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Thursday, 17 February 2000

The PRESIDENT (Senator the Hon. Margaret Reid) took the chair at 9.30 a.m., and read prayers.

NOTICES

Presentation

Senator Tierney to move, on the next day of sitting:

That the Senate—

(a) notes that, at the National Textiles picket line in the week beginning 6 February 2000, the Leader of the Opposition (Mr Beazley) demanded that the Howard Government ensure that all National Textiles workers receive their entitlements following the collapse of the company;

(b) congratulates the Howard Government on delivering, in full, to the National Textiles workers at Rutherford;

(c) expresses dismay at the attitude of Mr Beazley in being the greatest critic of the Prime Minister (Mr Howard) for taking a decision that he, the Leader of the Opposition, called for in the previous week; and

(d) notes that during 13 years of Australian Labor Party Government (1983-96), including Mr Beazley’s term as Minister for Employment, Education and Training, not one finger was lifted to protect the entitlements of workers whose companies had collapsed.

Senator Allison to move, on the next day of sitting:

That the Senate—

(a) notes that:

(i) on 16 February 2000, a delegation of Albury residents protested in front of Parliament House asking the Government to listen to their pleas for an external freeway bypass for Albury,

(ii) 75 per cent of Albury residents are opposed to the internal bypass freeway proposed, which cuts through the heart of their city,

(iii) the Save Our City group has delivered to the New South Wales and Federal governments a 400 page cost benefit analysis of the internal and external routes, and

(iv) its report shows an external bypass route is safer, 5 kilometres shorter and approximately $100 million cheaper; and

(b) calls on the Federal Government to revisit its decision to fund the internal bypass route.

Withdrawal

Senator COONAN (New South Wales) (9.31 a.m.)—On behalf of the Standing Committee on Regulations and Ordinances, I give notice that, at the giving of notices on the next day of sitting, I shall withdraw business of the Senate notice of motion No. 1 standing in my name for the next day of sitting for the disallowance of the accreditation grant principles 1999 made under subsection 96(1) of the Aged Care Act 1997; business of the Senate notice of motion No. 2 standing in my name for the next day of sitting for the disallowance of the Therapeutic Goods Amendment Regulations 1999 No. 2 as contained in statutory rules 1999 No. 209; and business of the Senate notice of motion No. 2 standing in my name for five sitting days after today for the disallowance of the variation of instrument fixing charges to be paid to APRA made under paragraph 51(1)(a) of the Australian Prudential Regulation Authority Act 1998. I seek leave to incorporate in Hansard the committee’s correspondence concerning these instruments.

Leave granted.

The correspondence read as follows—

Accreditation Grant Principles 1999 made under subsection 96-1(1) of the Aged Care Act 1997 23 September 1999

The Hon Bronwyn Bishop MP
Minister for Aged Care
Parliament House
CANBERRA ACT 2600

Dear Minister

I refer to the Accreditation Grant Principles 1999 made under subsection 96-1(1) of the Aged Care Act 1997, which establish a legal framework for the accreditation of aged care facilities by an accreditation body.

Paragraph 2.11(1)(a) requires an accreditation body, if it has decided to accredit a residential care service, to decide the period for which the service is to be accredited. However, subsection 2.11(3) provides that, once the accreditation body has decided to accredit a service, the period for which the service is to be accredited must be 12 months. It would appear, therefore, that 2.11(1)(a) might not serve any practical purpose.

Subsections 3.4(1), 3.12(1) and 3.21(1) allow an accreditation body to arrange for a review audit of a residential care service if it believes, on rea-
reasonable grounds, that there may not have been compliance with various Standards, or other responsibilities under the enabling Act. However, there is apparently no provision requiring the accreditation body to inform the provider of the service of the fact that it believes that there has been non-compliance, the nature of the non-compliance, nor of the grounds for the belief. The Committee suggests that it may be appropriate for the accreditation body to inform the service provider of these matters before it undertakes a review audit.

The Committee would be grateful for your advice.

Yours sincerely

Helen Coonan
Chair

Senator H. Coonan
Chair
Standing Committee on Regulations and Ordinances
Parliament House
CANBERRA ACT 2600

Dear Senator Coonan

Thank you for your letter concerning certain provisions of the Accreditation Grant Principles 1999, (The AG Principles) made under subsection 96-1(1) of the Aged Care Act 1997 (the Act).

The Committee refers to paragraph 2.11(1)(a) of the AG Principles and indicates that the provision requires an accreditation body, if it has decided to accredit a residential care service, to decide the period for which the service is to be accredited. However, it should be noted that Part 2 Division 3 Subdivision 1 of the AG Principles, within which paragraph 2.11 lies, refers only to commencing residential care services (defined in section 1.4 as, essentially, those services that have not previously provided residential aged care i.e. new services). It is Government policy that such residential care services may only be accredited for an initial twelve-month period. Therefore, with regard to the Committee’s comment that paragraph 2.11(1)(a) of the AG Principles might not serve any practical purpose, given that subsection 2.11(3) of the AG Principles provides that the period for which the service is to be accredited must be 12 months, I agree. This is a matter that can be addressed when the AG Principles are next amended.

In the meantime, I can assure you that a service will not be accredited for a period of less than 12 months under section 2.11 of the AG Principles.

The Committee also refers to subsections 3.4(1), 3.12(1) of the AG Principles and indicates that these provisions allow an accreditation body to arrange for a review audit of a residential aged care service if it believes, on reasonable grounds, that there may not have been compliance with various Standards, or other responsibilities under the Act. I understand the Committee’s concern to be that there is apparently no provision that requires the accreditation body to inform the service provider that the accreditation body believes that there has been non-compliance, the nature of that non-compliance of the grounds for the accreditation body’s reasonable belief. In the circumstances, the Committee suggests that it may be appropriate for the accreditation body to inform the service provider of these matters before it undertakes a review audit.

I note the Committee’s comments on these provisions of the AG Principles. However, it is essential that there be the ability to conduct review audits, without any delay, if there is the belief, on reasonable grounds, that there may not be compliance with standards or other responsibilities under the Act. In some cases, non-compliance with such standards may pose immediate and severe risk to care recipients. Unless review audits can be quickly undertaken, the extent of the risk to care recipients cannot be determined and an appropriate response may be delayed.

In addition, in my view:

It is unnecessary to further inform the provider of the service before a review audit is undertaken because the provider has, and will have (depending on the extent of the possible non-compliance, and further action proposed), more than adequate notice and opportunity to put its view; and

Given that review audits are physically carried out at provider’s services, the matters raised by the Committee are issues of access addressed separately in the Act and the Accountability Principles 1999.

Under sections 3.3, 3.11 and 3.20 of the AG Principles, the accreditation body carries out regular supervision of services to ensure compliance with various Standards and responsibilities. This supervision is through support contacts (defined in section 1.3 of the AG Principles), which includes assisting services to undertake continuous improvement. It is quite likely that providers of services would already be aware of non-compliance before a review audit was undertaken because of these support contacts.

In the carrying out of review audits, assessment teams, amongst other obligations, must consider any submission made by the relevant provider of
the service (see paragraphs 3.5(1)(e), 3.13(1)(f) and 3.22(1)(f) of the AG Principles.

Focusing on arrangements that apply to services operating before 1 January 2001 that are not accredited, under subsection 3.5(3) of the AG Principles, the assessment team is obliged within 7 days of completing a review audit, to give the provider a written report about the review audit.

Under section 3.7 of the AG Principles, the accreditation body is obliged to tell the approved provider and the Secretary about the review audit report, in writing, including in relation to specified matters, and the approved provider may respond to that. Further, under section 3.8 of the AG Principles, if the accreditation body is not satisfied that the level of care provided by the service complies with the Residential Care Standards (set out in Schedule 3 to the Quality of Care Principles 1997), the accreditation body must, amongst other things, advise the approved provider and the Secretary as well as give both notice of any other relevant information given to it during the review audit, specific information about, and evidence of, the way in which the level of care is not satisfactory and a recommendation about whether sanctions should be imposed on the provider.

Similar protections exist in relation to services that are accredited before 1 January 2001 and on or after 1 January 2001 (see Part 3 Division 2 subdivisions 2 and 3 of the AG Principles.)

The above provisions of the AG Principles indicate that the provider is given ample opportunity to be advised of non-compliance, the nature of that non-compliance and the grounds for that belief. In view of this, it is unnecessary to give notice of these matters under the AG Principles before access is sought to the provider’s service for the purposes of an audit review.

The Act is clear that it is a responsibility of providers to allow people acting for accreditation bodies (including those involved in carrying out review audits) to have access to the service as specified in the Accountability Principles 1999 (see paragraph 63-1(1)(1) of the Act). The Accountability Principles provide for notification of access. Under the AG Principles, the assessment team carrying out the relevant review audit is obliged, amongst other obligations, to act consistently with any relevant provisions of the Accountability Principles (see paragraphs 3.5(1)(b), 3.13(1)(b) and 3.22(1)(b)). Further, an assessment team carrying out a review audit must consist of at least two quality assessors who met certain requirements in the AG Principles (see paragraphs 3.5(1)(a), 3.13(1)(a) and 3.22(1)(a)). According to subsection 1.4(1)(b) of the Accountability Principles, a representative includes such a quality assessor. Under subsection 1.7(1) of the Accountability Principles, if a representative (including a quality assessor) requires access to a residential care service, it must give notice of its requirement to the approved provider of the service. Under subsection 1.7(2) of the Accountability Principles, this notice must be in writing (there are certain exceptions to this requirement for written notice but these exceptions are not available to quality assessors). In addition, section 1.7A of the Accountability Principles provides that notice given under section 1.7 must tell the approved provider of certain things, including that the provider may not be complying with certain of its responsibilities under the Act if it either refuses to allow access or it withdraws consent for access.

In my view, the provisions set out above, particularly those referred to in the Accountability Principles, do provide for prior notification of a review audit. When these provisions in the Accountability Principles are considered along with other provisions in the Act and the AG Principles that I have referred to, it is clear that there is no need for the kind of notification to which the Committee refers in subsections 3.4(1), 3.13(1) and 3.21(1) of the AG Principles before a review audit is undertaken.

Should you or the Committee wish to discuss any of these matters further, I and my staff would be more than happy to do so.

Yours sincerely

BRONWYN BISHOP
25 November 1999

The Hon Bronwyn Bishop MP
Minister for Aged Care
Parliament House
CANBERRA ACT 2600

Dear Minister

Thank you for your letter of 16 November 1999 in response to the Committee’s concerns with the Accreditation Grant Principles 1999 made under subsection 96-1(1) of the Aged Care Act 1997.

The Committee notes the information provided on this matter and appreciates the need to provide for urgent review audits if there is a belief that care recipients are placed in immediate and severe risk because of non-compliance with standards. However, it is difficult to glean the time line involved in the process and consequential rights and obligations that arise in connection with the A-
credential Grant Principles. It would therefore be useful if the Committee could be provided with a flowchart or time line of the administrative arrangements underpinning the review audit process. In particular the Committee seeks clarification on the various steps involved in accreditation, recognition of non-compliance, relevant notice provisions, the review audit process and consequential actions, including the rights of the service provider.

Yours sincerely
Helen Coonan
Chair

Mr Neil Bessell
Secretary
Standing Committee on Regulations and Ordinances
Parliament House
CANBERRA ACT 2600

Dear Mr Bessell

Thank you for your letter concerning certain provisions of the Accreditation Grant Principles 1999, (the AG Principles) made under subsection 96-1(1) of the Aged Care Act 1997.

For your information, I have attached flowcharts on the accreditation process and an outline with the relevant timelines, of the administrative arrangements pertaining to accreditation, including the review audit process and the appeal provisions for providers.

I believe the accreditation process as provided for in the Accreditation Grant Principles is working well. The industry has clearly embraced the accreditation arrangements. 452 applications for accreditation being received by the Aged Care Standards and Accreditation Agency (the Agency) since I approved the Accreditation Grant Principles on 2 September 1999. The Agency has completed 148 site audits and of these has accredited 56 facilities. All of these facilities received the maximum three year accreditation.

I trust the information is of assistance to the Committee.

Yours sincerely
David Learmonth
Chief of Staff
8/12/99

Therapeutic Goods Amendment Regulations 1999 (No.2)
Statutory Rules 1999 No.209
14 October 1999

Senator the Hon Grant Tambling
Parliamentary Secretary to the Minister for Health and Aged Care
Parliament House
CANBERRA ACT 2600

Dear Parliamentary Secretary

I refer to the Therapeutic Goods Amendment Regulations 1999 (No.2), Statutory Rules 1999 No.209 which amend the Principal Regulations as a result of the establishment of the National Drugs and Poisons Schedule Committee.

New Subregulation 42ZCK(1) permits the Minister to terminate the membership of those serving on the Committee on a variety of grounds, in the Minister's discretion. However, there does not appear to be any provision for the decision to terminate the membership to be in writing, nor to be accompanied by a statement of reasons which have led to that decision.

New subregulation 42ZCY(3) permits the National Drugs and Poisons Schedule Committee to refuse to disclose, or provide access to, 'information which it properly regards as requiring confidentiality for commercial reasons'. However, there does not appear to be any provision for external merits review of such decisions. Under the Freedom of Information Act 1982, the decisions of an agency to refuse access on a similar basis are subject to review by the AAT. The Committee's power to refuse access to documents therefore appears to be wider than that given by s.43 of that Act.

The Committee would be grateful for your advice on these matters.

Yours sincerely
Helen Coonan
Chair

Senator H. Coonan
Chair
Standing Committee on Regulations and Ordinances
Parliament House
CANBERRA ACT 2600

Dear Senator Coonan

Thank you for your letter of 14 October 1999 concerning the Therapeutic Goods Amendment Regulations 1999 (No.2), Statutory Rules 1999 No. 209, which amends the Principal Regulations as a result of the establishment of the National Drugs and Poisons Schedule Committee (NDPSC).
Your first point was that new subregulation 42ZCK(1) confers discretion upon the Minister to terminate, in certain circumstances, the membership of a person serving on the NDPSC. However, there is no requirement that the termination be in writing, nor that any statement of reasons accompany any decision to terminate a person’s membership.

A decision by the Minister to terminate a person’s membership of the NDPSC is a decision that would come within the jurisdiction of the Administrative Decisions (Judicial Review) Act 1997. In the unlikely event that the Minister should terminate a person’s membership without a written notice or without giving reasons in writing, a person whose interest is affected by that decision or action may seek a statement of reasons under s.13 of the Judicial Review Act. New subregulation 42ZCK(1) is consistent with other provisions (for example, subregulations 38(3) and regulation 42ZR) relating to termination of members serving on statutory committees established under the Therapeutic Goods Regulations.

Any decision to remove a member from the kind of expert committees established under the Regulations, including the NDPSC on the grounds stipulated in the Regulations, would not be taken lightly. The Judicial Review Act provides a person whose interests are affected by a decision to terminate access to an independent review of that action. Members of the various committees established under the Regulations are likely to be aware of their rights in this regard. However, I can give an undertaking that in the event of an exercise of power under this provision, the member removed will be given notice in writing accompanied by a statement of reasons for his or her removal.

The second matter raised by the Senate Committee relates to subregulation 42ZCY(3), which permits the NDPSC to refuse to disclose, or provide access to, ‘information which it properly regards as requiring confidentiality for commercial reasons’.

This provision was inserted in part to reflect the requirements of s.162 of the Agricultural and Veterinary Chemicals Code (Agvet Code), which governs the disclosure of confidential commercial information provided to the National Registration Authority (NRA) in the performance of its functions or duties. Relevantly, the information that is not to be disclosed includes the fact that an application has been made to the NRA for the approval of an active constituent, for registration of a chemical product or for a permit (except where the sponsor has given specific permission to do so).

An officer of the NRA is included in the membership of the NDPSC and may lawfully disclose certain information under s.162 of the Agvet Code to the NDPSC relevant to the functions of that Committee. An NDPSC member who acquires such information is, in respect of that information, subject to the same obligations and liabilities under s.162 of the Agvet Code as if that member were a person who had acquired the information in the performance of duties under the Agvet Code.

It should be noted that to minimise delays to industry in being able to market their product the NDPSC considers the scheduling of substances before the NRA has completed its evaluation and therefore before the NRA decision has been advertised for public comment.

Non-disclosure of confidential information under s.162 of the Agvet Code is currently not subject to merits review by the Administrative Appeals Tribunal. Only decisions to disclose information, in one particular circumstance, are reviewable.

Subregulation 42ZCY(3) does not preclude a person from applying under the Freedom of Information Act (FOI) to access documents. Neither does it preclude a person from exercising their right to apply for a merits review on decisions to exempt documents on the basis of the criteria that are available under the FOI Act.

I hope this information addresses the matters raised by the Committee in relation to Statutory Rules No. 209 of 1999. If you have any further queries I would be happy to arrange for officers of the Therapeutic Goods Administration to discuss this matter with you.

Yours sincerely,

GRANT TAMBLING
25/11/99

9 December 1999
Senator the Hon Grant Tambling
Parliamentary Secretary to the Minister for Health and Aged Care
Parliament House
CANBERRA ACT 2600

Dear Parliamentary Secretary


The Committee considered your reply at its meeting today and is grateful for the advice and
your personal undertaking to ensure that any member removed from the NDPSC will be given notice in writing accompanied by a statement of reasons for his or her removal.

The Committee, notes that new subregulation 4ZCY(3) permits the National Drugs and Poisons Schedule Committee to refuse to disclose, or provide access to, 'information which it properly regards as requiring confidentiality for commercial reasons'. The Committee is concerned that there does not appear to be any provision by which the propriety of the NDPSC's decision could be tested. The Committee questions whether the regulations should contain some means by which a person seeking such information could be assured, by reference to some body external to the processes of the National Dug Committee, that the information is indeed confidential.

In your response you also refer the Committee to s.43 of the Act, s.162 of the AgVet Code and the Freedom of Information Act. The Committee notes that there does not appear to be any provision for external merits review of decisions under subregulation 4ZCY(3). Under the Freedom of Information Act 1982, the decisions of an agency to refuse access on a similar basis are subject to review by the AAT. Therefore, the NDPSC's power to refuse access to documents appears to be wider than that given by s.43 of that Act. The Committee therefore would appreciate further information on the relationship between s.162 of the AgVet Code, the Freedom of Information Act and these Regulations.

Yours sincerely

Helen Coonan
Chair

Senator H. Coonan
Chair
Standing Committee on Regulation and Ordinances
Parliament House
CANBERRA ACT 2600

Dear Senator Coonan

I refer to the Committee’s letter dated 9 December 1999 seeking additional information on the operation of the National Drugs and Poisons Schedule Committee (NDPSC). Your previous correspondence of 14 October 1999 and my reply to the Committee of 25 November 1999 also refer. To further assist the Committee, I am setting out more background information about the role and functions of the NDPSC in making scheduling decisions about drugs and poisons.

The NDPSC was established in 1954 by the National Health and Medical Research Council (NHMRC). As the scheduling of drugs and poisons is given effect through State and Territory legislation, the Committee was established to provide a mechanism to facilitate uniformity of scheduling across the jurisdictions. In 1994, responsibility for the Committee was transferred to the Australian Health Ministers Advisory Council (AHMAC).

A number of reports and inquiries (eg the Industry Commission Inquiry on the Pharmaceutical Industry 1996) have recommended greater uniformity in drugs and poisons regulation. In 1997, to assist in improving that uniformity, and to provide more transparency, all health ministers agreed that the Standard for the Uniform Scheduling of Drugs and Poisons (SUSDP) and the NDPSC should be given legal status under Commonwealth legislation. To achieve this, Part 5B was inserted in the Therapeutic Goods Act 1989. This will facilitate adoption by reference by the jurisdictions and should lead to greater consistency across Australia in the level of access control for the same drugs and poisons.

The statutory functions of the NDPSC, as set out currently in Section 52C of the Therapeutic Goods Act 1989, replicate those that applied when operating as NHMRC and AHMAC Committees. This replication was an essential element in the agreements by the States and Territories to establish the powers under Commonwealth legislation.

Those functions include making decisions about the scheduling of drugs and poisons used for pharmaceutical, agricultural and veterinary purposes. Very generally, the schedule in which a substance is listed determines the level of access considered appropriate for products containing that substance when used in the community (eg prescription-only medicine, household poison, agricultural poison).

A decision of the NDPSC may be adopted in full or in part or with additional conditions (or not adopted at all) under State and Territory legislation that regulates access and supply of drugs and poisons. It is only upon adoption under State/Territory legislation that the decisions of the NDPSC become enforceable in the relevant State/Territory. Consequently, while there is now a high level of uniformity in the scheduling of drugs there are still some significant differences.

In terms of its operations, and its role, the NDPSC as now established under the Therapeutic Goods Act therefore remains the same as previously.
You have asked for assurance that any decision to refuse to disclose or provide access to information regarded as confidential could be tested by reference to a body external to the NDPSC to assure that information not disclosed is indeed confidential.

It should be noted that in discharging its function the NDPSC considers commercial-in-confidence information relating to pharmaceutical, agricultural and veterinary products. This information is submitted by applicants seeking marketing approval for those products. By necessity, consideration of information by the NDPSC for the purposes of scheduling usually occurs in parallel with the assessment of a product for marketing approval conducted separately by the relevant regulatory agency. Therefore, there is a need to provide adequate protection for commercial-in-confidence information and data submitted for consideration by the NDPSC.

The procedures set out in the Therapeutic Goods Regulations, including the requirement not to disclose confidential information under R.42ZCY(3), provide the level of protection required for such information and preserves the status quo as it applied to the NDPSC prior to its establishment under the Act.

The requirement to protect confidential information under R.42ZCY(3) of the Regulations is also intended to measure up to the high level of protection directed at confidential information provided for under the Agricultural and Veterinary Chemicals Code Act 1994. Under that Act, heavy penalties are provided for in that event of unlawful disclosure of confidential information lodged by applicants seeking approval for the supply of agricultural and veterinary chemicals and substances. This information is often referred to the NDPSC for the purposes of making a decision on scheduling, and where this occurs, recipients of the confidential information are subject to the same requirements, and are liable to the same penalties, as apply under the Agricultural and Veterinary Chemicals Code Act 1994.

That said, the NDPSC processes and those of the Therapeutic Goods Administration and the National Registration Authority and still subject to the Freedom of Information Act and this is not changed by the Therapeutic Goods Amendment Regulations 1999 (No.2), Statutory Rules 1999 No. 209.R.

I hope this information will assist the Committee in addressing its concerns relating to the need to protect confidential information and may be supplied by applicants to the NDPSC for consideration, or that may be referred to the Committee for consideration as a result of the operation of other Commonwealth legislation such as the Agvet Code.

Yours sincerely

GRANT TAMBLING
11/2/2000

Variation of Instrument Fixing Charges to be Paid to APRA made under paragraph 51(1)(a) of the Australian Prudential Regulation Authority Act 1998

14 October 1999
Senator the Hon Rod Kemp
Assistant Treasurer
Parliament House
CANBERRA ACT 2600

Dear Minister

I refer to the Variation of Instrument Fixing Charges to be Paid to APRA, made under paragraph 51(1)(a) of the Australian Prudential Regulation Authority Act 1998.

The purpose of this instrument is to provide for an increase in two of the charges levied by the Australian Prudential Regulation Authority. One charge is increased from $310 an hour to $400 an hour, an increase of 29% since the charge was initially fixed on 1 July 1998, while the other increase is from $20 to $50, an increase of 150%. Although part of the justification for the increases is said to be salary rises, these may only account for a few percentage points. The Explanatory Statement notes that subsection 51(2) of the enabling Act requires these charges to be reasonably related to the costs and expenses incurred, and must not be such as to amount to taxation. While the Statement goes on to provide the assurance that these requirements have been met by this variation, the Committee would appreciate your further advice on the basis for the increases than is provided in that Statement.

Yours sincerely

Helen Coonan
Chair

Senator H. Coonan
Chair
Standing Committee on Regulations and Ordinances
Parliament House
CANBERRA ACT 2600

Dear Senator

Thank you for your letter of 14 October 1999 requesting further advice on the basis for in-
creases to actuaries charges made under paragraph 51(1)(a) of the Australian Prudential Regulation Authority Act 1998.

The increases in charges referred to reflect increases in costs and are aimed at moving the Australian Government Actuary from nominal charging to full cost recovery. It should be noted that while the maximum rate for the Australian Government Actuary has been raised to $400, this is rarely, if ever used, and reflects market rates and costs for specialised work requiring approval by that office.

The purpose of the second increase referred to, is for Life Tables which are produced every five years as an analysis of census data. In the past the nominal charge meant that production was underwritten by the Insurance and Superannuation Commission, which at the time had responsibility for the Australian Government Actuary. Indicative cost of producing these tables has been estimated at in excess of $50,000. Even with a charge of $50 per copy it is estimated that recovery will be 10% of actual production costs.

Yours sincerely

JOE HOCKEY
24 December 1999

Senator COONAN (New South Wales) (9.32 a.m.)—Pursuant to notice given at the last day of sitting, on behalf of the Regulations and Ordinances Committee, I now withdraw business of the Senate notice of motion No. 1 standing in my name for today and business of the Senate notice of motion No. 1 standing in my name for five sitting days after today.

BUSINESS

Government Business

Motion (by Senator Ian Campbell) agreed to:

That the following government business orders be considered from 12.45 p.m. till not later than 2 p.m. this day:

No. 5—Criminal Code Amendment (Application) Bill 1999
No. 6—Customs Amendment Bill (No. 2) 1999 and a related bill
No. 7—Crimes at Sea Bill 1999
No. 8—Adelaide Airport Curfew Bill 1999.

General Business

Motion (by Senator Ian Campbell) agreed to:

That the order of general business for consideration today be as follows:

(a) general business notice of motion No. 421 standing in the name of Senator Cook relating to the establishment of a joint select committee to scrutinise the implementation of the new tax system; and

(b) consideration of government documents.

COMMITTEES

Economics References Committee

Extension of Time

Motion (by Senator Coonan)—by leave—agreed to:

That the time for the presentation of the report of the Economics References Committee on the provisions of the Fair Prices and Better Access for All (Petroleum) Bill 1999 and the practice of multi-site franchising by oil companies be extended to 12 April 2000.

NOTICES

Postponement

Items of business were postponed as follows:

General business notice of motion No. 340 standing in the name of Senator Allison for today, proposing an order for the production of Commonwealth-State agreements, postponed till 7 March 2000.

General business notice of motion No. 419 standing in the name of Senator Stott Despoja for today, relating to rural Australian participation in higher education, postponed till 6 March 2000.
COMMITTEES

Environment, Communications, Information Technology and the Arts Legislation Committee

Extension of Time

Motion (by Senator O’Brien, at the request of Senator Bolkus) agreed to:

That the time for the presentation of the report of the Environment, Communications, Information Technology and the Arts Legislation Committee on the Sydney Harbour Federation Trust Bill 1999 [2000] be extended to the first sitting day in April 2000.

INTERNATIONAL CLIMATE CHANGE NEGOTIATIONS

Motion (by Senator O’Brien, at the request of Senator Bolkus) put:

That there be laid on the table by the Leader of the Government in the Senate (Senator Hill), no later than immediately following questions without notice on the first sitting day in March 2000, the following documents outlining Australia’s approach to the international climate change negotiations:

(a) any Australian government submissions and/or responses to the most recent draft of the Intergovernmental Panel on Climate Change (IPCC) Special Report on Land Use Change and Forestry;

(b) all internal working papers, reports and supporting documentation, with the exception of Cabinet submissions, created after July 1999 and relating to Australia’s position on Articles 3.3, 3.4 and 3.7 of the Kyoto Protocol;

(c) documentation, with the exception of Cabinet submissions, relating to the High Level Sinks Forum in Perth in April 2000 hosted by the Australian Government including:

(i) the agenda,

(ii) a list of countries, regional economic integration or other regional organisations, intergovernmental organisations, non-governmental organisations, business associations, ministers, officials, scientists and any other persons invited, to be invited or to be given observer status,

(iii) reports and/or memos detailing the governmental aims of the forum, and

(iv) the forum’s budget; and

(d) all internal working papers, reports and supporting documentation, with the exception of Cabinet submissions, created after November 1999 that refer to Australia’s approach to, possible position for and/or expectations of the IPCC plenary in May 2000.

The Senate divided [9.40 a.m.]

(The President—Senator the Hon. Margaret Reid)

Ayes……….. 37

Noes……….. 32

Majority……….. 5

AYES

Allison, L.  Barnett, A.
Bishop, M.  Bourne, V. W.
Brown, B.  Campbell, G.
Carr, K.  Conroy, S. M.
Cook, P. F. S.  Cooney, B.
Crossin, P. M.  CROWLEY, R. A.
Denman, K. J.  Evans, C. V.
Faulkner, J. P.  Forshaw, M. G.
Gibbs, B.  Greig, B.
Harris, L.  Hogg, J.
Hutchins, S. P.  Lees, M. H.
Ladwig, J.  Lundy, K.
Mackay, S.  McKiernan, J.
McLucas, J.  Murphy, S. M.
Murray, A.  O’Brien, K *
Quirke, J. A.  Ray, R. F.
Ridgeway, A.  Schacht, C.
Sherry, N.  Stott Despoja, N.
West, S. M.

NOES

Abetz, E.  Alston, R. K. R.
Boswell, R. L. D.  Brownhill, D. G.
Calvert, P. H.  Campbell, I. G.
Chapman, H. G. P.  Coonan, H *
Crane, A. W.  Eggleston, A.
Ellison, C. M.  Ferguson, A. B.
Ferris, J.  Gibson, B. F.
Heffernan, W.  Herron, J.
Hill, R.  Kemp, C. R.
Knowles, S. C.  Macdonald, I.
Mason, B.  McGauran, J. J.
Minchin, N. H.  Newman, J. M.
Patterson, K. C.  Payne, M. A.
Reid, M. E.  Tambling, G. E.
Tchen, T.  Tierney, J. W.
Watson, J. O. W.

PAIRS

Bolkus, N.  Parer, W. R.
Collins, J. M. A.  Lightfoot, P. R.
Woodley, J.  Vanstone, A. E.

* denotes teller

Question so resolved in the affirmative.
COMMITTEES
Foreign Affairs, Defence and Trade
References Committee
Extension of Time
Motion (by Senator Hogg) agreed to:
That the time for the presentation of the report
of the Foreign Affairs, Defence and Trade Refer-
ences Committee on Australia in relation to Asia
Pacific Economic Cooperation be extended to 6
April 2000.

Socio-Economic Consequences of the
National Competition Policy
Committee
Report
Senator QUIRKE (South Australia) (9.45
a.m.)—I present the report of the Senate Se-
lect Committee on the Socio-Economic Con-
sequences of the National competition policy,
with the Hansard record of the
committee’s proceedings and submissions.

Ordered that the report be printed.

Senator QUIRKE—I move:
That the Senate take note of the report.

I am pleased to table the final report of the
Senate Select Committee on the Socio-
Economic Consequences of the National
competition policy. I think I can safely say
on behalf of my fellow committee members
that since the committee was first established
in July 1988 we have each learned a great
deal about competition policy: what it is,
what it is not and how the community at large
is grappling with it and many other changes
facing them. On the whole, the committee
found support for the in principle objectives
of the policy, coupled with significant con-
cern about how the policy is being imple-
mented. Certainly feelings run high about
this policy and micro-economic reform in
general.

Under our terms of reference, the commit-
tee was required to examine the socioeco-
nomic consequences of the national competi-
tion policy, including its benefits and costs,
in relation to: unemployment, changed
working conditions, social welfare, equity,
social dislocation, environmental impacts, the
impact on urban and rural and regional com-

the definition of public interest and its role in
the national competition process.

The terms of reference were very broad,
and the committee found the task of confin-
ing the inquiry to a manageable degree quite
an exercise. Our inquiry coincided with a
number of other similar inquiries and, as
such, served to further fuel community de-
bate about this policy. The evidence the
committee received was both heartening and
disheartening. Some communities and or-
organisations are happy with the way NCP is
going. They believe it is delivering benefits.
There are those individuals and organisations
who fully understand the objectives of this
policy and who see great opportunities and
benefits for their industries. Unfortunately ,
there is also a contra view.

Industries and communities once protected
by regulations and other arrangements are
feeling the effects of open competition on top
of the impact of other micro-economic re-
forms. Still further, there are those who fully
understand the policy but do not agree with
its fundamentals. They believe it devalues
social objectives in the pursuit of economic
rationalism. Others do not fully comprehend
the intricacies of the policies—its broad, all-
encompassing public interest test and its po-
tential to free some industries of their regu-
larly shackles. Overall, the committee felt
that the policy has been the victim of much
confusion and has caused misplaced angst.
National competition policy has been used
inadvertently and deliberately as a smoke-
screen for the introduction of many politi-
cally unpopular measures and has become
synonymous with the words ‘micro-
economic reform’, ‘contracting out’, ‘privati-
sation’ and ‘corporate restructuring’.

The evidence to the committee suggests
that there are several reasons for the contro-
versy surrounding this policy, not the least of
which is that there has been no real oversight
of the National Competition Council since
the COAG agreed to the program in 1996.
There is a lack of hard data on the costs and
benefits of national competition policy. The
public should not be expected to take on trust
the benefits of this policy. The way the policy
has been implemented is causing hardship
and concern, particularly in rural and regional
The policy is being implemented on a 'one size fits all' basis lacking in the sensitivity and flexibility needed when significant changes are implemented. There is a perception in regional Australia that the policy is being applied in a blind manner driven more by the desire for state and territory treasuries to secure the payments under the 1995 COAG agreements than by the desire for public or community benefit.

Very little assistance is being provided to local governments to help them understand the policy and implement it. Very little assistance is being provided to help individuals, industries and communities which are adversely affected by the implementation of this policy. This has led to the view that there has been a predominantly economic rather than multidisciplinary approach to the implementation of this policy, particularly in the way the public interest test has been applied. There is concern that the policy is being applied to areas which have not been targeted as priority areas and where there are very low potential returns from such a policy. Community welfare services supported by volunteer workers are concerned that the policy is being applied to their area without sufficient regard for all the potential ramifications.

There has been a lack of consistency in the way the public interest test has been applied in different jurisdictions. There is a lack of transparency in the way in which reviews of industries and legislation have been conducted. The cumulative effect of changing technology, changing infrastructure provision, the national competition policy and other micro-economic reforms on rural and regional Australia is creating significant social pressures, and it is apparent that the impact of all these in the bush has been greater than in the cities. These are not parochial political views: the committee’s report is supported by all the major parties represented on it. So what can be done about this? We believe that much can be done to make this policy work as it was originally intended, to the benefit of all Australians.

Firstly, the committee believes that, as a matter of urgency, a meeting of COAG should be convened to review NCP and to determine and implement the post-2000 agenda. It is time that all levels of government sat down and considered the way ahead for this policy in light of the global changes and economic reforms facing us today. The committee has recommended a series of matters that should be given attention at an early meeting of COAG, including—among others—the distribution of tranche payments. Secondly, greater attention needs to be paid to the application of the public interest test in its broadest possible sense to ensure that social and environmental factors are not marginalised. The committee sees the need for an NCP one-stop shop advisory service to provide local government, industry bodies, individuals, companies and community groups with advice that will enable them to tackle competition policy issues. All too often throughout the inquiry the committee heard evidence of mistrust in the process of legislative reviews and of the level of transparency of that process. The committee has made a number of recommendations which we feel should go some way to addressing these concerns. We believe that greater attention needs to be paid to the impact of any proposed changes as a result of legislative reviews. The impact of these changes in terms of employment, social and environmental effects needs to be thoroughly assessed and transitional arrangements considered, if appropriate.

The committee received evidence about the implementation of the policy to areas of economic activity that may not have been envisaged at its inception. This has had unintended consequences. In the welfare area, in particular, the policy has raised administrative costs for many community welfare groups and caused reduced cooperation between agencies. It is also leading to the closure of smaller regional welfare groups in favour of large city based groups that have the bureaucratic ability to tender for program delivery. Infrastructure services, including the water industry, are looming as a major concern in the community. Our evidence suggests that there are serious competition policy issues to be addressed in the road, rail, water and energy industries. COAG must determine the agenda for these changes so that the maximum benefits can be gained from any reforms. Many other recommendations have been made by the committee to adjust the
Before concluding my remarks, I would like to thank, in particular, Senator Lightfoot for the support that he has given me as the deputy chair and the other committee members—Senators Mackay, Coonan, McGauran, Murray and Brown—for their diligence and the cooperative approach that they brought to the inquiry. I would also like to thank former Senator Dee Margetts for her role in establishing this inquiry and moving, with Senator Peter Cook, the original motion in the Senate that led to the committee’s establishment. A total of 248 submissions and supplementary submissions were forwarded to the committee. A substantial number of those were forwarded after the committee’s interim report back in August of last year. I would like to thank each and every witness who came before the committee and those individuals, national organisations and state and local governments that contributed to the inquiry. I would also like to thank the staff—in particular, Frank Nugent, Robyn Hardy and David Budd and, our late arrival, Saxon. They came to this inquiry and gave a great deal of their lives to it over the last 18 or so months. I commend to you the final report of the committee on the socioeconomic consequences of national competition policy.

