisticated technology?

Mr RUDDOCK (Berowra—Attorney-General) (12.10 pm)—I have a commitment in the other chamber and I am anxious to move on as quickly as I can. I will review comprehensively and give detailed answers to all the questions asked by the member for Barton, particularly on the issues which require a more detailed response. I do not want to reopen debates that are clearly of a broader political character on the way we organise the administrative arrangements in the broad counterterrorism agenda, save to say that I still rely very heavily on Dennis Richardson’s judgment that there is a very high degree of interconnectivity between the relevant agencies and simply moving responsibilities into a single portfolio does not necessarily address the need for agencies, with their different duties and responsibilities, to work effectively in their areas of responsibility.

My recollection of the Customs report the member mentioned is that it was intended primarily for training purposes for Customs officers and drew heavily from data that was already in the hands of the other agencies—to whom, from your comments, you might think they should have been reporting. They were drawing upon those agencies’ data in the postscripts and it was often detailed that that was the case. The Wheeler review will be looking comprehensively at these matters and there will be some further developments about which ministers will make announcements in due course.

We are anxious to move quickly on the national identity security regime, but there are a lot of developments that we believe are important if we are to be able to do it comprehensively. The key elements of the intensive work program we have initiated are to ensure that documents presented as proof of identity are able to be relied upon. We are reviewing comprehensively the security features on proof of identity documents, putting in place document verification arrangements with a range of agencies, including state and territory organisations. We want to improve the accuracy of the information on government organisations’ databases, so there is an intention to review a number of those where it is believed that there have been identities that are not appropriate. We are looking at authentication as well as appropriate legislative underpinning to include accountability measures that provide for protection of personal information. This strategy is to be developed with the state and territory governments and will be quite an important initiative on the government’s part. I will get you a written answer on the various arrangements in place on the other matters, particularly dogs.
Mrs DE-ANNE KELLY (Dawson—Minister for Veterans’ Affairs) (12.14 pm)—I would like to add to an answer that I gave yesterday in the Main Committee. In response to a point made by the member for Franklin on Tasmanian veterans accessing specialist services, I said that 77 veterans had been flown from Tasmania to the mainland for treatment and that 67 of them needed to go to the mainland because the medical treatment they were seeking was not available in Tasmania. I would like to clarify that, during 2004, 77 trips to the mainland for treatment were made by 43 veterans and 66 of the trips were made because the medical treatment was not available in Tasmania for the 33 veterans concerned. I will be writing to the member for Franklin to clarify the matter.

Mr SERCOMBE (Maribyrnong) (12.15 pm)—There are two matters I wish to raise with the Attorney-General. One arises from the decision in May of the Supreme Court of Papua New Guinea to find the Enhanced Cooperation Program unconstitutional. This has resulted, of course, in the withdrawal of Australian police from Papua New Guinea. This was very much a signature program, as far as the government was concerned, for the relationship with Papua New Guinea. I am interested in the Attorney’s advice as to the state of present negotiations in relation to restoring the Enhanced Cooperation Program or at least achieving some of the objectives that attracted and continue to enjoy bipartisan support. It would also be interesting to hear from the Attorney something about the involvement of his portfolio, and perhaps other areas of government if that is appropriate, in looking at the PNG legislation that was subsequently found to be unconstitutional and where responsibility lies for that failure. I note that the Minister for Foreign Affairs indicated on 16 May: ‘We weren’t involved’—that is, we were not involved in relation to the ECP legislation. This is directly contradicted by the police minister in Papua New Guinea, who was quoted in the media on 17 May as saying:

These are things that both Governments, the Australian and PNG Government, knew very well. Indeed, on 19 May the foreign minister of Papua New Guinea, Sir Rabbie Namaliu, said:

A statement made by the Australian Foreign Minister ... that Australia was not involved in the preparation of the legislation ... was both unfortunate and incorrect.

The suggestion that somehow Australia was in the dark when it came to the final ECP legislation is totally and simply incorrect.

It would be helpful to have the advice of the Attorney in relation to where responsibility does lie for the failure to date to ensure that the legislative arrangements that provided the backdrop to this important program were sound.

The second matter that I wish to raise relates particularly to Torres Strait and the Western Province of Papua New Guinea. Just the other day the Papua New Guinea Post-Courier carried a story about reports of drugs for guns exchanges in Daru in the Western Province. The article states:

... police are required to watch the Torres Strait and the Indonesian border. But for a long time, they have not been able to do this effectively. There are many reasons for this but the most glaring one is the lack of sea transport. There is a new high quality speedboat with two 175hp outboard motors, donated by the Australian Government, which is sitting idle outside the Daru police station. Both engines are said to be faulty.

In May I had the opportunity to visit Daru and, in fact, that very police station. The problems extend considerably beyond that. There is no effective radio communication in the police sta-
tion. Their motor vehicles do not work and, in fact, the foundations of the AusAID funded building are being undermined by a continuous flow of water. So here we are, right at the Australian doorstep on Torres Strait, with significant failures being reported from the Papua New Guinean side of the capacity to actively police and control a vital border not only with Australia but also with Indonesia. I understand that there is only one Australian Federal Police officer located in the region of the Torres Strait, at Thursday Island, which is a good hour by charter flight from the last Australian island before you enter Papua New Guinea, Saibai Island. At what is a crucial border for the security of this country—an area which regularly attracts reports of very serious crimes in relation to drugs, guns and the like—there appears, to me at least, to be a very inadequate effort being put in by the Australian government, both in relation to our own deployment of police resources and in our support for the Papua New Guinean side of the border. I would welcome any comments that the Attorney is able to offer on those matters.

Mr RUDDOCK (Berowra—Attorney-General) (12.19 pm)—I thank the honourable member for Maribyrnong for the questions he has asked. Where I do not respond fully now but can further answer the questions, I will communicate directly with the honourable member. Let me emphasise that there is a very strong national interest for Australia as well as for Papua New Guinea in the arrangements which enable the ECP to operate effectively. I do not want to canvass all of the delicate reasons such a program is necessary. I think it is sufficient to say that the purpose is a very desirable one on Australia’s part—to help governance arrangements in Papua New Guinea.

We are very disappointed that, as a result of a constitutional challenge, the arrangements that were put in place to ensure the protection of Australian police who were being asked to undertake very sensitive roles—that is, the protections they were to have against inappropriate prosecutions designed to hamper their role—will be limited. There were indemnity arrangements that were agreed but that have been struck down as being unconstitutional. This is not a question of failure of drafting. A view has been formed by the Supreme Court of Papua New Guinea that there was not sufficient power under the Constitution for the state to enter into the form of agreement that it did. We are looking closely at this and working closely with Papua New Guinea to see whether there are any ways of addressing this issue, short of amending their Constitution. The decision of the court is quite significant because it also poses some other difficulties for Papua New Guinea, which I have pointed out to ministers, which are that there are other immunities they have given, particularly diplomatic immunities, that might well fail on the same reasoning.

These issues are being pursued in very important discussions between Papua New Guinea and Australia. These discussions have taken place as recently as the last week or so, and they will continue. There is goodwill on our part to bring about a resolution as quickly as possible. But we do not intend to leave Australian police exposed, and I do not think Australians would expect us to. The withdrawal was because that protection no longer existed. Other Australian public servants who are working in Papua New Guinea will remain on duty where they do not require this form of indemnity. But we are working to address the issues raised by the court’s decision as quickly as possible. Ministers met on 26 May and officials attended further meetings on 9 June. My notes tell me that the negotiations have been positive but that developing solutions is complex and may take some time.
On the other matter raised by the member for Maribyrnong, I will get a detailed response and will report appropriately on the border security arrangements that we have in place. As the member for Barton pointed out, border security arrangements involve a number of agencies and, while police numbers might be of a specific order, the totality of our resources with other agencies such as Customs, Coastwatch and so on is quite significant. Regarding AusAID’s involvement in relation to the particular vessel, I will seek some advice as to whether or not there is a role for us in the maintenance function. We would not want to see it fail for want of maintenance. I simply make that point, and I thank you for your comments.

The DEPUTY SPEAKER (Mr McMullan)—The question is that the proposed expenditure for the Attorney-General’s portfolio be agreed to.

Question agreed to.

Employment and Workplace Relations Portfolio

Proposed expenditure, $4,153,551,000.

Ms PLIBERSEK (Sydney) (12.24 pm)—I wonder whether the Minister for Employment and Workplace Relations will tell us a little bit about a strike that is taking place in his own department today in Sydney. Apparently DEWR staff are holding a one-hour lunchtime strike in Sydney about the stalled enterprise bargaining negotiations. It seems that the department wants to make employment for new workers from 4 April conditional on their accepting an AWA. There is also, of course, the added issue of pay: the Department of Employment and Workplace Relations is offering 3.9 per cent per annum against a union demand of five per cent.

You would think that the department of workplace relations would set themselves up as a model employer and seek to have good relationships with their staff as an example of the cooperative industrial relations system that we have always wanted in Australia. It certainly existed under Labor. Instead of a cooperative system that values productivity and healthy workplaces, the management at the Department of Employment and Workplace Relations are using every trick in the book to avoid coming to a settlement with their own staff. They have delayed direct negotiations with the union. I suppose that is no surprise coming from a government that are so ideologically obsessed with unions that they are trying to ban student unions that provide sporting facilities. The management also seem to have been knowingly suggesting or pursuing unacceptable positions—positions they know will never be accepted by the staff—thus dragging out the industrial disputation at DEWR.

As I said earlier, management are seeking to put all new Department of Employment and Workplace Relations employees on AWAs, individual contracts. In the past DEWR staff have had a choice. If they have wanted to go onto individual contracts, they have been able to do so. Again we see the ideological obsession of the minister spilling over into the management of the department. The vast majority of public servants are able to have a choice about whether they sign an individual contract or continue to pursue collective bargaining. Obviously the department should be looking to itself as a model employer, an employer that has cooperative relationships with its staff and that offers individual agreements, if that is the wish of the government, but the notion that a gun should be held to the head of new employees—if...
they do not sign on, they are not going to get a job—seems absolutely contrary to everything we have stood for in this country in our previously cooperative industrial relations system.

Management at DEWR are also threatening to take away employees’ access to the Australian Industrial Relations Commission. They are reducing redundancy entitlements, they are cutting back the current broad based performance pay system to replace it with mega bonuses for a select few in the management hierarchy and they are removing people’s rights to choose a collective agreement rather than an AWA. If the minister presides over a department where this sort of thing is happening, pity help other workers in Australia who have even less bargaining power than people who are experts in industrial relations and presumably are able to negotiate, with the help of their union, on their own behalf.

Mr ANDREWS (Menzies—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (12.29 pm)—I can assure the member for Sydney that negotiations have been carried out in an orderly and timely way and that the various time lines in those negotiations have been met by the department. There was an LK agreement, which was put to the staff of the department. This was ultimately rejected and further negotiations are continuing.

A division having been called in the House of Representatives—

Sitting suspended from 12.29 pm to 12.49 pm

Mr ANDREWS—Can I simply finally add to the comments in relation to the question from the member for Sydney that, if there is some industrial action by some members of the department this afternoon, they are entitled to do so under provisions of the Workplace Relations Act, and I presume she is not suggesting that that right be taken away.

Mr LAMING (Bowman) (12.50 pm)—I take this opportunity to congratulate the Department of Employment and Workplace Relations on the release, over the past few weeks, of their Community Development Employment Projects discussion papers, which express some of the concerns relevant to my own experiences. I am delighted to see that some of those recommendations from one of the submissions appear to have found their way into that report. I want to focus on CDEP and the International Year of Microcredit to see what lessons we can learn internationally, which may provide opportunities for community development employment projects in Indigenous Australia.

One of the great priorities of the CDEP has been to promote and encourage business development in Indigenous communities. To that end I wanted to say how supportive I was that there appear in that report references to improving the links between CDEP and community regional plans. One of the great challenges for CDEP is to provide opportunities for work skills development and employment in communities that are meaningful to Indigenous communities—that is so often a very challenging thing to achieve. Also, there is the chance to build capacity, to mentor and to eventually, hopefully, germinate some community based opportunities to drive innovation and employment. I want to highlight some simple examples. There are opportunities to encourage service provision within Indigenous communities—we see in some locations everything from hair salons through to motel accommodation and tourism opportunities. We still see that Indigenous art has not flourished as well as it could have in Indigenous communities, and CDEP may well be an opportunity for that kind of business development.
Some of the concerns raised in the report I think are very important. It suggests allowing capacity to develop in communities according to their own pace and development, and it highlights areas such as the role of non-Indigenous coordinators of CDEP and the very difficult position that places communities in to actually drive their own goals rather than having the perception that they may be imposed from outside. There is of course the need for community stability. CDEP rests and falls upon whether a community itself is harmonious or falling into dysfunction. The moment that the latter occurs it becomes extremely difficult for people living in large and extended families to appear for work, to be there on time and to be doing the work that the community has determined as part of its regional plan. One of the great challenges is paying supervisors adequately and remunerating them accordingly for their additional responsibility. We see that in non-Indigenous communities, but it is proving a great challenge locally to have individuals with skills come back to the community to take on additional responsibility for what they often perceive as inadequate additional financial remuneration.

There is still a great challenge for women to engage CDEP. We can see that the males involved in CDEP greatly outnumber women, and I think there is some need for additional thought about ways in which women can be drawn into CDEP. Looking at international experience, we know that if you directly engage women often those resources are very well directed within the community—women focus the use of those resources particularly on building stronger families.

I want to conclude by acknowledging some of the lessons that we are learning from international development economists, like Jeffrey Sachs, looking at the Millennium Development Goals. Some of these strategies being employed internationally—and it is great to see Australia signing up to these—can actually be brought back and applied locally. I am completely supportive of the discussion paper Building on success and some of the great feedback that has come back from the 72 submitters, of which I was one. I hope that the report can build a better and stronger CDEP that ultimately meets the needs of Indigenous Australians.

Mr Andrews (Menzies—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (12.54 pm)—I appreciate the opportunity the member for Bowman has given me to say something about CDEP in relation to his remarks. The discussion paper which he referred to, Building on success, is very much about doing what the title suggests—that is, building on the success of a program that has been in operation in Australia for almost three decades. Through my department, we conducted some 40 consultations throughout Australia. Over 2,100 people attended those consultations. By the end, there were a total of more than 100 submissions to the process. Following agreement from the ministerial task force on Indigenous affairs, the final discussion paper was released and we then had further feedback sessions which over 1,000 people attended throughout Australia.

A couple of things came out of that. Firstly, there is a clear understanding and agreement that there is a need to build on the CDEP program and to clarify the objectives around the different streams within the program, such as the employment stream, the economic or business development stream and the community development stream. Secondly, that should be done in consultation and partnership with the local communities, which is something that the gov-
ernment is doing as part of its whole-of-government approach to Indigenous affairs in this country.

One of the important things that came of this is that for far too long Indigenous people in many parts of Australia have been locked out of the economic life of this nation. We are not going to get to a situation to improve the lot of Indigenous Australians, whether in terms of social programs or other programs, unless we can ensure that more of them participate in the economic life of this nation. For example, one of the learnings from this process is that in some instances we have 15-, 16- and 17-year-olds going directly from school into a CDEP, rather than having the opportunity for further training which would give them the skills to be employable in the future. Equally, there has been a tendency in some areas for a CDEP to become a destination in itself, rather than a pathway to a job and therefore greater participation in the economic life of this country.

The reforms which are being put in place, in partnership with local Indigenous communities and particularly in partnership with CDEP organisations, will be aimed at these particular goals to ensure that this program, which has been in existence for some three decades now, can be a better program and can lead to better outcomes for Indigenous Australians. I thank the member for Bowman for his comments and his support for the program.

The DEPUTY SPEAKER (Hon. IR Causley) — The question is that the proposed expenditure for the Employment and Workplace Relations portfolio be agreed to.

Question agreed to.

Debate (on motion by Mr Neville) adjourned.

ADJOURNMENT

Mr NEVILLE (Hinkler) (12.58 pm) — I move:
That the Main Committee do now adjourn.

Prospect Electorate: General Practitioners

Mr BOWEN (Prospect) (12.58 pm) — I wish to bring the attention of the parliament to the lack of a general practitioner at Horsley Park in my electorate of Prospect and to the shortage of doctors in rural residential areas more generally. Horsley Park is a rural community. Many people do not realise that there are quite a few rural areas left in Sydney, but there are and I am very pleased to represent several of them.

I held a mobile office meeting in Horsley Park last week and had 70 people attend. Many residents raised with me the need for a medical practitioner. There used to be a doctor at Horsley Park but this service closed several years ago. If you are an elderly person or a person relying on public transport, getting to a doctor can be a real struggle. A person from Horsley Park needing a doctor needs to get to Bossley Park or Wetherill Park. There are about 2,000 people living in Horsley Park, and I support their wish to have a general practitioner.

Unfortunately, the Rural and Remote General Practice Program does not apply to rural residential areas in the outer areas of capital cities. I do not wish to be misunderstood. I am not saying that Horsley Park, Mount Vernon, Cecil Park and Kemps Creek are in the same situation as, say, Brewarrina or Bourke or other very remote rural areas in this state or other states. But what I am saying is that none of these towns, which have a combined population of around 4,000 people, have a general practitioner, and it is very hard for people in these towns.
to get to a doctor elsewhere in my electorate, particularly as public transport links between these areas and the major suburban centres in my electorate are quite poor.