**Senator McGauran** (Victoria) (9.56 a.m.)—I would like to join the chairman in commenting on this report, *Riding the waves of change*, a report from the Senate Select Committee on the Socio-Economic Consequences of the national competition policy. As the chairman rightly said, this follows on from several other reports on national competition policy, including a report from the Productivity Commission. The difference between this parliamentary report and the Productivity Commission report is that this report is probably less statistically analytical and it has taken a less economic approach than the Productivity Commission report, which was a very good report. This report has more of a, dare I say, human element—more of the voice of the people coming through it—and more of an administrative government approach to analysing national competition policy. I guess both the Productivity Commission report and this report, when they are read or analysed together, bring a very good conclusion to a very necessary analysis of national competition policy since its inception in 1995.

As is known, particularly by political representatives, national competition policy has become a scapegoat—particularly in rural areas—for many of the social and economic downturns in Australia. It has become a catchcry for an attack on economic rationalism. The first lesson we learnt from this report is that many of the good elements of national competition policy, which I believe both sides of the house support, have not been publicised very well at all. In fact the clear definition of what we are getting to in national competition policy has not been presented well enough for many people to understand the changes in reform that it brings. Particularly in the areas of competitive tendering and public interest, and in regard to councils, they have greatly misunderstood the overriding veto power that many of the councils and state governments had in implementing some of the tougher reforms of national competition policy if in fact they did not socially, as well as economically, suit the area. In its purest form, national competition policy refers to a package of measures agreed to by the nine Australian governments back in 1995 that was designed to encourage competition and thereby provide greater real incomes, higher employment and better living standards. That was the ideal by which the nine separate governments signed on to this. In fact, this brave new reform was to bring reform more particularly to inefficient, uncompetitive governments and to government bodies that were not being brought to account.

So the principle of NCP is not, as many would believe, the pursuit of competition for the sake of competition, but rather a method of opening up previously closed and inefficient areas of the economy to promote growth and lower the consumer prices. However, as this report shows, this has not always occurred evenly across the areas of Australia. The ‘one size fits all’ policy adopted by NCP was taken up a little too easily by the states, and it has not suited all conditions. We have
certainly learnt in this committee that the ‘one size fits all’ policy does not work and that we have to be a little more managerial in our national competition policy. Not surprisingly it has been big business that has prospered more than any other from this ‘one size fits all’ reform. We found that small business in metropolitan areas of Australia has thrived more than the rural areas. Even the Productivity Commission conceded in its analysis of national competition policy that the ‘one size fits all’ policy was more ineffective in rural areas than in the metropolitan areas.

The Senate committee report entitled *Riding the waves of change* breaks down the NCP into separate and distinct processes, enabling us to identify the problem areas so that in the future we can focus on these difficulties to deliver an NCP in a more even-handed way. I should add that this report has been signed off by all sides of the parliament.

NCP is not well understood in many sections of the community. This reflects the inadequacies of communicating the nature of NCP in an environment where many areas of Australia, specifically rural and regional areas, are feeling the effects of pressure with sudden change. These pressures can also include long-term demographic trends, falling commodity prices, and the effects of technological change and changes in government policy, including NCP reform.

For many of the witnesses who appeared before the committee and provided written submissions, these concerns about NCP related mainly to the way in which it was implemented rather than to the policy and principles—in essence, the sudden, unexplained introduction of it. Further misgivings concerning NCP focused on the public interest test provisions of the policy. Many witnesses were unaware of, or confused about, the provisions for considering the impact of non-economic factors on the communities. There is misunderstanding or lack of knowledge at all of the public interest test, which is a veto power that the local government or the state government has in regard to an NCP policy that only takes in economic factors. It is important that we get this message through. By the committee holding meetings all around Australia and exchanging views, I think people are now beginning to have a greater understanding of the public interest test. Recommendation No. 2 states that the National Competition Council should publish a detailed explanation of the public interest test and how it can be applied. Recommendation No. 4 states that the agencies with responsibility for implementing NCP should undertake expanded public education programs about the policy and how it is to be implemented.

The Senate Select Committee on the Socio-Economic Consequences of the National competition policy concluded that the community is demanding greater government attention to the finer application of the policy, the finer points of the policy, and its impact on the social fabric of communities. I look forward to this being addressed and I commend the report to the Senate.

**Senator Murray** (Western Australia) (10.04 a.m.)—I am pleased to join with the other committee members of the Senate Select Committee on the Socio-Economic Consequences of the National competition policy in presenting this report, *Riding the waves of change*, to the Senate today. Before I proceed to make substantive comments about this inquiry and its report, I would like to thank the chair, deputy chair and my colleagues on the committee, who showed a genuine commitment to working through some very difficult practical and ideological matters. I also thank the committee secretariat, in particular Frank Nugent, whom I have known for some time through my involvement with the Joint Committee on Corporations and Securities. His exceptional work as secretary of that committee has certainly continued in his capacity as secretary of this committee. My thanks also to Robyn Hardy, David Butt and Saxon Patience for their excellent work in the organisation of the inquiry and the preparation of the report.

It is well known that the Australian Democrats were not supportive of the introduction of the national competition policy in the form in which it was given to us. We have not been supportive of its practice. We have always harboured concerns that the policy would result in substantial gains for big busi-
ness, for select elements of the Australian community and for the cities, at the expense of small business, the regions and country people. To that extent, when it came to deciding our position on the basis of the evidence received by this inquiry, we had two alternatives. The first was to simply recommend scrapping the policy on the basis that our expectations had largely become a reality. I believe that the evidence that the committee has received, unfortunately, vindicated the stance that we maintained in terms of some benefits to the cities and a large detriment to rural and regional parts of this country.

The second alternative was to accept that in a federation we do need a national competition policy of some kind—I think that is what drove the Labor Party originally in their view on these matters. For better or for worse we have a national competition policy in place and have done so for almost five years now. We need to accept that and to move on. To try to reverse that policy now would not necessarily mean a reversal of the policy’s adverse effects. Having admitted those matters as facts, the goal, we think, should now be to try to improve the policy and to minimise any further adverse impacts, especially on regional Australia. The goal should also be to look at the positive aspects of the policy and to try to make them even more positive for Australia.

The Australian Democrats have adopted, therefore, that second alternative and have joined with the committee to criticise a number of aspects of the policy and to recommend alterations to it to try to address those problems. I must again stress that my colleagues had particularly open minds on these matters and I was impressed with the way they addressed these issues.

The Democrats are very concerned with the application of the policy to the extent that it is dominated by economic assessment ahead of a consideration of the less tangible effects of the policy in social and environmental areas. Quite simply, it has been much easier to count dollars and cents and pricing effects than it has been to measure the flows of people from small towns to regional centres and cities and the consequences that has for those who remain in those small towns in terms of the withdrawal of services, employment and education, and in terms of new pricing structures.

With that in mind, the committee has made what I believe to be a very significant recommendation in No. 1, and it reads:

For the purposes of measuring outcomes of the policy, a method of assessment be agreed by CoAG which will provide a numerical weighting that can be attributed to environmental, social and employment factors, wherever possible.

I do not anticipate that that will be an easy task to fulfil, but I believe that it is absolutely essential for the full assessment of the full costs and the full benefits of this policy which must extend beyond a mere consideration of dollar savings and of net costs and pricing. To limit the assessment of the policy in that way is to ignore or to minimise the social and environmental impacts that that policy clearly has. It is on the social level that the expression of anger about national competition policy has been expressed, and that is why the attention to the policy must shift as much to social as to economic matters.

Recommendations Nos 12 and 14 are also relevant and worthy of mention. Recommendation No. 12 is that reviews and public interest tests must include employment and community impact statements. Recommendation No. 14 is that reviews of legislation and changes to competitive arrangements in the social welfare sector should take account of the difficult to measure social factors rather than relying on narrow, more easily measurable economic factors. I think politicians and bureaucrats have been shown by the defeat of what was once a very popular Kennett government in Victoria that, even when they choose to ignore the social and environmental effects of their policy decisions in the belief that the people will let them go, in the end they will ultimately be held to account for those effects by the Australian public—and I refer particularly to the effects of outsourcing and competitive tendering and so on, which I think had a real part to play in the outcome of the Victorian election.

As I have previously commented, one of the major concerns of the Democrats with
national competition policy has been its potential to benefit the cities and big business and do very little for, or possibly negatively affect, small business and the regions. To that extent, I would like to quote from the report to the Productivity Commission, which is referred to in this report. That report states:

The overall conclusion we reached was that Australia as a whole is likely to benefit from NCP, although there is more variation in the incidence of benefits and costs amongst the regions. To date, the reforms implemented have provided greater benefits to large businesses and people in metropolitan areas, as intended, because that is where the markets were opened up first in infrastructure service areas.

Immediately after that comment, the committee comments in the report—and I think this is worth reading into the Hansard—as follows:

The Senate Committee did not seek to duplicate the work done by the Productivity Commission. However, evidence to the Committee supports the Commission’s findings that overall NCP has brought benefits to the community. However, those benefits have not been distributed equitably across the country. It is a significant concern of the Committee that the benefits that flow from NCP were found by the Commission to primarily flow to larger businesses and to those people resident in metropolitan areas whereas the greatest costs appear to be generally borne by smaller businesses and those resident in small towns.

I stress that particular quote because that is the problem that we have in our society and in our political lives at this time in Australia. That is an assessment that many policies are beneficial for Australia but are not beneficial for substantial numbers of Australians who lose out—and they are the have-nots or the people who feel that it is an unequal society or that they have not enough. Therefore, we have to consider always the great Australian dream—and I think it is a great Australian dream: that, as far as possible, we need to create in this society as much equality and as much a share of the national cake as is sensible and practicable to make available to the entire Australian people. The story of the NCP is that it has been good for some, bad for others and neutral for those in the middle. We should at least want it to be neutral for some and good for the rest. That it is bad for some is not a desirable outcome, when considering matters of this great impact.

I think the great weakness of government appointments to these bodies is that they emphasise and get people who concentrate purely on the economic and the intellectual propagation of the policy and neglect the social, political and environmental aspects, in a relative sense. Really, to summarise what I have called for and what this report calls for—and it is to the credit of all my colleagues on the committee—that we need a lot more balance in our policy. I sincerely hope that the efforts of the committee will result in this government taking note that much more balance is needed in policy and that these types of inequalities—about which evidence was given to the committee by witnesses, experts and ordinary people—will be addressed. So I will be waiting with genuine interest to see the government’s response to the committee’s work.

Senator MACKAY (Tasmania) (10.14 a.m.)—I just wish to add a few comments to those of my other colleagues on the committee. Before I do, I wonder whether Senator Coonan wishes to make some comments. It was intended that she speak before me, but she had just left the chamber. Do you want to speak in relation to this?

Senator Coonan—I am told no.

Senator MACKAY—Thank you. I just did not want to cut across Senator Coonan. I was anticipating her wishing to make a contribution. I would also join Senator Murray, Senator Quirke, Senator McGauran and others in complimenting the members of the committee on the way they conducted themselves. The committee did grapple with a number of difficult issues in relation to which, I think, in normal circumstances, there would have been quite substantial political divides.

I agree with Senator Murray that all committee members, to their credit, displayed an open mind in relation to what is a very difficult issue. It is an issue which does affect people disproportionately depending on their socioeconomic background and their geographical background—that is, where they live. I also wish to join my colleagues in
complimenting the secretariat. They had the same difficulty reflecting the disparate views on national competition policy that were put before them. They also displayed an open mind in relation to this. I believe this is probably one of the best reports that I have been involved with in my short time in this chamber. The secretariat were a genuine pleasure to deal with. They were helpful and really nothing was too much trouble. I wish to join with the Chair, Senator Quirke, in complimenting them on their work.

Adding to what Senator McGauran was saying, one of the things that struck me was that this committee was not about the public sector. This committee was not about the Productivity Commission. This committee was about a group of MPs who are paid to represent people in determining the application and future of a policy which affects people irrespective of where they live. One of the things that struck a number of the committee members was the unwitting attitude—and I am allocating blame in relation to this—from some areas that national competition policy works from the top down.

As the people’s representatives, we are asked to ensure that that is not the case. What struck us was the continual refrain from the business sector and, to a certain extent, some areas of the public sector that the problem was that the people simply do not understand this policy. Their view was that the level of ignorance was the difficulty, the lack of understanding was the difficulty and the fact that people were not up to speed with what NCP meant was a difficulty.

The senators on that committee took a different view. Our view was that, if it was a top down policy and people did not understand it, that was not the people’s fault. That was the fault and responsibility of government and the responsibility of the people who are responsible for the implementation and determination of national competition policy. This is something which I think is quite prevalent and a systemic issue. As I said, it is something that the people who are involved in the minutiae, as Senator Murray was saying, of the implementation of policy sometimes forget. But it is our responsibility to ensure that that does not occur.

I believe the one-stop shop recommendation is important. This will ensure that all parties—particularly, from my portfolio perspective, small councils—will be able to contact the one-stop shop and determine what the truth is in relation to national competition policy. One of the things that came through very strongly was the disparate application, in a jurisdictional sense, of national competition policy. We had a situation where various state governments were using National competition policy in the broad to implement policies which were not necessarily within the purview of national competition policy.

A good example of this is the issue of compulsory competitive tendering in Victoria. The previous Kennett government implemented this policy under the guise of national competition policy. We were assured unequivocally by Mr Samuels that this was nothing to do with national competition policy. Here we have confusion in relation to the disproportionate application. If people are confused and there is a level of ignorance in relation to this, who can blame people when you have state governments using national competition policy to really implement an ideological agenda which, in terms of the original intention of the policy, was not within its purview?

It is very clear, if you read the then Assistant Treasurer’s second reading speech, that national competition policy did not mean privatisation. These are issues that do require clarification. I re-emphasise the recommendation with regard to COAG determining these matters. We live in a federation. The reality is that state governments have a major responsibility in relation to this policy so that changes that are required have to ensure the involvement of state governments. One of the reasons the committee made the recommendation with regard to COAG is the participation of local government in COAG as a level of government. Unfortunately, COAG has not met very often in the last four years. I think it may have only met once. I think this is a great shame. It does exclude a critical level of government—the level of government which is probably the closest to the community; that is, local government.
One of the other issues that was assiduously pursued by members of the committee was tranche payments. The committee was advised that there are only two states that pass on tranche payments to local government in relation to national competition policy—Queensland and Western Australia. I think it probably needs to be said that Western Australia’s passing on of tranche payments is far more minimalist than Queensland’s passing on of tranche payments. This is no political aspersion here because all parties in Queensland have the same attitude in this regard. I think it is an issue that needs to be reviewed by COAG. Local government does have a major responsibility and it is responsible for structural adjustment issues in relation to national competition policy. There is certainly an argument that local government does deserve to have some funds available to it through the tranche payments to ensure that the work that they undertake has some remunerative assistance.

I also want to amplify some of Senator Murray’s comments. I think one of the most critical recommendations is the issue of disclosure with regard to statistics in relation to the effect of the national competition policy on employment in particular. This is something a number of members of the committee were concerned to ensure. The reality is that it is no good saying to people that this policy is good for you if (a) there is not sufficient information for them to make a judgment in relation to it; (b) there is a disparate application in relation to jurisdictions between states; and (c) they cannot see the benefit themselves.

I think there is a very strong argument, as indicated by other senators, that the benefits are disproportionate, to say the least, and have not been delivered to the same extent in regional Australia as they have in the cities. So we, as the elected representatives, need to see that the application of national competition policy is not simply economic and that it is also social, and, perhaps most critically in this day and age, we need to see that there is not a diminution in employment as a result of it and that the benefits can be transparently seen by us as the elected representatives and by the people we represent.

I wish to conclude by thanking Senator Quirke, as the chair of the committee, who had a great capacity to bring levity to the committee in difficult times and I think has proved to be a very good chair and dealt with us all very well. In that there were any difficulties—of which there were very few—he was able to solve them and sort them out. I would like to thank all the other members of the committee for what was an extremely interesting exercise from my perspective and conclude by again thanking the secretariat for what I believe is an excellent report. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

Publications Committee Report

Senator COONAN (New South Wales) (10.24 a.m.)—On behalf of Senator Lightfoot, I present the 11th report of the Standing Committee on Publications.

Ordered that the report be adopted.

GLADSTONE POWER STATION AGREEMENT (REPEAL) BILL 1999

TELECOMMUNICATIONS (CONSUMER PROTECTION AND SERVICE STANDARDS) AMENDMENT BILL 1999

First Reading

Bills received from the House of Representatives.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (10.24 a.m.)—I indicate to the Senate that those bills which have just been announced are being introduced together. After debate on the motion for the second reading has been adjourned, I will be moving a motion to have the bills listed separately on the Notice Paper. I move:

That these bills may proceed without formalities, may be taken together and now be read a first time.

Question resolved in the affirmative.

Bills read a first time.
Second Reading

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (10.24 a.m.)—I move:

That these bills be now read a second time.

I seek leave to have the second reading speeches incorporated in Hansard.

Leave granted.

The speeches read as follows—

GLADSTONE POWER STATION AGREEMENT (REPEAL) BILL

This bill repeals the Gladstone Power Station Agreement Act 1970. The act established the basis for the repayment of an $183m 1970 Commonwealth loan to the Queensland government to help finance the construction of Gladstone Power Station. The act provided for biannual repayments until the loan was repaid in 2009.

In March 1994 a one-off payment to extinguish the loan was made under conditions which were agreed by the Prime Minister, the Commonwealth Treasurer and Queensland Premier of the time. The payment in the sum of $59,102,831.85 represented the difference between the outstanding balance and the net present value of the loan.

Technically however, the payment by the Queensland government did not formally extinguish its obligations. The Commonwealth therefore treated this payment as an advance payment made on account of instalments of principal and interest due until 15 July 1998. After this date, it was agreed the Minister for Finance and Administration would be requested to waive, under the Audit Act 1901, Queensland’s formal obligations under the loan agreement as they fell due.

Subsequently, the Audit Act has been replaced by the Financial Management And Accountability Act 1997. Section 34 allows for the prospective waiver of debts. On 13 July 1998 the Minister for Finance and Administration approved the waiver of the $75m outstanding as at 15 July 1998.

Accordingly all legal obligations under the act have now been extinguished and this act is being repealed in line with the government’s commitment to remove inactive legislation.

I commend this bill.

TELECOMMUNICATIONS (CONSUMER PROTECTION AND SERVICE STANDARDS) AMENDMENT BILL 1999

The Telecommunications (Consumer Protection and Service Standards) Act 1999 provides a framework for the National Relay Service (NRS). The NRS is a service that provides people who are deaf or hearing or speech impaired with access to a standard telephone service on terms, and in circumstances, that are comparable to those on which other Australians have access to a standard telephone service.

In general the arrangements for the NRS have been working well. However, issues have arisen from the legislated timeframe for the collection of the NRS levy, which was set before the funding process was put into operation. This has, on occasion, resulted in late payment to the NRS provider.

The Telecommunications (Consumer Protection and Service Standards) Amendment Bill 1999 (the bill) makes minor administrative amendments to Part 3 of the Telecommunications (Consumer Protection and Service Standards) Act 1999 in relation to funding arrangement for the NRS. The amendments do not effect the operation of the service or the quality of service provided to users.

The objective of the bill is to provide for minor administrative changes to the NRS funding arrangements, to facilitate the collection of the NRS levy from eligible carriers, and subsequent payment to the NRS provider, to occur within a period that meets both NRS contractual obligations and legislative requirements.

The provisions of the bill increase the period which the NRS provider has to submit the total cost of providing the NRS during the previous quarter from four weeks to eleven weeks. In addition, the time between notification of amount payable and required payment by a carrier is increased from two to five weeks.

In order to provide for these arrangements the bill also includes an amendment to the timing at which the reconciliation of the total cost with the estimated cost for any quarter will impact on a quarter’s estimate. Any shortfall or surplus from the reconciled quarter will be added or subtracted from the estimate for the quarter after the following quarter for which the reconciliation is being determined.

These provisions enhance the current NRS funding process to better provide for the needs of the NRS provider and carriers. The amendments have the support of these parties.

Debate (on motion by Senator Quirke) adjourned.

Ordered that the bills be listed on the Notice Paper as separate orders of the day.
CORPORATIONS LAW: ACCOUNTING STANDARD AASB1015

Senator CONROY (Victoria) (10.26 a.m.)—I move:

That provisions 6.3 and 6.4 of Accounting Standard AASB1015, made under section 334 of the Corporations Law, be disallowed.

The opposition seeks to move the disallowance of provisions 6.3 and 6.4, ‘Reconstructions within an Economic Entity’, of AASB1015. We are taking this action because it is the responsible thing to do. The opposition has every confidence in the ability of the Australian Accounting Standards Board and the accounting standard setting process. I would be the first to admit that the parliament does not have the level of expertise to successfully vet every accounting standard that passes through parliament. Under certain circumstances, however, such as that involving AASB1015, it would be wrong for the parliament to simply act as a rubber stamp for this standard.

It is right, in this instance, that parliament has a role to ensure that the accounting standard it endorses is sound and sensible and that it will serve the broader market, economy and community. Parliament, too, must play a role in determining whether or not the standard passes the test of good accounting principles of relevance, reliability, neutrality, comparability and consistency. Accounting standards must promote relevant information that would help users to be able to form judgments about outcomes and then be able to confirm or correct prior expectations.

Accounting standards must promote reliable information so that figures and amounts faithfully represent claims and that these can be independently verified. Standards must encourage neutral information—that is, they should not be biased toward a predetermined result. Standards must engender comparability. Information about similar types of transactions and between similar enterprises should be comparable in a meaningful fashion. Lastly, accounting standards must ensure that enterprises produce consistent information about themselves and their performance, which can be compared in a meaningful fashion from one period to the next.

The opposition has found provisions 6.3 and 6.4, ‘Reconstructions within an Economic Entity’, of this standard deficient in meeting these tests. In particular, provisions 6.3 and 6.4 compromise accounting standard principles of reliability, comparability and consistency. These provisions would allow acquirers of assets in the context of a reconstruction within an economic entity to have the option to either value the assets acquired at their carrying amounts, sometimes called the book value method, or to value their assets using the purchase accounting or fair value method. I am aware that the valuation of an asset is not a science—that is, one can obtain a different price for an asset depending on the situation or circumstance of the market or the seller. But having an option as to the method by which to value assets in relation to reconstructions within an economic entity creates an inconsistency in asset valuation conducted under other circumstances in which assets are acquired.

Allowing the option—that is, for companies to pick or choose accounting valuation methods as they wish—has dangerous consequences. It undermines the comparability of financial reports between periods and between similar companies undertaking similar transactions. This concern is particularly relevant when there is going to be an ultimate change in ownership of an entity that is undergoing internal reconstruction. I also have some concern about the merit of the book value method in comparison to the fair value method in valuing assets, but I understand that is an ongoing debate and that many people have many views on that.

Book value’ refers to a business’s historical cost of assets less liabilities. Book value of assets of a company may have little or no significant relationship to market value. On the other hand, ‘fair value’ means that the amount for which an asset is exchanged, or a liability is settled, between knowledgeable, willing parties is an arms-length transaction. In addition, I understand that the proposed option of accounting by book value method would not involve amortisation of the asset, which could allow for the overstating of profits. You may be aware that amortisation is the process of spreading the costs of an
intangible asset over the asset’s expected useful life. Amortisation is equivalent to depreciation for tangible assets. The disallowance of provisions 6.3 and 6.4 will not have a detrimental impact on corporations or on Australia’s accounting regime or its standard setting reputation. Current accounting standards remain workable. The opposition does not raise the bogey of provisions 6.3 and 6.4 of AASB1015 on its own.

The Australian Securities and Investments Commission, the agency responsible for enforcing accounting standards, has grave concerns over them. I understand that ASIC delivered a detailed presentation to the AASB and followed this with a comprehensive letter about the negative impact of these provisions. ASIC’s concerns over these provisions are consistent with those of the opposition. ASIC raised a number of points. ASIC argued that it is unclear as to what problem the option is supposed to address. ASIC is unaware of accounting standard hurdles in this area but aware that internal reconstructions are more often hampered by tax and stamp duty constraints. ASIC believes that there has been no demand for the use of such an option for internal reconstructions. Requests to ASIC for such an option have been confined to the valuation of assets when there will be an ultimate change in ownership of the relevant entity.

ASIC considers the accounting option will be inappropriate if there is planned or likely change in the ultimate ownership interests. To permit the option would result in assets and liabilities being recorded on different bases and at different amounts when a reconstruction is followed by a float rather than when a newly formed listed company acquires operations from another company. These are substantially the same transactions and should be treated in substantially the same manner. ASIC also considers that it is inappropriate for an accounting standard to allow more than one treatment in identical circumstances for the same transaction. To do so hampers consistent and comparable reporting between entities. Furthermore, ASIC considers that the option could allow a new parent entity to revalue its investment to create new distributable reserves reflecting internally generated goodwill which could not otherwise have been recognised. Indeed, a new parent could apply an accounting method valuing its assets different from that used previously under an internal reconstruction which would result in different values being recorded.

I am aware that some amendments were made to AASB1015 after ASIC’s representations, but these changes fail to address the real concern. The opposition shares ASIC’s concerns. The opposition believes that the option to be allowed by provisions 6.3 and 6.4 represents a diminution of good accounting standards. This view was also forward in a dissenting report on AASB1015, signed by four of the nine members of the AASB. The dissenting members included the former chairman of the AASB, Mr Ken Spencer. It was commendable for the chairman to put his name to the dissenting report, but the board and the government should have done more to ensure that there was little doubt in the community at large that the decision reached was definitely the right decision. If they had not made such an effort, the opposition would probably not be taking the action that it is taking right now. The opposition questions the merits of provisions 6.3 and 6.4. The opposition’s unease at the potential effects of the accounting option is supported by the AASB members’ dissenting report on AASB1015.

What does the dissenting report state? The report states that a reconstruction within an economic entity should be required to be accounted for consistently with the accounting for other acquisitions of assets. This means identifiable assets and liabilities should be measured at their fair values at the acquisition date. Permitting a departure from the purchase or fair value method of accounting for some acquisitions on the basis that they result in no change in the ultimate owners of the entities is inconsistent with the reporting entity concept and ignores the information needs of the users of the entity’s general purpose financial report. Creditors, employees and other users of an entity’s financial reports should not be ignored in favour of the entity’s ownership group. It must be recognised that an entity’s general purpose financial report is
used by a large number of groups and must provide information that is useful and relevant for the purposes of all users.

The dissenting report also states that there is no demand for the option as it relates to internal reconstructions and it is unclear as to what it is supposed to be addressing. The report further states that any reconstructions that ultimately lead to a change in ownership should be accounted for at a ‘fair value’, as this delivers more relevant information to potential owners of an entity or operation that their carrying amounts are based on historical costs.

I have put forward the opposition’s concerns over the option in provisions 6.3 and 6.4 of AASB1015, and I have put forward those of ASIC and certain members of the AASB. Neither the opposition, ASIC nor the dissenting members of the AASB take this resistance lightly. It is regrettable that the seriousness of ASIC’s representation was not accepted by the AASB members who voted for the option. It is regrettable that the AASB did not settle this issue so that it did not leave doubts as to the merit of the proposed standard. It is now the parliament’s job to decide on this issue. Should parliament rubberstamp AASB1015, which includes provisions 6.3 and 6.4, which allow for the accounting valuation of assets within the context of reconstructions of an economic entity either by the carrying amount or fair value? The opposition believes it should not. I recommend that provisions 6.3 and 6.4—reconstructions within an economic entity—of AASB1015 be disallowed.

I would, however, make one final point. It amazes me that the government’s regulator has taken such a strident stand on this issue—a courageous stand—to defend the integrity of the market, and yet the government has sat back and ignored it. What is the purpose of having a market regulator that deals with these issues, that is across these issues, that says they are fundamentally flawed? If the government decides to sit on its hands and do nothing, you have to call into question the government’s motives in ignoring its own regulator. This is a vote of no confidence by the government in its own regulator. This is a very serious matter.

Why is the government ignoring ASIC’s concerns? One of the issues that Senator Murray and I have debated in the chamber before is the whole question of transparency and accountability of the accounting standards and the Financial Reporting Council. I raised concerns at the time of the debate—and I am sure Senator Murray remembers—that outside influences with business interests would be able to continually criticise and undermine. To me, it seems like the business interests who are behind some of these moves have been able to persuade the government to ignore ASIC. The business interests who will benefit from these changes have been able to convince the government to abandon integrity and accountability in the market simply because they are claiming, again, that the Accounting Standards Board is out of touch.

This is a continuation of what happened in the CLERP legislation last year. It is disappointing to see the government taking such a callous disregard of its own regulator. I hope that this is the last time the government sits on its hands and that, when its regulator says, ‘This is fundamentally flawed,’ the government sides with business against the regulator. Hopefully, in the future we will see the government supporting its regulator in ensuring that we have accountability and transparency in marketplace information.

Senator MURRAY (Western Australia) (10.38 a.m.)—The Australian Democrats support this motion to disallow paragraphs 6.3 and 6.4 of accounting standard AASB1015. The disallowance motion has the effect of knocking out one part of a 12-part standard. This is a technical standard dealing with the accounting treatment of the acquisition of assets and, more particularly, with the treatment of assets acquired during a reconstruction within an economic entity.

My understanding is that at present where identifiable assets are moved from one legal entity to another legal entity within a single economic entity they must be recorded in the acquiring entity’s accounts at fair value. This new standard will allow the acquirer to account for those assets either at fair value or at their carrying amount, which is most times referred to as ‘book value’. It is the provision
of that alternative treatment that has created much of the concern with this standard.

The difficulty that senators face with issues like this is that we are presented with very cogent arguments for both allowing and disallowing this new accounting treatment and we are required to make a judgment on the merits of the argument. We take careful note, therefore, of the professional reputation and expertise of those taking sides in these matters, since complex technical issues are often involved. It is also important to us that we receive objective and independent advice which is not affected by self-interest. Obviously, strong professional dissent, which is also independent and objective, is always a clear danger signal with any matter such as this.

Unfortunately, with the issue of the standard, the dissenting views in the Accounting Standards Board are published but the rationale and basis for conclusions of those voting for the standards are not available. This makes it very difficult for those interested in the conceptual underpinnings of accounting standards to fully appreciate the differences and reasoning by the participants in the debate. This is not to question the integrity of those voting in favour or against this standard but rather to request publication of the underlying rationale of standards generally. Transparency is needed, and I hope the new Accounting Standards Board will take note of the need for the fullest disclosure and openness.

The AASB was split on the making of the standard and four members—Mr Spencer, Professor Godfrey, Mr Hammond and Mr Lonergan—took the view that:

... permitting a departure from the purchase method of accounting—the purchase method refers to recording assets at their fair value—for some acquisitions on the basis that they result in no change in the ultimate owners of the entities or operation being acquired and no change in the relative ownership interest of those owners is inconsistent with the reporting entity concept and ignores the information needs of the users of an entity’s general purpose financial report.

Those members of the AASB included the chair. A split in the board is a clear indication to us as senators to take care because the issue is contentious.

From the material I have read, the concerns in relation to the standard, and particularly with allowing an either/or approach to recording acquisition of assets during a reconstruction are: firstly, that permitting alternative treatments undermines the comparability of financial reports in circumstances where some companies choose to use the one method and others choose the other; and, secondly, that the use of fair value provides a better indication of the value of a company’s assets than book value. I must say that, with option two in our mind being debated under the tax reform, that issue of fair value will become much, much more important than it might be even today.

There are a number of arguments in support of the proposed standard. I have considered those arguments and the responses to those arguments. I am dubious as to the value of my attempting to reiterate those arguments and the responses to those arguments. I am dubious as to the value of my attempting to reiterate those matters in the chamber now, but ultimately and on balance it appears to me that the case has been made out for disallowing paragraphs 6.3 and 6.4 of the standard, and to the extent that it is appropriate the Australian Democrats would recommend that this issue be reconsidered by the newly constituted Australian Accounting Standards Board.

My understanding of regulations is that a standard of the same nature may not be promulgated by that board within six months of this disallowance in accordance with the provisions relating to disallowance contained in the Acts Interpretation Act 1901. However, that would not prevent the new board from reconsidering this issue during that period with a view to gaining a consensus on the issue.

Before I conclude I wish to comment on two other matters. A copy of the view of the Australian Securities and Investment Commission on this standard was provided to me which could be best described as spelling out a clear and very definite case for caution. It is entirely proper for ASIC to take a view on AASB matters given ASIC’s responsibilities and authority in the area of Corporations Law. I do not think they should flinch from doing it either now or in the future. I have
taken account of their concerned views when coming to the decision I have made and in the briefing I have put to the party room. I have also read a very informative article by Professor Ken Leo from Curtin University in Western Australia, who suggests a possible solution to this debate which would involve revising another accounting standard—that is, AASB1024—which deals with consolidating company accounts to accommodate specific accounting treatments for reconstructions within economy entities.

Of course the consolidation of companies and the reconstruction of companies will be much facilitated by CLERP 1 to 4, which were passed by the Senate and I think come into practice on 13 March. I would like to suggest that the AASB evaluate Professor Leo’s suggestion. I will quote his conclusion to the Senate—his remarks may be found in the Journal of Financial Reporting, January-July 2000. His conclusion said:

Both sides to the debate on AASB 1015 have a valid point. On one hand there is need to allow for use of the carrying amounts of assets where a reconstruction within the economic entity occurs. On the other hand, the procedures of accounting for such reconstructions as detailed in AASB 1015 are flawed. The objectives of both parties can be achieved if the appropriate accounting for reconstructions is written into AASB 1024 and the relevant paragraphs deleted from AASB 1015. An added bonus will be the elimination of the alternative treatments currently in AASB 1015. The new AASB in 2000 can provide a solution to the debate with both sides achieving their objectives.

It is my understanding that the disallowance of these provisions, these two paragraphs, will not create any significant uncertainty for business and that the position which existed prior to the creation of the standard will be largely reinstated—that is, acquisitions that take place as part of a reconstruction will be required to be recorded at their fair value. The remainder of the standard is an improved version which will now apply. I conclude by reiterating that the Australian Democrats support the motion for disallowance.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (10.47 a.m.)—I will not take up the time of the Senate on this issue. That is not to say it is not an important issue; it is actually quite historic. It will be the first time that the parliament has decided to second-guess an independent expert panel in the AASB, so it is quite an historic occasion. It is not to say the Senate should not do that. We certainly have the power, and that power was recently reiterated by the Senate and by the government in the CLERP legislation that dealt with the reform of accounting standard setting. In that debate and in that legislation which I had responsibility for in the previous government and responsibility for taking through the Senate late last calendar year we set up a system that will further enhance the independence of the Accounting Standards Board and we appointed a Financial Reporting Council which will ensure that the board is kept more in touch with the needs of the business community.

I think we see here today, with the debate about this particular standard, a conflict—and I don’t want to make it too stark—between the academics in the debate and those who work in the real world of commerce. The accounting standard that has been set is one that is certainly far more in tune with the real world of commerce, in tune with investor needs and in tune with shareholders’ needs, but not in tune with many of those involved in the accounting standard setting process in the past who are in tune with the international conference circuit and academic circuit in relation to accounting standards. There is a whole world out there that Senator Conroy is becoming exposed to as he moves further and further into this area of public policy—as is Senator Murray, when he is required to. There is an entire industry there, but this is a clash between that industry and the real world of commerce. Quite frankly, I was pleased to see AASB come down on the side of this standard. It was of course a contentious one.

I need to rebut in this short intervention in the debate a couple of points made by Senators Conroy and Murray. Firstly, Senator Conroy would have us believe that the government is in conflict with its regulator. We are not. We believe that ASIC does a superb job in their duties. Their duty is not as stan-
dard setter, though. That is not to say that they should not have a view; it is quite proper that they have a view. In fact, on this issue they have two views. Senator Murray and Senator Conroy were given a copy of a letter from Alan Cameron, the Chairman of ASIC, to Mr Ken Spencer, the retiring Chairman of the Standards Board, saying that ASIC were opposed to this standard. That was a letter dated August last year. In a letter signed by the same gentleman of 17 March 1998, you read that Mr Cameron said the opposite view to Warren McGregor, the then Executive Director of the Australian Accounting Research Foundation. One might say that ASIC are a very important body in this debate; they should have a view. From memory—I need to be reminded of this; I don’t keep the structure of the Financial Reporting Council in my head—ASIC is actually represented on the Financial Reporting Council. I am told that yes, they are.