I do note that there is a designation, district of work force shortage, which provides certain incentives for doctors to move to an area which has been designated a district of work force shortage by the delegate of the Minister for Health and Ageing. I will be applying under this program to have Horsley Park and Kemps Creek designated as a district of work force shortage to enable those incentives to come into place to encourage doctors to move to this area. I would call on the government when that application is received, which will be very shortly, to designate Horsley Park as a district of work force shortage together with Kemps Creek to enable the good people of Horsley Park and Kemps Creek, together with Cecil Park and Mount Vernon, to have access to a general practitioner.

Mr LAMING

I would like to support the words of the Minister for Human Services, Joe Hockey, yesterday in question time when he raised the issue of an identity card and some of the opportunities surrounding that proposal. I acknowledge the work that is already being done by the minister’s department, the Department of Human Services, in picking up from the work done by the Health Insurance Commission over the last five years. We often talk about the miracles of modern medicine, but it is still ironic that we are in many cases left with incomplete medical information, particularly in emergency situations. Our doctors and nurses, with all of their scientific miracles, still cannot always rely on access to important and very basic health information that could be carried quite easily on a simple entitlements card.

Let us take a familiar scenario. A person collapses in a shopping centre. The ambulance arrives. The person is unable to give any details about their health or their history. Paramedics are looking for a bracelet on a wrist or some information, perhaps a list of drugs crumpled up in a handbag. But there is nothing of the sort—and so emergency services people are left with a very difficult situation and are often unable to offer the complete care that might be required in those emergency situations. It simply snowballs, right the way down to a doctor’s surgery or the hospital where these professionals are acting with incomplete information. That makes it very tough, and there are some fairly basic solutions to a situation like that.

If worst comes to worst, perhaps in situations where organ donation may be possible, opportunities are lost. I congratulate the government on working hard to build the Organ Donor Register and on the improvements that we have made relative to other countries over the last five years. A personal entitlement card may be a potential solution. It does ensure that vital information is there with individuals at all times. It obviously can be an opt-in arrangement, and that means that one can choose what information would or would not be on the card. In essence, if the state is holding information, I have no problem with it being available to the person to whom that information pertains.

Obviously Australians are fiercely independent people, and Orwell taught us to be suspicious about any institution or agency that holds information on our behalf, but we need to remember that that Orwellian description and scenario was set 20 years ago. We have come a long way with information, in data collection and data security. We have also seen significant advances in identity fraud. To give you an illustration of the estimated size of identity fraud for the Australian economy, if you take every motor vehicle that Australia exports or the entire...
export wine industry, that is the cost to Australia every year of identity fraud. It is effectively the equivalent of exporting our motor vehicles overseas and saying, 'Keep them for free.' That is the cost that we are bearing in identity fraud. This is no small issue.

Already Australians, like most of the developed world, accept credit cards as a way of carrying financial information. We accept other forms of debit cards and information cards, and some of these hold very sensitive information. I think what is more important is determining what information we want to hold on these cards—financial information, government service information or personal information, particularly health information. So a personal entitlement card, which has been floated already, could include those matters. That data is held by departments like Human Services already. Let me say right now that we are not talking about an Australia card; we are not talking about a document verification system card or anything like that. That is a separate issue and this is not linked to it. This card can be universally accessible as determined by the owner of the card.

With selective data readers, the information that pertains to one’s health can be pulled off only by a particular reader held by an ambulance officer or a hospital. You can have no-go zones on your card which can be accessed only by individuals with certain data readers. There will always be privacy concerns, but the fall-back position has to be that it is opt-in—ultimately you choose what is on your card. Essentially, it is about what you choose to give others access to. In many cases the information is already held somewhere. The problem is that it is not stored where the individual needs it at the time. Adequate access to medical information data is a fantastic example of that. We know about pharmaceutical fraud, filling repeats for prescriptions and sending overseas those very expensive medications which are available to Australians at a lesser cost. That fraud is another example which could, potentially, be limited by an entitlement card. If we are on holiday and need to access information, that would be possible with a card such as this. We certainly have the technology to have the highest level of security available, and a card like this can carry the details which individuals may wish to hold. (Time expired)

Welfare to Work

Mr GEORGANAS (Hindmarsh) (1.06 pm)—I rise to speak on the Welfare to Work reforms being introduced by this government for single parents and for people on the disability support pension. I am yet to meet someone who would rather be on a pension than working if they could find suitable employment. I am sure such people are out there somewhere, but they certainly do not come into my electorate office. This government has come to these reforms from the wrong angle. Instead of coming up with incentives for employers to hire people who are on DSP, with a comprehensive training and support package for DSP recipients, the government has just moved the goal posts so that it can cut at least $77 a fortnight from the pension available to every new person going on the DSP. I would like to quote from an email which has been sent to me and sums things up quite well. It says:

One of the most important matters is not so much how many hours per week a person can work, but rather whether a person can guarantee to be able to turn up at a given place at a given time to perform a given task.

This is the key test. For example, I may be able to work 15 hours per week, however when that 15 hours is determined by the irregular episodes of severe pain—good days and bad days, good times and bad
times. Sometimes I might be OK to work normal hours, other times it might be 2.00AM to 10.00AM or in irregular dribs and drabs throughout the day.

Whilst the hours per week test is valid for people with stable conditions, for those of us who endure irregular bouts of severe disability it is most inappropriate.

Given that this is the case for a great many people on DSP, my constituent highlights a significant problem with the Welfare to Work proposal. In the first instance, it is possible that a number of people on the DSP will be able to find work. However, within a month or two they may have lengthy periods of time during which they cannot work. What systems will be put in place to address that? I am concerned that there is in fact an incentive in the system for Job Network providers to churn through DSP recipients, taking the government’s payment for placing them in work, with absolutely no concern for whether their clients are able to maintain their employment.

When it comes to forcing single mothers into the work force we find similar contradictions and ironies that have not been considered by the minister. It is apparent that single parents will need to place their children in child care if they are able to work. Very few 10 am to 2 pm jobs are available—and once school is over where are these children to go? This initiative will deliver Australia with a generation of latchkey kids. There is no 24-hour child care available in South Australia for school aged children. What is a single parent to do if he or she cannot find child care for the hours they are required to work? I do not think the government thought this through because they are not serious about building the skills of single parents and people on DSP. They are simply interested in cutting the dollar amount paid to these people each fortnight. They are happy to grant a tax cut of $9 billion to the 10 per cent of Australians who earn the most money, they are happy to hold a further $9 billion surplus, but they are desperate to cut back the measly amount that single parents and DSP recipients survive on. We are not talking about bludgers; we are talking about people who are struggling to get by day by day. They are living a life which a lot of us here would find unimaginable.

But we know that it is not about reform. It is about saving hundreds of millions of dollars. It is about parents being cut off the pension for two months if they do not take up work and about them having to go cap in hand to Centrelink to be able to buy food for their kids. It is about cutting $44 a fortnight from household budgets and moving parents from one welfare payment to another. And it is about cutting payments to people on DSP—and who are already in the work force—by up to $215 a fortnight and creating a disincentive for these same people to work.

These reforms are, quite simply, astonishing. Supports to find sustainable employment have been cut, financial incentives for DSP recipients have been cut and the support we give to parents who are doing it all on their own have been cut. These moves place children in these families at risk. They will inevitably be left at home on their own or with their siblings. They are at risk from so-called friends or neighbours who might not be interested in doing the right thing when they are home alone. They are at risk from tragic accidents such as house fires. They are at risk of dropping out of school because no-one will be there to help with their homework or to ensure they go to school in the morning. (Time expired)

**Flinders Electorate: Community Support Plan**

Mr HUNT (Flinders—Parliamentary Secretary to the Minister for the Environment and Heritage) (1.11 pm)—Today I want to launch a five-point community support plan for the
towns of Hastings, Somerville and Crib Point within my electorate of Flinders. These towns, on Westernport and near Westernport, are growing. They have young populations relative to the rest of the Mornington Peninsula, they have families which cover a range of backgrounds and demographics and they have a need for community services. The first element of the plan is youth services. On that front, young people are vulnerable to stress caused by such things as broken homes, and, as part of that, there are the tragic consequences of youth suicide. There has been a sad history of youth suicide on the peninsula over the last 15 years. However, I am delighted to announce to the House—and to report back to my electorate of Flinders and the residents of Hastings, Somerville and Crib Point—that Good Shepherd, based in Hastings but servicing that part of the peninsula, will be given a grant of $80,000 for their Kaleidoscope youth suicide prevention program over the coming financial year. It is an extraordinarily important program, it has an impact on people’s lives and it helps give young people a sense of security. Hopefully, it will help give people a sense of purpose and take away that feeling of hopelessness which leads to the ultimate self-harm.

The second element of the plan is to reaffirm my resolution to continue pushing for a Somerville police station. There is no doubt that Somerville needs a police station. My commitment is ironclad, and I will continue to fight until that police station is delivered. In the meantime, we are pushing for a mobile police van not just for Somerville but for the other towns—Hastings, Crib Point—within the area. This is in conjunction with the local state member for South Eastern province, Ron Bowden, and with the magnificent members of the Somerville Rotary Club. I am delighted that we have support from the local police, from Rotary, from Ron Bowden and from the Somerville community.

The third element of the plan is to ensure that the Somerville secondary college opens, as has been promised—in early 2006 for students in years 7 and 8 and, hopefully, years 9 and 10. Over time, it is hoped that this school will become a school for years 7 to 12. Over the coming years, it is my commitment to ultimately turn this into a school for years 7 to 12. That is a very important need for the people, the students and the families of Somerville and the surrounding towns—Pearcedale, Baxter, Tyabb, Crib Point and Hastings.

The fourth point is to continue with resolve towards completion of the Hastings submarine project. The volunteers of the Western Port Oberon Association, led by Max Bryant, do a tremendous job. I want to reaffirm my faith in them. The HMAS Otama, an Oberon class submarine, has been gifted to the association for the benefit of the people of Hastings. The volunteers are doing a tremendous job and are getting great support from the Mornington Peninsula Shire Council. We have had some resistance from the state government but I am sure that they will not stand in the way of this tremendous community project. There has, of course, been a grant of $500,000 from the Commonwealth.

The final point is that I wish to support the redevelopment of both the Hastings and Crib Point railway stations for community purposes: the creation of a community garden in one, if not both; the development of a village green in Hastings; and, hopefully, the development of services for the peninsula community health service and, possibly, the Mornington Community House if VicTrack, who have been very cooperative, see that that is an appropriate way forward.

That is the five-point plan for Hastings, Somerville and Crib Point. In addition, we are working towards the creation of a statue, in Hastings, to commemorate John Coleman. That
would be an outstanding way to commemorate the role which this outstanding sportsperson played in the development of Hastings, and a local regional identity. Hastings, Somerville and Crib Point are great towns. This is a community support plan which represents the needs and aspirations of the people. (Time expired)

**Immigration**

**Mrs IRWIN** (Fowler) (1.16 pm)—We hear a lot in this parliament about families. We will, in a few weeks, have a senator who claims to represent the interests of families. Every time the word ‘family’ is mentioned, members opposite, like the Prime Minister, put their hands over their hearts and nod their heads approvingly.

When it comes to Australia’s international obligations, we stand by the Universal Declaration of Human Rights. Article 16.3 states:

The family is the natural and fundamental group unit of society and is entitled to protection by society and the State.

But that affection for the family and respect for the rights of the family only go so far, because, when it comes to immigration, this government is quite happy to split up a close family. This government’s policies would split up a family that has lived in my electorate for the last 18 years. The parents came to Australia from Thailand in 1987 and, yes, they did not attempt to seek permanent resident status when their visas expired, and that is not acceptable.

In their 18 years in Australia, the couple have supported themselves and contributed to the local community. The couple married in Australia and had two sons: one is 13 and the other is 16 years of age. Both sons were born in Australia and are Australian citizens. They have lived all their lives in Australia, their only language is English and they have limited knowledge of Thai culture and customs. The older son is a student at a local high school and is due to sit for his Higher School Certificate exams later this year. The parents have been advised that their bridging visa will expire this month and they will be required to leave Australia.

Like any parent who has seen children through their Higher School Certificate, I can appreciate the impact of this situation on the older son. At a time when he should be concentrating on his exams, he is left wondering about his fate and that of his beloved family. He is a bright and enthusiastic student who is liked by his teachers and other students. He has expressed an interest in working in the airline or hospitality industries when he finishes school, or following a career in music. His younger brother is an excellent student who has won prizes in maths and science competitions. He would like to study medicine when he completes school. As Australian citizens, both sons can stay in Australia, but without the material and emotional support of their parents they face a difficult future.

It could not have come at a worse time. We could take the view expressed by Minister McGauran in relation to a similar case when he was quoted as saying about the parents:

They have gambled with their children’s future and must face the responsibility.

For this government, that is what life is—a gamble: a throw of the dice or, more to the point, a push of the button on a gaming machine. It is obvious, for this government, that family is just a word and people are only case files. They are not real people, only cases.

Two bright young Australians have had their world destroyed, their family torn apart. If it had happened because of a natural disaster, we as a country would offer charity and compassion, as we did with the tsunami victims. But this is a disaster in our own country that we can
prevent. I have written to the minister asking for her intervention and reconsideration of the family’s section 351 application. If this government has any compassion, if it has any real concern for families, if it treats Australians as people and not cases, it must act to allow this wonderful family to remain in Australia. It must put the older son’s mind at rest so that he can concentrate on his Higher School Certificate exams, and it should allow the younger son to settle into high school education. If this government really cares about families, it will appreciate the strong links that bind Australian families and appreciate their place as the natural and fundamental group unit of society. It will uphold our responsibility as a nation and offer the protection of the family demanded under article 16.3 of the Universal Declaration of Human Rights.

Western Australia: Wild Dogs

Mr HAASE (Kalgoorlie) (1.21 pm)—I rise to make this House aware of a tragic situation that exists in the rangeland country in the north-east goldfields of Western Australia, in the Pilbara region and further north into the Kimberley. I refer to the predation carried out by wild dogs. The pastoral industry is under a great deal of pressure these days, predominantly through the lack of rain. Thank goodness that I am able to report in that regard that perhaps the drought has broken to a certain extent.

The problem of wild dogs has been increasing over the last decade, to the point now where it has become almost impossible. I am sad to say that a major part of the problem is an abdication by the state government in funding their agricultural protection boards and carrying out the genuine and necessary control measures required to reduce the numbers of wild dogs, which are destroying predominantly sheep and lambs in the pastoral region.

Many of the pastoral stations today are, in desperation, reverting to the cattle industry, because they can no longer sustain a sheep flock. A survey carried out on 76 pastoral leases in April 2004 concluded that, in the period from January 2002 to April 2004, some 2,024 dogs were shot, trapped or poisoned. Given the problem today, the indication is that that was simply scratching the surface. The damage continues and the sheep losses are incredible.

Bolger Downs Station in Sandstone had 53 sheep mauled in one night, just in one particular area. Melrose Station had 23 killed in one night in one particular part of the station. We have reports from the north-east goldfields that some stations are now down to a third of their carrying capacity, and that carrying capacity has already been decimated by the lack of good rains. So taking into consideration that capacity is down to about a third, they are in fact carrying about a third of a third of the stock because of the damage done by these dingoes, and almost nothing is being done to effectively control the situation.

We have little to say on the matter of dingoes specifically because the major problem, as I have said, is wild dogs. It is not the native dog, the dingo. For those who would give consideration to the high value of the dingo as part of the natural Australian fauna I remind them that, if we do nothing about these wild dogs, the pure dingo will be bred out of this country because the domestic dog is crossing with the dingo far too frequently. They hunt in packs, and the predation they cause is breathtakingly dreadful.

I know that the Minister for Agriculture, Fisheries and Forestry, Warren Truss, has done the right thing. Before Christmas I asked him whether he could give special consideration to the cause, and in fact he was able to make a special grant of some $300,000 for improved tech-
nology for wild dog baits and attractants and a strategy for poisoning those wild dogs. On this basis, the Western Australian Minister for Agriculture, Kim Chance, announced that he would also allocate some $300,000 for the Goldfields area. It turns out, unfortunately, that the $300,000 has been allocated to the whole of the state. When you consider that my patch in the state is 2.3 million square kilometres, some $300,000 for the whole of the state is very small change indeed.

The major solution as seen by pastoralists in the area is the maintenance of the dingo-proof fence. It will require some $300,000 of funding for that job alone, and unless that is executed sooner rather than later there is going to be no merino sheep industry in the pastoral region of Western Australia because wild dogs will have cleaned out the flocks. The only remaining merinos will be down in the agricultural areas where farmers’ fences keep out the patrolling dogs. (Time expired)

**Asylum Seekers**

Mr DANBY (Melbourne Ports) (1.26 pm)—The mishandling of an asylum bid by Chinese diplomat turned defector Chen Yonglin threatens to give Australia a reputation that it does not deserve. I regret very much that the information which Mr Chen Yonglin said he was going to provide about spying in Australia was treated with such apparent contempt by the responsible ministers. It does seem very odd to me that a person who makes such serious allegations from such a senior position would be ignored. By contrast, the last person who got political asylum was Lillian Gasinskaya, the red bikini girl from a Russian ship in Sydney Harbour. I would have thought Mr Chen Yonglin’s allegations and status would mean that he was at least treated the same as a bikini girl jumping off a Russian ship. This government does seem to have bikinis on its mind. I reflect on the granting yesterday of moneys by the Deputy Prime Minister to the Atherton Hotel where it seems the government is in effect subsidising a strip joint—an extremely odd expenditure of Australian taxpayers’ money.