So that shows that the government respects ASIC’s views on these issues. They are the regulator. As you will see from reading the chairman’s letter, Mr Acting Deputy President McKiernan—which I am sure you would have done—he suggests that ASIC do receive quite a large number of requests for relief from the current standard. In fact, I see a conflict in his letter. On the one hand, Mr Cameron is saying they do not see where the demand for a review of the standard comes from; but in the next paragraph he says, ‘We get lots of requests for relief from it.’ I suggest to the Senate, just to balance the argument, that ASIC had one view on this issue last year and a totally different view the year before. Their view the year before strongly suggested that having a flexibility on this matter would actually be better from a regulatory point of view and, I presume, from the point of view of shareholder protection. I do not think Senator Murray has actually given to him that previous advice from ASIC.

If one were Machiavellian or cynical about this, one could look at the sort of advice that was given to Mr Cameron in the intervening period. I am actually told that the advice that Mr Cameron receives on these issues has changed and the person advising on these issues has actually come from the Australian Accounting Research Foundation. I am certainly not casting any aspersions on that organisation or their staff. This is a very illegitimate debate. We have an expert panel of nine people, five of whom voted for the new standard and four of whom voted against. They are all experts; they know far more about this than any senator knows about it, perhaps with the exception of Senator John Watson. It is a very illegitimate debate.

People say that ASIC has a view on this and they are very important. Senator Conroy went so far as to say that ASIC have said that this is fatally flawed. ASIC did not say that. They said it may fall into the category of being flawed. That is still pretty harsh criticism, but this comes from an organisation which, a year before it wrote that letter, said that they actually strongly supported the change. If you were on the Standards Board and you had those two bits of correspondence in your file as you flew in your jet to the meeting in Melbourne, you would realise that ASIC is saying something one day and something else another day. In the way Senator Murray determines things, you would have to give some balance to it and ask, ‘What does ASIC really think?’ As I said, ASIC is a very good regulator. We are very well served by ASIC, but they are not the standard setter, and perhaps Labor Party policy is that if ASIC says something on the standard, then that shall be the standard.

I do not think it really helps to debate the pros and cons of the standard itself in the Senate. The problem we have in the process is that we have established an independent expert panel which is widely respected around the globe. It is certainly compared with the UK Accounting Standards Board, the Canadian counterpart and, of course, the Americans who produce the US GAP, which is certainly the most stringent and highly regarded set of accounting practices in the globe; there is no argument about that. I think Senator Conroy supported that concept during the CLERP debate. Our process is held in high regard, and most of the international accounting standard setting bodies and fraternities would agree that the reforms that this parliament supported with virtual una-
nimity will in fact take our standard setting to another yet higher plane.

The standard that we have before us which Senator Conroy is seeking to disallow is in fact very much in line with the approach to standards that the Labor Party supported last year. It is a standard that is in fact more consistent with the US standard than the current Australian standard. The United States practice is very much in line with the standard that we are seeking to disallow today. So, by sticking with the existing standard we are actually moving away from US GAP and, it is fair to say, moving away from the UK model. They are two of the strongest standard setters in the world and we will have a standard that is out of step with them. To move to a flexible approach is certainly more consistent with the UK model and absolutely consistent with the US model.

The hazard we face is from this day forward, and I think, as Senator Murray said, the new body will need to address this. It is not going to go away; they will have to address this again. There is a strong demand in the business community, particularly as our corporations have to compete more and more with overseas entities to survive in this world in the information age where a lot of the activity in this reconstruction area is in the IT, telecommunications and information economy areas. They need to be able to compete with the west coast of the United States with start-ups and venture capital organisations. They need to be able to do reconstructions in a sensible way which protects their investors. This is an approach that is certainly out of step with international best practice. It is not an approach that the government sees as being appropriate. We see the standard as actually moving us ahead in terms of international standards, and moving to a higher standard. We agree that US GAP is a very stringent, very sensible standard which is very good for consumer and shareholder protection, and that this standard would move us to be more consistent with US GAP and would assist Australian corporations seeking to compete in that incredibly competitive, dynamic marketplace.

That body will have to re-address this issue; there is no doubt about that. Senator Murray’s interpretation of the process is accurate, from my reading of it. However, the new members of the board have just taken their seats, and the new chairman will take his or her seat very shortly, I am informed. The new structure will be in place very shortly. As of this day forward, the hazard will be that they will have in the back of their minds: will Senator Conroy and Senator Murray agree with the standard? I am not disagreeing with the fact that the Senate should have the power to disallow these things. They have never used it before. It is something that the government agreed should be there for exceptional circumstances. I cannot agree that this is exceptional or extraordinary. There has been a heated debate about this issue and an expert panel has come down on the side of a new standard, sure, by a narrow margin, but Senators Conroy and Murray would know that in democratic processes political parties have narrow victories. It does not really matter if it is one vote or 100 votes. If you win, you win.

Senator Murray is right. When you have that sort of vote it says to us, ‘Let’s have a look at it.’ It is not inappropriate to look at it, but this action by the Senate today will create that. I am sure Senator Conroy contemplated that when he took this action. It is not something he would have done lightly. I know that because I know him individually, but it will ensure that when the Accounting Standards Board comes to look at this and other issues they will be thinking, ‘What is the parliament going to do in this event? What if it is a close one?’ It is quite regular for there to be dissent at the Accounting Standards Board. There are not many standards put forward without dissent; in fact, it is quite regular. It is unusual to have a 5:4 vote—there is no doubt, and I guess that is why we are here today.

I think there is a hazard in what we are doing. That is not to say that it is improper, but we should be wary of that and tread very carefully when the Senate seeks to disallow these sorts of regulations. The fact that it has never happened before in the history of this place shows that previous Senates and previous senators have thought very carefully about moving such a disallowance.
Senator Murray—That is not implying that we didn’t.

Senator IAN CAMPBELL—No. I do hope that, except for some minor issues in terms of the structure, the Senate will unanimously support the new process with the Financial Reporting Council and the ASB and we allow them to get on with their job. If they do revisit this issue, we can give them the confidence of knowing that, unless there is something exceptional about it, if they do make a decision on this again then we will respect that decision.

Senator CONROY (Victoria) (11.00 a.m.)—I thank Senator Ian Campbell and Senator Murray for their contributions. Senator Campbell has, as always, chosen to talk about balance and then not delivered it. He talked about independence and important standards overseas and how they are considered to be very rigorous. One reason they are considered to be rigorous is that they do not have a financial reporting council that directs and controls the AASB equivalent over there. While I agree with a lot of Senator Campbell’s comments about the situation in the US, the standards set in the US have a greater degree of independence and transparency than the process this government has put in place.

I am disappointed that Senator Campbell sought to imply that one officer in ASIC is out of touch with the market. I would have thought that ASIC is very much in touch with the market on a regular basis. It is very disappointing to see him personalise the debate to one individual within ASIC. In terms of the question of the vote of five to four on the board, one thing that concerned me and drew my interest to this issue was that one individual on the board making this decision was actively involved in representing a business interest in a reconstruction as they were sitting on the board proposing to change the standard.

There is a question of too much business influence being involved in setting the standards. I am not sure how that can be addressed. There are not that many accounting firms in this country. At some stage, everybody will represent an interest. But when you are directly involved with a company that is pushing to have one of its clients take economic advantage out of a change in the standard and you are then on the board which makes the decisions about changing the standard, I would have thought at least the appropriate thing to do when you are that directly involved is to abstain. But an abstention would not have got the change up. So it is disappointing that we are still yet to come to terms with how we are going to balance the business interests and the market integrity interests. I know it is an issue that I raised before. Senator Murray also takes it very seriously. It is disappointing that the government is yet to accept that that conflict exists and that there is a need to address it.

I congratulate Senator Murray. There is a potential solution to this that can keep all sides of this debate happy. Professor Leo has suggested a way that would ease a lot of the fears of the people who have been opposing this change. Professor Leo has made, in my view, a sensible contribution which, hopefully, if this issue is revisited, the board will look at. Perhaps they will change the way they want to address this problem.

Senator Campbell is suggesting that this problem needs addressing. All that I, the Democrats and other parties in this chamber are saying is that this is the wrong way to address that problem. There is an alternative suggestion. I hope that when this issue is revisited all the arguments about how to address this problem are looked at, not just revisited in this way. I will close there because I do not want to take any more time of the Senate. I thank senators for their contributions. Hopefully, when we revisit this matter, it will be done in a different way.

Question resolved in the affirmative.

COMMITTEES

Environment, Communications, Information Technology and the Arts References Committee

Reference

Senator MARK BISHOP (Western Australia) (11.04 a.m.)—I seek leave to move amended business of the Senate notice of motion No. 3 standing in my name. The amendment makes clear that the report date for paragraphs (a) and (b) is the interim re-
port date of 3 April. The third paragraph deals with the report date of 30 October.

Senator Alston—I do not have an amendment in those terms.

The ACTING DEPUTY PRESIDENT (Senator McKiernan)—There is no amendment before the Chair at this time that I can see. Do you have a copy of the motion in amended form? I have Senator Bourne’s amendment.

Senator MARK BISHOP—I have a copy of the amended motion provided by the Clerk.

Senator Bourne—if Senator Bishop moves it by leave, I am sure it is something that the whole chamber would agree with. All it does is make sure that parts (a) and (b), which look into any online deals, finish by 3 April. Part (c), which is more extensive, will finish by 30 October. We all agree that that is the overall intent of the whole thing. If he could move it by leave, I do not think it would cause anybody a problem.

The ACTING DEPUTY PRESIDENT—Is leave granted for that course of action?

Senator Alston—Yes. I presume that we will get written confirmation.

The ACTING DEPUTY PRESIDENT—Leave is granted for you to move the motion in amended form. We will look forward to receiving the printed copy of the amended motion.

Senator MARK BISHOP—I move:

That the following matters be referred to the Environment, Communications, Information Technology and the Arts References Committee for inquiry and interim report on the matters specified in paragraphs (a) and (b) by 3 April 2000 and final report on the matters specified in paragraph (c) by 30 October 2000:

(a) any existing commercial arrangements for the production, supply or distribution of Australian Broadcasting Corporation (ABC) material online, including, but not limited to, mechanisms for ensuring ABC editorial control and independence;

(b) any proposed commercial arrangements for the production, supply or distribution of ABC material online, including, but not limited to, mechanisms for ensuring ABC editorial control and independence; and

(c) any additions required by way of amendment to the Australian Broadcasting Corporation Act 1983 or the ABC’s charter to ensure the scope and effectiveness of the operation of the Act and the charter in the new online delivery environment.

The motion before the chair seeks to refer certain matters to the Senate Environment, Communications, Information Technology and the Arts References Committee. Those matters are contained in the three paragraphs of the motion: firstly, in the existing commercial arrangements for the production, supply and distribution of ABC material online, including mechanisms for ensuring ABC editorial control and independence; secondly, any proposed commercial arrangements with the same caveat; and, finally, any additions by way of amendment to the ABC Act and the ABC charter to ensure the scope and effectiveness of the act and the charter in the new online delivery environment. As the amendments make clear, the report date for the matters in the first two paragraphs is by 3 April; the report date for the matter in the final paragraph is by 30 October this year.

The opposition have been making a number of points in this debate concerning the future of ABC Online services since about early February. We see no reason at this stage to depart from those arguments as they go to the heart of the motion before the chair. Firstly, the ABC has entered into a series of commercial arrangements with a large number of providers of online content. At least 10 companies are involved in those commercial arrangements. Telstra is admittedly the last but the highest profile user of content under discussion. As we all know, since coming to office this government has been relentless in its attacks on the ABC. It has slashed, and continues to slash, funding to the ABC whilst at the same time the ABC has had to live with three new realities: firstly, the technological convergence and need for creation of both new delivery systems and new or additional content; secondly, the coming reality of digital TV and new markets opened by that development; and, thirdly, the increasing value placed on content by the market.

These new realities can be understood only through the prism of lack of ABC funding certainty. This lack of ABC funding certainty
is a deliberate decision of the current government. In short, the only reason the new commercial realities are on the table for review is that these new commercial realities may well threaten the independence of our national broadcaster. Indeed, the Melbourne Age ran a story today on this exact point. The equitycafe.com.au link site carries a list of ABC business stories which it has bought in a legitimate commercial deal. Around the page is a series of advertisements for magazines, travel and banks. Last week at estimates we were repeatedly told by the ABC management, in respect of non-exclusive content, that there was not, and there was not anticipated to be, any advertising—no advertising at all. It would be complete ABC editorial control and independence.

The facts, as relayed by the Melbourne Age, show this to be different. Advertising is allowed—not around content but around the indexes on the link page which tell you where to go. That strikes me as a very fine distinction. It goes to the heart of the issue under discussion and the heart of the concerns repeated by the opposition. Is advertising allowed around ABC supplied content? We thought the answer was no. Mr Johns has repeatedly told us that the answer is no. Various officers of the ABC at estimates told us no. Telstra, through its officers, told us no. But apparently advertising is now allowed in certain areas, in certain sectors and by certain providers. I think it is fair to say that, at best, we have a halfway house. In certain circumstances, perhaps in limited circumstances, advertising is authorised and permitted.

The second point we have been making, and we wish to restate, is that the great danger of the proposed arrangement with Telstra, and possibly others, is that the commercialisation compromises the independent news gathering process of our national broadcaster. The great strengths of the ABC are its continent-wide coverage, a series of delivery systems, journalists and news people all around the country and a charter which has given it independence prescribed by law. These aspects, separately and aggregated, create value in the ABC. The independence of the ABC is its strength. Telstra and others seek to purchase product because of that value. That process they undergo has the potential to perhaps harm the source of that strength, that source of value. Indeed, the draft of the Telstra ABC contract arguably makes it clear this very independence is at risk.

Clause 4 of that draft contract deals with content to be licensed by the ABC to Telstra on a non-exclusive basis—nothing remarkable about that proposition, you would think, and not the subject of great discussion to date. But clause 4L of the draft agreement—and I state again it is a draft agreement; it is not yet signed off, so it is only a working document—says:

Subject to clauses 4A, 4B, 4C, 4D, 5G, 5H, 5O, 5K, 5L—
et cetera, and these are the important words—
Telstra will have absolute discretion over the use of ABC content and over how it places ABC content on its services.
I will say that again:
Telstra will have absolute discretion over the use of ABC content and over how it places ABC content on its services.

That is deliberately wide drafting. It arguably permits advertising because it allows Telstra ‘absolute discretion ... over how it places content’. We already have fine distinctions of advertising apparently not allowed on the page but allowed to be around the index that tells you where to look up particular articles.

In this contract, I am advised, there is no provision for mediation or arbitration of the disputed clauses. Telstra, it is agreed between the two parties, has absolute discretion, and it is clearly arguable that Telstra has the right to place advertising. We have had a similar mess-up—last week, I think it was reported—with Cable and Wireless Optus, where it was disclosed that Cable and Wireless are providing filtered content. That is, again, contrary to their undertakings, as I understand it, with the ABC, contrary to the commitments given to the opposition senators at last week’s estimates and contrary to repeated comments made by Senator Alston on behalf of the government. It might be arguable that this is a result of misunderstanding or unclear interpretation or perhaps the actions of junior staff members or junior offi-
cial. But what it does make clear is that, in both the proposed contract with Telstra and the business with Cable and Wireless Optus, there is a difference of opinion between the negotiators of the various corporations, there is a different understanding by a range of the stakeholders and absolute guarantees that have been offered by the government and by the various senior executives of the ABC may not be as reliable as we have all hoped.

The third point I wish to make is that the Senate estimates process began the process of fleshing out the detail of the proposed contract. It established a number of points: that there was a non-exclusive content provision in the deal; that there were exclusive co-production agreements; that there were specific fees for the deal; that there is a large number of similar, if not identical, deals; that there was potential for advertising—not the actuality but the potential for advertising. There are apparent breaches of those rules already, and the attitude of the ABC board to new revenue streams was also interesting. The opposition believes that process has not yet been exhausted. A couple of hours of Senate estimates to deal with this one issue, amongst others, with two major corporations was insufficient time. We need a full and detailed examination, and that process, we believe, should be open and transparent. As I said before, paragraphs (a) and (b) go to the existing or proposed commercial arrangements for the production, supply and distribution of ABC material online and mechanisms for ensuring ABC editorial control and independence. Last week we were told it was not an issue, not a problem. We heard that from both the ABC and Telstra. Similar commitments were given with respect to advertising. Indeed, the *Age* article stated:

A spokesman for the ABC said yesterday: “There is no advertising allowed around any content.” But Ms Julianne Schultz, the ABC’s corporate strategy manager, said last night the corporation allowed advertising around indexes. She admitted the ABC may have to review how much information is allowed on an “index” site.

So what was an absolute guarantee is now somewhat refined or diminished. Paragraph (c) is intended to be narrow, not wide. It is focused and not spread all over the place. The opposition is not seeking a full and wide-ranging inquiry into the act or the ABC charter. Paragraph (c) recognises the new online delivery environment as a fact of life and it asks whether the act needs to be reviewed in that limited light. So paragraph (c) is subject to the last few words in that paragraph itself: ‘in the new online delivery environment’.

But we know online delivery is topical. We know that e-commerce is emerging all over the place. We know that Internet gambling is a fact of life. And we know, from extensive debates last year on another matter, that the distribution of illegal or salacious material over the Internet is a fact of life. All of these issues—e-commerce, Internet gambling, online delivery of product, new revenue streams—pose new challenges, and they sometimes pose different questions for policy makers. This, of course, is recognised in principle by the government. Last year they urgently brought forward extensive debate on the Broadcasting Services Amendment Bill, concerning the regulation of illegal or improper material and its distribution online. The government has cooperated with an inquiry before the Senate Select Committee on Information Technologies into Internet gambling, which had its final hearings yesterday, and a report is anticipated to come down in some four or five weeks.

The Productivity Commission in its recent report on gambling around Australia recognised this issue of Internet gambling. It has delivered one or two chapters on Internet gambling and made a series of recommendations. The government has responded to one of those recommendations of the Productivity Commission on Internet gambling by setting up a ministerial council, and its first task is to look at some of the technical aspects and technical issues deriving from online gambling. We all know that there is a need for consumer protections and guarantees for e-commerce, and the government has been actively involved in that debate. So the issue in paragraph (c) as to a limited terms of reference inquiry into the ABC charter and act in the new online environment, going to its scope and effectiveness, is really quite unremarkable, and is consistent with a range of
committee and legislative developments in this place over the last two or three years. It is also entirely consistent with the government’s own actions and activities in a range of areas.

We do note that apparent division continues to be a fact of life within the ABC board. Some board members, we are told, want to sell online services. Others want to garnishee additional revenue from distribution of extra product. The government last week refused to guarantee the funding of ABC Online services. Other stakeholders want separate revenue streams independent of government. Other stakeholders want no change to the operation of the ABC, notwithstanding the huge degree of change and convergence which leads to different forms of opportunity.

Mr Johns gave an impassioned defence of the entire deal but Friends of the ABC, through their public statements in New South Wales, have indicated a different attitude to the proposals enunciated by Mr Johns. However, the ABC content deal with Telstra does raise unresolved issues of advertising revenue streams, the nature of the commercial agreements and understandings by both parties to those agreements, the apparent breaches and confusion by content purchasers, and the effectiveness of the ABC in the new online environment.

In closing, I will make the final point that there is also a precedent for the types of amendments that could emerge from the inquiry outlined in paragraph (c) of the terms of reference. The BBC act has been amended by the British parliament to take account of the new reality of the online world. This is going to be an issue in a whole range of jurisdictions. In our view, it is nothing particularly remarkable and is a routine process of the Senate and government. In summary, we believe the ABC was forced to enter into commercial arrangements because of the slashing of government funds over the last three or four years. The great danger of commercial agreements with Telstra is that they have the capacity to compromise the independent news gathering process of the ABC, and we believe the whole process should be examined by the public through an open inquiry. It is not our intention to delay the interim inquiry into commercial arrangements. We hope it can report by 3 April. The broader issue of ABC activity in the online world has until 30 October. But, again, I state for the record that it is not our intention to have a wide-ranging inquiry. Accordingly, I commend the motion, as amended, to the chamber.

**Senator Alston**—Mr Acting Deputy President, on a point of clarification: could I invite Senator Bishop to indicate why it is that Mr Smith on a number of occasions has said that this matter was to be referred to the Senate standing committee on—

**The ACTING DEPUTY PRESIDENT (Senator McKiernan)**—Order! That is not a point of clarification.

**Senator Alston**—It is. I am coming to the form of this notice of motion, which is to refer the matter to a references committee, and I want to know why there has been this change. There was no explanation given in the course of Senator Bishop’s 20-minute contribution, and it is very important for the Senate to understand.

**The ACTING DEPUTY PRESIDENT**—Minister, please resume your seat. I gave you permission to rise on a point of clarification. A point of clarification is not a debating point. There is time for you to debate the matter, and you can get your clarification during the debate.

**Senator BOURNE** (New South Wales) (11.25 a.m.)—The Democrats have to agree with the ALP. As far as we can see, most of the problems that the ABC is currently experiencing—and there are an awful lot of them—stem from the lack of adequate funding. I do not think anybody doubts that there is a lack of adequate funding of the ABC. We could go over Mr Mansfield’s report again, where even he thought that $500 million was the minimum that you needed to run a national radio and television broadcast service. And, of course, when you take the orchestras out, they do not have that much.

One part of the funding that worries me very considerably at the moment is the proper funding of the ABC to go to the digital environment. That is a really huge problem. I suspect it is still a huge problem within the
cabinet—whether it is going to be funded at all. I think it has been a huge problem all along. I could be completely wrong. I hope to goodness I am and the minister will get up and tell me that the ABC will be fully funded to go to digital in the next budget and more, which would be excellent. Bring them back up to $500 million while we are at it! But I fear that will not be the case.

As far as this motion goes, the ABC-Telstra agreement has been examined in estimates. We are supporting parts (a) and (b) of the terms of reference of the inquiry. The essential difference between this inquiry and estimates is that external comment is not allowed in estimates. It is between members of parliament and the department—or the minister, really, helped by the department. We think there will be a lot of interest from the public in putting submissions and giving evidence, and that facilitates public discussion.

After all, over the past five years ABC Online has grown into a really strong, a really innovative and a really wonderful part of the ABC. It is one of the best ways, especially in the current environment, of getting out information and allowing people to have a look as they wish at information that the ABC news and current affairs—and the other branches of the ABC—can give them. I use it all the time. I understand it has the second highest hit rate of any Australian Internet site. Probably half of those hits come from my office during the day when we log on to abc.net.au to find out what is going on in Australia and the wider world outside this building.

I know the aim of the third part of the inquiry, as Senator Bishop has put it up, is to explore ways to formally acknowledge both the evolution of ABC Online and that ABC Online is an integral part of the ABC. That is a fairly sensible thing to do. It is going to happen anyway when the digital legislation comes up. The whole issue of the way we see, hear and get our news is changing, and it is changing very rapidly. Within about 10 years, the way we all look at news will be very different from the way it is now.

I wish to amend paragraph (c) of Senator Bishop’s motion. I have circulated a proposed substitution for that paragraph. I move:

Omit paragraph (c), substitute:

(c) any extension to legislation which could be considered to ensure that the ABC is able to effectively provide an independent, innovative and comprehensive service in the online delivery environment.

I have taken bits of my amendment out of the charter on innovation and comprehensive service, and it reflects the fact that the ABC is, of course, independent. The reason that I prefer this paragraph to the ALP’s is that I have a fear and the people whom I respect in the ABC also have a fear—and who can blame them—that the ABC’s charter could be opened up. I know that is not Senator Bishop’s intent, but I fear that, if it is in the terms of reference of the inquiry, the ABC’s charter could be opened up and made far broader than any additions required because of Online. I think the ABC is going to have to face getting its online delivery service into the act some time, and I think it is going to have to face that sooner rather than later. The ABC itself, I understand, has a legal opinion that there is no problem with it creating Online, using Online and developing Online, as it is now. That is fine but I think, as things change, it would be more sensible for the ABC to have a strong integral part of its act that says that it has both a right and a duty to deliver information in a comprehensive, innovative and independent way—as it does now and as it has done for more than, I think, 60 years—to the Australian public.

The ABC has the right and the duty to do that under its act. I would rather see that spelt out because I think things are changing at such a rate that that is going to become inevitable. Before it becomes inevitable, having what I hope would be a sensitive and sensible look at where we should be going, on this at any rate, in the near future—and I hope into the distant future as well—would be of no harm to the ABC. I think, if that is done properly—and I certainly hope that it would be done properly—it would be of assistance to the ABC. I have moved my amendment because, as I said, I would prefer that the charter was not mentioned. I have not even mentioned the name of the act, but I guess that would be the chief legislation we would be looking at. There are other bits of legislation that may be of interest there.
This is a difficult one because there are people within the ABC, as I said, whom I respect and like, and I think their views are usually—almost always—very sensible views. I can understand the feeling of not wishing to have the charter gone through and beaten about with big heavy bludgeons, which is something that appears to us to be happening, by some people within the board anyway. We think the charter as it stands is very good and that the act as it stands is very good; we just think that there may be some amendment that may be looked at which would make Online an integral part of the ABC, even in legislation. I know it can be picked up in general under the ABC Act, but I think that, if it were specified, that would make the case stronger to maintain Online—not to be able to sell off Online. That would be an absolutely appalling idea. It really is a very integral part now of the ABC, and I think making it integral as part of the legislation would be a very sensible move to ensure that it cannot be sold off without major ructions going on inside the parliament. I think it has to be maintained because it is the way of the future. It is the way in which we are going and it is what is going to happen. In five or 10 years, at least inside the cities, we will probably end up with fibre optic cable, or a better technology that we do not even know about yet, inside our homes and we will be able to both download a lot of information and have a channel to send back information.

The ABC ought to be an integral part of that. They ought to be on top of that, as they are now. This is one of the best sites in Australia. I want to maintain the fact that this is one of the best sites in Australia and make sure that it is able to grow. The best way to do that, of course, would be to give them extra funding, and that is what should be being done. The government should be doing that. It has a duty to fund the ABC to carry out their charter and to digitise. I am sure that the minister is aware of that, but I am not quite so sure that others in the cabinet are just as aware of that. Perhaps they all ought to be sent the act so that they can have a read and realise what their duty is in relation to this. However, we support paragraphs (a) and (b) because, as I said, we would like to see external comment on this. I think there are a lot of people out there in the general public—they have certainly got in touch with me—who feel that they would like to have their say. I think that would be of interest, but not necessarily to tell the board what to do because it is, after all, up to the board. I know that there is agreement across the chamber that it is up to the board to decide how to go about this, but I think the board should have the information that the general public can provide as it makes those deliberations. These deliberations will, of course, take a couple more months—particularly if it reports by 3 April, which I think is entirely possible with that committee. I have been told that that is possible.

In terms of paragraph (c), as I said, I would prefer that the charter and the act itself were not named. We have a similar sort of intent with my proposed amended paragraph (c) and I would hope that that could be agreed to. Let me finish by saying, again, that the problems of the ABC are such that the ABC needs to be properly funded to go into the digital environment—and we all know how much they need because Arthur Andersen did an independent review and told us that the ABC were right and, remarkably, the amount that Arthur Andersen suggested for the digitisation of a national rural and metropolitan ABC is less than the commercial television stations tell us they need just for their metropolitan operations. I cannot see that the ABC could go down a cent from what Arthur Andersen says is the minimum that they need. I hope to goodness that the cabinet understands that. I know the minister does, and I hope that he can convince his colleagues of this point of view. If he would like me to send the Arthur Andersen report, with the relevant bits highlighted, to his cabinet colleagues I would be more than willing to do that—and perhaps the charter as well, which they might like to read.

In finishing, let me say that, when you come down to it, I think funding is at the basis of all of the ABC’s problems. If it were properly funded, there probably would not even be consideration of a lot of this, but there may be. There may be consideration of it purely to get information out without needing to get the money in, in response. We
will be supporting paragraphs (a) and (b) but we would rather see our paragraph (c). I will be voting for our paragraph (c) and not for the opposition’s paragraph (c).

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (11.38 a.m.)—There are a number of furphies in this debate. The first is that somehow some years ago we singled the ABC out for some special treatment when we had to try to make changes to repair the $10 billion budget black hole that we had inherited from the Labor Party. But we did that virtually across the board in the public sector. So the ABC certainly was not singled out. We gave very extensive notice. We waited until the end of the existing triennial funding agreement and we foreshadowed that in the next agreement there would be a $55 million reduction in funding for the ABC.

The ABC has since on a number of occasions made it plain that ‘One ABC’ has been a great management restructuring success. One ABC effectively meant that, instead of having separate management streams for radio and television, you combined the two; you adopted modern management practices; you introduced a flatter management structure. As a result, they say that they have achieved a $28 million saving. In other words, more than half of that amount of $55 million has been met by management restructuring which the ABC itself says has been a very significant achievement in terms of greater productivity and performance. There is absolutely nothing that current discussions have to do with somehow redressing that funding imbalance.

The fact is that the ABC has been able to develop its online site—with our support from the very outset—very effectively. For Senator Bourne’s information, it is rating about No. 5 in the list of the most popular web sites. It has about three million hits a week. It is clearly an ongoing source of great interest. The real challenge is whether the ABC, particularly news and current affairs, remains relevant in the digital environment. That is the challenge. Do you want to consign the ABC to a backwater; do you want to just have it adhere to its traditional practices; or do you really want it to get a slice of the action?

Senator Lundy—You cut their funding.

Senator ALSTON—I am just making the point that ABC Online has emerged as a very successful venture.

Senator Lundy—You never funded it. It is no thanks to you.

Senator ALSTON—They have done it—that is the point—with the existing level of funding. Back in the 1980s when you were keeping the lid on them, David Hill was off there and coming up with a whole set of new ventures. They have always been able to find new opportunities, and I commend them for it. This has been one of the most successful.

Another great furphy, which I presume is being peddled out of ignorance rather than malice, is that there are some board members who want to sell off online services. I am not aware of any such suggestion. I am aware that one board member proposed selling off a minority stake in ABC Online. That is exactly what Telstra was talking about doing last week; it is exactly what PBL have done with ecorp; it is exactly what Murdoch is talking about doing with a minority spin-off of his satellite services. In other words, this is conventional corporate structuring in the online environment. But the ABC seems to be utterly oblivious to that. You tell us that, because we have 50.1 per cent of Telstra, we have absolute control, we can run the show and we ought to tell Telstra what to do, et cetera. But, somehow, if the ABC were in absolute majority control of the online web site, you would argue that that is a compromise or that they lose control. The logic escapes me.

I am very interested to hear that Senator Bishop now says the opposition is not seeking a full and wide-ranging inquiry into the act or charter. That is a breathtaking climb down from where Mr Smith has been in recent times. This is what Mr Smith wanted on 14 February—that is just this last Monday:

... Labor will recommend that the terms of reference for such an inquiry examine the reach and relevance of the Australian Broadcasting Corporation Act 1983 and the ABC Charter for the future, given the emergence of new technologies ...
He also said only yesterday that he wanted an ‘inquiry into anything that the national broadcaster does or proposes to do’. Talk about death by a thousand cuts. He wanted to veto this original Telstra-ABC deal. He said, ‘It was red hot. Frankly, they ought to stop it.’ I do not know why he kept using the word ‘frankly’. I presume it is because normally he is not frank and this was to be the great exception. But there he was saying that this ought to be vetoed and then he wants to have a rolling series of reviews. So I suppose over the next nine months any deal that the ABC comes up with has to be gone over with a fine toothcomb by people in the Senate who think that there is a bit of grandstanding mileage to be made.

This is an environment in which people have to be very fast and very flexible. If you have been to Silicon Valley, as Senator Lundy has, you will know that deals are done in 24 hours. Deals are done on the run. But for the ABC it is different because they have statutory obligations; they have a charter that guarantees independence; and they have someone who has consistently over many years been a fierce proponent of that, Mr Johns, now giving assurances that they will at all times adhere to those obligations. No-one has suggested they will not. All that has happened is that the Labor Party wants to ignore the fact that written into that agreement is a very clear clause that says that Telstra acknowledges the independence and integrity of the ABC. Of course, that is only right and proper. In fact, it is required by law.

So coproductions ought not be anything new to be worried about. But somehow the ALP seems to think this is yet another example of commercialisation that is unacceptable.

The ABC does get involved in a number of commercial activities. The bookshops are all about commercialisation. All of the promotions that are given on the ABC about buying products from the ABC are commercial examples. The critical issue is whether or not the ABC will be compromised in its news gathering activities, whether it will be leant on to give a different priority to news stories. It is not. Dr Julianne Schultz has made this very clear. To the extent that there is a capacity for Telstra to offer advice and be properly listened to in terms of mix and variety, it is in relation to genres; it is not in relation to news and current affairs. There is no way that the ABC for a moment would allow any tampering or modifying of its news selection processes—and, of course, as it is a party to any ultimate contract arrangement, it will have the capacity to enforce that contract to require that there be no interference with any presentation of news and current affairs.

So, again, this is a complete furphy. What this is about is non-news and non-current affairs. In other words, you have a choice of genres. The ABC thinks comedy is terrific, so it serves that up. The punters do not like it when visiting the Telstra super site, they turn off in droves and Telstra says, ‘Well, hang on, surely you can do a bit better than that. Why don’t you come up with a different comedy format; why don’t you come up with something in a different space altogether?’ It might be educational programs, it might be environment or Discovery documentaries. That is a perfectly sensible response to commercial realities. But, as far as news and current affairs are concerned, that is entirely different.

Again, we are talking here about organisations, like Telstra and other portals, offering people a range of choices. So you go to the home page, you want news and you see that you have a selection on a menu. You can have NBC, American ABC, CNN, Channel 9 Australia or ABC Online news. That is a matter of choice. No-one is forcing you to go there. It is not as though you are deliberately turning on Channel 2 and sitting there and
saying, ‘Isn’t this terrific? No ads. That’s my choice, I’m watching it.’ Here you have a choice, a smorgasbord of choices. How does it compromise the ABC if people want to go and visit the ABC web site? In other words, if they go from the link on the Telstra home page through to ABC news, which is completely unamended, they get the ABC’s presentation—their suite of offerings in news and current affairs. That is what they want, and that is what they get. Telstra understands—and is prepared to pay something in the order of $65 million over a five-year period—that the ABC has a unique brand that relies on independence, integrity and lack of advertising. That is the very sort of reason why people might want to go to that web site.

But is anyone seriously suggesting that, because you go to a portal and it has a banner ad at the top or a strip of ads on the side, somehow that is compromising the integrity of the ABC, that that would make people say, ‘Oh, I don’t want to drill down to the ABC news site because I saw a horrible, filthy, disgusting advertisement for Kids-R-Us on the side of that web site’? It is a preposterous suggestion. It is simply pandering to the lowest common denominator argument out there that somehow, if the ABC has anything to do with commercial activities, it will be compromised. Of course it will not be. The choice is whether the ABC will have the opportunity to compete with other news gathering enterprises or whether it will be consigned to oblivion, whether it is going to have to rely on people going directly to its web site. As we know, portals are gathering speed and momentum all the time. Yahoo and AOL are two of the best examples. Why do you think the ABC has signed up with them? Why do you think they have had these commercial agreements over the last 12 to 18 months? Because they want a slice of the action. They want to see the ABC news presentation available to as many people as possible on traditional terms; in other words, with no ads inside that site.

So you can grandstand as much as you like, but it is quite clear that the ALP is simply involved in a massive trawling exercise which is designed to paralyse the ABC, to marginalise it and to consign it to irrelevance. The best example of this and why, no doubt, I was not able to ask the question in its entirety—but I am sure that Senator Bishop will deal with it adequately in his reply—is that Mr Smith was out there for days saying that he wanted this to go to the IT select committee. That is a place where I can well understand he would want to send it because it is all about the digital environment, new technologies, new media enterprises and the like. But no, what happened is that, having said that repeatedly, he discovered that that was not the committee with the numbers that he wanted. So, all of a sudden, this goes to a references committee where the government does not have the numbers. So it simply exposes the nakedness of this whole exercise. This is entirely political grandstanding; it has nothing to do with concern about these two activities.

Mr Smith talks about reviewing the charter, reviewing the act—reviewing everything that moves with the name ABC attached to it. Mansfield came out and recommended that we amend the charter to give greater protection in terms of regional activities, news and current affairs and children’s television. No, the ALP would not have a bar of it. It does not want any of that to be tampered with. Now, for no apparent reason, because the ALP has not been able to point to any deficiency in the act, it wants to have this massive trawling exercise. I must say that I thought it was really a world first when the ABC put out a release accusing the ALP opposition of intruding on ABC independence, making it clear that almost everything that had been said to date by the ALP was wrong:

In the midst of Mr Smith’s selective quoting of a leaked working document, he fails to point out that the ABC would retain complete editorial control over every aspect of content in the arrangement with Telstra. Why did Mr Smith not want to mention it? Because it did not suit his purposes. He wanted to pretend that somehow this was almost a done deal when it is actually an early version draft of a memorandum of understanding which is likely to provide the basis for a future contract arrangement. In other words, it is miles away from a completed deal. No, he does not want to mention
the subservience of Telstra to the ABC in terms of editorial control or, indeed, all of the statutory protections that are built in. He said that he found it ironic that the federal opposition and others, in the name of protecting the independence and integrity of the ABC, are intruding on that very independence by seeking a parliamentary inquiry—an inquiry, incidentally, which would follow last week’s intensive examination of the proposed agreement by Senate estimates.