But the treatment of Mr Chen Yonglin should be seen in context. It should be seen in the context of the very strange behaviour that was exhibited when the Chinese President visited and democracy activists were banned from the public galleries at the insistence of some of the visiting Chinese dignitaries. The poor treatment of Chen should be seen in the context of the very strange statement by the Minister for Foreign Affairs in Beijing when, in another pre-emptive kowtow, he said that in a military conflict where China attacked Taiwan Australia might stand neutral. This is despite the ANZUS alliance. The Howard government’s limp response should be seen in the context of Australia’s failure to say anything about the sale of high-technology arms enhancements by the European Union to China, which would have exacerbated the possibility of a conflict across the Taiwan Strait. European states have in the meantime decided that they will not proceed with these sales because of the very aggressive statements made in Beijing—but Australia said nothing.

It also should be seen in the context of something that has not been raised publicly in this House, and should have been raised more, and that is the undervaluation of the Chinese currency, the yuan. It seems very odd that Beijing is pressing Australia and, indeed, the rest of the world to be classed as a market economy yet insists that it does not want to have its currency valued in a real way. I believe it would substantially benefit Australia’s terms of trade with China. I believe China should be treated equally and fairly and we should do everything we can to enhance our trade with that great country and great civilisation, but we should not bend
or pre-emptively bend on matters of political interest to Australia. We should not prevent legitimate defectors being considered for political asylum. This government must grant a protection visa to Mr Chen Yonglin and it must not compromise Australia’s foreign policy, its attitude to human rights and, indeed, its economic self-interest by having an attitude towards China that appears to ignore the national interests in all of those areas of sovereign concern.

The DEPUTY SPEAKER (Hon. IR Causley)—Order! It being 1.30, the debate is interrupted.

Main Committee adjourned at 1.30 pm
QUESTIONS IN WRITING

Compulsory Voting
(Question No. 254)

Mr Murphy asked the Minister representing the Special Minister of State, in writing, on 1 December 2004:

(1) Has the Minister read the article titled ‘PM rejects voluntary vote call’ in the Australian Financial Review on 22 November 2004 which reported that the Prime Minister will not abolish compulsory voting.

(2) Can the Minister confirm that the Government will not change Australia’s system of compulsory voting for federal elections and referenda; if not, why not.

Mr Abbott—The Special Minister of State has provided the following answer to the honourable member’s question:

(1) Yes.

(2) The Government is not considering any change to Australia’s system of compulsory voting.

Aged Care
(Question No. 529)

Ms George asked the Minister for Ageing, in writing, on 9 February 2005:

(1) How many (a) high care places, (b) low care places, and (c) community packages are there in the (i) Wollongong Local Government Area (LGA), (ii) Shellharbour LGA, (iii) Kiama LGA, and (iv) Illawarra Region.

(2) How many people over 70 years of age are there in the (a) Wollongong LGA, (b) Shellharbour LGA, (c) Kiama LGA, and (d) Illawarra Region.

(3) What is the ratio of (a) high care places, (b) low care places, and (c) community packages per 1000 people over 70 years of age for the (i) Wollongong LGA, (ii) Shellharbour LGA, (iii) Kiama LGA, and (iv) Illawarra Region.

(4) How does the provision of (a) high care places, (b) low care places, and (c) community packages per 1000 people over 70 years of age for the (i) Wollongong LGA, (ii) Shellharbour LGA, (iii) Kiama LGA, and (iv) Illawarra Region compare with the Government’s target of 108 operational places for every 1,000 people over 70 years of age.

(5) How many additional bed places would be required to meet the Government’s stated target in the (a) Wollongong LGA, (b) Shellharbour LGA, (c) Kiama LGA, and (d) Illawarra Region.

(6) How does the Illawarra Region compare with the other Regions of NSW in the provision of (a) high care places, (b) low care places, and (c) community packages.

(7) In which categories of places/packages in the Illawarra Region does provision fall below the NSW average.

(8) How many (a) high care places, (b) low care places, and (c) community packages have been allocated to the (i) Wollongong LGA, (ii) Shellharbour LGA, (iii) Kiama LGA, and (iv) Illawarra Region.

(9) How many residential places approved for the Illawarra Region have yet to become operational and where are they located.

(10) Which organisations in the Illawarra Region applied for and received approval in the (i) Wollongong LGA, (ii) Shellharbour LGA, and Kiama LGA, in the most recent Approvals Round.
(11) Which applications for (a) high care places, (b) low care places, and (c) community packages for the Illawarra region were not approved in the most recent Approvals Round and, in respect of each application, what was the reason for its non-approval.

Ms Julie Bishop—The answer to the honourable member’s question is as follows:

(1) (a) (b) (c) (i) (ii) (iii) and (iv) Planning for Australian Government funded aged care is undertaken on a regional basis. The Illawarra Aged Care Planning Region includes many of the Local Government Areas referred to in the question. The number of residential high care and low care places and community care places in the Illawarra Aged Care Planning Region as at 31 December 2004 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>High care places</th>
<th>Low care places</th>
<th>Community care places</th>
<th>Total places</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total allocated places</td>
<td>1,548</td>
<td>1,820</td>
<td>670</td>
<td>4,038</td>
</tr>
<tr>
<td>Total operational places</td>
<td>1,420</td>
<td>1,348</td>
<td>670</td>
<td>3,438</td>
</tr>
</tbody>
</table>

(2) (a) (b) (c) and (d) The population projection of persons aged 70 years and over for the Illawarra Aged Care Planning Region from ‘Medium’ Series B Population Projections Australia 2002 to 2101 (ABS Cat. No. 3222.0 published 2 September 2003) is 41,049 as at June 2004.

(3) (a) (b) (c) (i) (ii) (iii) and (iv) The ratio of allocated places for persons aged 70 and over for the Illawarra Region as at 31 December 2004 is as follows: 37.7 high care; 44.3 low care; 16.3 community care.

(4) (a) (b) (c) (i) (ii) (iii) and (iv) Following the announcement of successful applicants for the 2004 Aged Care Approvals Round on 5 March 2005, the Illawarra Aged Care Planning Region has a total allocated place ratio of 110.9, made up of 40.8 high care, 51.5 low care and 18.6 (CACP and EACH) places per 1,000 people aged 70 years and over.

(5) (a) (b) and (c) The Government does not set targets for individual aged care planning regions.

(6) (a) (b) and (c) Information on allocated and operational ratios for aged care planning regions as at 31 December 2004 has been provided to the Senate Community Affairs Legislation Committee in response to a question on notice from the Committee’s February 2005 hearings. As at 31 December 2004 the total allocated ratio for New South Wales was 108.9 and the total operational ratio was 100.0 for people aged 70 years and over.

(7) See answer for question 6.

(8) (a) (b) (c) (i) (ii) (iii) and (iv) In the 2005 Aged Care Approvals Round there are 300 residential care and 175 community care places (including 25 Extended Aged Care At Home Packages) available for allocation in the Illawarra region.

(9) There are currently 1,055 approved residential aged care places in the Illawarra region that have yet to become operational, 515 of which were allocated in March 2005. I note that over 70 per cent of the delays in bringing provisionally allocated aged care places into operation has been due to the time it takes to receive state and local government planning and land use approvals.

(10) (i) (ii) The providers that were successful in receiving places are listed at the following web site:


(11) (a) (b) (c) It would not be appropriate to release information in relation to unsuccessful applicants in the 2004 Aged Care Approvals Round because applicants submit their applications on a competitive and confidential basis.
Aged Care
(Question No. 627)

Mr Gavan O’Connor asked the Minister for Ageing, in writing, on 7 March 2005:

(1) What is the name and street address of each aged care (a) hostel, (b) nursing home, and (c) palliative care facility in the electoral division of Corio that received Commonwealth funding in (i) 2000, (ii) 2001, (iii) 2002, (iv) 2003, and (v) 2004.

(2) How many (a) high care places, (b) low care places, and (c) community packages were allocated to recipients of funding identified in part (1) in (i) 2000, (ii) 2001, (iii) 2002, (iv) 2003, and (v) 2004.

(3) What sums were provided for capital funding for aged care places in (a) hostels and (b) nursing homes in the electoral division of Corio in (i) 2000, (ii) 2001, (iii) 2002, (iv) 2003, and (v) 2004.

(4) What sums were provided for operational funding to aged care providers operating (a) hostels and (b) nursing homes in the electoral division of Corio in (i) 2000, (ii) 2001, (iii) 2002, (iv) 2003, and (v) 2004.

Ms Julie Bishop—The answer to the honourable member’s question is as follows:

(1) (a) (b) (c) (i) (ii) (iii) (iv) and (v) Planning for Australian Government funded aged care is undertaken on a regional basis. The electorate of Corio lies within the aged care planning region of Barwon-South Western. A list of aged care services receiving Commonwealth funding is available on the Department of Health and Ageing’s web site at:

(2) The number of (a) high care places, (b) low care places, and (c) community care places allocated in the Aged Care Approvals Rounds (i) 2000, (ii) 2001, (iii) 2002, (iv) 2003, and (v) 2004 is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>High Care</th>
<th>Low Care</th>
<th>Community Care (CACP and EACH)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>20</td>
<td>197</td>
<td>207</td>
</tr>
<tr>
<td>2001</td>
<td>50</td>
<td>149</td>
<td>22</td>
</tr>
<tr>
<td>2002</td>
<td>75</td>
<td>143</td>
<td>55</td>
</tr>
<tr>
<td>2003</td>
<td>111</td>
<td>139</td>
<td>5</td>
</tr>
<tr>
<td>2004</td>
<td>23</td>
<td>7</td>
<td>55</td>
</tr>
</tbody>
</table>

(3) and (4) The sums provided for operational funding to aged care providers operating aged care services in the Victorian Aged Care Planning Region of Barwon-South Western in 1999-2000, 2000-2001, 2001-2002, 2002-2003 and 2003-2004 was: $69,945,000; $73,754,000; $78,239,000; $85,730,000 and $103,900,000 respectively.

Part of the operational funding was for the concessional resident supplement to the amount of: $2,259,000; $3,071,000; $3,651,000; $4,139,000 and $4,443,000 for the 1999-2000, 2000-2001, 2001-2002, 2002-2003 and 2003-2004 financial years respectively. The concessional resident supplement is available to providers for the purpose of maintaining and improving capital stock.

In 2003-2004 a one-off payment of $11,069,000 (included in the $103,900,000 operational funding) was made to residential aged care services. This payment was in recognition of the forward plan for improved safety and building standards for aged care homes and in particular fire safety.

Aged Care
(Question No. 700)

Ms Corcoran asked the Minister for Ageing, in writing, on 7 March 2005:
(1) How many aged care beds in (a) low care places, (b) high care places, (c) community aged care packages, and (d) extended aged care at home packages are there in the electoral division of Isaacs.

(2) If the information requested in (1) is unavailable for the electoral division of Isaacs, what is it for the Aged Care Planning Region which includes the electoral division of Isaacs.

Ms Julie Bishop—The answer to the honourable member’s question is as follows:

(1) (a), (b), (c), and (d). See answer (2) below.

(2) The electoral division of Isaacs falls within the Southern Metropolitan Aged Care Planning Region. At 31 December 2004 allocated aged care places in the Southern Metropolitan Aged Care Planning Region were: (a) 5,901 low care places; (b) 5,049 high care places; (c) 1,753 community aged care packages; and (d) 45 extended aged care at home packages.

Subsequent allocations of aged care places to the Southern Metropolitan Aged Care Planning Region announced under the 2004 Aged Care Approvals Round for 2004-05 were: (a) 266 low care places; (b) 335 high care places; (c) 95 community aged care packages; and (d) 30 extended aged care at home packages.

Additional allocations of aged care places to be made in the Southern Metropolitan Aged Care Planning Region under the 2005 Aged Care Approvals Round for 2005-06 are: (a)(b) 155 residential care places with the split of residential care places between high care and low care to be determined when allocations are determined; (c) 280 community aged care packages; and (d) 60 extended aged care at home (EACH) packages and 41 EACH dementia places. The following indicative allocations in the Southern Metropolitan Aged Care Planning Region in 2006-07 and 2007-08 have also been announced:

<table>
<thead>
<tr>
<th></th>
<th>Indicative number of places for the Southern Metropolitan Region in 2006-07</th>
<th>Indicative number of places for the Southern Metropolitan Region in 2007-08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential care</td>
<td>190</td>
<td>289</td>
</tr>
<tr>
<td>Community care</td>
<td>80</td>
<td>56</td>
</tr>
<tr>
<td>EACH</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>EACH Dementia</td>
<td>35</td>
<td>40</td>
</tr>
<tr>
<td>Total Places</td>
<td>325</td>
<td>395</td>
</tr>
</tbody>
</table>

**Family Law Matters**

(Question No. 730)

Ms Roxon asked the Attorney-General, in writing, on 9 March 2005:

(1) Is he aware of the case of Ms Vivienne Phillips-Crole, a Family Law matter which was heard by Justice Hannon.

(2) Is he aware of a delay in the delivery of the judgment in this case; if so, what action has the Government taken in this matter.

(3) Is he aware of other matters before Justice Hannon that have involved delays in the delivery of a judgment; if so, how many.

(4) Has the Government taken any action in relation to delays in matters being heard by Justice Hannon.

(5) How many Family Law matters take (a) 0-6 months, (b) 6-12 months, (c) 12-18 months, (d) 18-24 months, and (e) 24 months or more between the final hearing and the delivery of judgment.

(6) Have Act of Grace payments ever been made to litigants in Family Law matters; if so, (a) how often and (b) what sum has been paid in each instance.

**QUESTIONS IN WRITING**
(7) What are the criteria for making an Act of Grace payment.

(8) Have Act of Grace payments ever been made to litigants in other matters where the Commonwealth is not a party; if so, (a) how often and (b) what sum has been paid in each instance.

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

(1) and (2) In order to protect the privacy of the individuals involved, the Government does not provide information on individual cases.

(3) I am aware that some matters before Justice Hannon have involved delays. However, no parties in matters before Justice Hannon have specifically brought their matters to my attention. I am aware that on 28 May 2003 my predecessor tabled a response to question on notice 1556 from Mr D Kerr indicating that, as at 28 February 2003, of 81 judgments nationally which had been reserved for more than three months, eight were in Tasmania. The response noted that the figures, which were provided on a State by State basis, included judgments reserved by judges visiting a State under arrangements for judicial relief or circuits. I am not otherwise aware of the number of matters before Justice Hannon at particular times which involved delays.

(4) I take very seriously any concerns about the performance of federal judicial officers. I have made a number of inquiries, both orally and in writing, of the Family Court about the performance of Justice Hannon, and requested the Chief Justice and her predecessor to keep me informed of measures being taken by the Court to ensure the provision of adequate services in Tasmania. The Government’s action has been consistent with the independence of the judicial branch of government under the Australian Constitution and the responsibility of the Family Court under the Family Law Act 1975 for its operation and management.

(5) The following table shows the time between final hearing and the delivery of reserved judgments in the Family Court and FMC for final orders applications in family law matters (excluding divorce applications) in the period 1 January 2004 to 31 December 2004 (including matters that were dismissed or stood down).

<table>
<thead>
<tr>
<th>Time</th>
<th>Number</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-6 months</td>
<td>826</td>
<td>87.0%</td>
</tr>
<tr>
<td>6-12 months</td>
<td>80</td>
<td>8.4%</td>
</tr>
<tr>
<td>12-18 months</td>
<td>29</td>
<td>3.1%</td>
</tr>
<tr>
<td>18-24 months</td>
<td>13</td>
<td>1.4%</td>
</tr>
<tr>
<td>24 months or more</td>
<td>1</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

(6) The Department of Finance and Administration advises that no Act of Grace payments have been made by the Government to litigants in family law matters.


(8) The Department of Finance and Administration also advises that no Act of Grace payments have been made by the Government to litigants in non-family law matters where the Commonwealth is not a party to proceedings.

Attachment C to Finance Circular 2001/01

Act of Grace Payments: Guidelines for Agencies

1. The authority for act of grace payments is provided by s.33 of the Financial Management and Accountability Act 1997 (the FMA Act), under which the Minister for Finance and Administration, or the Minister’s Parliamentary Secretary, may authorise a payment if he or she considers it appropriate to do so because of special circumstances.
- The Minister has delegated this power to particular officers of the Department of Finance and Administration (Finance) according to specified financial delegation limits.

2. All act of grace requests received by agencies must be referred to the Special Financial Claims Section, Finance, for consideration.

3. These guidelines provide agencies with an outline of the general act of grace principles and the process for referral, notification, funding and reporting.

What is act of grace?

4. The act of grace power is a unique discretion given to the Minister for Finance and Administration to make payments to persons who may have been unintentionally disadvantaged by the effects of Commonwealth Government legislation, actions or omissions and who have no other viable means of redress.

5. Act of grace payments are not specifically sanctioned by Parliament in an Appropriation Act. For this reason, the act of grace power should not be seen as an alternative to other viable avenues of redress but rather as a remedy that may only be applied in special circumstances to ensure consistency and equity in the impact of Government activities.

6. Section 33(1) of the FMA Act provides:

- If the Finance Minister considers it appropriate to do so because of special circumstances, he or she may authorise the making of any of the following payments to a person (even though the payment or payments would not otherwise be authorised by law or required to meet a legal liability):
  a. one or more payments of an amount specified in the authorisation (or worked out in accordance with the authorisation);
  b. periodical payments of an amount specified in the authorisation (or worked out in accordance with the authorisation), during the period specified in the authorisation (or worked out in accordance with the authorisation).