It was not just questioning of the ABC. The first hour and a half was spent questioning Telstra. That is what led Mr Smith to go out and do a quick door stop to express shock, horror and outrage. Mr Smith has attacked proposed coproductions of online material with Telstra. He ignores the fact that not only will the ABC have total control over the content but that content will also be available for the ABC to use as it sees fit on its own web site. Claims that coproduction contents will be exclusively available to Telstra are totally false. It is perplexing Mr Smith objects so strongly to the coproduction principle.

What I really thinks sticks in Mr Johns’ craw is that there seems to be a blinding ignorance of not only existing arrangements but also the online opportunities that will simply bypass the ABC if it is not allowed to get on with it. It acknowledges up-front—and we would expect no less—that it has statutory and charter obligations. I have no reason at all to think that the board will not be entirely conscious of those matters and that it will adhere to them both in the spirit and letter.

So what is it that we are told is deficient in current legislation that requires amendment? The answer is: ‘We do not know. We would like to have a long, drawn out nine-month inquiry to see whether we can come up with something that we might be able to impose on the ABC.’ All this nonsense about, ‘Oh well, we now just want a little inquiry, thank you very much, done deal, let’s move on. That is the way this world operates. That is what the ABC quite rightly wants to get into. It understands the opportunities in new media. It has been very successful to date with its own web site. It has not been hampered in any shape or form by a lack of government funding. Yet now it is being told that it has to await the pleasure of a stacked Senate committee that is going to tell it what to do on a regular basis. It is going to reserve its right to disagree with everything that the board might do, everything that people negotiating might do.

What an absolute nightmare for anyone who is trying to act commercially to be told, ‘You are subject to scrutiny at every stage of the process.’ You cannot possibly enter into commercial agreements. People will run a mile. They will just say, ‘We cannot be bothered. We will sign up with CNN and a range of other news providers. We will leave the ABC out of it.’ Is that what you really want to happen? Because that is exactly what will happen if this committee proceeds down the path that is proposed.

If it comes to a choice between Senator Bourne’s amendment in relation to (c) and
the ALP’s, I will support the Democrats’. Beyond that, we will oppose the entire proposition because it is totally unnecessary. It is putting the ABC in handcuffs. That may suit your political purposes. It does not suit the ABC. It is not something we support. I think the sooner you stop playing politics the better.

Senator MARK BISHOP (Western Australia) (11.57 a.m.)—I will briefly respond to the issues raised by the various participants in this debate. I will deal with which committee is appropriate, as raised by Senator Alston. It is appropriate for this matter to go to the Senate Environment, Communications, Information Technology and Arts References Committee for a range of reasons. Firstly, it is that committee and most of the members who are involved in the ongoing review of communication matters—whether it be digital TV or a range of other issues that have come up. It is those members who participate in the legislation committee who address the same sorts of issues relating to the ABC. The committee has developed the expertise, knowledge or some experience in a range of communications matters.

The committee being discussed is after all the communications committee. The IT committee deals with a range of matters relating to information technology—a subset of which relates to communication matters. The broad references committee of the Senate is the instant committee and that is the only reason that the opposition is interested in referring this matter to that references committee. That committee has been established to receive these sorts of references to review.

In terms of the amendment proposed by Senator Bourne on behalf of the Democrats, the opposition has listened closely to her comments. As I compare the drafting in the Democrat amendment and our paragraph (c), they appear to me to be on broadly similar ground. We mention the ABC Act and the corporation’s charter. The Democrats arrive at that by a different route—that is, they choose to extract particular words from the act in terms of their drafting. They appear to be on similar ground. We are concerned that the reference not be broad and wide ranging, as I indicated earlier and acknowledged by Senator Alston. That is why it is in the context of the new online delivery environment. We would prefer to retain our paragraph (c) and, hence, we will vote for that. If that is defeated, as appears likely as indicated by the government’s advice via Senator Alston, we can live with that.

The issue addressed right through Senator Alston’s comments was one of choice—the type of content you received, where you chose to access that content and the type of material delivered at a particular site or a particular portal. Senator Alston is correct to identify that issue. It is the issue that is under discussion because it does go to the matters under review and to the independence of the ABC. I would have had some sympathy for the proposition put a few moments ago by Senator Alston if he had put that proposition a week ago at estimates, because the various officers of both the ABC and Telstra gave the hardest, most rock solid undertakings and commitments in terms of respect of the ABC charter and its right to independence that anyone could possibly have asked for. Our problem is that, when it leaves the rarefied estimates atmosphere and it goes to implementation by a content receiver—Telstra or any of the other half a dozen or 10 that have been identified—and becomes the responsibility of various officers of ABC or the commercial enterprise they are dealing with, we have already had in the last week two instances of breach.

We do not say that they were deliberate breaches, that they were breaches motivated by malevolence. They may well have been incidental or accidental or misunderstandings of the commercial relationship. But in the case of Cable and Wireless Optus, the product received was filtered—it was different. We do not say it was censored. We do not say there was any particular evil intent, but it was different, it was filtered. It was different to that which had been supplied by the ABC. That is breach No. 1. Breach No. 2 is referred to by the article I referred to in the Age at length where what was an absolute commitment to no advertising has now become ‘advertising around the index is okay’. It is a bit like the bucket: it is either half full or half empty. It does matter. Either you have adver-
tising, either you have alternate revenue streams, either they are the dominant factor in the funding of an independent corporation—or they are not. You cannot have it both ways.

Perhaps the Australian community, perhaps the Friends of the ABC, perhaps the opposition, perhaps the Democrats are content to have the ABC made into a near replica of all the commercial networks. Maybe we have changed our minds. But, if that is the case, let the public be informed. Let the public have their point of view. My own view is that we value independence. We value it being different. As Senator Alston indicated, we do value choice. We want real choice. We do not want eight versions of the same product under a different heading or in different colours being the only choice that is there. So, as I said at the outset, Senator Alston is correct to identify choice as a critical issue, but the opposition says that that is not the end of the matter. If choice is important, the product delivered by the ABC cannot be impugned, it cannot be attacked, it cannot be made less than that which is provided; and that occurs through adequate government funding, not slashing the budget by $55 million or $67 million or $80 million over a three- to five-year period. It is time to have that debate.

So we say that the reference is limited in scope. The commercial arrangements relate to the matters referred to at Senate estimates last week in the context of the online environment and ABC editorial control and independence. The committee can report by 3 April and there is no reason why it should not. In terms of the lengthy issue in paragraph (c), we have already identified our comments.

I suppose the final point I want to make is that Senator Alston made a lengthy song and dance for about five minutes about the urgency to conclude negotiations, that when you go to Silicon Valley you hop on the bus, you engage in negotiations for 24 hours and the deal is put on the table. There is a bit of hyperbole and exaggeration in that. As Senator Alston knows, this process was commenced by the ABC board 18 months ago. The first resolution went to the ABC board in February last year. In-principle agreement was given to negotiate. Negotiations did not commence until August and they went right through to December. We are only part way through the negotiations now. This is what Senator Alston described as a part-way process terms of agreement—nothing higher. So the fact that it might be done in 24 hours in parts of the United States is quite contrary to the facts in this case, where the negotiation process has taken almost 18 months to date. Another five or six weeks for the matter to be examined in passing by a Senate inquiry does not interfere with that.

I confirm that the ALP will stick with its motion, as amended. We prefer our paragraph (c), and we will oppose the Democrat amendment.

The ACTING DEPUTY PRESIDENT (Senator Watson)—The question is that the amendment moved by Senator Bourne on behalf of the Australian Democrats to Senator Bishop’s amended motion be agreed to.

Question resolved in the affirmative.

Question put:

That the motion (Senator Bishop’s), as amended, be agreed to.

The Senate divided. [12.11 p.m.]

(The Acting Deputy President—Senator J.O.W. Watson)

Ayes…………. 35
Noes…………. 31
Majority……… 4

AYES

Allison, L.
Bishop, M.
Bourne, V. W.
Campbell, G.
Collins, J. M. A.
Cook, P. F. S.
Crossin, P. M.
Denman, K. J.
Faulkner, J. P.
Gibbs, B.
Hogg, J.
Lees, M. H.
Lundy, K.
McLucas, J.
Murray, A.
Ridgeway, A.
Sherry, N.
West, S. M.

Bartkus, N.
Brown, B.
Carr, K.
Conroy, S. M.
Cooney, B.
Crowley, R. A.
Evans, C. V.
Forshaw,
Greig, B.
Hutchins, S. P.
Ludwig, J.
Mackay, S.
Murphy, S. M.
O’Brien, K *
Schacht, C.
Stott Despoja, N.
Second Reading

That the bill be read a second time.

Senator ELLISON (Western Australia—Special Minister of State) (12.15 p.m.)—One aspect which concerned Senator Harradine yesterday when this legislation was before the Senate was the question of the appointment of more than one minister to administer a single department. What in effect we would have here is an appointment of the portfolio minister and then an appointment of a parliamentary secretary to that department. The draft Bills Digest mentions this. However, it does go on to say:

The Final Report of the Constitutional Commission (1988) accepted the view that section 64 may not prevent the appointment of more than one Minister to administer a single department - thus foreshadowing the sort of mechanism we see in the present Bill.

Quite squarely, we have a situation where the weight of expert opinion, legal opinion, has it that you can have the appointment of more than one minister to administer a single department. Indeed, in both this government and previous governments, we have had senior ministers and junior ministers administering the one department, albeit various parts of it.

I say to Senator Harradine that this is not really an issue. It is one which the government has advice on, and I can assure the Senate that it does not present any problems. On that basis and because of the points I mentioned yesterday, I commend the bill to the Senate.

Question resolved in the affirmative.

Bill read a second time.

In Committee

The bill.

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate) (12.17 p.m.)—I listened with interest to the minister’s contribution as he dealt with some of the issues that were raised in the second reading debate. I go specifically to the question of legal advice that the government has received in relation to the matters that have been canvassed in the second reading debate, particularly by Senator Harradine but also by Senator Ray and me.

Minister, could you outline for the benefit of the Senate the source of the legal advice that the government has been provided with?

Senator ELLISON (Western Australia—Special Minister of State) (12.18 p.m.)—I can advise the chamber that an opinion was sought on this matter from Mr David Bennett, Solicitor-General. The Office of Parliamentary Counsel also looked at this matter when it was drafting the bill.

Senator ROBERT RAY (Victoria) (12.18 p.m.)—We did allude to the fact that on occasions governments table legal advice and on occasions they do not. The criteria for doing that have never been laid down in the mists of time of government, but I will do it now.
Governments usually table that legal advice when it is not terribly controversial and when it assists their case; they never do it if it does not assist their case. I would have thought on this occasion on such an important matter—especially one that does not affect the opposition one iota but affects 12 government members—it would be of great assistance to table the Solicitor-General’s advice. It will not be taken as a precedent that all legal advice in future has to be tabled. We have precedents. We have seen it done in this chamber several times, and we have seen it refused.

On this occasion, Minister, I will ask you whether you will table that advice because I think it would be of great assistance to the committee and it will not be setting a precedent because there are precedents for tabling it. It would reassure members of the committee that we are not taking an action that no-one here would follow through, but it is open to anyone to take up matters under section 44 of the Constitution, as you know. We would not like to see that occur.

Senator ELLISON (Western Australia—Special Minister of State) (12.20 p.m.)—I thank Senator Ray for his contribution on this whole matter, which to date has been constructive, I must say. Yes, this is a matter which does not involve an individual case. It is a technical matter, not necessarily a strategic matter. It does affect all governments of all political persuasions. Therefore, on the basis that it does not set a precedent, the government does think it should be tabled, and I now table it.

Senator HARRADINE (Tasmania) (12.21 p.m.)—When I was speaking on this matter yesterday, I did not have to hand the draft Bills Digest, which was prepared by the Parliamentary Library. The draft Bills Digest sets out the argument that I was advancing yesterday in far prettier and neater language than I was using, but the gist of it was there. I thank the minister for responding to my request to him after the debate yesterday to comment on the Bills Digest.

Having examined the matters, I am still a bit concerned that this is a manipulation—to put it at its mildest—of the provisions of the Constitution. As I said yesterday in my speech, I do believe that the parliamentary secretaries work extremely hard and take on quite serious obligations. They deserve to be paid for the work they do—in fact, I have such respect for the parliamentary secretaries that in the end I do not want to see them out of a job, including being ineligible to sit in this chamber. If what the government is doing now ends up in the High Court as a result of some person who may be interested in these things taking the matter further, and if that appeal to the High Court is successful and the High Court rules that it is not good enough for the government to say a minister is a private secretary for the purposes of the Constitution, that it is not good enough for the government to take the Humpty Dumpty approach, which appears to be taken at the present moment, then the edifice of parliamentary secretaries falls to the ground and it will create very grave difficulties for governments of either persuasion. Worse still, from the point of view of the parliamentary secretaries themselves, they might end up without a job and be ineligible to sit in this parliament. That is one of the reasons that I raised this matter yesterday in the debate on this subject. I do not think there is any use my continuing with this matter. The government believes it is acting on good advice and believes that its legislation is valid. I suppose time will tell. I am certainly not going to take it on to the High Court.

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate) (12.25 p.m.)—I am just about to have a look at the legal advice which the minister tabled. I thank him for it. I think it was appropriate to do that in this circumstance. In the first instance, in terms of process the minister might care to comment on the reason that the opinion sought was urgent, given that it was dated 14 October 1999. Mr Bennett notes that he was asked to advise urgently on the questions, and I wondered whether this was because of the need for the government to finalise submissions to the Remuneration Tribunal. I am just interested to know about the urgency.

Senator ELLISON (Western Australia—Special Minister of State) (12.26 p.m.)—There were a number of factors. The
Remuneration Tribunal had been looking at this. It mentioned parliamentary secretaries in a previous report, if I recall correctly. There was the system that did need addressing, as was pointed out in the Bills Digest article. So matters were coming to a head, and advice was sought on that basis.

Senator ROBERT RAY (Victoria) (12.26 p.m.)—Again, I thank the minister. I think it was appropriate to table this form of legal advice. In the instructions, do we know whether the advice looked at those legal opinions from the 1950s? You will be aware, Minister, that there was a lot of constitutional review culminating in 1958. Do we know whether the opinion took into account the Senate committee that reported in, I think, early 1981—the one Senator Harradine alluded to? To form this opinion, did he take into account the views and the legal opinions put in at that stage?

Senator ELLISON (Western Australia—Special Minister of State) (12.27 p.m.)—I am advised that all those matters that have been mentioned by Senator Ray were taken into account when this opinion was formulated.

Bill agreed to.

Bill reported without amendment; report adopted.

Third Reading

Bill (on motion by Senator Ellison) read a third time.

EXPORT FINANCE AND INSURANCE CORPORATION AMENDMENT BILL 1999

Second Reading

Debate resumed from 30 September, on motion by Senator Ellison:

That this bill be now read a second time.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (12.28 p.m.)—The Export Finance and Insurance Corporation is, I think, a very important government commercially established entity. It performs a role that hitherto the private sector has been loath to commit themselves to. Its role is to insure Australian exporters against commercial risk when they are exporting goods or services, or commodities, to markets in which payment for their exports might be questionable. When you are dealing with some of those countries—some of which are in the Middle East, perhaps in some commodity areas currently in Russia or in some of the former Soviet republics—where you are selling to the state or to some commercial providers, if you are delivering over time there is a question mark over whether always you will be paid in full.

Yet they are important markets. One does not expect these economies to remain poor economies forever; one expects them to grow. If Australia can nurture those markets and develop a 'conactivity' between our exporters and their purchasers, then as those economies expand greater opportunity for Australian exports ought to arise. So that there is no commercial loss and exporters have some protection, it is very important that they have a forum to which they can go which can expertly assess what the country risk is and help them insure against loss in the event of under or non-payment.

That is an important function, because Australia has 1.7 million of its work force employed in industries which earn their livelihood from export. It is important because 21.3 per cent of our GDP is derived from export and the future of this nation in terms of being able to deliver better living standards to its community is dependent upon us being more aggressive in the international marketplace and expanding Australian exports. If we have saturated the domestic market, the only other markets open to us are those elsewhere in the world. If we can win a bigger share of those markets, quite clearly more Australians will get jobs in this country. If one looks at jobs in the export sector, these jobs tend on average to pay more than jobs in the domestic sector. They are better paid jobs. If those jobs are at the top end of our exports in the form of elaborately transformed goods—which is the statistical definition of complex and sophisticated manufacturing goods—then they are brain based jobs which go to Labor's vision for the future of this nation as an intelligent island and a country committed to a high paid, high skilled and highly educated work force.

In the context of all of that, EFIC plays an important role. In considering any proposed
legislation pertaining to EFIC or trade, it is important to put the agency in the context of what it does. It is also important to put the agency and our trade aspirations in the context of this government’s performance. It is important to recall three records that the Howard government now hold. Amidst all of the talk about fireproofing the Australian economy from the Asian downturn, they do not like us pointing out three basic and fundamental facts about Australia’s export record under them. Australia now has the largest ever trade deficit in its history; a deficit of over $16 billion for the calendar year 1999. We have the largest ever current account deficit in our history; over $33 billion for the 1998-99 financial year or, if you want to take the calendar year concluded in the September quarter 1999, it went up another $1 billion to $34 billion for the 12 months to the end of the September quarter last year. We now have the highest level of net foreign liabilities, that is to say, we have borrowed more from the rest of the world than ever before. We are in greater debt than we have ever been. That is now figured at $358 billion to the end of September on a calendar basis last year.

Put simply, regardless of what Australia’s internal position might be or the strength of our domestic economy, our position with respect to the rest of the world has never been worse. Whilst we are buying and borrowing more from other countries, we are selling and repaying our loans at a lower level. A table produced by the Parliamentary Library explicitly sets out the trend. The line is relentlessly down in terms of trade deficit, current account deficit and net foreign liabilities. It is not just the broad statistics that are ugly; some of the detail does not make particularly pleasant reading, either. Consider the markets that we sell to. Our two largest Asian trading partners are Japan and South Korea. They are steadily pulling themselves out of recession, although there has been a bit of a blip downwards in Japan over recent months. Yet our exports to Japan as they have continued to come out of recession—and it is the same with Korea—remain flat, and those to South Korea recently dropped by a whopping 23 per cent. In other words, as their economies got bigger, we have sold them less and this is our prime market.

If senators think that is bad, try to imagine how the Howard doctrine is likely to affect our exports to Asia. As Griffith University’s Professor Nancy Viviani put it back in September last year, John Howard has taken Australian foreign policy back to the 1950s and that is grim news for our exporters. The job of government in export industries is to open doors for exporters, not close them. A studied lack of interest in the region by this government, particularly from the Prime Minister, talk about Australia being a deputy sheriff to the US in Asia, and overweening hubris from Mr Howard strike a sour note among many of our Asian trading partners.

Senator Ian Campbell—Is that you or Viviani speaking?

Senator COOK—That is me speaking. But Viviani made the point that the Howard doctrine and the stance by this government on foreign policy harks back to the 1950s. It does not look forward to this new century but is anchored somewhere in the middle of last century. It means commercial disadvantage for our exporters in the marketplaces so dear to us and so important to the growth of our external economy.

Senator Ian Campbell—The place you fly over on your way to Paris—that sort of approach, is it?

Senator COOK—They are the places I go to more often than anywhere else outside this nation. Take the composition of our exports as well. I have talked about markets. Let us look at composition. Recently released statistics show that our exports of manufactured goods fell over the past year. Not only did they fall overall, but the fall was greatest in elaborately transformed manufactures, the exports of which dropped by five per cent. That is, the goods that are the most complex manufactured goods involving the most intelligent input and the highest skill in Australia that we sell to the world, the ones that we want to make our mark on in the globe, actually declined. That is the legacy of this government.

We want an intelligent Australia. The export market declined because the underpinnings that government brings to support the concept of a knowledge nation—the aspira-
tion that Labor aspires to—have been removed by this government successively over time. The elaborately transformed manufactures sector, which we should be promoting if we are to realise the goal of creating a high skilled, high wage Australia, has been in decline and our exports of these goods have been shrinking. As I have said, Labor wants Australia to be the knowledge nation, to be a leader in the new economy and in the IT and information based economy of this century. But the Howard government is looking backwards to the past through a glass darkly, believing that educational opportunity will trickle down if you privatise our school system and that equality of opportunity will somehow emerge out of a harsh application of rational economic theory. That is not true. In order to lift our economic and trade performance in this area, we need to support our education system more strongly.

It is necessary to remember this background when we turn to the EFIC Amendment Bill. This bill applies the principles of competitive neutrality to EFIC, ensuring that as a government business it does not have competitive advantages over its private sector competitors simply by virtue of public ownership. Labor support the principle of applying competitive neutrality to Commonwealth statutory authorities. We support it so that competition in the marketplace is fair. We supported it in government under the Keating government. The notion of furthering the development of the private sector export insurance industry is, in our view, a goal worth striving for.

Let us not make any mistake about this either. This bill, in some respects, bears the possibility of hurting Australian exporters at a time when our export performance is less than desirable. With respect to EFIC’s short-term business, it imposes on them a new guarantee fee, a new debt neutrality charge and a tax equivalence payment to the government. Taken together, it is hard to estimate what effects these additional charges will have on EFIC, since the bill gives no clue as to how large they will be. The levels of those charges are left to be determined by the minister. But we do not have guidance as to what he will do about them. The general effect is clear. The Parliamentary Library said in its analysis of the bill:

While overall it is not possible at this stage to estimate the total amount of the payments to the Commonwealth proposed by the Bill, it must be assumed that they will raise EFIC’s costs, and unless corresponding savings can be found, EFIC will be forced to pass on these higher costs to exporters in the form of higher charges.

I find it hard to see why, at a time when Australia’s trade deficit is at an all-time high, the government would be introducing a bill which may increase costs on exporters. This is all the more incredible when you consider that the explanatory memorandum to the bill states proudly:

There has been no formal consultation with exporters.

Those considerations have to be borne firmly in mind. But in giving a rounded consideration to this bill, it must be said that, on the other hand, private sector competition in the field of export insurance can bring the advantage of more competitive fees for our exporters, greater private sector knowledge of international markets and help build an export culture in Australian industry that should be encouraged to develop further. Having said that, we are concerned, however, that private sector interest in this new market which will be opened by the imposition of competitive neutrality to EFIC will focus only on the most profitable sectors of the market, leaving EFIC to mop up in the less profitable sectors in the national interest and take a national interest responsibility for financial markets, driving EFIC into marginal or unprofitable activity.

I remind the Senate that EFIC is a commercial agency that is required to operate commercially. If it is driven to marginality or unprofitability, that affects its commercial viability quite profoundly. If that occurs, I want to put on the record now that the Labor Party would not support any attempts by the government to further undermine EFIC in whatever form, particularly if they attempt to point to its commercial performance, driven by the nature of this legislation, and argue, therefore, that EFIC is not commercially viable or competitive. If that were to be raised, the Labor Party would not support this legis-
We would seek to entreat the government to return EFIC to a more viable format.

**The ACTING DEPUTY PRESIDENT**
(Senator George Campbell)—Order! The time being 12.45 p.m., we will proceed to government business.

**CRIMINAL CODE AMENDMENT (APPLICATION) BILL 1999**

**Second Reading**

Consideration resumed from 16 February 2000, on motion by Senator Patterson:

That this bill be now read a second time.

Question resolved in the affirmative.

Bill read a second time, and passed through its remaining stages without amendment or debate.

**CUSTOMS AMENDMENT BILL (NO. 2) 1999**

**IMPORT PROCESSING CHARGES AMENDMENT BILL 1999**

**Second Reading**

Debate resumed from 23 May 1999, on motion by Senator Ian Campbell:

That these bills be now read a second time.

Question resolved in the affirmative.

Bills read a second time, and passed through their remaining stages without amendment or debate.

**CRIMES AT SEA BILL 1999**

**Second Reading**

Debate resumed from 9 December 1999, on motion by Senator Ian Campbell:

That this bill be now read a second time.

**Senator O'BRIEN** (Tasmania) (12.48 p.m.)—The opposition will be supporting this bill without amendment. I had understood that Senator Cooney was intending to speak on this matter, but he is not in the chamber at this stage, so apparently he will miss his opportunity.

Question resolved in the affirmative.

Bill read a second time.

**In Committee**

The bill.

**Senator Patterson** (Victoria—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs and Parliamentary Secretary to the Minister for Foreign Affairs) (12.49 p.m.)—by leave—I table a supplementary explanatory memorandum relating to the government amendments to be moved to this bill. The memorandum was circulated in the chamber on 15 February 2000. I move government amendments Nos 1 and 2:

1. Schedule 1, page 13 (line 27), at the end of the definition of preliminary examination, add “or trial”.

2. Schedule 2, item 11, page 25 (after line 26), at the end of item 11, add:

3. For the purposes of this item, if an act or omission is alleged to have taken place between two dates, one before and one on or after the day on which this Schedule commences, the act or omission is alleged to have taken place before this Schedule commences.

**Senator O'Brien** (Tasmania) (12.49 p.m.)—Can I ask that this matter be deferred? I do not have any instructions about these amendments. They may well be agreed to, but if we can defer this and deal with the other item and come back to this, I would appreciate it.

**Senator Patterson** (Victoria—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs and Parliamentary Secretary to the Minister for Foreign Affairs) (12.49 p.m.)—I may be able to assist the opposition whip. I am advised that these are technical amendments. We were advised that the shadow minister had agreed with them.

Progress reported.

**ADELAIDE AIRPORT CURFEW BILL 1999**

**First Reading**

Bill received from the House of Representatives.

Motion (by Senator Chapman) agreed to:

That this bill may proceed without formalities and be now read a first time.

Bill read a first time.
Second Reading

Senator CHAPMAN (South Australia) (12.51 p.m.)—I move:

That this bill be now read a second time.

The purpose of the Adelaide Airport Curfew Bill 1999 is to give a legislative curfew to Adelaide airport. Once the legislation is enacted, there will be a designated curfew from 11 p.m. to 6 a.m., with shoulder hours from 11 p.m. to midnight and from 5 a.m. to 6 a.m. Shoulder hours exist at all airports with a curfew. Their purpose is to provide a small window of opportunity for international flights to allow them to fit into international schedules. Only new quieter aircraft known as chapter 3 aircraft can access the shoulder periods, and during these hours planes must not use reverse thrust greater than idle on landing and, unless weather conditions are adverse, must land from over the sea.

Currently, Qantas flies into Adelaide airport at five minutes past 5 a.m. during the winter months, five days a week, from Monday to Friday. There have been complaints that some of the early morning Qantas flights have been coming in over the city too often. This legislation requires that when shoulder hour flights do come in over the city, the pilot and airline will have to submit a report on the weather conditions. Neither pilots nor airlines like this additional paperwork. Once this legislation is enacted residents will know that, if these flights do come in over the city, there is a genuine safety need.

Sixty-five per cent of South Australia’s freighted exports are flown out of either Sydney or Melbourne. Fresh chilled tuna and fresh fruit and vegetables are currently trucked from Port Lincoln to either Melbourne or Sydney to be airfreighted to North-East Asia, and live crayfish are flown domestically to these cities for export. Clearly this is not in the interests of freshness or quality, and a weekly freighter direct to North-East Asia would be of great benefit to South Australia. While there are currently no plans for an international freighter to come into Adelaide during the curfew shoulder hours, it was the wish of the South Australian government that the legislation did not exclude the possibility of such a flight.

The 1998 bill permitted all flights that were scheduled during curfew hours in June 1998 to continue. However, the present bill no longer permits DC9s access to the airport during curfew hours. The legislation has been strengthened to exclude any aircraft, such as the DC9, that do not meet the 90 to 95 rule. Under the 90 to 95 rule, aircraft cannot exceed 90 decibels on take-off and 95 decibels on landing.

The Adelaide airport curfew has always allowed freight planes in at night. This legislation ensures two things: firstly, that the only freight aircraft above 34,000 kilograms that can access the airport during curfew hours are those allowed through regulation by the minister; and, secondly, that the minister cannot regulate to allow in any freight flights during the curfew hours that do not meet the 90 to 95 rule.

This restriction on noisy freight planes will be a great relief to Adelaide residents who have been woken up by the DC9 and other noisy aircraft. Currently National Jet Systems moves jet planes in and out of Adelaide airport during the curfew on an infrequent basis to position them for overhaul and replace aircraft that have broken down elsewhere in Australia. So long as these aircraft meet the 90 to 95 rule, they will be able to continue this practice with the aeroplanes themselves being regarded as freight for the purpose of this legislation.

Since the bill initiated by Mrs Chris Gallus, the member for Hindmarsh in the House of Representatives, passed through that place, the Adelaide Airport Consultative Committee has voted to allow the curfew to be altered during the Olympic and pre-Olympic period this year. The committee voted to allow airlines to take off from Adelaide airport during this period from 5 a.m. to meet the schedules of the eastern states who will move to daylight saving approximately two months earlier than usual as a one-off in 2000 for the Olympic Games. The bill will be amended to allow for the minister to give dispensation to the airlines for this to occur. I commend the bill to the House, and I table the explanatory memorandum.

Senator O’Brien (Tasmania) (12.56 p.m.)—The Labor Party has supported a leg-
islative curfew for Adelaide airport for a long time, and the residents of Adelaide—and Hindmarsh in particular—have been waiting for years for their federal member to deliver some effective action on this issue. Relief from aircraft noise to enable residents a decent night’s sleep is the least our parliament can guarantee to a community. Enshrining this relief in law is a protective aid by this parliament to ensure residents get a right to relief from aircraft noise.

The Adelaide Airport Curfew Bill 1999 delivers a legally binding curfew between 11 p.m. and 6 a.m., with arrangements in place for dispensations in the shoulder period. It also enables light air traffic during the shoulder period between 11 p.m. and 12 midnight. These are standard provisions for similar legislation. The chequered history of this bill has already been documented in this chamber. The member for Hindmarsh promised this bill before the 1993 election and finally introduced it into the House in 1998. It lapsed and was reintroduced last year. So it has taken a very long time—some would say too long—for this to be delivered for Hindmarsh residents. The community in Hindmarsh also shares that view, according to a survey conducted by the local ALP candidate and resident of Hindmarsh, Mr Steve Georganas.

Labor also has very strong evidence from the local community that they are not happy with just a curfew. The residents also want insulation for noise affected residences and public buildings. They want insulation of buildings and homes on the same terms as the residents in Sydney enjoy. For seven years Mrs Gallus has prevaricated on this issue. Mrs Gallus stood in the House of Representatives on 28 June last year and said:

... insulation is an issue for Adelaide airport residents and deserves more than grandstanding.

She then voted against Labor’s amendments that would fix that issue for residents. She also promised in the House of Representatives to ‘work with the community and approach the minister on the community’s behalf for appropriate action, including insulation for these homes’. In estimates hearings last week, I tried to ascertain whether Mrs Gallus had yet approached the minister about insulation for Adelaide residents. The dodging of the issue by the officers of the department and the final answer from Senator Macdonald are illuminating. Senator Macdonald said:

I am sorry, but we are not in a position to tell you what the government is considering across a range of policy issues at the moment.

What an answer! I would like to remind the government and the member for Hindmarsh that it is not just Labor who wants to know the answer: the residents of Hindmarsh also want to know and need to know what the government’s plans are in relation to insulation. From the answers in estimates, I understood that the government is not considering a proposal for noise insulation for residents around Adelaide airport. From that, the residents of Hindmarsh can deduce only that their federal member either has not approached the minister or has and has been knocked back.

Only last month, on 25 January, the transport minister announced the insulation of a further 630 homes around Sydney airport. The master plan for Adelaide airport shows that, by the year 2020, 4,203 residences will be affected by noise above the 20 AMEF level. It is past time for Mrs Gallus to deliver a solution to properly address the noise issue for her constituents, in the same way that Sydney residents have been treated. As the opposition said at the last election, and now say again, Labor will do something about noise insulation around Adelaide airport. Until we win government at the next election, the local ALP candidate, Mr Georganas, will continue to push Mrs Gallus to deliver on this issue. The Labor Party support this bill for a curfew at Adelaide airport, as we have each time this bill has come before the parliament. While the passage of this bill will not lead to the ideal outcome for the affected residents, the bill and the amendments to be moved today do take the matter further forward.

Senator CHAPMAN (South Australia) (1.01 p.m.)—I welcome the support of Senator O’Brien on behalf of the Labor opposition for this private member’s bill to legislate for the curfew at Adelaide airport. Obviously, the issue of insulation that he raised has budgetary implications and, clearly, it would not be
prudent for the government to make any comment in relation to that in advance of the budget; therefore, that can lead only to the conclusion that the comments made by Senator O’Brien in relation to this issue are quite absurd. I think this legislation deals adequately with the issue of noise at Adelaide airport. The Adelaide situation is not directly comparable to that of Sydney; therefore, the initiative that Mrs Gallus has taken on behalf of her Hindmarsh constituents is commendable and the legislation should pass. I welcome the opposition’s support for it.

Question resolved in the affirmative.

Bill read a second time.

In Committee

The bill.

Senator CHAPMAN (South Australia) (1.02 p.m.)—I table the supplementary explanatory memorandum related to my amendments to the bill, which was circulated earlier in the chamber today. I seek leave to move my amendments Nos 2 and 3 together.

Leave granted.

Senator CHAPMAN—I move government amendments Nos 2 and 3:

(2) Clause 21, page 19 (line 8), omit paragraph (b), substitute:

(b) an APS employee in the Department.

(3) Clause 22, page 19 (lines 9 to 13), omit the clause, substitute:

22 Appointments as authorised persons

(1) The Secretary of the Department may appoint an APS employee in the Department, or an employee of Airservices Australia, to be an authorised person for the purposes of this Act.

(2) The Secretary of the Department may appoint persons in a class of persons to be authorised persons for the purposes of this Act. The class must consist of persons who are APS employees in the Department or employees of Airservices Australia.

(3) An appointment under this section must be in writing.

These amendments in particular address the concerns raised by the Senate committee with regard to the scrutiny of bills. Amendment No. 1 was also circulated. That has been withdrawn because there is an amendment proposed to be moved by Senator O’Brien, on behalf of the opposition, relating to that issue, and that amendment will satisfy the government.

The amendments I am moving relate to the delegation of authority in clauses 21 and 22, which relate to the appointment of authorised persons, and allow the secretary of the department to appoint an APS employee from the department or an employee of Airservices Australia to be an authorised person for the purposes of this act. As I said, they address concerns raised by the Senate Standing Committee for the Scrutiny of Bills. I commend the two amendments to the chamber.

Senator O’BRIEN (Tasmania) (1.04 p.m.)—The opposition supports both amendments Nos 2 and 3 and notes that amendment No. 1 has been withdrawn.

Amendments agreed to.

Senator O’BRIEN (Tasmania) (1.05 p.m.)—by leave—I move opposition amendments Nos 1 and 2:

(1) Clause 18, page 5 (line 13), omit “Despite”, substitute “Subject to subsection (6) and despite”.

(2) Clause 18, page 5 (after line 15), at the end of the clause, add:

(6) Subsection (5) does not apply during the period spanning the Sydney 2000 Olympic Games and the Sydney 2000 Paralympic Games, from 27 August 2000 to and including 1 November 2000.

These amendments are moved to enable a very limited and clearly prescribed exception to clause 18(5), which goes to the restriction on the minister. Clause 18(5) requires that the minister may grant dispensations only for each take-off and each landing, other than in emergencies, et cetera. This imposes a discipline on the process. This clause acts to deter operators from seeking access to the airport during the curfew times. This is totally consistent with the purpose of the legislation and is necessary to achieve relief from noise for residents.

An issue rose, however, in relation to aircraft movements during the Olympic and Paralympic Games. While residents were reluctant to change the curfew during these times, the local Airport Consultative Committee voted to allow the change. What was sought was a general dispensation for the period of these events to enable the curfew to
be pulled back to 5 a.m. To give effect to this, the member for Hindmarsh originally proposed to delete clause 18(5) altogether. In our view, this would have opened it up for the minister to grant bulk dispensations too easily and to remove the deterrent enshrined in clause 18(5).

Following negotiations with the member for Hindmarsh, it was agreed that these amendments were a better way to go, and I note the acknowledgment from Senator Chapman that these are agreed amendments. Consultations with residents in Hindmarsh showed that the greatest concern was to limit the ability for such a bulk dispensation authorisation to a clearly defined limited period. These amendments do that, and I understand they will receive the support of the chamber.

Senator CHAPMAN (South Australia) (1.07 p.m.)—The government will accept the amendments moved by Senator O’Brien although, as a general principle, it is not good to have particular dates specified in legislation. In the circumstances of this particular bill and due to the one-off nature of the Olympic Games, we will accept the amendments from the opposition.

Amendments agreed to.
Bill, as amended, agreed to.
Bill reported with amendments; report adopted.

Third Reading
Bill (on motion by Senator Patterson) read a third time.

Sitting suspended from 1.10 p.m. to 2.00 p.m.

QUESTIONS WITHOUT NOTICE

Tax Reform: Public Opinion Research

Senator GEORGE CAMPBELL (2.00 p.m.)—My question is to Senator Kemp, the Assistant Treasurer. Given the government’s intention to launch another extravagant multimillion dollar ad campaign promoting the GST, will the minister inform the Senate as to whether public opinion research will be commissioned and, if so, who will it be carried out by, when will it occur and what will be the expected cost of the research? Will the results of this research be made public to demonstrate that it is truly a non-political exercise and will the minister give a firm guarantee that this research will not be focus testing Labor Party ads from previous election campaigns as the 1993 ads were misused during the 1998 focus groups?

Senator KEMP—I appreciate the question from Senator George Campbell because it allows me to talk about another part of the continuing campaign to accurately and properly inform the Australian people about a very significant and substantial change in the tax system. I think it is very clear that this tax system is going to provide very extensive benefits to Australian families, taxpayers and pensioners—indeed, to all groups. This is a major reform of the tax system. Nothing like this, I believe, has ever been attempted before. We are bringing our tax system into a position where we are world competitive. We make no apology for trying to continue with reform to ensure that Australia remains at the top of the growth ladder, that we can continue to deliver rising real wages to Australian workers and that we can continue to ensure that we maximise the disposable incomes of Australian families. So we make no apologies for the changes that we are making. We went to the election on change, we received a mandate to do it and we are going to do it.

Senator Faulkner—Madam President, on a point of order—
The PRESIDENT—Senator Kemp, please sit down. There is a point of order.

Senator Robert Ray interjecting—

Senator KEMP—After your Collins class effort, I wouldn’t say too much.

The PRESIDENT—Order! Senator Kemp and Senator Ray are behaving in a disorderly fashion. I have recognised Senator Faulkner to raise a point of order.

Senator Faulkner—Madam President, I raise a point of order on relevance. Could I draw your attention to the fact that Senator Campbell asked Senator Kemp a very specific question about public opinion research: who it would be carried out by and what the cost of it would be. He also asked whether it could be made public and about the nature of focus groups. He was not asking for apologies from Senator Kemp; he asked a very specific question. Given that the minister has been rambling on his feet now for two minutes, I wondered if you could draw the minister’s attention to the important question asked by Senator Campbell and direct the minister to either answer it or, if he cannot, to admit that he cannot and take it on notice.

The PRESIDENT—Senator Kemp has had a long preamble to the answer, but I do draw his attention to the question that has been asked.

Senator KEMP—My understanding was that the question was about the education campaign on the new tax system, and that is exactly what I was talking about. Can I say that, unlike the Labor Party—through you, Madam President, to Senator George Campbell—we will conduct all our affairs with the utmost propriety. We will adhere to proper processes and to proper rules. If one harks back, I think to the previous election campaign, Senator Faulkner jumped up and made a song and dance about it. It went to the Auditor-General and Senator Faulkner struck out on every clause and every complaint. Can I put it to Senator George Campbell that we will be ensuring that proper processes, as always, are followed.

Seeing as I have one minute to go, I think I should bring to the attention of the Senate a very important development that has occurred in the last 24 hours. The Labor Party have indicated very clearly in the parliament that they will continue with the GST. After all the debates in this chamber about what a terrible tax system Labor was claiming it to be, the Labor Party have said that they will continue with it.

The PRESIDENT—Senator Kemp, you are straying considerably from the question, I believe.

Senator GEORGE CAMPBELL—Madam President, I ask a supplementary question. I again ask the minister: will he inform the Senate as to whether public opinion research will be commissioned and, if so, who will it be carried out by, when will it occur and what will be the expected cost of the research? Will the results of this research be made public to demonstrate that it is truly a non-political exercise? Finally, will the minister give a guarantee that the discredited Liberal Party pollster Mark Textor will not be allowed anywhere near the research?

Senator KEMP—Can I say firstly in response to Senator George Campbell that, when you get a briefing on a follow-up question, do not take it from Senator Robert Ray. That is the first point I would make. My second point, Senator George Campbell, is that all I can say about these relentless personal attacks which the Labor Party continues to make on distinguished people is that, if you want to attack somebody from the coward’s castle, you walk outside and then you attack them, but do not come in here, Senator George Campbell.

Rural and Regional Australia: Government Policy

Senator WATSON (2.07 p.m.)—My question is directed to Senator Ian Macdonald, the Minister for Regional Services, Territories and Local Government. Would the minister outline the strategy and the benefits of the Regional Australia Summit and the coming Northern Australia Forum? Is the minister aware of any other proposals to focus on regional and rural Australia?

Senator IAN MACDONALD—I thank Senator Watson for that question—a senator from regional Australia and one who understands the bush. The coalition has certainly embarked upon a program of consulting with
the bush, of understanding the problems in country Australia and of really working with country Australians to assist country Australia. Our Regional Australia Summit did that and, of course, the Northern Australia Forum that we are running later this year in October as well as the regional forum we will be running in New South Wales shortly are all part of our goal to consult with the bush and to do what our regional members and senators already do.

Senator Watson also asked me if I am aware of any other consultation process taking place. I understand that tomorrow the Labor Party and the Labor leaders are meeting in Burnie in northern Tasmania to have a regional summit to get some ideas for policy for regional Australia. We all know from their record that the ALP will never deliver anything but rhetoric to the bush. The Labor Party’s bush love-in to be held in Burnie tomorrow is likely to produce a lot of noise but no substance. Labor has form in the country, and it is all bad. You have only to look at Labor’s program in government. When Labor was in office, interest rates were up to 20 to 25 per cent for rural businesses. Youth unemployment in Labor’s time exceeded 50 per cent in places like Richmond and Tweed. The number of post office outlets fell by some 277 in the last six years of Labor in office. By 1995, there were some 600 rural towns with populations between 200 and 5,000 which did not have financial institutions within 40 kilometres. There was high inflation. Labor also committed the bush to the closure of the analog mobile phone system without having anything in place to replace it and to give services to people in the bush.

You will remember Labor’s star that was going to fix things in the bush, Cheryl Kernot; you will remember what she thought about the bush when she told Senator Woodley not to go near the bush because there were no votes out there. That is Labor’s policy: it is directed only towards votes and nothing else. It goes on. The Labor policy for regional Australia promised $150 million over four years for regional development organisations. What happened? It spent $60 million, and most of it was in the cities. You will remember the centre-piece of Labor’s regional development program, Labor’s program for the bush, which was called Better Cities. That is what Labor did for regional Australia.

We have put over $400 million into the bush with the Networking the Nation program, opposed by Labor; we have reduced fuel prices for the bush, opposed by Labor; we have reduced the cost of transport to the bush, opposed by Labor. So their form is there. What Labor are going to do in Burnie tomorrow is to have a Burnie barn dance. It will all be warm and fuzzy but, when you wake up the next morning, there will be no substance to it. It is an absolute farce. It is typical of Labor: lot of talk, lot of rhetoric but no substance. Their record in government proves that. Now perhaps I have been a little harsh on Labor’s rural summit tomorrow. I understand there is one industry that is going to do well out of this summit, and that is the R.M. Williams shop in Civic in Canberra. I understand that today they are doing a roaring business.

Rural and Regional Australia: Veterans’ Services

Senator SCHACHT (2.11 p.m.)—My question is to Senator Newman, the Minister representing the Minister for Veterans’ Affairs. Given the Prime Minister’s recent commitment that government services to rural areas would not be further reduced, what action is the government taking to correct the discrepancy highlighted by the Australian National Audit Office report No. 29 that, on average, veterans in rural Australia have $200 less spent on their health by the Commonwealth government annually than their city counterparts? Is the minister aware that the Auditor-General found that veterans in metropolitan regions had up to $1,123 spent on each of them on average, while veterans in some rural and regional areas had an average of only $172 spent on their health needs by the Department of Veterans’ Affairs?

Senator NEWMAN—This was an issue which was canvassed—quite competently I would have thought—by both the opposition and the government at the recent estimates committee hearing, and it is a pity that Senator Schacht feels the need to go over the area again. It is an issue which the opposition
would like to blow up into a major issue. The officials told the estimates committee quite clearly that it was something which they were investigating and were very interested in. They said the report that came from the Auditor-General was very useful because it enabled them to have some statistics which they had not had before, and they were going to pursue it.

The officials then speculated on what might be some of the reasons for this apparent discrepancy between the amount spent on veterans in country areas and in cities. As far as I was concerned, listening to this question and answer session and not being the Minister for Veterans’ Affairs but taking a close and long-term interest in the subject, I found one of the most compelling reasons postulated was that, if you are seriously ill in country Australia and likely to be so for a prolonged period, you are going to find that you will need to go to the city or to a very large provincial centre in order to get the health care that you need. I am talking about very serious, maybe even terminal, illnesses which require specialists and specialist nursing care. Therefore, the figures that seemed so widely varying in the question that was just asked of me can find some part of an explanation in that answer. It is important to note that the ANAO report found there was a very broad degree of satisfaction with the services provided by the veterans affairs department. As the Minister for Veterans’ Affairs has said, it is very rare that he ever receives a complaint on this issue.

The report does suggest that veterans in rural areas do not use the same level of health care as their metropolitan counterparts—and that is not the case. Veterans receive health services based on their clinical needs, whether they live in rural areas or not. Where health services are not available locally, the department arranges to transport veterans to the closest suitable provider.

The ANAO report acknowledges that there are many possible reasons for the reported lower service usage in rural areas. For example, some veterans use public health services which are paid for not by the veterans affairs department but through the Medicare agreement; some veterans are self-reliant and choose not to seek assistance; and many older veterans move to metropolitan areas when they retire, often because that is where the young people in the family have moved to from country Australia. All in all, it is clear that there is a variety of reasons for that discrepancy. The department, at estimates, said that it was following the issue closely and was using the ANAO report as an opportunity to examine the issue in greater depth.

But we, as a government, are committed to seeing that veterans in regional areas have ready access to information and to services, including health care. We started the 1996 health policy for the veteran community in rural and remote areas, and that is aimed primarily at improving access to health services for veterans in these areas.

Senator SCHACHT—Madam President, I ask a supplementary question. It is true that at the estimates last week I asked a number of questions on this report, and it is true that the department speculated and postulated about possible reasons for this significant discrepancy. But, at the same time as this report was coming out, the Prime Minister was wandering through rural Australia, saying that there will be no more reductions in country services. Therefore, we ask: what is the Prime Minister doing to ensure that this discrepancy is overcome?

Senator NEWMAN—As I just pointed out, if veterans are choosing to go to city areas for prolonged treatment, then that is something which they choose to do. Others, however, are choosing to have no treatment at all. This has not been a question of cutting services to rural Australia. This is a system which has remained essentially as we inherited it from the previous government, with the exception that in 1966 we instituted—and you did not listen to this—the health policy for the veteran community in rural and remote areas. So, in other words, we have a policy of improving the health care available to veterans in rural areas. This is a very useful tool for assessing whether the veterans in rural areas are getting what they need and what they want—and the officials at the estimates committee told you so.
**Environment: Queensland Land Clearing**

**Senator McGAURAN** (2.17 p.m.)—My question is addressed to the Leader of the Government in the Senate and Minister for the Environment and Heritage, Senator Hill. Is the minister aware of reports that the Queensland Premier is telling Queensland farmers that the Commonwealth government will use its laws to override the state legislation on land clearing? Can the minister give an assurance that this is not the case?

**Senator HILL**—I certainly can. The responsibility for natural resource management in Australia lies with the states—and in the case of Queensland, obviously with the Queensland government. The failure of the Queensland Premier to be able to negotiate an arrangement with landholders in Queensland that can give them confidence in his legislative response is his failure, and he cannot succeed in passing the buck to the Commonwealth. In actual fact, honourable senators will recall that land clearing was not included in the Commonwealth’s EPBC legislation as a matter of national environmental significance that would allow the Commonwealth to intervene to trigger that legislation. It purposely was not included after negotiations with the states because we made the decision that, although a good natural resource management outcome for Australia is vitally important, the responsibility for land clearing legislation should clearly remain with the states—and in the case of Queensland, with Queensland. So it was not included and, in fact, we were condemned by the Greens and by some others for not including it. I am sure Senator Brown will rise to his feet and condemn us again, saying that the Commonwealth should have taken over such a responsibility and should have taken the power to override the states on this matter. But we say that is not the best way to go forward. The best way to go forward is to have each level of government meet its constitutional responsibility.

In relation to land clearing, I accept that Australia has been overcleared, and at the moment Queensland is being overcleared. The rate of clearing in Queensland is too high, and it is up to the Queensland government to do something about it. The Premier brought in a piece of legislation, he did not negotiate properly with the landholders, so he has the landholders upset. That is of regret because it is possible to explain to landholders that for them to have both economic and ecologically sustainable properties does require the management of native vegetation. To simply clear native vegetation on a broad scale basis, without understanding the health of the natural system, means that you end up with the same problems that we have in southern Australia which are costing the taxpayer billions of dollars in repair.

You can communicate that message effectively with landholders, if you try. But Mr Beattie was not prepared to try. He dictated an outcome, he went into his parliament, he gagged the piece of legislation through on the last day of the sitting and then he sent us a fax saying that the Commonwealth should put up $100 million to pay off the farmers. With legislative responsibility comes the responsibility to pay. If the farmers need to be supported financially through this change, Mr Beattie should be putting up some money. He has not offered the farmers of Queensland one single dollar. Compare that with South Australia. South Australia brought in land clearing legislation 15 years ago, and the South Australian taxpayer paid $50 million to the farmers. Compare that with Mr Beattie, who is not prepared to pay the farmers one dollar. Mr Beattie will not succeed in this instance in passing the buck to the Commonwealth. This is his responsibility. He should meet his responsibility, and he should learn to work cooperatively with his landholders.

**Goods and Services Tax: Wheat Producers Loans**

**Senator WEST** (2.21 p.m.)—My question is addressed to Senator Kemp, the Assistant Treasurer. I ask: can the minister confirm the advice that has been provided to me that, on a loan agreement between wheat growers and the Australian Wheat Board in lieu of crop sales, GST will not be applicable to the loan principal or interest charges, but the supply of the loan facility by the AWB will be input-taxed as a financial supply? Will the same GST arrangements apply to similar loans
provided by the Australian Barley Board, the Grain Pool of Western Australia and the South Australian Cooperative Bulk Handling Ltd?

Senator KEMP—Thank you, Senator West. I have some information here. I would like to have a close look at the question and then provide you—

Senator Schacht—Oh!

Senator KEMP—I imagine it is a serious question. It is a question which probably involves a taxation ruling. I want to look closely at the question to make sure that we provide you with the information you want. Farmers will be able to claim input tax credits on their business inputs, as you are aware. The Australian Taxation Office is working with the industry to determine the time at which the GST liability will arise for farmers operating on an accrual basis. We are very proud of what we are doing for the farming industry. The farming industry was and is one of the strongest supporters of tax reform in this country.

Senator Cook—Rubbish.

Senator KEMP—‘Rubbish’, says Senator Cook. The truth of the matter is that the farmers were right there at the start seeking tax reform for the simple reason that it will deliver very large and substantial benefits to the farming industry. We are very proud that we have worked very closely with the farming industry on the development and implementation of tax reform. I will look at the issues you have raised and provide you with a detailed response.

Senator WEST—Madam President, I ask a supplementary question. Most of my question relates to asking the minister to reiterate the answer that he has previously given me to a question on notice. Can he also confirm that the conditions which must be met to make a GST-free export are that goods must be exported from Australia by the supplier within 60 days of that supplier first receiving any consideration or issuing an invoice for the goods? How does the government plan to enforce this requirement in relation to wheat exports given that export grain is often held for a considerable period, certainly longer than 60 days, prior to shipment from Australia?

Senator KEMP—I think we did have a discussion on the sale of wheat in this parliament. Where wheat is supplied by the growers it will not be differentiated by the growers themselves.

Senator Forshaw—What?

Senator KEMP—I will go through it. This is the answer that was given to Senator West. Wheat supplied by the growers will not be differentiated as the growers themselves do not export the wheat. GST will have to be paid by the growers on all of their sales to the Australian Wheat Board. The Australian Wheat Board is entitled to input tax credits for all of the GST included in the price paid to growers.

Senator Schacht—You don’t understand one word you’re reading out at the moment.

The PRESIDENT—Senator Schacht, your behaviour is disorderly.

Senator KEMP—I was asked about the accounting for tax on export sales. That is precisely what I am suppling to Senator West. If there is any more information that I can supply to you, I certainly will supply it.

Private Health Insurance: Rebate

Senator LEES (2.25 p.m.)—My question is directed to Senator Herron in his capacity as the Minister representing the Minister for Health and Aged Care. Given the recent admission by the government that there is at least a $500 million a year blow-out in the cost of the private health insurance rebate, will the government respond to calls by Dr Brand, President of the AMA, to cap funding of this non-means tested rebate scheme? How can the minister justify the government’s capping of vital pathology, radiology and general practice services while it continues to pour money into this uncapped, non-means tested private health insurance scheme?

Senator HERRON—The government is very proud of the action that it has taken to increase the number of people that are taking out private health insurance. As you well know, under Labor those levels fell to below 30 per cent. It was promoted by the previous minister for health in the Labor government
that it should fall no lower than 40 per cent to allow for the viability of the public hospital system. That is on the record. Under Labor it fell below 30 per cent. We have taken action, through the 30 per cent rebate, to enable those numbers to increase. They are at a record level.

Senator Robert Ray—What’s the percentage?

Senator Herron—it is the fastest rise in 19 years, Senator Ray. Any increases in the estimates of the cost of the 30 per cent rebate simply mean that more people have taken out private health insurance or have upgraded their cover. There is no other alternative. Senator Lees shakes her head, but they have either upgraded their cover or taken out private health insurance. We have done more for the preservation of Medicare and the public hospital system by enabling people to take out private health insurance. It is an equilibrium that must be achieved. It was destroyed by Labor and that was the reason the problems occurred with the public hospital system of this country. It is fantastic news that this has occurred. It has been great.

Senator Robert Ray—What percentage is it now?

Senator Herron—it is 31.7 per cent, Senator Ray. It has risen. That figure is adjusted for those people who are eligible for gold cards from the Department of Veterans’ Affairs by excluding them from the Australian population. It is a series of many reforms that this government has introduced to ensure a stable and sustainable private hospital sector. The opposition statements regarding the rebate are quite misleading, as usual. We get an allegation a day about something or other that is refuted the next day. That is par for the course. We got into this terrible situation in this country after 13 years of mismanagement by Labor. We are doing something about it. We are showing that we are increasing the number of people taking out private health insurance.

Senator Lees mentioned means testing the rebate. Everybody in this room is taxed for Medicare. We pay a levy if we do not take out private health insurance. Now they are calling for a means test on it. There is no point introducing a means tested system. It would be very complex and would drive away many people from the private health insurance scheme. Means testing was a key element of the former private health insurance incentive scheme. Under this scheme membership decline slowed from its peak in 1983-84, but it was still falling at a rate of between one and two per cent per annum.

The experiment was tried and it did not work. Means testing the rebate would do little more than replicate the problems that the private health insurance incentive scheme was unable to fix. It will not address the very real need to attract and retain middle to higher income people in the system in order to spread risk and reduce overall premiums. That is the real reason people leave the private health insurance system. Every survey has shown that it is the cost of private health insurance that drives people out and stops young people from taking it up.

The general public likes the rebate because it applies to all Australians independent of their income and because its cost covers all membership types. You will recall during estimates that the cost of the rebate was estimated to be $1,617 million—that is $119 million higher than the previous budget estimate of $1,498 million, an eight per cent increase. So there is no great drama; it is an eight per cent increase.

Senator Robert Ray—Next year $2.1 billion and you know it.

The President—Order! Senator Ray, you have been persistently interjecting.

Senator Lees—Madam President, I ask a supplementary question. The minister mentioned in his answer that means testing had not worked, but the minister must agree that means testing has never been tried where you have a levy penalty and where you have lifetime community rating. I ask the minister to provide evidence that we are in any way assisting Medicare. Can you actually support your claim that this is reducing any pressure on the public hospital system and can you supply the data that would justify the spending of $5,000 per head for every new member who has joined a private health insurance fund?
Senator HERRON—Senator Lees—and I acknowledge her knowledge in this field—is aware that we have a rapidly ageing population and we have increasing technology and demands made on the system. It is inevitable that there will be increasing costs on the public hospital system. We as a government have provided 25 per cent more money to the public hospital system. Under the new Medicare agreement we have provided 25 per cent more than occurred under the previous Labor government. That is the evidence that Senator Lees asked for. It is on the table. We have provided it. It should be evident to her and I am surprised that she is not aware of it.

Defence: Funding

Senator HOGG (2.32 p.m.)—My question is to Senator Newman, the Minister representing the Minister for Defence. Can the minister confirm that the government has cut this year’s Defence capital budget by about $380 million, channelling this money instead into covering a blow-out in other areas of recurrent expenditure in the Defence budget, including at least partial funding of the Timor deployment? Why isn’t the Howard government fully funding this deployment by the Timor tax surcharge and through budget supplementation, including at least partial funding of the Timor deployment? Why isn’t the Howard government fully funding this deployment by the Timor tax surcharge and through budget supplementation, as it should be in a major national interest deployment such as this? Isn’t it also the case that these cuts to defence forward capital expenditure, the so-called ‘white book’ of projects already approved by the government, have in fact been used to fund salaries throughout the portfolio and why haven’t these been funded through supplementation from the budget?

Senator NEWMAN—We had a Defence estimates committee hearing recently and it would have been interesting for the senator to take the opportunity to ask those in charge of the defence department’s budget for the detail. Senator Hogg does spend hours in Defence estimates going meticulously through the financial accounts, and properly so. The previous opposition did exactly the same. Unfortunately, the previous government allowed Defence spending to go down, down, down, down. They kept only one commitment about Defence funding and that was in about the last year of their government. They promised that there would be zero extra funding and they met that commitment. All the years before they committed themselves to funding that they never met—year by year.

So what has happened is that we came into government with a commitment not to cut Defence spending, to find economies within the administration of defence. The Labor government have wasted hundreds of millions of dollars on acquisition projects which are still in the pipeline which should have been delivered for the defence of Australia years ago. You have a former minister sitting up there interjecting on me now. He knows full well this is true. So don’t come asking me about what we have done with Defence funding. We have put it into better hands but we inherited a horrible mess.

Senator HOGG—Madam President, I ask a supplementary question. Minister, you failed to address the issue about the partial funding of the Timor deployment. You also failed to address the issue of the expenditure on wages. Would you do so in addressing the supplementary question? Is it correct that this is the first time in at least a generation that a Commonwealth government has raided the ‘white book’ of capital projects the government itself had already approved to meet shortfalls in recurrent expenditure?

Senator NEWMAN—I will be happy to get a detailed answer from the minister. However, I would point out to the senator that hundreds of millions of dollars have had to be paid for rust buckets bought from the United States which needed so much money that they are still years later sitting at the dock; submarine money has been frittered away and we still do not have boats at sea; and the JORN project still cannot give us anything to protect the northern reaches of Australia. That is the reality of what you have done, what we have inherited from your administration. That is what has happened to the Defence budget. Shame on you!

Ministerial Responsibility

Senator HARRIS (2.35 p.m.)—My question is to the Minister representing the Prime Minister. What is the Prime Minister’s current interpretation of the concept of ministerial responsibility? If it is brought to the minister’s attention that an executive agency
under his portfolio responsibilities has acted improperly or illegally and, reminiscent of the Queensland era, the minister refers it to the executive agency for advice and the advice given can be described as misleading at best, does the Prime Minister have a responsibility to act in an informed manner in the matter? Would the Prime Minister accept responsibility to act to have the matter cleared up?

Senator HILL—I have to confess to be somewhat puzzled by the question. If in the supplementary question we might get the story to put to the framework, I can have a go at answering it.

Senator HARRIS—I will not thank the minister for the answer. The matter raised is in relation to child support assessment. If the matter raised with the minister was in regard to criminal impropriety and the minister in fact referred it back to the agency through his portfolio adviser and the Prime Minister, having been advised in writing of the issue, referred it back to the same minister—

Senator Faulkner interjecting—

The PRESIDENT—Order! Senator Faulkner, Senator Hill needs to hear the supplementary question.

Senator HARRIS—What responsibility does the Prime Minister accept, having referred back to the minister the matter relating to where the advice came from?

Senator Chris Evans—Answer that, Hilly—answer that.

The PRESIDENT—Order! There is far too much noise in the chamber. I ask the Senate to come to order and observe the standing orders.

Senator HILL—The Prime Minister obviously expects good performance from his ministers. If they fail to meet that standard, they will not last long. If the suggestion is that in some way a minister has abdicated his responsibility by passing that unjustly to an executive agency, I would be happy to follow the matter up. My experience is that, if constituents claim there has been some criminal misbehaviour, ministers do investigate those matters and take them very seriously. But it would be better if the honourable senator gave me details of the matter that is of concern to him, and I will get him a proper and considered answer.

Goods and Services Tax: Reform

Senator FORSHAW (2.39 p.m.)—My question is directed to Senator Kemp, the Assistant Treasurer. Is the minister aware that the Western Australian Department of Conservation and Land Management has advised a tourism operator that its prices for participation in tourism activities such as boat cruises and tree top walks will rise as a result of the GST by 13 per cent? Is he aware that Conservation and Land Management is claiming that a 10 per cent increase is due to the GST and that the additional three per cent is for GST compliance costs? Can the minister explain why a public sector organisation, such as the Department of Conservation and Land Management in Western Australia, is able to pass on GST compliance costs while private enterprises are not?

Senator KEMP—I am interested in the example that the senator has raised, and certainly I will look at this matter and seek some advice. Let me make a number of observations that may assist you. In the first place, all the GST, of course, goes to state governments. You are aware of that. The second point I would make is that the government’s policy position is that prices do not rise above 10 per cent. Professor Fels has stated this position on a number of occasions, and the 10 per cent also includes net additional reasonable compliance costs. So I would have to look very closely at that, Senator. You have raised an issue, and it does seem an extraordinary example. Frankly, in the light of the information that we have, it is very hard to see how that could possibly be justified. Senator, you have raised the question with me. I will seek some information on it. The government’s position on this is very clear indeed. While I am on my feet, I do draw to the Senate’s attention that the Labor Party is itself now committed to the GST. I do not know whether the wider public appreciate that.

Senator Faulkner—Answer the question.

Senator KEMP—I have given a statement on the government’s position on com-
pliance costs, and I said that I will look at that matter and seek some information.

Senator Faulkner—Well, sit down then.

Senator KEMP—I know you are sensitive about this, Senator Faulkner. On the wider issue, though, the Labor Party itself has now committed itself to the GST. I think it is very important that the public appreciate that the Labor Party, after all the nonsense that we went through—72 hours of the most tedious debate—has now decided that it is going to accept the GST. The problem is that the public were misled by the Labor Party, who opposed the GST but now accept it as a good idea.

The big danger here is that the Labor Party is talking about roll backs. The roll back that the public will be most worried about is the roll back in income tax cuts. This will be debated after question time, and I urge my colleagues to listen to what Labor senators say because we will want some assurances that, among other things, the income tax cuts that this government has promised and will deliver will not be part of a Labor Party roll back policy on the GST.

Senator FORSHAW—Madam President, I ask a supplementary question. I note that the minister has taken the matter on notice and will investigate it. But I just draw the minister’s attention to the two parts of the question. Firstly, how is it that a charge of in excess of 10 per cent—that is, 13 per cent, to include the compliance costs—can be imposed? Secondly, how can that be done when private operators are unable to do that? My supplementary question is: is the minister aware that the same tourism operator has been seeking quotes from motels and hotels around Australia for post-GST pricing and that, without exception, all are quoting a full 10 per cent increase due to the GST? How can this be consistent with the government’s tax package estimate of a 6.7 per cent increase? What action will the government take in the face of these extraordinary price hikes?

Senator KEMP—This government is very concerned to make sure that the savings as a result of this tax package are properly and fully passed on to consumers. This government does not accept in any way price exploitation. I can assure you, Senator, that I think it would be very wise for this operator, if he is concerned about these particular price rises, to draw them to the attention of the ACCC.

Tax Reform: Public Education

Senator MASON (2.45 p.m.)—My question is to the Special Minister of State, Senator Ellison. Will the minister, in his role as Chairman of the Ministerial Council of Government Communications, update the Senate on the government’s public education campaign for the new tax system? Will the minister advise the Senate what is being done to inform business, individuals, families and rural and regional Australians of the benefits of the new tax system?

Senator ELLISON—This is the question that Senator George Campbell should have asked. I might say as the chair of the Ministerial Council of Government Communications that this is a very important issue.

Senator Robert Ray—This isn’t in your portfolio.

The PRESIDENT—Senator Ray, stop shouting!

Senator ELLISON—The government believes that, just like any other policy, the new tax system has to be communicated to all Australians. We have to communicate the benefits and details to all Australians whether they are single, families, pensioners, businessmen or unemployed. As Senator Kemp said earlier, in a very good answer to Senator George Campbell—

Senator Robert Ray—Madam President, I raise a point of order: I was not going to bat on with this but Senator Ellison cannot answer questions on his responsibility as chair of this committee in the portfolio he represents. He can only answer questions in this chamber as to the portfolio he represents, and this is a Prime Minister and Cabinet matter. That is where we direct questions on these matters in estimates, and it should not be allowed in this chamber. If it is, we will be delighted to ask him questions on this day in and day out.

Senator ELLISON—On the point of order: the executive can choose whomever it likes to answer questions in relation to gov-
government policy. In fact, at estimates, which Senator Ray just referred to, there are often ministers who do not have portfolio responsibility answering questions on behalf of the executive. That is a matter for the executive to determine, not a matter for the opposition.

The PRESIDENT—understand there have been rulings in the past that have said that ministers can answer anything within their official responsibilities. I call Senator Ellison.

Senator ELLISON—The opposition does not want to hear about this because it is all good news. It is good news for the community, but the opposition does not want the Australian community to hear about the fact that there will be $12 billion of tax cuts, the fact that an average family will be $40 to $50 better off or the fact that pensions will go up by four per cent on 1 July. These are the sorts of things we have to let the people of Australia know. As well as that, the ACCC will be there as a watchdog to make sure there is no profiteering in relation to the GST. What I might say is that the ACCC has its own information and education campaign, and perhaps the opposition might like to know that. On 25 February this year, we will be starting an education and communication campaign which will assist people in relation to the ABN, the Australian business number.

Opposition senators interjecting—

The PRESIDENT—Order! There are senators on my left persistently interjecting and shouting across the chamber. I draw your attention to the standing orders.

Senator ELLISON—We will be conducting a campaign by television, radio and print to let the business sector know what is needed in relation to registering for the ABN. Registration kits will be widely available at banks, newsagents and post offices. With publications such as the ones I have in my hand, we will be letting the Australian community know what is involved in the new tax system and the benefits they will be getting.

Opposition senators interjecting—

Senator ELLISON—Again, we hear the opposition. They do not want the community to know this. They do not want the community to know that there is an assistance scheme to help them in their transition to the new tax system, and they do not want them to understand the benefits and the details. This does not just relate to people in the city. Senator Mason asked me about the regional and rural areas of Australia. We will be setting up a GST start-up assistance program for rural Australia. This program will advise farmers how to obtain information and how to get ready for the new tax system. The education campaign will advise farmers and small to medium rural businesses in every state and territory of seminars and training sessions that will be held across the country. This is good news for the rural and regional sector of Australia. It will bring them into the loop and advise them. Once again, the opposition just do not seem to be interested in letting the Australian people know because they know that this is good news. Senator Kemp said that the Labor Party support the GST. Why don’t they want the Australian people to be informed? Why don’t they want the Australian people to know about the benefits of the new tax system?

Preparation for the new tax system is essential for business and the wider community. It is only wise and the responsibility of the government to make sure that the Australian people are informed and educated. We are providing assistance for people to inform them as to what benefits are afoot. I say to the opposition, who today have said that they will support the GST, that they ought to get on with it and make the new tax system their business, instead of trying to obstruct the government trying to educate and inform the Australian people.

Shoalwater Bay: Sandmining

Senator BOLKUS (2.50 p.m.)—My question is to the Minister for the Environment and Heritage. I ask the minister: does he stand by the promise of his colleague Senator Kemp who, as shadow minister for the environment on 29 February 1996, ruled out sandmining at Shoalwater Bay? Can the minister give the parliament an assurance that the government will not allow mining at Shoalwater Bay?
Senator HILL—I said subsequently to
election that the position that was articulated
by Senator Kemp during that election re-
mained the position of the new government,
and nothing has changed subsequently.

Senator BOLKUS—Madam President, I
ask a supplementary question. There is no
assurance there. I ask the minister: can the
minister confirm that the government has
received and is currently considering a pro-
posal for sand mining in the Clinton Low-
lands area of Shoalwater Bay? Can he also
confirm that he has had representations from
his colleagues Ministers Fahey and Minchin
to consider this proposal?

Senator HILL—I do know there is at
least one mining company that is having an-
other go, but the position of the government
has not changed.

Eastern Europe: Cyanide Spill

Senator BARTLETT (2.52 p.m.)—My
question is also directed to the Minister for
the Environment and Heritage. Minister, I
refer to the answer to my question on Tues-
day in this chamber when you said that ‘the
best way to ensure good behaviour by Aus-
tralian mining companies overseas is through
the voluntary code of the Mining Council’. Is
the minister aware that Esmeralda and the
majority of Australian companies operating
in Europe are not members of the Minerals
Council of Australia’s code of environmental
management? Is the minister also aware that
even some of those companies which are sig-
natories to the code continue to engage in
activities which would not be allowed in
Australia, such as riverine and ocean dump-
ing of tailings and wastes? Is the minister
also aware that there are no human rights
standards currently contained in the code?
Given that the code contains no sanctions or
concrete standards—for example, limits on
the emissions of cyanide, heavy metals and
other toxic substances—what immediate
steps will your government take to make
Australian companies which operate overseas
operate to the standards that they would in
their own country?

Senator HILL—The first point is that
Australian mining companies operating over-
seas must operate to the regulations and
practices of the state in which the mine is
located. In relation to the accident in Roma-
nia, as I said the other day, the best informa-
tion we have to date would suggest that the
standards that were being applied to that
company were at least the equivalent of those
that would have been applied in Australia.
But apart from the need to meet overseas
standards, I concede that in some instances
those standards are not as high as Australia’s.
Consistent with the approach of the previous
Labor government, which considered this
matter and decided not to move down the
path of an extraterritorial application of Austra-
lian law, our approach is that we urge them to
voluntarily meet the standards that they
would if the mine were located in our coun-
try. We assist them in doing that by working
with the mining industry as a whole through
this voluntary code. The code is obviously a
code that can and should be updated from
time to time in accordance with best practice.
We seek to assist them also in the develop-
ment of various modules of best practice re-
lating to particular aspects of mining and
works associated with mining.

On the other side of the ledger, we seek to
work with countries that may not have the
same standards as Australia—help them with
their laws, help them with their administra-
tion and help them with the scientific and
technical background to enable them in fact
to implement regimes that are the equivalent
of Australia’s. That work that has now been
carried on for some years by Australian gov-
ernments—in cooperation with the Australian
mining industry, I might say—is very much
appreciated. So that has been the approach
we have taken. We still think it is the correct
approach and plan to continue it.

Senator BARTLETT—Madam President,
I ask a supplementary question. I thank the
minister for his response. I note the clarifica-
tion the minister gave yesterday after ques-
tion time that the European Bank for Recon-
struction was not involved in this mine in
Hungary; therefore the bank’s own stringent
environmental processes were not imposed.
In light of the high standards imposed by this
European financier, can the minister indicate
what steps will be taken to ensure Australia’s
own Export Finance and Insurance Corpora-
tion will not in future assist mining projects which may dump dangerous wastes into rivers?

Senator HILL—I think it is unfair to express the supplementary in that way, because it suggests that Esmeralda dumped dangerous wastes into the river. It was clearly an accident. Whether there was any negligence involved is yet to be determined. In relation to Australia’s financing arms looking to support the high standards that we encourage of Australian mining companies, certainly we would encourage them to take that into account. I do not think that we have ever prescribed that they must do so in order to receive financial support, which would of course be inconsistent with the voluntary code that we endorse. So, whilst I do not think that it should necessarily be prescribed in that way, there may be an opportunity through EFIC and such bodies to also encourage the companies to operate according to Australian standards.