Conditions under which requests for act of grace are considered

7. Act of grace payments can arise from any sphere of Commonwealth administration. As implied by s.33(1) of the FMA Act, the Minister has an unfettered discretion to determine each act of grace request on a case by case basis and as such, it is not appropriate to specifically define special circumstances.

8. However, the conditions under which act of grace claims are determined can broadly be characterised as where the Commonwealth considers it has a moral obligation, as opposed to a legal obligation, to provide redress because:
   - the Commonwealth’s direct role, acts or omissions in relation to the particular case has caused an unintended or inequitable result for the individual or entity concerned;
   - the application of Commonwealth legislation has produced a result that is unintended, anomalous, inequitable or otherwise unacceptable in a particular case; or
   - the matter is not covered by legislation or specific policy, but it is intended to introduce such legislation or policy and it is considered desirable in a particular case to apply the benefits of the relevant provisions prospectively.

9. Equity is an important element in consideration of act of grace requests. While an individual’s private circumstances may impact on whether the application of a Commonwealth law or policy has produced an inequitable result in his or her case, act of grace payments are not provided where a request has arisen from circumstances outside the sphere of Commonwealth administration or application of Commonwealth law.
Scope of act of grace

10. The act of grace power is available to provide a remedy in respect of all Commonwealth Agencies that operate under the FMA Act. It is not generally available in respect of Commonwealth authorities and companies which have a separate legal identity to the Commonwealth and operate under the Commonwealth Authorities and Companies Act 1997. Exceptions to this may be where:

- a Commonwealth Authority administers payments on behalf of the Commonwealth, such as the Health Insurance Commission; or
- an act of grace request involves a Commonwealth Authority and has broader government policy implications.

11. The act of grace power does not apply:

- to any claims for monetary compensation where it is reasonable to conclude that the Commonwealth would be found liable if the matter were litigated. Such claims should be settled against the criteria in the Attorney General’s Legal Services Directions on Handling Monetary Claims (para 4.4 and Appendix C);
- where it is reasonable to conclude that a legislative mechanism (e.g., a right of review under the Social Security (Administration) Act 1999) will provide a remedy to the person;
- to a claim for compensation relating to the defective administration of a Commonwealth agency, as defined in the Compensation for Detriment Caused by Defective Administration (CDDA) guidelines, which led to the claimant’s financial detriment. Such claims should be considered by the agency concerned under the CDDA provisions; or
- to the write-off or waiver of debts owed to the Commonwealth. As appropriate, such claims should either be considered under the relevant program specific legislative provisions or administrative review mechanisms, or if none apply, be considered by the agency for write-off in accordance with s.47 of the FMA Act, or be referred to Finance for waiver consideration under s.34 of the FMA Act.

12. The act of grace arrangements should not be seen as a means of circumventing legislative or policy provisions that are operating as intended, or establishing a payments scheme to remedy major legislative or major program deficiencies.

- Act of grace requests will not be considered in cases where legislative changes simply reflect the evolving nature of Commonwealth policy interpretation and analysis, including incremental modifications to the regulatory regime which operates to meet the Government’s aims.

13. Where major legislative or program deficiencies are found to exist, agencies should implement procedures to amend the relevant legislation. In such situations, if there is any compensation proposed in the interim that involves a very large number of individuals and significant outlays, it may be more appropriate for it to be considered under ex gratia arrangements. This enables the Government to consider and agree to the payment of compensation for the group as a whole, rather than considering individual claims on a case by case basis for act of grace payments. The Special Financial Claims Section, Finance, can provide further advice on this.

Who can apply?

14. Any individual, company or other organisation can request an act of grace payment, either directly or through a third party.

15. All requests for act of grace payments must be referred to Finance for consideration. Where requests for act of grace come either directly to the Minister for Finance and Administration, the Parliamentary Secretary, or Finance, the relevant agency will be notified and consulted on the case.
Referral of requests to Finance

16. The Special Financial Claims Section, Finance, is responsible for coordinating all act of grace requests to ensure the Minister or delegate has sufficient information and evidence to make an informed decision.

17. In referring a request for act of grace payments to the Special Financial Claims Section, agencies are requested to provide sufficient information to enable an informed and independent assessment of the case, including as appropriate:

- details of the relevant section(s) of legislation to which the claimed disadvantage may relate and details of the claimant’s circumstances in relation to that legislation;
- specific details of the Commonwealth’s role, if any, that may have directly contributed to the claimant’s situation;
- any history/background to the case, including any consideration of the case under CDDA or by way of settlement of a legal claim;
- if there is a perceived anomaly in the law or policy, an estimation of the likely number of people affected and overall cost;
- whether or not the responsible agency supports the act of grace request and supporting reasons; and
- any other information that may be relevant to the decision-maker in determining whether special circumstances exist.

18. The Special Financial Claims Section may seek additional information from the relevant agency or elsewhere, including directly from the claimant as appropriate.

19. If a proposed authorisation is likely to involve a total payment of more than $100,000, s.33(2) of the FMA Act requires that the Minister must first consider a report of an Advisory Committee.

- In practice, the Committee comprises the Chief Executive Officer, or their delegate, of: the Department of Finance and Administration; the Australian Customs Service (ACS); and the agency that is responsible for the matter on which the Committee has to report. Should the matter relate to Finance or to ACS, the third member of the Advisory Committee should be a delegate of the Attorney-General’s Department.

Determining the level of an act of grace payment

20. The Minister or delegate will determine act of grace payments on the basis of what is fair and reasonable in the circumstances. The Commonwealth will not take advantage of its relative position of strength in an effort to minimise payment.

21. The overarching principle in determining the actual level of payment will be based on trying to restore the claimant to the position he or she would have been in had the special circumstances not arisen.

22. Issues that will be taken into account in determining the level of compensation include:

- any benefit the claimant may have been entitled to had the special circumstances not arisen;
- any claimed financial loss;
- the extent, if any, to which the claimant contributed to the loss, or what steps they took to minimise or contain that loss; and
- any interest and taxation implications.

Loss must have arisen as a direct result of Government actions
23. Compensation for loss suffered by a claimant is only available where it arose as a direct consequence of the actions or decisions of a Government agency. Claims for compensation for loss must be considered on their own merits on a case by case basis.

24. Two categories of losses are compensable:
- Quantifiable financial losses; and
- Non-financial losses payable according to legal principle and practice.

Claimant’s own actions

25. Each case will be considered on its own merits when deciding whether the claimant acted reasonably in relation to their dealings with the agency or to what extent, if any, the claimant contributed to the loss, or what steps they took to minimise or contain that loss.

26. In considering how reasonable or otherwise the claimant’s actions were, the claimant’s specific circumstances and the factors that influenced their actions, will be taken into account.

Interest payments

27. In some cases interest may be payable where it forms part of the damages suffered (interest as damages), but not in general because of a delay in paying those damages (interest on damages). However, the inclusion of any interest in an act of grace payment is at the discretion of the decision-maker having regard to the specific circumstances of each claim.

Taxation implications

28. The taxation implications (if any) of payments will be taken into account when determining the quantum of the payment so as to place the claimant in the position he or she would have been in but for the effect of their special circumstances.

29. As a general rule, where any component of a compensation payment relates to loss of an amount that would have been assessable for income tax purposes, that component will be assessable income. The claimant should be advised of his or her obligations in this regard.

Settlement of claims

30. Claimants will be provided with adequate information on the details of the decision on their claim, including a summary of reasons for the Commonwealth’s acceptance, partial acceptance or rejection of their claim.

31. Under s.33(3) of the FMA Act, conditions may be attached to act of grace payments. In circumstances where conditions are specified the claimant may be requested to release the Commonwealth from any legal action in relation to the circumstances of the act of grace claim. In certain circumstances the claimant may also be required to indemnify the Commonwealth from other claims arising out of the circumstances of the claim. A deed may provide that if conditions are breached, the payment may be recovered by the Commonwealth as a debt in a court of competent jurisdiction.

Funding and reporting

32. Although act of grace payments must be authorised by the Minister for Finance and Administration or a delegate, payments are funded and reported under an appropriate appropriation and outcome of the agency to which the act of grace case relates.

33. In general, payments should be made from Departmental Appropriations. However, if any part of an act of grace payment can be settled under statutory entitlement provisions, then it should be paid from the relevant Administered Appropriation and reported under the associated outcome.

34. Once an act of grace payment has been authorised by the Minister or a delegate, the Special Financial Claims Section will notify the relevant agency so that payment can be arranged.
Questions in writing

Aged Care

(Question No. 736)

Mrs Elliot asked the Minister for Ageing, in writing, on 9 March 2005:

How many community aged care packages (CAPs) have been allocated in the electoral division of Richmond during 2004-2005 and what proportion of the demand for these places have they met.

(1) Which organisations in the electoral division of Richmond received funding for the packages.

(2) How many CAPs have aged care providers in the electoral division of Richmond applied for in 2004-2005.

(3) How many CAPs have been allocated in the electoral division of McPherson.