Health: MRI Scans

Senator CHRIS EVANS (2.56 p.m.)—My question is directed to Senator Herron in his capacity of representing the Minister for Health and Aged Care. Can the minister explain why he still has not responded to the return to order passed by the Senate on 21 October last year? Isn’t it the case that the minister wrote to the President promising that he would release those documents after he had inspected them and that he wrote again on 23 December last year to say that he expected this process to be completed ‘in the very near future’? Why are we still waiting? Why won’t Minister Wooldridge come clean with that information?

Senator HERRON—I will have to get back to the minister with the answer to that question.

Senator CHRIS EVANS—Madam President, I ask a supplementary question. The minister has been repeatedly unable to answer this question. If he won’t answer the question, can he at least try and find out why it is that the minister is taking so long to review those documents? Is he personally inspecting the documents? If so, why, and why is he taking so long? The Senate deserves a better response than that.

Senator HERRON—I said I would refer that question to the minister.

Tax Reform: Car Industry

Senator CHAPMAN (2.57 p.m.)—My question is directed to the Minister for Industry, Science and Resources. Given that the car industry is a key industry in my home state of South Australia as well as in many other parts of Australia, how will the government’s new tax system help to build a stronger car industry?

Senator MINCHIN—I thank Senator Chapman for this opportunity to talk about the very significant benefits of the tax reform package for the car industry, which is in marked contrast to the constant whingeing and negativity we hear from those opposite about the benefits of tax reform. Of course they are nobody to talk. What was their record on the car industry? They actually increased the tax on cars three times in their last three years in office: from 15 per cent to 16 per cent; then again, from 16 per cent to 21 per cent; then, finally, in their last year in office, they increased it to the current rate of 22 of course—a lousy record for the car industry. And they never contemplated any compensation for purchasers of cars, no compensation or thought for the car workers they put out of work by increasing the price of motor vehicles. As the country well knows, we will be replacing that 22 per cent tax on cars—Labor’s tax—with a 10 per cent GST, which means, for the $30,000 average Australian car, a cut of $2,000 in tax—an eight per cent price reduction.

Not only is there a very significant price reduction but, of course, the costs to the industry itself will be reduced by $1.1 billion per year as a result of this massive tax reform. Of course, Australians are getting $12 billion in income tax cuts come 1 July, which will significantly increase their capacity to purchase cars—which, of course, will be cheaper under us. The industry knows that this will be a fantastic boon for it. The chamber itself is forecasting that, as a result of tax reform, by 2003—only three years away—
sales will hit 950,000 vehicles, up from around 750,000 to 800,000 now, and by 2005 Toyota say that car sales in this country will hit one million, 300,000 more than they ever were under Labor—a 50 per cent increase on the highest sales ever recorded under Labor.

Labor says, ‘Oh yes, that’s all very well, but things are not very good at the moment.’ I remind you that sales in 1999 increased in each of the last three months of 1999. December 1999 was the best December ever for the automobile industry in this country in terms of sales. We believe the year 2000 will be a good year for sales. AC Neilsen, the reputable independent forecaster, are forecasting that in this year, the year 2000, there will be 22,000 more vehicles sold under this tax reform than if we had left Labor’s WST in place—in other words, 22,000 more vehicles than if you guys had succeeded in blocking tax reform; and in 2001, 42,000 more cars will be sold than if we still had the 22 per cent WST. General Motors-Holden are forecasting that the year 2000 will be the best year ever for their sales—that is, 130,000.

I support what Mark Vaile said about this fantastic industry—an industry that in 1999 achieved record exports of $3.2 billion, an increase of 23 per cent, and that now is exceeding wool or beef exports. That is a fantastic record. One of the great things about tax reform is that exports will be cheaper—something Labor opposed. I remind you, Madam President, that Labor voted against a $2,000 cut in car prices for ordinary Australians; they voted against a cut in the export prices; they voted against cheaper cars for ordinary Australians; and they voted against more jobs for the car workers in this industry.

Senator Hill—Madam President, I ask that further questions be placed on the Notice Paper.

ANSWERS TO QUESTIONS WITHOUT NOTICE

Defence: Funding

Senator Newman (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (3.02 p.m.)—Supplementary to the answer that I gave Senator Hogg earlier this afternoon, the Minister for Defence has added further information. It has been necessary to defer capital expenditure and at this point no projects have been cancelled as a result of the deferment. It has simply been deferred in order to channel funding into current capabilities, including personnel costs, logistics and information technology.

Health: MRI Scans

Senator Herron (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (3.02 p.m.)—I can respond to Senator Evans’s question earlier in regard to the matter of the return to order. In November it was indicated to the Senate that the minister was not prepared to disclose the documents requested in the order for reasons related to the nature of the ongoing investigations being conducted by the Health Insurance Commission. These investigations have now been largely completed. The Health Insurance Commission has provided him with a report and a copy of the report has been provided to the Senate. As was indicated to the Senate in a letter of 23 December 1999, he is currently reviewing the other documents requested under the order to ensure that matters of public interest are taken into account before the materials are released.

Goods and Services Tax: Meat

Senator Kemp (Victoria—Assistant Treasurer) (3.03 p.m.)—Yesterday Senator O’Brien asked a question without notice in relation to GST, livestock and food. I said I would provide Senator O’Brien with further advice as soon as practicable. The GST treatment of livestock and food has been the subject of extensive discussions with representatives of farming and meat industry groups. Senator O’Brien asked about when a beast sent for slaughter becomes food for the purposes of GST. As I said yesterday, the general principle is that food for human consumption is GST free. A carcass is considered for human consumption once an authorised person has inspected it and either stamped it or passed it as food for human consumption, in accordance with federal, state or territory law. If under these rules the carcass is considered for human consumption when ownership is transferred from the farmer to the meatworks, then the transaction
will be GST free. Senator O’Brien also asked how the inedible parts of a beast will be treated. As the inedible parts of a beast are not food for human consumption, they will not be GST free.

**Rural and Regional Australia: Veterans’ Services**

**Senator SCHACHT** (South Australia)

(3.04 p.m.)—I move:

That the Senate take note of the answer given by the Minister for Family and Community Services (Senator Newman) to a question without notice asked by Senator Schacht today, relating to Commonwealth funding for veterans in rural and regional Australia.

About 2½ weeks ago the Prime Minister of this country, with all bugles blowing and flags flying, made a tour of rural areas for just over a week. I think he went through South Australia, New South Wales and perhaps even parts of Queensland. But certainly New South Wales and South Australia were the major state rural areas he visited. It was an extraordinary caravan, because the longer he was there, the more votes he lost, according to the opinion polls. The government’s electoral support in rural Australia has slumped quite dramatically according to a range of polls, including the ones just published recently.

It is interesting that one of the promises made by the Prime Minister was that he will instruct his ministers to ensure that there is no further reduction in services to rural areas—a promise that is more in keeping with rhetoric, because he will never be able to ensure that his own ministry will guarantee the provision of services in the bush. On the very day he made those announcements, banks announced further closures of their branches. The Prime Minister tut-tutted about that, but did nothing.

During that very week in the portfolio of Veterans’ Affairs, of which I am shadow minister, the Audit Office tabled its report No. 29 about the administration of veterans’ health care. It made the substantial point that there is a real discrepancy between what is spent on veterans in rural areas compared with what is spent in cities. The discrepancy is about $200 per head per veteran; it is $700 per head in the city and $500 per head in non-metropolitan Australia. In some cases it is $1,100 per head in the city down to as low as $170 per head in some of the more remote areas of Australia.

This is a very substantial discrepancy. The Veterans’ Entitlements Act makes it clear that all veterans, no matter where they live, are entitled to equal treatment under the act in the benefits they receive and in the services they get for their health care. I asked at estimates whether this means that a veteran can now sue the department, either in a class action or individually, if they live in the bush and they get less service as this is contrary to the provisions of the act. The departmental representatives said that they were not sure about it. The department has no legal action before it. But certainly in principle you would have to say that the Veterans’ Entitlements Act is not being carried out because veterans are not being treated equally.

I listened carefully to the officers as they explained this in relation to the report, which they had already studied very carefully. They speculated on some of the reasons for this. Some of them sounded reasonable, in speculative terms. But the real issue, whatever the speculation, is what the government is going to do to meet the Prime Minister’s promise that, wherever you live in Australia, you get equal treatment in service.

The minister today, in answering my question, said that veterans will have to leave the bush and go to the city to get a special type of treatment. But that is the whole point of the audit report. Why should a veteran have to leave the bush to go to the city to be guaranteed of treatment? I accept that approach if it is a very specialised treatment, such as a major operation, where there may be only one facility in all of Australia. However, we are talking about health care on a daily, weekly and monthly basis. That is where the discrepancy is. The government is not able to guarantee equal conditions and service to those veterans.

By and large, in this parliament we have had a bipartisan attitude to looking after veterans. That has always been the attitude I have taken. I do not want to make veterans a party political issue because it would be an insult to veterans. But we will make an issue
where individual veterans do not get the treatment they should get because they happen to live in a non-metropolitan area. What we want from this government and from the Prime Minister is the direction they are giving to Minister Scott and Senator Newman to ensure that these services are provided equally. I believe that, until we get that, the minister’s words are hollow. *(Time expired)*

**Senator ABETZ** (Tasmania—Parliamentary Secretary to the Minister for Defence) *(3.09 p.m.)*—The issue of veterans’ entitlements has in the past been dealt with on a relatively bipartisan basis. I hope that cynical political exercises are not undertaken using the plight of veterans as the vehicle.

The veteran community in this country is highly regarded for the sacrifices that it has been prepared to make for us as a community. The freedoms that we enjoy today are a result of veterans’ willingness to make a sacrifice on our behalf. That sacrifice could be the ultimate sacrifice. As a result, governments of both persuasions have sought to implement schemes that will benefit veterans. If, as the audit report seems to suggest, there are certain problems with service delivery within rural areas, that is clearly a matter that is going to be considered by us. Indeed, I imagine that every senator in the chamber would be interested in it.

But what did the Australian Labor Party do whilst it was in office? Did this problem arise as a result of the election of the Howard government, or has it been a problem for a long time? Indeed, is that problem of medical and other health assistance to veterans being assisted by such things as the sale of Telstra, which has allowed the funding of video health link-ups in places such as King Island? If veterans there need specialist assistance, they can now visit a specialist without leaving King Island. It is the same in Nubeena in my home state of Tasmania. Veterans can now go into the Nubeena health centre and be seen by a specialist in the city without needing to travel. So those benefits are accruing to veterans as part and parcel of our commitment to deliver more for them in rural and regional Australia.

It is important to note that the Audit Office report found a broad degree of satisfaction with the services provided by the Department of Veterans’ Affairs. It is very rare that the minister receives a complaint on this issue. I must say, as a senator from Tasmania representing the government in a whole host of areas from time to time, that if there is one area where the client base is more than satisfied, it is the veteran community with Department of Veterans’ Affairs officials. I want to publicly say what a very good job they do. If problems have been highlighted by this audit report, let us see exactly what the rationale was. Let us look at it in detail and see what we can do.

Veterans receive health services based on their clinical needs, whether they live in rural or city areas. Where health services are not available locally, the department arranges to transport these people to the closest suitable provider. The Audit Office report acknowledges that there are many possible reasons for the reported lower service usage in rural areas. Some veterans use public health services, which are not paid for by the Department of Veterans’ Affairs. For example, the video link-up in the local community health centre that has been supplied through the sale of Telstra, which I mentioned earlier, provides a very real, good service to the veteran, albeit that it is not being funded by the Department of Veterans’ Affairs. So we have to make sure in this analysis that all those factors are taken into account. Whilst I am not going to say that I am fully across the audit report as yet, it seems appropriate that those sorts of considerations be taken into account by Senator Schacht and others before they jump on their feet and try to make cheap political points on the back of veterans, whom I would have thought we all support in this place. *(Time expired)*

**Senator MACKAY** (Tasmania) *(3.14 p.m.)*—Before I go to the substantive issue, I just cannot let today’s usual plethora of dorothy dixers with regard to regional Australia—both in the Senate to Senator Macdonald and in the House of Representatives to Minister Anderson—go without comment. Extraordinarily, the government decided to use the dorothy dixers to highlight their position on Australia Post and telecommunications.
Senator Calvert—Madam Deputy President, I raise a point of order. Is Senator Mackay taking note of this matter? There is a question of relevance.

The DEPUTY PRESIDENT—I thought that Senator Schacht had moved to take note of the answer from Senator Newman.

Senator MACKAY—That is correct—on regional services.

The DEPUTY PRESIDENT—So you might like to tie in your answer.

Senator Abetz—I raise a point of order, Madam Deputy President. I thought he took note—I think he said ‘took notice of’, but I think ‘took note of’ is what he meant to say—of Senator Newman’s answer in relation to veterans in regional areas.

The DEPUTY PRESIDENT—It was heard here to be the narrower definition of veterans.

Senator MACKAY—Senator Schacht took note of an answer he got from Senator Newman with regard to veterans in regional Australia, which in fact went to highlight the disparities in relation to the treatment of veterans between regional and urban centres.

The DEPUTY PRESIDENT—Please tie in your answer.

Senator MACKAY—When Senator Schacht took note of the response from Senator Newman, what he did, I believe, was highlight the disparity in relation to the treatment of veterans between regional Australia and urban Australia. This is not the only area where this disparity occurs. I come back to the points I was making before with regard to the dorothea dixers to Minister Anderson and Minister Macdonald in relation to regional Australia and Australia Post, where they accused the Labor Party of closing a plethora of post offices. This government has an absolute hide in relation to this matter. What is this government’s policy in relation to Australia Post and the provision of regional services? What is the government’s policy in relation to this matter? This government’s policy is to privatise Australia Post, as it is to privatise—

The DEPUTY PRESIDENT—Senator Mackay, this is a bit of a long shot in relation to regional services and veterans. Would you like to link them, please?

Senator Carr—They still use post offices.

Senator MACKAY—Senator Carr is correct; they do use post offices. And they do use hospitals, and so on. The reality is that there is a diminution of those services in regional Australia. That is the point that the opposition is highlighting here in terms of regional services and regional Australia. This is not the only area where this is occurring.

The government trumpets the issue of petrol prices and says that petrol prices have in fact decreased in regional Australia. I say this to the government: go out to regional Australia and say that; go out to regional Australians and say, ‘Your petrol is cheaper.’ You will not get out of the place alive. That is the reality, because petrol is not cheaper; petrol is going up in price.

In relation to regional services, let me have a look at the diminution of the Prime Minister’s commitment. The Prime Minister said that there will be no further cuts to regional services. Not only that; he said that regional services will increase. So the issue that Senator Schacht was highlighting was utterly germane to this debate. The Prime Minister then went on to say that he would use his best officers and the officers of his government to exert influence over both the Commonwealth and the states in relation to provision of regional services.

The DEPUTY PRESIDENT—Senator Mackay, could you relate the Employment National closures to veterans, please. Senator Schacht did move a motion in relation to services for veterans in regional areas.

Senator MACKAY—Madam Deputy President, I think we have already been through this. Senator Schacht, when he took note, in fact highlighted at great length the exact same point that I am making with regard to the Prime Minister’s commitment in relation to regional Australia and then went
on to talk about the plight of veterans in regional Australia. So I think it is utterly germane.

The DEPUTY PRESIDENT—Yes, as long as you can link it in with veterans, please, at some stage.

Senator MACKAY—Veterans, obviously, are users of Employment National, and what has happened in regional Australia is that we have a huge diminution in the number of Employment National offices. In my home state of Tasmania it was mooted that there would be no Employment National offices whatsoever. So I say to regional Australia: if you have a situation whereby this federal government is prepared to ignore an entire state in terms of regional services—that is, Employment National offices—nobody in regional Australia can feel safe. This means not just veterans but those who use Employment National offices routinely, who are of course the most disadvantaged in our society—that is, unemployed people.

Unfortunately, I am now going to have to wind up. The reality in relation to this is that there is a major disparity in service provision between rural and regional Australia and metropolitan Australia. That is evident in relation to not only veterans but also Employment National offices, post offices and the provision of services by Telstra. This government’s commitment in relation to these issues is hollow. The Prime Minister has already been proven to be completely bereft of any credibility in this matter as a result of the Employment National issue, as a result of the plans to deregulate Australia Post and as a result of the proposed plans to privatise Telstra.

Senator EGGLESTON (Western Australia) (3.21 p.m.)—It must have been a blessed relief for Senator Mackay to see the clock tick around to zero, because she was really struggling to find any points at all to make about this matter. This report does say—and I have a copy of the Audit Office’s The administration of veterans’ health care report here—that in fact there are differences between the levels of services provided for veterans in country areas and for those in cities and large urban centres.

Most of our veterans are older people who very often require medical and paramedical services. So, in the most part, the differences reflect differences in the provision of medical services between country and metropolitan areas of Australia. There is no doubt at all that there is a difference. Thanks largely to the sad legacy of Labor, who did nothing while they were in government to improve medical services in regional areas, there are deficiencies in medical services in regional areas. There is not only a shortage of general practitioners but also a shortage of specialists who can deal with, for example, the respiratory, dermatological or psychiatric problems of veterans. There are shortages of physiotherapists and many other kinds of specialists who deal with the various medical problems of veterans.

In contrast to the dismal and sadly inadequate record of the Labor Party, who while in government did so very little to improve medical services in regional areas, the coalition has done a great deal. By improving medical services in a general way in regional areas, the coalition has also enabled the services to veterans to be improved. For example, in a general way there has been a shortage of doctors in rural areas but, under policies followed by the coalition government, for the first time in a generation there has been an increase in the number of doctors providing medical services in rural areas. In fact, in 1997-98 doctor numbers increased by 5.3 per cent in rural Australia and by 19.6 per cent in remote areas. Many general practitioners in country areas are local medical officers for the Department of Veterans’ Affairs, and the local GPs provide services to veterans in that way.

The need for specialist services in regional areas is also very important in terms of services to veterans. As a group, veterans quite often have respiratory illnesses. They very often have psychiatric problems. Those who served in Vietnam, especially, it seems, have psychiatric problems plus things like dermatological and orthopaedic conditions. This government has facilitated the visits of specialists to the bush so that veterans who live in country areas are able to access medical services in those areas. One of the examples
of this which I can quote is the provision of psychiatric services in country Western Australia. In the past, especially in the years under the Labor government, the problem was not even recognised, much less rectified. The current government has promoted a psychiatric service for people throughout regional WA and in other regional areas of Australia, and this has been of great value to veterans.

The need for improved medical services in general in country areas is something which does concern the government. The point that less money is spent on veterans’ affairs in regional areas compared with metropolitan areas just reflects the better services in metropolitan areas in terms of hospitals, physiotherapy, and so on. The inadequacy of medical services to veterans in country areas just serves to underline Labor’s grossly inadequate veterans’ affairs policy, which had no vision or substance. Over the years, Labor has played politics with the welfare of veterans. (Time expired)

Senator CHRIS EVANS (Western Australia) (3.26 p.m.)—I also wish to take note of Minister Newman’s answer to Senator Schacht’s question. The report referred to in that answer, Audit Report No. 29, is a very important report about the administration of veterans’ health care. The aspect that most impressed me when reading the audit report last week was the fact that the Department of Veterans’ Affairs does random audits of community nursing providers to ensure quality standards are provided to veterans in the services they purchase on their behalf. That is in stark contrast to what happens in the aged care sector. The Minister for Aged Care ought to take note of that sort of approach.

Last year, when the minister was questioned over the monitoring of residential aged care, she claimed that she continued to have spot checks on providers, just like DVA. We now know that the minister misled older Australians when she made that claim, because the Standards and Accreditation Agency has confirmed that it has not done one surprise inspection of providers—unlike DVA, who do go out and make sure that they are getting proper value for money. Despite the agency identifying 29 nursing homes where residents were at serious risk, not one has been subject to a surprise inspection.

Senator Tchen—Madam Deputy President, I rise on a point of order. May I draw your attention to Senator Evans’s speech. He has not only gone away from veterans’ services but gone into a totally different portfolio area.

The DEPUTY PRESIDENT—I keep hearing talk about the Department of Veterans’ Affairs, DVA.

Senator Tchen—Yes. But he is now talking about aged care services.

Senator CHRIS EVANS—Madam Deputy President, on the point of order: I do intend making a comparison in my speech between DVA and aged care services. The question was very much about the audit report. I will be referring to that throughout and, given the licence that is generally given in the taking note of answers, I think I am much closer to the mark than has been customary in the past.

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complaints and sanctions over its failure to provide care. In April last year, the Standards and Accreditation Agency identified numerous breaches of care standards in the administration of medication, fire safety and infection control, and that document is publicly available. It also identified the need to monitor the nursing home to ensure compliance was achieved and maintained.

But despite that—despite all the evidence they had of the absence of proper care, the failure to provide proper care to older Australians, many of whom are veterans—they did not do one spot check. They did not follow the process that the Department of Veterans’ Affairs follows. There was not one surprise inspection. Now we hear that things did not improve in the nursing home—that in January a member of staff was compelled to lodge a complaint over serious concerns about residents’ safety. That complaint was then handled by the Aged Care Complaint Resolution Scheme, consistent with the government’s policy. Do you know what they did? They went and alerted the provider that there might be a problem and that they ought to talk about it. They knew that there was a serious risk to health—they had known for seven months that there was a serious risk to health—and they rang up the provider and said, ‘We ought to have a chat because we understand that the place is not being run properly.’ They knew it was not being run properly, but what did they do? They did nothing. It has been seven months and no action has been taken. In DVA they do take action—they do attempt to protect their clients’ interests—but in the aged care portfolio they do not. They did not seek to provide the protection that was necessary for residents and the only thing that forced the minister to act was two days of bad publicity. Newspaper editorials in the Herald Sun and the Courier-Mail, et cetera, forced her to suddenly take her responsibilities seriously, intervene, and go and do something about protecting the people who needed her protection in this particular establishment.

More than 29 other nursing homes have been identified as having serious risks. What has she done about them? She has done nothing. More than 2,000 complaints have been lodged with the Aged Care Complaints Tribunal. She now admits by her actions that the mechanisms in place are totally unsatisfactory and that the protections in place for older Australians are completely unsatisfactory. But what has she done in those circumstances? She has done nothing. She was panicked by fear of the public scrutiny of her actions to intervene in this particular case, but this is not an isolated case. There are lots of cases where proper standards are not being maintained and where residents—by the departments’ and the agencies’ own analyses—are staying there at severe risk to their health, and they do nothing about it. They do not have surprise inspections, they do not put in an administrator and they do not take steps to protect the residents. It is all very well for the minister to intervene in this one case, where she is under the pressure of the publicity generated by her failure to act, but that does not say anything about the protections of the system or about protecting older Australians, including veterans, who are in those nursing homes and who deserve our protection but are not getting it.

Question resolved in the affirmative.

Eastern Europe: Cyanide Spill

Senator BARTLETT (Queensland) (3.32 p.m.)—I move:

That the Senate take note of the answer given by the Minister for the Environment and Heritage (Senator Hill) to a question without notice asked by me today, relating to the cyanide spill in Romania.

The spill of cyanide into rivers in Hungary and Europe more widely is something that has attracted quite a deal of media attention in Australia and, obviously, in Europe as well in recent times. Anybody who doubts that we are now in a shrinking globe need only notice the worldwide attention being focused on Australia because of this incident. I am sure that most senators have been getting emails from people in Hungary complaining about the environmental damage that has been caused and asking us, as representatives of the Australian parliament, what we are going to do about it. So clearly this is something that is in the minds of some citizens in Hungary for them to be going to the trouble of emailing members of parliament in Australia
asking them to act, assist and ensure that this sort of thing does not happen again. In question time today, as also occurred on Tuesday, we have been asking the government what sort of concrete action it will take to regulate the activities of Australian mining companies overseas. The company involved in this particular incident has, of course, denied that the cyanide spill is responsible for the environmental damage and is querying the extent of the damage.

I welcome the minister’s commitment on Tuesday to table a report—or to publish or publicise a report—detailing the full situation once all the facts have come to light. I think that would be in the company’s interest, obviously, if things are as they say. It would certainly be in Australia’s interest, regardless of whether or not the company is correct in saying that they are not really to blame. It is clearly in Australia’s interest to get the full facts about this situation. That does not change the fact that there have been other instances of Australian mining companies operating in a way that has been environmentally damaging. The minister’s answer today, which was basically talking about encouraging voluntary compliance with codes of practice and encouraging companies to operate in an effective way and in a way that is not environmentally damaging, is all very nice and cooperative. There is nothing wrong with trying to work cooperatively, but the fact remains that there will always be companies that will not comply with voluntary codes and that will go outside those codes. Those companies can not only cause environmental damage, damage to people’s livelihoods and great financial costs to communities overseas but also damage Australia’s reputation. So to fall back and rely on nice cooperative voluntary codes is clearly just a ‘hope for the best approach’ which, in the view of the Democrats, is not satisfactory in adequately protecting Australia’s reputation. The Democrats believe that clearly there is a situation where our national interest is at stake. Clearly Australia is identified throughout Europe as having some connection to this particular problem. We need to learn the lessons from this otherwise we may well be faced with a similar situation in the future.

It is also worth noting, I think, the minister’s response to my question in relation to funding by the Export Finance Insurance Corporation, which provides assistance to companies that may be looking at operating overseas, including mining companies. As far as I am aware—and I should clarify this for the record—that was not the case with this particular mine in Romania. But the minister again said that it is a bit unreasonable to put in place specific requirements that companies be required to meet environmental standards before they get funding from EFIC. I think it is quite a sensible approach to ensure that we do not go providing taxpayers’ money to companies unless we can be sure that they are going to operate in a way that is environmentally responsible and that also meets human rights standards. I would urge the government to take account of that approach and of the widespread concerns not just of the people of Hungary who have been emailing us but also of the people of Australia, including investors and business people, who recognise the damage that such incidents can do to Australia’s reputation and to those that seek to invest overseas. This generates not just valuable projects in those countries but also valuable revenue for Australia. (Time expired)

The DEPUTY PRESIDENT—Order! The time for the debate has expired.

Question resolved in the affirmative.

DOCUMENTS

Auditor-General’s Reports

Report No. 32 of 1999-2000


Register of Senate Committee Reports

Supplement

The DEPUTY PRESIDENT—I present the supplement to the Register of Senate Committee Reports for the period 10 November 1998 to 31 December 1999.
Work of Committees

The DEPUTY PRESIDENT—I present Work of Committees for the period 1 July 1999 to 31 December 1999.

Ordered that the report be printed.

COMMITTEES

Regulations and Ordinances Committee

Annual Report

Senator COONAN (New South Wales) (3.39 p.m.)—I present the annual report of the Standing Committee on Regulations and Ordinances for 1998-99.

Ordered that the report be printed.

Senator COONAN—I seek leave to move a motion in relation to the report.

Leave granted.

Senator COONAN—I move: That the Senate take note of the report.

I seek leave to incorporate the tabling statement in Hansard.

Leave granted.

The tabling statement read as follows—

I wish to make some brief comments on the two reports that I have just tabled on behalf of the Regulations and Ordinances Committee.

The 108th report of the Committee reviews the work of the Committee in 1998-99. The report records that during the period:

the Committee scrutinised 1672 instruments, approximately 200 fewer than in the previous year, a decrease that may have resulted from the election period in the second half of 1998;

instruments tabled in the parliament covered the gamut of government activity, across 17 portfolio areas;

the proportion of Statutory Rules to other disallowable instruments remains relatively low at 19 per cent; and

the volume of delegated legislation remains high compared to 10 years ago when less than 700 instruments were tabled in a financial year.

In 1998-99, the Committee had concerns with 107 instruments and sought substantive responses from Ministers and other officials. As the report records, some of these matters related to relatively minor matters, such as ensuring proper numbering, citation and cross-referencing. Other matters related to more significant legal and technical difficulties that the Committee identified when applying its principles of scrutiny.

I seek leave to incorporate into Hansard a summary of these principles and the approach adopted by the Committee:

Principle (1): Is delegated legislation in accordance with the statute?  
- technical validity and effect
- compliance with enabling Act and any other legislation such as the Acts Interpretation Act 1901 and in other respects, be validly made.

legislative instruments that take effect before gazettal and that affect adversely any person other than the Commonwealth, are void under sub-section 48(2) of the Act Interpretation Act.

legislative instruments may incorporate or adopt the provisions of an Act or other legislative instrument in force from time to time. However, it may only incorporate other material as in force or existing when the incorporating instrument takes effect, in accordance with section 49A of the Acts Interpretation Act.

- certainty of meaning and operation.
- possible breaches of parliamentary propriety
- drafting defects
- inadequate explanatory material
- proper numbering and citation.

Principle (2): Does delegated legislation trespass unduly on personal rights and liberties?

rights of individuals are protected

reasonable burdens are not placed on business

fees, allowances and expenses are not unfair or unusual

right to privacy is protected

offence provisions include appropriate safeguards

terms and conditions of public sector employment operate fairly.

Principle (3): Does delegated legislation make rights unduly dependent upon administrative decisions which are not subject to independent review of their merits?

- discretion should be as narrow as possible, include objective criteria to limit and guide their exercise, and include review of the merits of decisions by an external, independent tribunal, which would normally be the Administrative Appeals Tribunal

commercial, livelihood and personal implications.
express statement required that power must be exercised reasonably
decision should be notified within 28 days
notice of appeal rights and availability of statement of reasons for decision should be given to affected person.

Principle (4): Does delegated legislation contain matter more appropriate for parliamentary enactment?
legislation which fundamentally changes the law
legislation which is lengthy and complex
legislation which intended to bring about radical changes in relationships or community attitudes
legislation which is part of a uniform laws scheme.

Of the 107 instruments that were of concern, the Committee gave notice of motion in the Senate to disallow 12 instruments. The report in Chapter 3 records the Committee’s specific concerns with these instruments, its correspondence with Ministers and the successful resolution of these matters.

The annual report records and I am sure the Senate will also acknowledge the comprehensive, diligent and persistent work of the members of the Committee during 1998-99 and in particular the outstanding contribution of the former Chair, Bill O’Chee.

The second report I have just tabled is the Delegated Legislation Monitor for 1999. This document provides comprehensive information on every disallowable instrument tabled in the Parliament last year. This is the first time the Monitor has been tabled in the Senate. The Committee does so, as this is the only document that provides a comprehensive record of disallowable instruments. As usual, the Monitor will be available from the Internet at www.aph.gov.au/senate/committee/regord_ctee

Senator COONAN—I seek leave to continue my remarks later.

Leave granted; debate adjourned.

Delegated Legislation Monitor

Senator COONAN (New South Wales) (3.40 p.m.)—On behalf of the Standing Committee on Regulations and Ordinances, I present the Delegated Legislation Monitor for 1999.

Membership

The DEPUTY PRESIDENT—Order! The President has received letters from party leaders seeking variations to the membership of certain committees.

Motion (by Senator Ellison)—by leave—agreed to:
Economics References Committee—Substitute member: Senator Crane to replace Senator Gibson for the committee’s inquiry into the provisions of the Fair Prices and Better Access for All (Petroleum) Bill 1999 and the practice of multi-site franchising by oil companies.
Environment, Communications, Information Technology and the Arts References Committee—Participating member: Senator Bourne for the committee’s inquiry into the online delivery of Australian Broadcasting Corporation material.
Finance and Public Administration Legislation Committee—Appointed: Senator Mason.

Scrutinise the Implementation of the New Tax System Committee

Establishment

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (3.42 p.m.)—I move:

(1) That a joint select committee, to be known as the Joint Select Committee to Scrutinise the Implementation of the New Tax System, be established to inquire into and report, by 1 March 2001, on the implementation and impact of the Goods and Services Tax (GST), as well as associated tax system changes.

(2) That, in conducting its inquiry, the committee examine the following matters:

(a) the actual impact of the GST and associated tax system changes on different socio-economic groups, particularly disadvantaged and fixed-income groups;

(b) the extent to which government commitments on the GST have been achieved, including the promises that:

(i) no person will be worse off because of the tax changes,

(ii) no petrol price will rise as a result of the GST,

(iii) no price will rise by more than 10 per cent, and

(iv) health and education will be GST free;
(c) the extent to which confusion remains over whether the GST applies to some goods and services, particularly food products;

(d) the revenue generated by the proposed changes, including the level of revenue generated by imposing a GST on specific items of food, clothing, shelter, education expenses, health products, books, newspapers and magazines, petrol and other essential goods and services;

(e) the effects of the proposed changes on the Consumer Price Index;

(f) the effects of the GST on bank and other financial institutions’ fees and charges and interest rates;

(g) the creation and management of the Australian Business Number system;

(h) the pricing policies of the Australian Competition and Consumer Commission (ACCC) in implementing the GST and the resourcing of the ACCC for that task;

(i) the actual compliance cost impacts for the implementation of the GST and other tax changes on:
   (i) business, especially small business,
   (ii) charities and non-profit organisations, and
   (iii) local government,

   and the adequacy of proposed compensation measures;

(j) the financial and compliance cost impacts of requiring disclosure of the GST on receipts for consumers;

(k) the extent to which the GST is levied on state and local government fees, charges and levies, thus becoming a tax-on-a-tax;

(l) the implementation performance of the Australian Taxation Office, the GST Start-up Office and other relevant bodies including (but not limited to) information provision, accuracy of advice and adequacy of briefing materials;

(m) the scope of further legislative change required and the timetable for issuing of regulations and public and private rulings; and

(n) such other matters as the committee considers fall within the scope of this inquiry.

3 That the committee consist of 7 members, 2 members of the House of Representatives to be nominated by the Leader of the Government in the Senate and 1 senator to be nominated by the Leader of the Australian Democrats.

4 That every nomination of a member of the committee be forthwith notified in writing to the President of the Senate and the Speaker of the House of Representatives.

5 That the committee may proceed to the dispatch of business notwithstanding that not all members have been duly nominated and appointed and notwithstanding any vacancy.

6 That:

   (a) senators, or members of the House of Representatives, may be appointed to the committee on the nomination of the Leader of the Government or Opposition in the Senate or the Leader of the Australian Democrats, or the Leader of the Government or Opposition in the House of Representatives, respectively, as substitutes for members of the committee in respect of particular matters before the committee;

   (b) senators, or members of the House of Representatives, may be appointed to the committee on the nomination of the Australian Greens, Pauline Hanson’s One Nation, or independent senators, or independent members of the House of Representatives, respectively, as participating members; and

   (c) participating members may participate in hearings of evidence and deliberations of the committee, and shall have all the rights of members of the committee, but shall not vote on any questions before the committee or be counted for the purpose of a quorum.

7 That the committee shall elect a government member as its chair.

8 That the committee shall elect an opposition member as its deputy chair, immediately after the election of the chair.

9 That the deputy chair act as chair when there is no chair or the chair is not present at a meeting.

10 That, in the event of an equality of voting, the chair, or the deputy chair when acting as chair, shall have a casting vote.

11 That the quorum of the committee shall be a majority of the members of the committee.

12 That the committee have power to appoint subcommittees consisting of 3 or more of its members and to refer to any subcommittee any matter which the committee is empowered to examine.

13 That the committee appoint the chair of each subcommittee who shall have a casting vote only and any time when the chair of a subcom-
committee is not present at a meeting of the subcommittee the members of the subcommittee present shall elect another member of that subcommittee to act as chair at that meeting.

(14) That the quorum of a subcommittee be 2 members of that subcommittee.

(15) That members of the committee who are not members of a subcommittee may participate in the proceedings of that subcommittee but shall not vote, move any motion or be counted for the purpose of a quorum.

(16) That the committee and any subcommittee have power to send for and examine persons and documents, to move from place to place, and to sit in public or in private.

(17) That the committee have leave to report from time to time its proceedings and the evidence taken and such interim recommendations as it may deem fit.

(18) That a subcommittee have power to adjourn from time to time and to sit during the adjournment of the Senate and the House of Representatives.

(19) That the committee set 30 June 2000 as the date for receipt of submissions, but that the committee be empowered to receive and consider submissions at any later time.

(20) That the committee hold hearings in each state and territory as required.

(21) That a message be sent to the House of Representatives acquainting it with this resolution and requesting that it concur and take action accordingly.

This motion is to set up a select committee to enable the Senate to take evidence about problems with the implementation of the GST. The of motion is extensive. It would empower the committee to quite comprehensively receive complaints or concerns from Australian citizens about the implementation phase of the GST, provide a sounding board for those concerns, provide the Senate with an opportunity to have an overview of the implementation phase, and be a way of tackling some of the extreme difficulties that have now come to the surface with the government’s application of the GST.

It is a committee which would serve this parliament well and provide the Australian community with an opportunity to have a voice in what is now an exceedingly complex, difficult, confused and clouded phase in the application of the GST as we run to 1 July, the date on which the GST will apply. It is a motion which should commend itself to this chamber because it sits squarely with the responsibilities of the Senate to be a house of review and to have an overview responsibility in this parliament and on behalf of the states, and for the community to feel access to the decisions of government through this chamber. So I commend it to the chamber on that basis.

In discussing the GST in this chamber, one hardly knows where to start. Indeed, I am temporarily baffled in selecting the point to commence this debate. Does one go back to the grandiose election promises before the 1998 election or does one go back to the ‘never ever’ promise of the Prime Minister not to introduce a GST? We know that in the last election the Prime Minister made extravagant claims for what the GST would do and we know that many of those claims now have been modified; core and non-core elements of those claims have emerged; and qualifications have been entered. If one were to spend the time allotted to me in this debate to clinically and forensically go through what was promised by the government about this tax before the last election and now look at the truth of what will happen, there is a case to be made in a ‘before and now’ comparison that would be absolutely devastating to this government and show that it has mismanaged its electoral undertakings to the people and deceived them in the election run-up in 1998. Would that be the place to start?

Would the starting place to go be the Senate’s inquiry into the GST when, for the first time in this debate, independent respected academic opinion was commissioned by this Senate to model some of the basic assumptions for the GST? When that occurred and the reports were lodged, we found the proposed model absolutely flawed and the assumptions upon which the government had based its GST theory fundamentally misleading. One of the key assumptions that the electorate were told before 1998 was that the GST would induce a 1.9 per cent increase in inflation. We know from the Reserve Bank and from others that that is now at least five per cent, and we know now from today’s pronouncements of the Reserve Bank that
this year, this whole calendar year, it is possible that inflation will hit five or over and that the main inflation spike will be induced by the GST. That is not 1.9 per cent. That is around five per cent. Many respected economic commentators say that it is likely to go higher and that eight per cent is not out of the question. So the so-called tax cuts compensating at 1.9 hardly meet the needs at five and are certainly well off the mark at eight per cent, if that is where inflation goes.

We also know from the academic modelling that unemployment in Australia will increase as a knock-on effect of the introduction of the GST, because services, which are labour intensive, will be taxed for the first time, making the cost for service-providing companies higher due to a government impost and preventing them from employing more people. Is that the place to start—the impact on employment and the future livelihood of many Australians?

Perhaps the place to start is to go to what was last year, I think, the most gripping event in this Senate. That was when a compassionate senator, the Independent senator, Senator Harradine, who was thought to have the swing vote in this debate, stood up as a man who had applied himself to the detail and made a considered and emotional speech, concluding with the words, ‘Can I support the GST? I cannot.’ The basis on which he said those words ‘I cannot’ was the impact that the GST would have on many Australians at the lower end of the wage and income scale whose futures and whose livelihoods would be made specifically worse off because they would be rewarded less from the tax cuts or less from the welfare provisions being made than they would meet in the costs being imposed on them with a whole range of expenses, including heating in winter, electricity, transport and access to medical services. Is that the place to start?

Could the place to start be just the other week, when the Reserve Bank of Australia increased the fundamental interest rate level in Australia by 0.5 per cent, a half a per cent increase, which pushes up Australian home loans to a much higher level than previously anticipated and thus in one stroke wipes out the advantage for many mortgagees in this country of any so-called ‘advantage’ out of the tax cuts that will apply on 1 July? The government’s answer about all the problems with the GST is ‘Just wait for the tax cuts, they will compensate; no-one will be worse off’, we are told. But we know now—from information in the media, from our own experience and from the continuous stream of complaints coming into our electoral offices and to our party—that prices have begun to rise already in anticipation of the GST.

Yesterday in the other chamber, the Treasurer informed us that the ACCC had to speak to one of the biggest retail chains in this country, the Big W stores owned by Woolworths, because prices were rising at or about 10 per cent, when he had said that that was
not allowed. I might say that there is a sinister element to what the Treasurer did yesterday. What Big W had done, as a reasonable concern for their customers, was to show on the label of the goods that they had on display in their stores what the price is now and what the price will be due to the GST; that is, they let their customers know how much extra it will cost them. That is not what the government wants anyone to know. What the Treasurer said yesterday is that the ACCC, the GST police in this nation, will speak to Big W to stop that practice immediately.

For God’s sake, consumers ought to know whether the real price rises are being passed on or whether the GST is being used as a smokescreen to jack up prices. The only way that 18 million Australians can be sure that they are not being gypped at the till is to know what the before and after price is and how much real tax they have to pay. The Treasurer does not want them to know that. He sooled the GST police onto Big W to stop consumers from finding out and in order to make an example of Big W to other retailers dare they step out of line and tell their consumers exactly what the cost changes are. ‘Thou shalt not know’ is the ruling principle for this government as far as this tax is concerned. Is that the place to start in this debate?

Let me go back to the start only very briefly because I want to deal with some of the huge number of complexities and misleading and confused responses from the government on the GST in support of our basic contention that it is a fair and reasonable thing for this Senate to provide a committee to which ordinary Australians who have something to say about this, in the misjuggling and maladministration of the implementation stage of this tax, can come and appeal for the problems besetting them as individuals to be sorted out. In a society as large and as complex as Australia, it is the obligation of representative chambers of parliamentary democracy like the Senate to empower the electors and give them access to the machinery of government. This committee, if it were constituted by vote of this chamber, would do that.

In August 1998, the government outlined to the Australia people the key principles of their tax package. Firstly, no-one would be worse off. Wait for the hollow laugh. We know that many Australians are. It was the basis of Senator Harradine’s ‘I cannot’ speech. Secondly, it would be fair. If it were fair there is only question: why are higher income earners getting a bigger percentage tax cut than lower income earners? That means the wealthier you are, the bigger your tax cut. The more modest your income, the lower your tax cut, in percentage terms. That means that, in monetary terms, the difference expands so that the tax system favours the rich and hurts ordinary Australians. One of the principles allegedly was that it would be fair.

Thirdly, it would be equitable was another such principle. The foregoing example proves inequitability as well. Fourthly, the system would be simple. Wait for the horse laugh. There is not one small business proprietor in Australia faced with the complexity of this new tax system—faced with the cost of the transitional phase, the cost incurred in modifying or purchasing new electronic accounting equipment or registers, point of sale transactional machinery—that believes there is anything simple about this tax. The tax office itself does not believe it because it has a backlog of queries as long as its arm that it cannot answer. As long as it remains unable to give simple directions it means the confusion mounts. Simple, hardly; complex, yes; a dog’s breakfast, absolutely. The Treasurer’s words were, ‘Nightmare on Main Street.’ That is fundamentally what this government has delivered to the Australian community.

Fifthly, it would be efficient. All the foregoing has to be true for efficiency to occur. If it is efficient people have to know what they have to do and they clearly do not. The backlog of queries is so great you cannot collect a tax if no-one knows what they have to pay. Therefore, clearly it cannot be efficient.

Let us walk our way through some of the most outstanding elements of this tax debacle. Let us go to the revelation on Monday night at the Senate estimates hearing. We now know from evidence on the record from
the tax watchdog, the ACCC, that there is a
category of renters out there who, as long as
their landlords do not say that these increases
are due to the GST, can have their rents ex-
ploded with no legal comeback. The gov-
ernment, in this chamber, declines to clothe
the watchdog with the powers to protect ten-
ants from exploitation by untrustworthy
landlords in those circumstances. There is a
series of renters who can be slugged with no
legal redress. That is established fact. The
government will not do anything about it.

Now we turn to the question of dual pric-
ing. I addressed the chamber a moment ago
about Big W. They were told they cannot
allow dual pricing—the before and after price
tags. What are Australian consumers to do?
We now have major retail chains in confu-
sion, at great cost to their own operations,
about how they should manage this, knowing
that the costs created by that confusion will
later be passed on in higher prices anyway.

Where there is a percentage this way or a
percentage that way, do you round up to the
higher price or do you round down to the
lower price? Then we had the example of the
Acting Assistant Treasurer, Minister Joe
Hockey, filling our screens in January saying
that he had directed the ACCC via a press
release that rounding up could not result in
prices rising by more than 10 per cent and the
Deputy Prime Minister just saying that there
would be no rounding up. What do corpora-
tions do in those circumstances—round up or
not? One minister says you can and the De-
puty Prime Minister says you cannot.

On the question of frequent flyer points, we
still do not know the answer to that one.
Minister Hockey suggested at the time that
consumers may have to hand over extra cash
to pay for GST liability on an air ticket if
they harvest their frequent flyer points.

On the question of the ACCC GST price
exploitation guidelines, the ACCC are em-
powered to act when they regard that price
exploitation, a legal term in this context set
out in the act, has occurred. Can they define
what they mean by price exploitation? No.
When will they define it? Wait and see. Is
there confusion? Absolutely. Are people con-
ducting their business innocently but will
later be prosecuted because the Australian
Competition and Consumer Commission, the
GST police, could not at this stage, after the
legislation has been enacted by this parlia-
ment for several months, define the funda-
mental meaning of what constitutes price
exploitation?

On the question of caravan parks, we now
know that if you happen to live in a caravan
you will pay 10 per cent GST, but if you hap-
pen to live in a Sydney penthouse you will
not. Is this discrimination against the poor in
favour of the wealthy? The National Party
member for Richmond, Mr Anthony—I think
he is a parliamentary secretary in the other
place—

Senator Ian Campbell—A minister.

Senator COOK—Thank you, Parliamen-
tary Secretary, for the correction—a minister,
no less, said that he was going to agitate the
government to change this rule. The Prime
Minister said in respect of tampons and in
respect of this that he is not going to change a
single damn thing. So the government speaks
soothingly and sympathetically to one group
of outraged electors but the Prime Minister
stomps on his ministers—he is not for
changing.

There are questions about hotels and toll-
ways and so it goes on. Confusion is rampant
on every side. On the question of motor vehi-
cles, we are told motor vehicle prices will fall
but the minister refuses to say that they will
actually fall or give an undertaking that they
will fall and he does so before a Senate
hearing. The list is increasingly long. I know
my other colleagues may wish to address it.
But this motion should be carried by this
chamber to give ordinary Australians a
chance to have their say on the implementa-
tion phase of this tax. (Time expired)

Senator IAN CAMPBELL (Western
Australia—Parliamentary Secretary to the
Minister for Communications, Information
Technology and the Arts) (4.02 p.m.)—I think
the first point that should be noted by all
honourable senators is that here we are in the
year 2000 discussing a motion moved by
Senator Peter Cook to have a select commit-
tee into what is ostensibly an implementation
of a new tax system, and it goes into some
detail, which I am happy to go through be-
cause I think we should try wherever possible to restrict ourselves to the detail of the motion. Senator Cook just spent 20 minutes—

Senator Carr—It’s a long motion.

Senator IAN CAMPBELL—it is a long motion.

Senator O’Brien—He should have just read it out. Is that what you are saying?

Senator IAN CAMPBELL—No, I would not expect that senators need to have the motion reread since it has been on the Notice Paper for some days. But I will refer to it because the outstanding fact that jumps out and grabs me is that Senator Cook on 17 February 2000 wants to have a significant and detailed inquiry into the implementation of the goods and services tax. I guess by way of tangential comment he has probably worded this motion after Simon Crean in the other place put down his details of the Labor Party’s GST policy principles. I am glad that the next Leader of the Opposition, Mr Crean, has at least cleared that up for the time being. He has agreed on the principle of the GST for the first time by Labor since Mr Keating first proposed the policy back in 1984. The important thing here today is that we should look at the performance of Senator Peter Cook and the Labor Party generally in relation to the significant changes made to the indirect tax system in 1993.

If you want to take the Labor Party seriously on this—and it is very hard to do so—their policy opposing the GST, which was formally ended yesterday by Simon Crean, arose around the time of the lead-up to the 1993 election. In 1984 it was very much the then Labor Treasurer’s policy to have a broad-based consumption tax based on very similar principles to the new tax system proposals which have now become law under the coalition. Treasurer Keating’s proposals were very much to bring in a broad based tax. He was incredibly strongly opposed to exemptions on food, clothing and other things. If you read carefully the history of that period and the press clippings from that period—and, most importantly, I recommend to honourable senators and to you, Madam Acting Deputy President Crowley, who I know to be a close confidant and friend of the then Treasurer—the excellent biography by John Edwards of that period, you will see that the then Treasurer went into significant detail about the consequences of making exemptions from the tax base.

He went further and said that the more you seek to make exemptions, the more the equity of the whole policy—and he was a great supporter of the social equity of a broad-based consumption tax, or BBCT as it was called when the then Labor Treasurer was promoting the policy—was for particularly the disadvantaged and those on fixed and low incomes. The then Treasurer was very committed to that, as were a significant number of the Labor caucus at that time. He saw it as a social equity measure. He saw it particularly as a way of ensuring that the income tax scales did not, as they have done right up until now, militate against the interests of those on low and fixed incomes because the income tax and the tax raising base fell so harshly on those on average weekly earnings and around average weekly earnings and of course on the lower income scales because our income taxes are so significantly higher.

The then Labor Treasurer, Mr Keating, made it very clear that bringing in a broad based consumption tax would ensure that particularly people on high incomes who spend a lot of money pay a fair amount of tax. A lot of high income earners do not pay much income tax, as Senator Conroy knows better than most. This system ensures that people who go out and spend hundreds of dollars on restaurant meals, who hire expensive limousines, who have expensive lifestyles and who buy expensive clothes—Zegna suits—and those other sorts of accoutrements, pay an enormous amount of tax compared to someone on a low income, who naturally spends less. That is where the Labor Party’s true philosophy on a sensible, socially equitable and broad based consumption tax and income tax base encourages people on low and middle incomes to increase their incomes and to keep some of that in their pocket, not see it go out in either lost welfare benefits or high marginal tax rates.
Tax rates and welfare rate dropouts should make any member of the Labor Party, anyone who has genuinely wanted to stand up for working men and women in Australia, people on low and middle incomes, feel very guilty, feel very queasy. Under certain income brackets, there are marginal tax rates approaching, and in some cameo cases going above, 100 per cent. So, every extra dollar you earn you lose by way of either reduced welfare benefits or other payments—rent assistance or other payments—and increased tax. So, for every extra dollar you earn, you lose either 90c, 92c, 98c or, in some cases, 102c because of the interaction of the tax and welfare system—what people who are inside baseball call poverty traps. This significant tax reform is the biggest single attack on those poverty traps in the history of the Commonwealth. It significantly reduces income tax and, of course, attacks those taper rates. It is a much better system for people on low, middle and average incomes.

That is where the Labor Party started out. Then, when the coalition decided that we would bring in significant reform and announced that in the reform package in 1992, Mr Keating did one of the most significant triple backflips with a pike in Australian political history. Having gone out only a few years earlier to sell the equity, sell the benefits for the economy, sell particularly the benefits for those in the low and middle income groups of a significant tax change—one away from a heavy reliance on PAYE tax collections and towards a broad based indirect tax—Mr Keating decided that, for base political reasons, he would go and campaign against such a change. He did this less than eight years after he himself proposed it. When he finished proposing it, he said that this was an important reform for Australia, that it was a reform that must take place and that it was something he would not give up on. They were his sort of parting words on his BBCT, or his so-called option C. He said in his final interview on the subject that he would never stop fighting for that. History proves otherwise.

Senator Cook, when challenged on the then Treasurer’s views on this issue, made it clear that Paul Keating’s true views on option C and a broad based consumption tax were evidenced in history because of his opposition to it in 1993. All of us who have any knowledge of Mr Keating and the Labor Party generally would know that we will have to wait a long time to find out the truth about Mr Keating’s views about the tax reform. It was to his political advantage to campaign against it in the 1993 election. Of course, in 1998, when the proposals came forward for the changes to the tax system which have now occurred with amendments in the Senate, the Labor Party had no other policies. By then, they had had over two years in opposition. The only tax policies they came up with was to increase the tax on four-wheel drives—effectively increase the tax on cars driven by many people in middle income areas of Australia—and to retrospectively impose capital gains tax burdens on Australians as well. They were sort of the two key features of tax policy at the last election, and the only other thing they could do was bash the GST.

We are now in the year 2000 and Senator Cook wants to have an inquiry into the implementation of the GST. Yesterday, Simon Crean made it very clear that the Australian Labor Party would now accept the GST as part of their own policy. So you need to read very carefully the GST policy stance of the opposition when you see it. They want to score whatever political mileage they can out of the GST, but the Australian people must know one thing—that is, the Australian Labor Party are as committed to a broad based consumption tax today as they were back in 1984. So Simon Crean has completed the circle. He has taken Labor back to the policy that Mr Keating advocated in 1984, and it is now ALP policy.

What we are yet to see—and we hope that Senator Conroy will go to this in his contribution to this debate—is just where they are going to change the GST on coming to government. We reiterate the fact that it is not impossible for the ALP to change the GST. What they would have you believe is that it is too complicated, it is too hard, it is like unscrambling eggs, to actually change the GST. They cannot. It is just not a policy option, according to the Labor Party, to actually go back to their preferred system, the one they
stuck with for 13 years—that is, five or six different rates of wholesale sales tax, 22 per cent on things like computers and modems.

I reiterate this point: it is very important to note that, when you hear the Labor Party talking about wanting to move into the information age and have a sort of intelligent island, smart country or whatever their latest gimmick is, this is the party that want to penalise people who want to get into the information economy, who want to buy themselves a computer and a modem and get an Internet connection, at 22 cents in the dollar at the gateway to the information economy. When you go up to the Labor Party gateway to the information economy and say, ‘I want to come in,’ Labor say, ‘Before you get hooked up to the Internet, before you can become part of the information economy, we will take 22 cents out of every dollar you spend on computers, modems, printers, CD ROM drives and every other piece of hardware you need to get into the information age.’ So theirs is a party whose rhetoric about getting people into the information age is not matched by their tax policy.

The other point that should be made is that the Australian Labor Party can, if they wanted to, make it their policy to go back to their old system. That is the point I started with. It is very easy to repeal the GST bills. You need one relatively small and uncomplicated piece of legislation repealing the goods and services tax bills and another bill to bring in a wholesale sales tax.

If the Australian Labor Party want to try to con the Australian people by saying that the only alternative they have is to fiddle around with the GST and they cannot repeal it, they are misleading the Australian people. They are seeking to mislead the Australian people either because they actually like the GST and they want the revenue, as the Labor premiers do, or because they are too lazy or incapable of coming up with an alternative policy. There are only two choices. I am looking forward to listening to Senator Conroy, although I am afraid it will have to be on my monitor in my office. But as always with Senator Conroy, I will listen very closely to him because I am genuinely interested to see if the Australian Labor Party can come up with any sorts of clues as to what their policy is.

We hear the Labor Party day in day out attacking the GST but, after some four years, we do not have any idea of the details of their tax plans, apart from increasing the tax on four-wheel drives and bringing in a retrospective capital gains tax on family jewellery. We have an idea of what their spending plans are: Senator Cook wants to introduce R&D benefits at a cost of probably billions of dollars, Senator Carr wants to increase expenditure on education and Senator Chris Evans wants to increase spending on child care.

We have already from them billions of dollars in commitments to increase government spending. We have from the current Leader of the Opposition and I expect from the next Leader of the Opposition, Mr Crean, commitments to roll back. Depending on which week you look at it and probably the mood or the physical health of the Leader of the Opposition, they want to roll back the GST; walk it back, possibly jog it back, wind it back or take it back. We have these cliches about what they are going to do to the GST.

They are jumping up and down about the tax on sanitary products, so we think they are going to remove the tax on them. Is that your policy now—I ask the opposition rhetorically, Madam Acting Deputy President, to stay within the standing orders—or is it just rhetoric? Will that appear in the tax policy? Will the tax policy ever appear? We do not know. If it is like the employment policy, it is like the Scarlet Pimpernel: ‘We hunt it here. We hunt it there. We hunt it everywhere. Where is this employment policy?’ We wait to see. Hopefully, Senator Conroy will use the time available this afternoon to go into some detail about a walk back, a roll back, a drawback, just what his policy on the GST may be.

We then have to await—again, I suspect, with bated breath—to find out just how the Australian Labor Party would pay for the billions of dollars of additional government expenditure in the range of announcements they have made. Every time they roll back the goods and services tax, they will need to decide whether they will roll back the income tax cuts or how else they will raise the funds
they need to fund the services of government, which will somewhat expand if one is to believe the rhetoric of the Labor spokesmen.

The Labor Party have quite a challenge. It is not a challenge where you can really say, ‘Just wait until the election.’ I think the Australian people deserve better than that. In the lead up to the last election we were promised that we would see the Labor Party policies. The people of Australia asked, ‘What is the Labor alternative? Where are your policies? Where are your proposals?’ Mr Beazley and others said, ‘Wait to the election.’ We got to the election and they said, ‘Wait until next week.’ Then in the last couple of weeks before the election—in fact, in just the last few days—we got the announcements and the sums did not add up, just as they did not add up all the way through the 13 years of Labor.

That is why the Australian people deserve better this time. The Australian people do not want to have to suffer years of mindless whingeing, carping and criticism of government policy only to be met by an absolute vacuum of policy ideas or proposals from the opposition. You cannot go around in modern politics proposing to spend billions of dollars on either tax roll backs or new spending programs and pretend you can get the money off the tree at the bottom of the garden, or as Mr Beazley did as finance minister and Mr Keating did as Treasurer just borrow the money, put it on the credit card, and expect current and future generations to pay with massive interest rates which hurt every single person in Australia who owned a home or had any sort of debt whatsoever.

You cannot get away with that in modern politics; that is certainly my view. You need to be able to put up an alternative proposal. The Labor Party’s track record in government was to spend on average over the years they ran deficits $10 billion a year for nine years. They ran deficits for nine out of 13 years and the average of those deficits in current dollar terms was in excess of $10 billion. The people of Australia should never forget that. That money does not grow on trees. It has to be borrowed and it has to be paid back at some stage, and it massively increases the money we have to pay in debt interest. Senator Cook’s motion seeks to have an inquiry into the implementation of the GST. I am wondering where Senator Cook was back in 1993 when his good friend and Western Australian colleague John Dawkins was Treasurer. Having campaigned in the 1993 election to explain that there should be no new indirect taxes, as Senator Cook did so vigorously, within literally minutes of the return of the writs in that election, we had a proposal before us to put up indirect taxes by more than 10 per cent in many cases. So the 10 per cent rate rose by 20 per cent, the 20 per cent rate rose by 10 per cent and the 30 per cent rate rose by about five per cent.

As I turn to the wording of Senator Cook’s motion, I notice that he wants to have a look at the impact on disadvantaged and fixed income groups. I suggest to Senator Cook that, if he does get this joint select committee established, I would seek to amend the motion to read that we have an investigation into the introduction of the wholesale sales tax system.

We should firstly look at why they had no monitoring in place to look at price exploitation with those increases—the tax on toilet paper, for instance, went up by 10 per cent with no implementation price monitoring. We should also look at why there were no increases in pensions and payments, such as veterans’ affairs payments. We should look at why there were no tax cuts to offset the impact of those indirect tax increases on the disadvantaged on low incomes. We should also look at why there was no compensation for people buying a beer over a bar in Australian pubs. These guys opposite put up the tax by 28 per cent and gave no compensation.

(Time expired)

Senator CONROY (Victoria) (4.22 p.m.)—I rise to support the motion that is before the Senate. As is evidenced by the speakers list, we have 12 speakers over the two hours. At least you have to give Senators McGauran, Campbell and Gibson their due, because they have been prepared to come in and front this disaster. They have been prepared to come in here and at least join the debate. Two hours of Senate debating time and 12 speakers on the list: this is more than will be able to speak today.
But who is missing from this list? I will tell you: there is not a Democrat to be seen on this list in here today to defend their actions. The Lees-Murray team that forced this deal on the Australian public have not even had the courage to come in here and face the debate. I know that Senator Murray will probably be listening. He will have a bit of a grin to himself and say, ‘Senator Conroy never misses the chance to point out that the Democrats were complicit in this debate.’ There is still a chance, Senator Murray. I am sure that if you came down here today from your room, if you are listening, one of these speakers would be prepared to step aside and see you oppose this motion, because this motion is like a wooden stake to a vampire. This is the one motion the government could not afford to see get up—a review of the implementation of the GST.

What have this government got to hide? We know what they have got to hide. There is a long list of things that have come to light. The government’s solution to this motion is not to vote for it and be honest; not to vote for it because they cannot afford to have the Australian people see the details. Their solution is to do what they did last time. It is to have a huge advertising campaign with the Australian public’s money to try and tell the Australian public why the GST is good for them. They are going to spend millions and millions of dollars to try to convince the Australian people that this is good for the country and good for them. Never let it be forgotten that that is what this government did when they announced it, after spending nearly $19 million of our money pulling the wool over the Australian public’s eyes, they then turned around and called a snap election, on the back of $19 million of Australian taxpayers, funds simply to hide the truth. Now, today, faced again with the chance to come clean with the Australian public, what do they do? They are going to talk this motion out. They are going to defeat it in a vote, if it comes to a vote, because they cannot afford to be exposed.

Senator McGauran has come into the chamber today—and I am pleased, Senator McGauran. At least you have the courage to come in here. You came in and you were weighed down with what you were carrying—all your source documentation. There it is. That is right. Thank you, Senator McGauran. For the benefit of Hansard, let me inform you that he is waving it around. And look: he can barely lift it. That is the new simplified tax system! He almost did not manage to carry it into the chamber; he needed two hands to bring the documentation on the tax into this chamber. And what is it they do not want us to see?

Let’s go to the Sunday Age of 6 February. This is a bit long but it is important. This is an article about the costs for a chemist of the implementation of the GST—just a simple, small business chemist who is traditionally from the heartland, you might think, of the coalition, the heartland of the Liberal Party. I am sure you saw it, Senator Troeth. You can sit there and smile, but I am sure you saw it and I am sure it sent a chill down your spine. This is what the story had to say:

At first, a GST didn’t seem like such a bad idea to Camberwell pharmacist Terri Secull and her husband and business partner, Ken. A simple, flat tax and a system with fewer loopholes and anomalies, they thought; with any luck, they might even end up better off.

Mr Secull laughs drily when he reflects now on those initial expectations. Like many other small business operators now grappling with the GST, the Seculls voted for the coalition in 1998—

There you are. They voted for the coalition; they voted for this tax—
“If I’d known it (the tax) was going to be as difficult as it has been, I would have voted against it. It just seems a total mess up.” Mr Seccull said.

Once the full implications of the GST became apparent, Mr Seccull, 63, and Mrs Seccull, 54, considered selling out of their pharmacy. But they decided an early retirement was beyond their means.

Instead, they find themselves with an increased workload and plenty of stress. They have pored for hours over GST information booklets and accounting advice. They have sifted through computer pamphlets, choosing a system to suit their means. And, of course, they have negotiated with their bank for a loan because the $200 Government assistance grant covers only a fraction of the costs they face.

A new point of sale register system alone has cost $11,500, and Mr Seccull estimates his total GST implementation costs at around $20,000.

It is not the $500 or the $700 that was promised by this government in the lead-up to the election. I well remember the ridicule and abuse from Senators O’Chee and Ferguson that Ray Reagan from the National Tax and Accountants Association put up with when he appeared before the Senate committee. I think Senator Gibson was innocent that day, but then he is always well mannered and would not have participated in that sort of abuse, but the abuse was horrific. Senators were witness to Mr Reagan saying, ‘Well, I think on our calculations costed out, $7,000 might be a possible cost.’ He suggested, ‘Perhaps $5,000, but around $7,000’, and he was savaged by coalition senators. They wheeled in their expert from New Zealand and what did he have to say? He said, ‘I run a small business and it costs me $500 at best. Three hundred dollars for the new GST software and $200 in costs. About two hours a fortnight.’ I think he told us. Also he said that, if you did not have a computerised system or a cash register, there would just be another column in your book—just one more column, he told us. How does that add up with what this Liberal voting chemist is experiencing in the real world of GST implementation?

No wonder they do not want to vote for this motion. No wonder they do not want the Australian public to find out that they sold them a pup; that they misled and deceived the
every business owner in Australia to either become a cost accountant or hire the services of one.

It might be great for some of the businesses in this country that everyone either has to hire or become a cost accountant. He goes on to explain:

If you want to meet the guidelines laid down by the ACCC, you must be able to demonstrate that all of the consequences of sales tax being removed have been considered. The first thing to do is to identify which of your overhead costs have sales tax included in them now. Some of these could be computer costs, freight and cartage, car repairs, printing, postage, stationery, tools and staff amenities. Once the costs have been identified you should contact the supplier and ask if, and by how much, their price will drop with the removal of sales tax.

The next thing to do is look ahead and work out what new equipment, including motor vehicles, you will need to purchase in the coming years. The suppliers of those items should also be contacted to see what the sales-tax savings will be. The total sales-tax savings should be added up and the impact on the overall profit of the business calculated. If the increase in profit could be held to be price exploitation, the price of your goods or services should be decreased.

That is the sort of complexity that the Seculls in this chemist shop are facing. That is the sort of complexity that every single small business in this country will face.

Senator Sherry—Where are the Democrats?

Senator CONROY—I have already made that point, Senator Sherry. I have even offered that you would give up your speaking position if Senator Murray or one of the Democrats come down. I know you would hand it over. If Senator Murray—or more importantly Senator Lees—wanted to come down now, they could tell us why they wanted to support this. They wanted to debate tampons. No! They are not even prepared to front in the chamber for that. I know that Senator Sherry would do it, and I might even sit down and shut up if Senator Murray would volunteer to come down here and talk right now. But, no, we are not going to see any sign of a Democrat in this chamber trying to justify what they did to the Australian public last June.

Senator McGauran—Thanks for the capital gains tax cuts. I appreciate you voting on that. I know you didn’t want to.

Senator CONROY—I am looking forward to Senator McGauran’s contribution, as I always do. The Australian public hangs on your every word. Here he is, ‘Roll Over Ron’, voting for the GST.

Senator Boswell—The only man who ever cried in a maiden speech. Cry baby!

Senator CONROY—All talk, no action. ‘Roll Over Ron’, that is what they call him. I am glad you have come in, because the National Party is going to need your hard work to have any seats left in the bush.

Senator Boswell—Blubbering like a little baby.

Senator CONROY—Do you know what the National Party’s vote is in Victoria now? It is less than two per cent. Less than two per cent in Victoria is all your lot can muster on the b—

Senator Boswell—You go and have a big cry.

Senator CONROY—I would like to see you get down to Benalla and help the National Party out. You get down there and tell them how proud you are of the GST. Benalla is where they need you, ‘Roll Over Ron’. Why don’t the government want this motion? Because it will expose them on bank fees and charges. David Murray, the Chief Executive of the Commonwealth Bank, stood up at his shareholders meeting last year and stated:

...although the GST won’t apply to the CBA’s services, the bank will be paying the tax on products it buys—and this will be borne by customers.

“The effect is that the banks will have to pass on input costs.

“So you will not see a GST charged directly on most of our services but there will be a change in the charges.”

He is saying that the GST costs will be passed on to customers of the Commonwealth Bank and all the other banks in the shape of higher fees and charges. That is not an interest rate increase, as he has already indicated. It is in the area where they can slug the battlers the most: fees and charges. If you are a pensioner or a social security recipient, you are unlikely to have a home loan. You
are being hit by the fees and charges. The banks are going to slug you another $340 million to pay for the GST. The costs to the Commonwealth Bank are estimated at around $70 million. That is $70 million for Commonwealth Bank customers who cannot get out of the fees and charges; they are the ones who do not have $30,000 in the bank to get an exemption from fees and charges. Approximately $70 million in Commonwealth Bank charges is going to flow through to the battlers, who have less money and can afford it the least.

Yesterday there was humiliation for the Treasurer over the question of where he is staying during the Olympics. When it was pointed out that Accor, which owns the hotel that he is staying at during the Olympics, is putting up their costs by 10 per cent, what did he do? He had no answer. He tossed it off to the ACCC. He said, ‘We’ll put the ACCC on to them.’ An Accor spokesman said:

…the firm’s analysis showed the costs of the tax would be “close to the full 10 per cent GST, not the 6.7 per cent identified by the Government. He said:

...“virtually every other hotel” had made the same decision. “We will review the situation once we can gain actual data.”

But that is what their calculations are showing right now. The Treasurer is out there saying that none will go up to 10 per cent. Certainly none will be allowed to go above 10 per cent. But the Treasurer was humiliated yesterday in the chamber because the very hotel that he says people will leave because they will not pay an extra full 10 per cent for it is the one he is booked into for three weeks during the Olympics. How humiliating for Mr Costello!

But the humiliation did not stop there. We had the Hockey Bear dramas in pyjamas saga yesterday. Big W has told the government that the price of the imported items would not be lowered by the elimination of the wholesale sales tax because it had already paid these costs. Despite criticism from the government and the Australian Competition and Consumer Commission, Big W yesterday refused to concede that the full 10 per cent increase was unwarranted. They have withdrawn the tags, but they are going to bring them back, with agreement, on 1 June. They are not conceding the point. The government want to bash and bludgeon them into stating publicly that there will not be this full increase. We have seen another humiliation for the government. Is it any wonder they do not want this motion passed today? Is it any wonder they do not want any scrutiny?

In today’s papers we have arguments about who are the winners and losers from the GST in the petrol and truck transportation costs field. The government has made a big thing about all these savings that are going to flow to customers and consumers because transportation costs will go down. A serious study on micro-business has been done by the Centre for Policy Studies at Monash. It supports its earlier economic modelling results that the introduction of the GST and the abolition of the wholesale sales tax are unlikely to provide a major benefit to business. The only business that will even remotely come close to being better off with the GST is the trucking business. The centre studied 40 different business clients, analysing their costs and business structures. This mob has been hired by the ACCC to do these sorts of examinations.

Using data from the New South Wales Road Transport Association, the only business the centre found that was better off was the trucking company. Today, with a real world example, it is now a bit hard. The government is not really
going to be able to pass on much of the savings. The article also states:

The national's biggest trucking company, Toll Holdings, which has an annual turnover of $1.4 billion—

(Time expired)

Senator GIBSON (Tasmania) (4.42 p.m.)—I rise to speak on the motion moved by Senator Cook. The Labor Party are again trying to mislead the community about tax. They are trying to create a situation where they can rake over the coals again and again with minor crises day in and day out—

Senator Sherry—Minor crises!

Senator GIBSON—Yes, minor crises day in and day out about the tax system. They want to then follow that through and make sure that they can keep people unsettled about the tax system into the future. What is the reality? Why are we here today discussing this in the Senate when tax reform has really been on the agenda in Australia for many years? It is acknowledged by experts in the area and those experienced in using the tax system in trying to implement and pay taxes that the Australian tax system has been an absolute mess. There is no argument about it; there cannot be any argument about it. The interesting thing is that both sides of politics have worked assiduously at various times to try to reform the system.

Back in the seventies the Commonwealth government had a major investigation into the Australian tax system and recommended major changes, basically a shift towards consumption taxes. You will recall that in the middle of the Labor Party being in power—in about 1986—again Treasurer Keating wanted tax reform, wanted to shift the tax system back off income taxes and more into indirect taxes. What happened? It went down with, famously, option C, when Hawke and the unions decided that they were not going to go down that road. Our side of politics had another go in 1993. Again, the Labor Party mounted a scare campaign, and we did not get there.

But in August of 1997 Prime Minister Howard announced that the government would have the courage to tackle tax reform for Australia because it was the right thing to do for all Australians. Basically, that is what happened. Again, it was not a centrally designed proposal that the government embarked on. What was the process? The Prime Minister established a committee—and I had the honour of being chairman of it—which sat for nine months. We were set up to take in submissions from the community as to what was wrong with the system and suggestions for change. We had over 600 submissions to that committee, and they were the inputs as to what was wrong and suggestions for change.

What was wrong? The current system of indirect taxes was an absolute mess—unfair, a lot of rorting going on and essentially based on selling goods. The taxing of goods in the indirect system was based on a design from back in the thirties, when consumption was largely about goods. A very small proportion of the economy then was about services. Today the reverse applies—about 70 per cent of consumption is about services; only about 30 per cent is goods. So that indirect tax base was shrinking and shrinking and shrinking, and all experts—on both sides of politics—agreed over that long period that that could not go on and had to be fixed, and that is basically what we took on.

We also had strong evidence from all around the countryside, particularly from small business and from people on lower and average incomes, that the income tax system was a mess; it destroyed the incentive to work and to save, and that had to be fixed. People on average weekly earnings were facing taxes at the marginal rate for their marginal income—for extra income coming in—of very close to 50 cents in the dollar, so why bother working? There was lots of evidence of employees not wanting to work overtime, not wanting to work at weekends, not wanting to do those extra yards or not wanting to improve themselves. So something had to be done about it. We have to restore the incentive for people to work, to save, to invest and to develop jobs for the community.