(4) How many extended aged care at home (EACH) packages have been allocated in the electoral division of Richmond during 2004-2005 and what proportion of the demand for these places have they met.

(5) Which organisations in the electoral division of Richmond received funding for EACH packages.

(6) How many EACH packages have aged care providers in the electoral division of Richmond applied for in 2004-2005.

(7) How many EACH packages have been allocated in the electoral division of McPherson.

(8) Is she aware that there is a six to seven month waiting list for people living in the electoral division of Richmond to access CAPs or EACH packages.

Ms Julie Bishop—The answer to the honourable member’s question is as follows:

Aged care planning is undertaken on the basis of Aged Care Planning Regions.

(1) The electoral division of Richmond falls within the Far North Coast Aged Care Planning Region of New South Wales. The Far North Coast Aged Care Planning Region received an allocation of 35 Community Aged Care Packages (CACP) in 2004-2005.

CACP and other aged care places are allocated through a comprehensive planning framework. Each year the Australian Government makes additional places available based on population projections and the current level of aged care provided, compared to the new planning ratio of 20 community places per 1,000 people aged 70 or more. This ratio was increased in the 2004-2005 Budget from 10 to 20.

(2) Approved providers receiving an additional CACP allocation in the Far North Coast Aged Care Planning Region in 2004-2005 were: Clarence Valley Council; The Trustees of the Roman Catholic Church for the Diocese of Lismore; and The Uniting Church in Australia Property Trust (Queensland).

Approved providers receiving ongoing funding for CACP in the Far North Coast Aged Care Planning Region are:

The Trustees of the Roman Catholic Church for the Diocese of Lismore
Clarence Valley Council
United Protestant Association of NSW Limited
The Churches of Christ Property Trust
Feros Care Limited
Southern Cross Care (NSW & ACT) Inc
The Uniting Church in Australia Property Trust (NSW)
Canowindra Tweed-Byron Aged and Disabled Aboriginal Corporation
The Uniting Church in Australia Property Trust (Queensland)
Jali Local Aboriginal Land Council
Ex-Services Community Care Pty Ltd

(3) Seventeen applicants.

(4) The electoral division of McPherson lies within the South Coast Aged Care Planning Region of Queensland. At 31 December 2004 there were 509 CACP allocated in the South Coast Aged Care Planning Region. A further 30 CACP were allocated in the South Coast Aged Care Planning Region in 2004-2005.

(5) The Far North Coast Aged Care Planning Region received an allocation of 15 EACH packages in 2004-2005. EACH places are counted as part of the 20 community places per 1,000 people aged 70 or more.

(6) The Uniting Church in Australia Property Trust (Queensland) was allocated 10 EACH packages and the Clarence Valley Council was allocated 5 EACH packages in 2004-2005. Approved providers receiving ongoing funding for EACH packages in the Far North Coast Aged Care Planning Region are:
- The Trustees of the Roman Catholic Church for the Diocese of Lismore
- Ex-Services Community Care Pty Ltd

(7) Eight applicants.

(8) At 31 December 2004 there were 20 EACH packages allocated in the South Coast Aged Care Planning Region. An additional 15 EACH packages were allocated in the South Coast Aged Care Planning Region in 2004-2005.

(9) The Department of Health and Ageing does not keep data on waiting lists. The existence of waiting lists is not regarded as a reliable indicator of unmet demand. Many people put their names on several waiting lists and it is not uncommon for people who have been offered a place to refuse it.

**Volunteer Small Equipment Grants**  
*(Question No. 974)*

Mr Bowen asked the Minister representing the Minister for Family and Community Services, in writing, on 10 May 2005:

(1) What sum was awarded under the Volunteering Small Equipment Grant in (a) 2002, (b) 2003, and (c) 2004.

(2) How many grants were made under the program in 2004.

(3) What was the name and postal address of each organisation that (a) applied for, and (b) received a grant in 2004.

(4) In respect of each successful application, (a) what sum was granted and (b) for what purpose was the grant awarded.

Mr Hockey—The Minister for Family and Community Services has provided the following answer to the honourable member’s question:

(1) Funding provided under the Volunteer Small Equipment Grant (VSEG) Program
(2) A total of 5,496 grants were made in the two rounds in 2004.

(3) (a) and (b) See Attachment A.

- Details of unsuccessful applicants has not been provided. This is in accordance with Departmental practice and the advice provided to the applicants for this program that the Department would release the names of successful organisations.
- Postal addresses have not been included as this includes information which cannot be disclosed for privacy reasons.

Attachment A has been provided to the member.

(4) See Attachment A. This has been provided to the member.

**Aged Care**

**(Question No. 1455)**

Mr Hayes asked the Minister for Ageing, in writing, on 25 May 2005:

1. How many (a) high care places, (b) low care places, and (c) community care packages are there in the (i) Campbelltown local government area (LGA) and (ii) Liverpool LGA.
2. How many people over 70 years of age are there in the (a) Campbelltown LGA and (b) Liverpool LGA.
3. What is the ratio of (a) high care places, (b) low care places, and (c) community packages per 1000 people over 70 years of age for the (i) Campbelltown LGA and (ii) Liverpool LGA.
4. How does the provision of (a) high care places (b) low care places and (c) community packages per 1000 people over 70 years of age for the (i) Campbelltown LGA and (ii) Liverpool LGA compare with the Government’s target of 108 operational places for every 1000 people aged over 70 years of age.
5. How many additional bed places would be required to meet the Government’s stated target in the (i) Campbelltown LGA and (ii) Liverpool LGA.

Ms Julie Bishop—The answer to the honourable member’s question is as follows:

1. (a) (i) and (ii), (b) (i) and (ii), (c) (i) and (ii) Aged care planning is undertaken on the basis of Aged Care Planning Regions. The Campbelltown LGA and Liverpool LGA fall within the South West Sydney Aged Care Planning Region of New South Wales. At 31 December 2004 the numbers of operational and allocated high care places, low care places and community care packages in the South West Sydney Aged Care Planning Region were as follows:

<table>
<thead>
<tr>
<th>Care Type</th>
<th>Total operational places</th>
<th>Total allocated places</th>
</tr>
</thead>
<tbody>
<tr>
<td>High care</td>
<td>2,717</td>
<td>2,767</td>
</tr>
<tr>
<td>Low care</td>
<td>2,055</td>
<td>2,388</td>
</tr>
<tr>
<td>Community care</td>
<td>921</td>
<td>921</td>
</tr>
<tr>
<td>Total Places</td>
<td>5,693</td>
<td>6,076</td>
</tr>
</tbody>
</table>

Note: Includes mainstream and flexible care places. Allocated places include operational place, offline places and provisional allocated places not yet operational.

2. The estimated population of persons aged 70 years or more at 30 June 2004 within the South West Aged Care Planning Region was 58,166.
(3) (a) (i) and (ii), (b) (i) and (ii), and (c) (i) and (ii) At 31 December 2004 total operational ratios and total allocated ratios for persons aged 70 years or over in the South West Sydney Aged Care Planning Region were as follows:

<table>
<thead>
<tr>
<th>Care Type</th>
<th>Total operational ratios</th>
<th>Total allocated ratios</th>
</tr>
</thead>
<tbody>
<tr>
<td>High care</td>
<td>46.7</td>
<td>47.6</td>
</tr>
<tr>
<td>Low care</td>
<td>35.3</td>
<td>41.1</td>
</tr>
<tr>
<td>Community care</td>
<td>15.8</td>
<td>15.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>97.9</strong></td>
<td><strong>104.5</strong></td>
</tr>
</tbody>
</table>

Note: Totals may not sum due to rounding.

(4) (a) (i) and (ii), (b) (i) and (ii), and (c) (i) and (ii). See the answer to question 3.

(5) (a) and (b). The Government has not set targets for individual planning regions, as the number of places required will vary. The 2005 Aged Care Approvals Round is currently inviting applications for further aged care places to be allocated in 2005-06 and has announced indicative numbers of places to be allocated in 2006-07 and 2007-08. Places proposed for future allocation in these years in the South West Sydney Aged Care Planning Region are as follows:

<table>
<thead>
<tr>
<th>Care Type</th>
<th>2005-06 Allocation</th>
<th>2006-07 Indicative Allocation</th>
<th>2007-08 Indicative Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential care</td>
<td>270</td>
<td>190</td>
<td>240</td>
</tr>
<tr>
<td>Community care</td>
<td>130</td>
<td>50</td>
<td>70</td>
</tr>
<tr>
<td>Extended Aged Care At Home Packages (EACH)#</td>
<td>15</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td><strong>Total Places</strong></td>
<td><strong>415</strong></td>
<td><strong>285</strong></td>
<td><strong>310</strong></td>
</tr>
</tbody>
</table>

# Includes EACH Dementia packages. Note the Department of Health and Ageing has also advertised EACH Dementia places available for all New South Wales planning regions that can be applied for allocation to South West Sydney.