Fuel taxes were far too high; our costs of transport were too high in Australia. The incentives for families were too low. We needed to provide incentives for families to expand and to prosper, so that was another
item which was tackled. The business tax system is extraordinarily complicated and a mess, an absolute mess. Part of that, the capital gains tax system, needed to be reformed—again, to provide incentives for people to save and to invest. Another major item: the states wanted their own tax base. They wanted to get rid of a lot of their messy state taxes and replace them with a steady income stream.

So what did the government do? The government took all of this advice on board and came out with the ANTS package. I do not need to run through the benefits of that today, but in essence we are going from a messy wholesale sales tax on a restricted base to a GST at 10 per cent on a wide base—a fairer, easier, simpler, more sensible system and basically the same as what happens in about 150 countries. So it is nothing unusual. In fact, we are catching up with the rest of the world in that regard.

This means that some goods with indirect tax are going to go down in price. It is interesting to see just in recent times articles—for instance, in the Herald Sun last weekend—showing that a typical supermarket parcel will come out at about the same cost or lower, because the wholesale sales tax is coming off a lot of goods. There are a lot of items in the supermarket at 22 per cent—toiletries, et cetera. They are going to become cheaper. We are also altering the income tax scales, so that people on average weekly earnings—in fact, in the band of $20,000 to $50,000 income—will face a marginal tax rate of 30 cents in the dollar, a great incentive for people to save and to work. We have doubled family allowance. We have reduced fuel tax. We have reformed business tax. And I am pleased the Labor Party supported us in that regard.

All of this package of tax reform—and particularly the ANTS package—with regard to indirect tax, income tax and fuel taxes is to be implemented in four months time. Going with that will be these big income tax cuts of $12 billion. So people will have more money in their pockets. Someone on average weekly earnings—a couple supporting a family with two children—will get about $40 a week extra in their pocket. This comes on 1 July, not far away. Between now and then the Labor Party will keep up their scare campaign about difficulties with this or that. But the reality is when you ask people, ‘What detail do you know about the existing tax system?’ no-one knows. You have to resort to experts. Yet the Labor Party are expecting everyone to be able to answer questions about the detail of the new tax system, which in fact is simpler than the existing system. So it is definitely going to be better.

What is going to happen is come 1 July the system will in fact be implemented, I believe, relatively easily, and the fuss and bother which the Labor Party have been stoking up in recent times will go away. In fact, when you think about it from a consumer’s point of view, the evidence is the consumer is not going to notice much difference. He is going to go into the supermarket, where he makes his usual judgment about what has changed in the tax system, and find out there is not much difference and, in fact, it is marginally lower. But, more importantly, he will have extra money in his pocket from the reduction in income tax.

Why do we need an inquiry into the implementation? Obviously, we do not. The government has been through an extremely open process. With regard to the implementation of the GST, the government has met with every industry group. It has provided funds to every industry group to educate their members. Some of them, I know, have done an excellent job. I went to a meeting just recently in my home state of Tasmania with a group of farmers—a five-hour session on the implementation of the GST—and it was an excellent session. The 45 farmers who were there left with great enthusiasm for implementing the system.

It is going to take place. Sure, some businesses will be affected and will find it difficult to adjust, but the most difficult adjustment is that this new system is at long last forcing a lot of businesses to confront the problem of how they actually run their accounts. A lot of them for the first time are facing up to the question: do I stay with a cash based system, do I stay with just a cash book, or do I computerise? A lot of businesses perhaps should have addressed that
problem a lot earlier. I think out of this process we will upgrade their systems and have a better understanding of their businesses than otherwise would be the case. The Senate select committee on the ANTS package heard evidence from New Zealand that one of the benefits of the implementation of a GST in New Zealand was that a lot of small businesses were forced to keep better accounts than they had ever done before, and so their survival rates increased.

Senator Sherry—We’re telling small business how to operate, are we?

Senator Gibson—Well, they kept better accounts, and I am sure the same thing is happening today. Senator Conroy mentioned an example of a pharmacist looking at major expenditure of $11,000 on a new point-of-sale computer system. That cannot be blamed on the GST. He does not have to go down that route. You can stay manual if you wish, and you can make an arrangement with the tax office, which will apply industry averages to your business so you can stay with old systems. On the other hand, the government has generously given the option of a 100 per cent write-off of whatever expenditure is required to upgrade. So this is a great time for people to upgrade their systems, to get new modern point-of-sale systems with fast computers, and be able to write that off 100 per cent in the tax of their business.

The tax system we are implementing is an excellent system. It provides incentives for people to work, to save and to invest, lower costs for business and lower costs for exporters. It is encouraging Australian exports and basically making the system fairer for everybody. The evidence from New Zealand was that, after they implemented the GST in 1987, it settled down very quickly. A few months later, there was very little fuss in New Zealand about the implementation of the GST. The same thing will certainly happen here. Therefore, I believe there is no need to go ahead with a further inquiry. We have been inquired to death over tax. It is all out in the open and on the public record. We do not need anything further.

I conclude by saying that you only have to look to overseas reports by economics experts as to what this government has done with tax to see that it is being held in very high regard internationally. The OECD report and yesterday’s IMF report say that the tax reform in Australia is first class and heads Australia in the right direction. Why is that important? It is important not for tomorrow but for our communities in a few years time that we have a better and more efficient operating system and can continue the high growth which Australia has experienced under this government in recent years.

Senator Sherry (Tasmania) (4.56 p.m.)—The motion we are discussing today is to establish a select committee to examine the implementation—and I stress the word ‘implementation’—of the goods and services tax in this country. Labor speakers who have preceded me have advanced by way of example a series of very compelling reasons why, since the inquiry last year into the GST and since the election, we should be having a very detailed look at the implementation of the goods and services tax. I intend to add by way of further example why that committee should be supported.

I do want to comment on one aspect of Senator Gibson’s contribution. Senator Gibson was refreshingly honest. At least we had from Senator Gibson—who, I would remind the chamber, chaired the government committee examining the so-called new tax system, the GST—the admission today in debate that there were a series of minor crises. I believe it is much worse than that, but at least Senator Gibson is honest enough—as chair of that committee and as a man of some economic stature in the government—to admit that there is a series of minor crises with the implementation of the GST. That is an admission from a government backbencher, and that contribution alone is reason to support this motion today. I was not particularly pleased when I looked down the speakers list to see that there are 12 speakers on this motion but no Democrat speakers. Why aren’t the Australian Democrats coming into this chamber to explain to the Australian people their position on a select committee to examine the implementation of the goods and services tax?

Senator McGauran—Because it’s not a broadcast day!
Senator SHERRY—I would suggest that the reasons are much more significant than that. The Australian Democrats are responsible for the burdens that will be imposed on the Australian community by a goods and services tax. We had the very perceptive and honest observation and declaration by Senator Harradine last year that he could not support a goods and services tax, but the Democrats came to the rescue of the Liberal-National coalition. Under the leadership of Senator Lees, the Democrats and the Liberal-National coalition—and I stress that it was the National Party too—are responsible for the series of, in Senator Gibson’s terms, ‘minor crises’—I would call them horrors—that are being imposed on the Australian community in the form of a goods and services tax.

I will say one additional thing about the speakers list: I am pleased to see that Senator McGauran is going to make a contribution—a National Party senator is going to make a contribution. We will listen with interest to what the National Party senator says as an excuse for supporting the goods and services tax. We look with interest to see why it is that the National Party, once again the door-mat of this coalition, rolled over under Liberal Party pressure. We will look to see, Senator Boswell, why it is that the National Party is supporting higher petrol prices in rural and regional Australia, increases in goods and services in rural and regional Australia and greater levels of paperwork for small businesses, particularly in the farming sector.

Senator Boswell interjecting—

Senator SHERRY—Simplification! I had a chat at a barbecue with about a dozen farmers in Forth—where I live in Tasmania—only two weeks ago. I can say to you, Senator McGauran, that if their attitude is anything to go by, the National Party are in significant trouble, particularly if they are going to try and claim that farmers have been satisfied with the so-called simplification of paperwork. But the National Party, as they continue to do, roll over to the Liberal Party in this government and continue to fail to defend the interests of Australians who live in rural and regional areas. There is one thing that we can all agree on in respect of a goods and services tax: it is a very major change to the Australian tax system—it is a massive new tax. For that reason as well, when you are introducing a massive new tax—the GST—why shouldn’t we be looking quite critically at the implementation of this new tax? We have had a number of claims from the Liberal-National Party over the last year about why we needed a goods and services tax. I will quote some of those claims about the alleged virtues of a GST: ‘it will be simpler and less complicated’, ‘it will be fairer’, ‘everyone will be better off’, ‘prices would only go up by 1.9 per cent’ and ‘because it is taxing consumption, we would have an improvement in savings in this country’. They are just some of the claims.

Those claims, of course, were made in the lead-up to the election last year in a so-called education campaign—in reality, a propaganda campaign—funded at the taxpayers’ expense. A total of $19 million of taxpayers’ money was spent convincing Australian people of the sorts of alleged benefits that will result from a GST. Apparently, as we heard today—although we did not get an answer, as usual, from the Assistant Treasurer, Senator Kemp—they are going to spend another heap of taxpayers’ money to tell us why we need the GST. That is a second so-called education campaign, and millions of dollars more of Australian taxpayers’ money will be spent to tell everyone why the GST is supposedly good for them. Let me just touch on one of the claims that is made about the GST, that it is ‘simpler and less complicated’. Ask any small business whether in fact it is simpler and less complicated to have a GST. We have had an avalanche of reports about the additional paperwork, the additional time and the additional cost to small business of the administrative burden of a goods and services tax. My colleague from Queensland Senator McLucas handed to me an article from the Ayr Advocate. Ayr is a town in regional Queensland and I believe that the Ayr Advocate is a well-known regional newspaper in Queensland. This article is yet another example of the horrors that small business is experiencing with the introduction of the GST. A Mr Ken O’Shea
says that he does not need the hassle of the looming goods and services tax:

In order to avoid the accounting headache, the Ayr lighting business owner plans to close up shop this June, a year before his plan to retire. ‘A little business like mine doesn’t need any extra work,’ Ken said. The 64-year-old has spent the past 10 years working his business, Trojan Lighting, alone: ‘It will mean extra paperwork and I am just not willing to go through all the trouble for the sake of a year.’

These are people whom the National Party is supposed to represent—the National Party that has sold out Australians who live in rural and regional Australia. We have heard about it being less complicated and simpler, but we have had an absolute avalanche—books and books—of new tax law. We have an additional three telephone books of legislation on the GST—it weighs in at 5.1 kilograms—and on top of that we had another 100 amendments to the original legislation late last year. In that respect, it is certainly not simpler or less complicated. We had been assured that everyone will be better off and we are constantly given the excuse, ‘There will be income tax reductions.’ But we should look at that in context: prices will go up because of the GST. Let us have a look at how those income tax cuts are funded. They are funded significantly from cuts to services like education and health. So when the income tax cuts come, supposedly to offset the GST, people in the Australian community have had a very significant reduction in education and health—

Senator McGauran interjecting—

Senator Sherry—Particularly in rural and regional Australia, Senator McGauran, which you have let down. Also, those income tax cuts have been funded in part by what is called bracket creep. Income tax revenue has been creeping up because people have been moving into higher income tax brackets. That is a very significant element to the so-called reduction in income tax cuts.

The other area of funding for the income tax cuts concerns superannuation. This government has hated superannuation—money for Australian’s retirement as the community grows older—such that $4.5 billion of that income tax cut has been taken off Australians’ superannuation. It has taken money from their future savings that they will need in retirement to fund income tax cuts today. I think we need to put into some sort of perspective and balance whether in fact Australians will be better off after those income tax cuts.

Of course, we had the claim that prices would only go up 1.9 per cent. We know that is not true now. The Prime Minister and the Treasurer claimed that prices would only go up 1.9 per cent. We had the evidence from Treasury itself that it had advised the government that prices will be going up by more than 1.9 per cent. We have had a claim that your tax consumption savings will go up. I am not talking about government saving; I am talking about national saving—the current account. Individual saving is going down.

Senator McGauran—No, it is going up.

Senator Sherry—It is going down. We have had the claim about the strength of the Australian economy. Certainly, in some areas of Australia, the Australian economy is doing well. However, that is with the wholesale sales tax. We have all these spurious claims about the wholesale sales tax system, yet if, as the government claims, the Australian economy is doing well, it is because we have a wholesale sales tax—not a GST. The other great success in the Western world, the country that does stand out as being economically very successful, is the United States. Do they have a goods and services tax?

Senator McGauran—Yes.

Senator Sherry—No, they don’t have a goods and services tax.

Senator McGauran—They just don’t call it GST but it is, in essence, a GST.

Senator Sherry—They do not have one. I would like to give a couple of examples of the so-called fairness of this government when it comes to the income tax cuts. According to the government’s propaganda documents, a single-income earner earning $75,000—double average wages in this country—will get a tax cut of $68.06 a week or 7.1 per cent. What about a single-income earner earning $30,000? They will get a tax
cut of $7.30 a week or 1.5 per cent. Where is the fairness in that? Let us have a look at dual income earners with a fifty-fifty split on income earned and with two dependent children. If you are a dual income earner earning a joint sum of $150,000—say $75,000 each—you get a tax cut of $137.09 a week or 7.3 per cent. If you are a dual income earner earning $45,000 with two kids, your tax cut will be $11.17 a week or 1.5 per cent. The higher income earner gets a tax cut three times that of a lower income earner. Where is the fairness in that?

I want to refer quickly to two other examples that have come to light recently and one concerns the price of beer. People might not think that the price of beer is a significant issue in the overall context of a goods and services tax but, for many Australians who enjoy their beer at the pub or club, it is a significant issue. What did we have at the last election? I can recall the Prime Minister, Mr Howard, being asked about the price of beer and, in response to a call on talkback radio during the election campaign, the Prime Minister said:

There'll be no more than a 1.9% rise in ordinary beer.

That is the Prime Minister on the John Laws program on 23 September 1998. If you go to the government’s propaganda document to find out about the price of beer, it does say that 1.9 per cent will be the increase in the price of beer. But what did that apply to? It applied to packaged, take-away beer. In fact, we heard the truth from a refreshingly honest Treasury official last week who told us that the price of beer in a glass in a pub or club, which I think is just as relevant as take-away beer, would go up approximately seven per cent. This is, some would argue, a relatively small example but an important example of the many areas in which this Liberal-National Party government, the Prime Minister himself, Mr Howard, and the Treasurer, Mr Costello, have continued to mislead the Australian community about the impact of a goods and services tax.

We have had many other examples touched on in this debate—car prices, petrol prices in rural and regional Australia, the issue about tampons, tax on a tax, and GST on top of state charges. We have had numerous examples since the election last year. They are ‘a catalogue or a series of minor crises’, as Senator Gibson referred to them in a refreshingly honest moment, that do need examination. That is why we do need a GST implementation committee.

Senator McGauran—Mr Acting Deputy President, I raise a point of order. Senator Sherry has thrown many questions across to me in the chamber.

The ACTING DEPUTY PRESIDENT—What is your point of order?

Senator McGauran—My point of order is that, during my contribution, Senator Sherry wants me to answer many questions. I have been jotting notes down here so as to meet that challenge. But I have to be able to know what his policy is before his time runs out, and he only has four minutes to go. He should put down his policy.

The ACTING DEPUTY PRESIDENT—Order! There is no point of order.

Senator SHERRY—That was not a point of order, as you ruled, Mr Acting Deputy President. It was just a time wasting exercise by Senator McGauran to cover up the vacuous, specious and irrelevant arguments that they are going to try to mount in defence of a goods and services tax.

I turn to the issue of rents. Rents are very important because there are millions of Australians that rent properties just as there are millions of Australians that own properties in this country. I want to quote from questions I asked the ACCC at estimates:

Senator SHERRY—Does the ACCC have the power to regulate residential rents charged by landlords?

Mr Spier—No.

You asked me whether we could regulate rents. We cannot per se, but if someone says they are upping rents due to the GST and that is wrong, because there is no GST on rents, that is misleading conduct.

Senator SHERRY—You are saying there should be no rent increases as a result of the GST?

Mr Spier—I think the modelling from PRISMOD said there would be a slight increase.
Senator SHERRY—I was going to ask if you were doing any surveys of rental properties?
Mr Grant—We actually have not started that one yet because it is a very difficult area to get into. We are looking at the best way to get some of that information.

Senator SHERRY—But you would agree that, for those who rent, the cost of renting is usually a very substantial proportion of their budget?
Mr Spier—We totally agree.

Mr Grant—I actually did not get to it, but I think it is in the vicinity of 2½ to three per cent. He was there referring to rent rises. To continue:

Senator CONROY—If there is no GST on rent, how can that happen?
Mr Grant—There may be some additional GST on inputs.

Senator SHERRY—Such as?
Mr Grant—Perhaps rates—I do not know whether rates are covered by GST or not—and repairs and maintenance.

Senator SHERRY—With respect to those areas that you are surveying for GST purposes, are you surveying landlords who have applied for an ABN number? What about landlords who have not applied and will not apply for an ABN number?

And my understanding is that there are some hundreds of thousands who will not apply for an ABN number. I continue:

Mr Spier—If they do not apply for an ABN number the exploitation law does not apply but the misleading conduct law does.

Senator SHERRY—There are literally thousands of landlords, as I understand it, who will not have an ABN number, who will not apply.

Mr Spier—We of course do not know—

Senator SHERRY—So how are you going to enforce any sort of GST antiprofiteering guidelines in those circumstances?

Mr Spier—The profiteering law does not apply.

Senator SHERRY—Exactly. How are you going to enforce?

Mr Spier—But the misleading conduct law does.

Senator SHERRY—If they put up the rent and do not give a reason, if they just say that the rent is going up on X date, how do you enforce in that circumstance? They have not said anything except the rent is going up.

Mr Spier—The antiprofiteering law does not apply.

Senator SHERRY—Well, in that case, you are powerless with the thousands and thousands of landlords who do not apply for ABN numbers and who own rental properties.

Mr Spier—Which is the same as now.

Senator SHERRY—Okay.

Senator CONROY—But there is a GST coming in.

Senator SHERRY—The GST has come in.

Mr Spier—We can only act within the power that the law gives us.

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Senator SHERRY—Okay.

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Mr Spier—We can only act within the power that the law gives us.

This is yet another example, a significant example, of problems with rent.

The issues that have been touched on by my colleagues—not touched on by the Australian Democrats; they are not here, they have failed to show, failed to explain themselves—are very compelling reasons for having a committee to examine the implementation of this horrendous new tax, this goods and services tax. I would ask the Senate to vote for the committee in the motion before it today.

Senator WATSON (Tasmania) (5.17 p.m.)—Before I start my comments on Senator Cook’s motion, perhaps I should offer Senator Sherry just a little bit of advice. Senator Sherry has fallen into a trap that a lot of quite eminent people have fallen into. When you are talking about the rise and fall in savings, particularly at a personal level, what a great number of commentators, including Senator Sherry, fail to take into account is the increased value of personal dwellings. When you take the increased value of personal dwellings into account, that does significantly change the figuring. So, Senator Sherry, I offer that little piece of advice. But you are not alone in that as there are other eminent people who also have failed to take that factor into account.

But I must say that I am rather staggered at Senator Cook’s motion that a joint select
committee now be established to scrutinise the implementation of the new taxation system. I ask: haven’t we had enough inquiries? Haven’t we had enough of the Senate’s time wasted on inquiries into the new tax system, with the same sorts of questions having been asked at each of the different committee hearings? We had the Senate Select Committee on A New Tax System first report in February 1999, with its main report being handed down in April 1999. There were over 1,400 submissions to that inquiry from many individuals and organisations. There were 23 days of public hearings all over Australia—in Canberra, Melbourne, Sydney, Adelaide, Kalgoorlie, Perth, Brisbane, Hobart and no doubt a number of other places. A large number of witnesses from all walks of life, representing a very wide cross-section of the Australian community, gave evidence at those inquiries. We had a Senate Select Committee on A New Tax System report on Commonwealth-state financial arrangements, luxury car tax bills, and wine equalisation tax bills in April 1999.

We also had the Senate Employment, Workplace Relations, Small Business and Education References Committee report on the inquiry into the GST and A New Tax System. It held 10 days of public hearings in Canberra, Sydney, Brisbane, Cairns, Adelaide, Melbourne and Hobart, and 170 people representing many different organisations again gave evidence. The Senate Environment, Communications, Information Technology and the Arts References Committee inquired into the GST and A New Tax System, again releasing its report in March 1999. There were seven days of public hearings and again many, many organisations were represented. The Senate Community Affairs References Committee also reported on the GST and A New Tax System in March 1999. It had 11 days of public hearings and yet again, yet again, yet again more organisations, more individuals were represented. So I just repeat what I said when I started: haven’t we had enough inquiries?

I pose this question: isn’t Senator Cook just trying to create more confusion in line with the opposition’s ‘one scare a day’ campaign? Senator Cook has set the date for receipt of submissions at 30 June 2000—and that is very interesting because the new tax system will not be fully implemented by then. But Senator Cook wants individuals, small businesses, large businesses and other organisations to set their hand to writing a submission just to add additional workloads as people adjust to all the changed requirements. What is the motive of those opposite? Is it ‘Let’s confuse them. Let’s get the maximum amount of confusion that we possibly can for political purposes. Let’s give them extra work to do in the hope that they may change’—when the Labor Party itself has admitted that they will not change the regime? Let’s be honest. Are they trying to build up an attitude that, if the Labor Party win the next election, things will be a lot different in terms of the tax regime? No, they want to keep the money—and that is the big hypocrisy of it. The motive is also, ‘Let’s give the ACCC more work to do; let’s get them involved and get their eyes off the ball.’

Despite the fear campaigns which have been going for so long now—they commenced before the last election—the government is getting on with the job of clarifying aspects of the GST. I must say that, despite all the huff and puff from some politicians and a few of their vocal supporters, the government is generally getting a favourable response. The favourable response is coming from such recognised institutions as the Municipal Association of Victoria. It has welcomed the news that council rates and regulatory charges are to be free of the goods and services tax regime. Association President, Councillor Brad Matheson, said that this is a good result for local government and a good result for residents and taxpayers.

Now that the government is concentrating on dotting the i’s and crossing the t’s, getting the regulations out, putting flesh on the bones of the GST legislation, the whole thing is becoming a lot clearer. In that environment, the Labor Party wants to confuse people. The ones that it is confusing are not so much the businesses but the people who really need some comfort and support. The Municipal Association of Victoria believes
that the GST will not impact significantly on the cost of most local government services.

I come back to the inquiry which Senator Cook wants to establish. The inquiry’s terms of reference seek to examine, amongst other things, the extent to which confusion remains over whether the GST applies to some goods and services, particularly food products. These issues are becoming clearer day by day. The Australian Taxation Office is working hard to educate Australians about the GST. A wide range of mediums are being used to get the information out to specific businesses and community sectors through general and industry specific publications, advertising and direct marketing, the media, info-lines, the Internet, seminar programs and individual clients visits. Some of the so-called seminars that have been run by the Labor Party have been nothing about information. They have been scare campaigns. I think that is quite abhorrent.

The tax office intends to employ up to 3,000 field officers to help small businesses get ready for the 1 July changeover to the new tax system. These visits are free and will usually take only a couple of hours. That is up to the client. They can have more time if they want. Issues covered include an overview of how the GST works and how to calculate it, the new business activity statement, registration for an Australian Business Number, record keeping and the importance of making cash flow decisions. Not only is there all this one-on-one personal assistance but the field officer comes with a guarantee from the Taxation Commissioner, Mr Michael Carmody, that the visit is only to give advice and assistance to help businesses make a smooth transition. It will not be the basis for tax audits and there will be no checking back. What a huge benefit that is to those very small business people who cannot spare the time to attend seminars.

To further improve responses to inquiries from the public, the ATO has introduced a new ‘reply in five’ service. This service will provide answers either immediately or within five days to questions regarding the law that has passed the parliament. This is service. I cannot expect Senator Cook to know anything about customer service. Here are a couple of examples where very good procedures are in place to educate the Australian taxpayers and the community at large about the implementation of the new taxation system and the advantages for them. What is Senator Cook aiming to do? He is trying to gain cheap publicity and get the headline for the day as the inquiry moves from centre to centre.

There are many more services that are just too numerous to mention in the short time available today. Business is understanding the GST much better than the opposition gives it credit for. The Morgan and Banks quarterly job index for February 2000 through to April 2000 surveyed 3,200 businesses regarding tax reform. Some 91.4 per cent of businesses are confident of being prepared for the new taxation system—more than 90 per cent in every state and territory. Some 91.2 per cent, only slightly less, of small businesses and 90.4 per cent of big businesses are equally confident of being ready. Some 70.8 per cent of businesses do not expect any major disruption to comply with the introduction of the GST— and this figure rises to 77.2 per cent for small business.

The fear campaign is not working, apart from getting newspaper headlines. Out there in the business community they are better prepared and there is a better understanding than you are prepared to give them credit for. These are pretty good examples of business confidence. Therefore, this motion must be defeated. The government has implemented an excellent education program and I have enumerated some of it today. Labor only wants to muddy the waters and confuse. They have had their opportunity. They have failed in that. They want another go. It is just not good enough. There is absolutely no need for this very expensive and time consuming inquiry. It will not do the Senate committee system any good to perpetuate these sorts of inquiries on this issue. Labor unfortunately wants to keep its scare a day campaign, which is totally unacceptable and belittling of every single Australian. There have been enough inquiries. There is no need whatsoever for any more. I hope the Senate votes down this proposal.
Senator GEORGE CAMPBELL (New South Wales) (5.29 p.m.)—I rise to support the motion moved by Senator Cook to establish a joint select committee to scrutinise the implementation of the new tax system. I do so for a number of reasons. First, in the past couple of weeks I have sat through estimates hearings where we have talked to the tax office, Treasury officials and officials of the ACCC and been given a series of contradictory, obtuse, obfuscated answers to a range of simple questions in respect of how this tax system is going to work in a range of areas.

There is no doubt that when you go out amongst the Australian community and talk to them about the introduction of the GST you meet a vast number of people who have absolutely no idea how this system will work. I was reminded of it as late as last night when a small business person said to me that she had just been reading one of the books put out by this government to explain the new tax system. She said to me, ‘If I happen to see a Liberal senator or a Liberal member in the street, I will throw it at them.’ I said, ‘Don’t do it because there is a GST on it. It will cost you more on 1 July for books so don’t throw it because there will be a GST on it.’ That just demonstrates the range of confusion there is out there in the community generally about this tax.

I think it is a great travesty that the coalition’s tax partner, the Australian Democrats, could not come into this chamber—I should correct that: there is one in the chamber who is on chair duty, but there is no-one in the chamber prepared to get up on their feet to explain the substance of the negotiations they had with this government in respect of the introduction of a GST. Maybe they could throw some light on how various elements of this tax are going to work, given that they are the joint architects of the tax.

There is one statement that has been made in this whole debate in relation to this tax and the actual outcome. The first bit of great rhetoric from this government was back in 1996. Remember the 1996 election campaign? Remember Prime Minister John Howard when he was tramping around this country? What did he say about the GST? When he was asked, ‘Will your government introduce a GST?’ he said, ‘Never ever.’

Senator Jacinta Collins—Ever, ever.

Senator GEORGE CAMPBELL—Never, ever will we touch a GST.

Another one of those core promises that went shooting out the window as soon as he got into the Prime Minister’s suite.

Senator Jacinta Collins—That was a non-core promise.

Senator GEORGE CAMPBELL—Oh, that was a non-core promise, Senator Collins, was it? It is pretty hard to tell the difference between non-core promises and core promises because they all get treated the same by this government. They do not seem to distinguish either of them when it comes to confusing and putting one over the Australian public.

What was the second claim they made? Forget about what he said in 1996 because they immediately changed their position after that and said, ‘We actually think a GST will be good for the country. We are going to approach tax reform with a reforming zeal. We will be the great party of tax reform in this country. We will do something that has never, ever been done. We will give you a simple tax system. Look at the tax act now. There are so many pages—1,700 pages. We will reform it. We will give you a simple tax system.’

My colleague Senator Sherry pointed out a few minutes ago that we now have 5.1 kilos of paper. That is the simple tax system that this government has introduced—simple and understandable! That is another one of those statements that is cloaked in doublespeak. This government is an expert at doublespeak. You only have to listen to what Mr Reith says in respect of industrial relations and what Senator Kemp says in respect of the budget and what Senator Kemp says in here...
in respect of answers to questions, which is
the greatest form of doublespeak ever in-
vented. George Orwell would sign him up
for his next movie if he were a movie maker
because he would fit some of the descrip-
tions in 1984 right to a T. But this is a party
of great reform. This is a party that is going
to reform our tax system like we have never
seen before, and everybody in the country is
going to benefit as a result of it. These are
the great progressive conservatives of the
20th century.

But they were a bit late in shooting for that
title because there was another party that
actually got the title before them. There was
another party that called itself the Progressive
Conservative Party. It was not in this
country. It happened to be in Canada. What
was their great claim to fame? The same
claim to fame that this government is seeking
to establish—that is, to introduce tax reform,
to introduce a GST. They did it in Canada,
Senator McGauran. And what was the result?
What happened to the Progressive Conser-
vative Party of Canada? They went from 157
members of parliament at the election before
they introduced a GST to two at the election
afterwards. If you look at the trends in the
opinion polls at the moment, that is where
you are heading. There might be a few of
your Liberal mates here after the next elec-
tion, but you will not be here.

Senator Herron—He’ll be here.

Senator GEORGE CAMPBELL—Next
term, sorry. He is probably fortunate that he
does not come up in the next group or he
would suffer the same fate as many of your
colleagues will suffer, Senator Herron. The
reality is that, when you look at what is hap-
pening out there in the Australian public, you
see that the reaction to this tax, as more and
more of what is happening, the confusion,
gets out into the public eye, will be that your
political fortunes will trail down with the
fortunes of your tax.

You only have to look at, for example, the
Australian Financial Review today. So you
have to wonder why people out there are not
confused. What was the headline of an arti-
cle on page 5? ‘GST: Fels takes on Costello’. The
article stated:

The Federal Government’s campaign to sell
the GST was thrown into confusion last night
when the chairman of the Australian Competition
and Consumer Commission, Professor Allan Fels,
contradicted the Federal Treasurer, Mr Peter
Costello, on price rises.

Although Mr Costello had said that the price
increase with the GST would never be 10 per cent
because of the removal of embedded existing
taxes, Professor Fels said yesterday the Govern-
ment’s own price watch-dog had “never ruled that
out”.

We tried to get Professor Fels to come to
estimates to explain the position of the
ACCC on some of these issues. But he seems
to be much more available to the media, in-
cluding AM, PM and television shows, than
he is to parliament. He has no difficulty at
getting up at 6 or 7 o’clock in the morning to
do a radio interview, but he has great diffi-
culty—even when he is in this building—to
get himself from one spot to another to an-
swer questions on estimates about the run-
ning of his organisation.

Senator Quirke—He has been nominated
for the Oscars. Did you know that?

Senator GEORGE CAMPBELL—For
the invisible man?

Senator Quirke—that is the one. Or was
it that other film, The Blue Line, the one
about death row?

Senator GEORGE CAMPBELL—You
mean The Green Mile? It must have been a
green mile he had to walk to come to esti-
mates because, even when he was in the
building, it was a long a walk and he could
not get there. He was too busy to come along
and answer for his department questions on
monitoring prices and the GST. Maybe one
day we will actually get him there. We are
trying to work out how much notice he has to
get. They keep on saying he is a very busy
person. Maybe we should put him on notice
now for estimates in May 2001, so he can
make sure he has a clean diary, and he can
come along. I think it is a slight on this par-
liament and on the Australian community
that the head of a statutory body like the
ACCC—which has such an important role in
our community in protecting the interests of
consumers—cannot get himself along here to
be answerable before the parliament for his
role and his organisation’s role. That is a situation which needs to be corrected.

Let us look at what Mr Fels said. He said that they had never ruled it out. But he is confused, or his staff are confused, or the Treasurer is confused. The question is: who is it? This is a great guessing game. The great guessing game in this whole debate is to actually guess who is the one who is confused about what the GST means. At the Senate estimates hearings of the ACCC on Monday, 14 February, I questioned Mr Grant, who was appearing on behalf of that organisation, along with Mr Spier. This is what was said:

Senator GEORGE CAMPBELL—Mr Grant, you were talking a moment ago about full pass through. If there is full pass through, are there any items that should increase by 10 per cent?

Mr Grant—Not that we are aware of because the benefits will also accrue ranging from transport cost reductions due to diesel price reductions, through to air fares where, for business, the pricing of air fares, given recent announcements, has effectively reduced by 2.5 per cent.

Senator CONROY—you signed up to that Qantas and Ansett increase their prices by seven per cent.

Senator GEORGE CAMPBELL—Why then is the ACCC saying that it should be by not more than 10 per cent?

Mr Grant—in relation to the new tax system, that is because we cannot see any reason why any price should increase by more than 10 per cent as a result of the GST.

Senator GEORGE CAMPBELL—But you just said a moment ago that you do not believe that any prices should even increase by 10 per cent, yet there is full pass through.

Mr Grant—that is right.

Senator GEORGE CAMPBELL—So you would have to assume that anybody who puts an article up by 10 per cent would have to be suspicious.

Mr Spier—we would certainly look at them.

Mr Grant—we have looked at a number of cases. I just make one thing clear. Despite what you said,

Senator Conroy, we do not set prices. Industry set their prices based on competitive markets and whatever, then they need to abide by the law.

Mr Grant is saying that no prices should go up by 10 per cent, and that in fact if they do go up by 10 per cent that is extremely suspicious and would warrant inquiry. So we ask the question: who is right? Is it Professor Fels; is it the officers of his department, is it the Treasurer? Someone please stand up and let us know.

The other issue that is touted around the place in this debate is the tax cuts that we are all going to get in our pockets, which are going to compensate for the shift to a consumption tax. At the Senate estimates hearings with the Treasury last week, we had a discussion about this with Mr Evans, the Secretary of the Treasury. Mr Evans agreed, after questioning from me, that part of the reason for the increase in interest rates was to slow down consumption. Consumption in this economy, as we all know, has blown out over the roof. It is huge. It was about slowing down consumption. I asked Mr Evans, ‘What happens if the half a per cent does not have the impact on consumption, on the slowing of consumption and the slowing of growth in the economy, that you expect it to have?’ He said, ‘Then there will have to be further interest rate rises in order to slow that consumption.’ What do we see on the front page of today’s Financial Review? The headline says, ‘Costello to squeeze Budget’. On the one hand, we are going to pump $17 billion worth of tax cuts into the economy, and on the other hand we have the Financial Review claiming that the Treasurer is going to squeeze the budget. The article says:

The Treasurer, Mr Peter Costello, has vowed to impose a tight rein on government spending after the International Monetary Fund yesterday stressed the need for Australia to maintain its Budget surplus.

With the Government facing a paper-thin Budget starting point of $500 million for 2000-01, — the same time as that these taxes are going to get pumped into the economy—
further signs yesterday of weaker economic growth would have reinforced the Treasurer’s desire to hold the line on spending.

Could somebody explain to me how he is going to hold the line on spending when he is going to whack $17 billion out there into the community and into the hip pockets of those who are already overconsuming in terms of this economy, those who are already blowing private consumption over the roof? This is a great conundrum of economic policy of this government, and it really does bear some real scrutiny and an attempt at least by this government to try to answer those questions and explain how they are going to manage the Rubik’s cube in terms of those issues.

A range of other issues have been raised with respect to this debate. Some of the issues go to statements that were made over the explanation of the famous bottle of coke. Do you remember the statement of the bottle of coke, that it would reduce by 10 per cent? Minister Hockey forgot to take the wholesale sales tax off it before he made the calculations. He did not even understand how the pricing of a bottle of coke worked. I thought it was actually humorous that day I saw Minister Hockey on the television. I had been at Bondi Beach the morning that he made that statement. It was one out of the four days this whole summer that you were actually able to go to Bondi Beach—the sun actually appeared—and whom should I see lying on the beach but Minister Hockey. He is a fairly sizeable character, so he is hard to miss lying on the sand at Bondi Beach.

When he was on television explaining the change in the price of coke, you either had to assume that he was suffering from sunstroke as a result of his couple of hours on Bondi Beach or he had been sniffing the coke rather than drinking it. There was no logic in terms of his explanation of the pricing of the bottle of coke. I am not suggesting for one minute that Minister Hockey indulges in drugs but, when you hear those sorts of explanations, you have to be concerned when people who do have their full faculties about them are actually trying to explain these issues.

The reality is that we have been treated to statement after statement by this government in relation to the GST, and the thing that stands out most consistently about the way in which they have promoted this issue in the community is the inconsistency in what they put forward. We had the debacle about a week ago with the Minister for Industry, Science and Resources and the price of automobiles. It was the classic double speak when he said before Senate estimates that there would be a cut but prices will increase. He said a tax on motor vehicles will be cut but the price of automobiles may increase, and then he went on to put a whole range of qualifications around it. Explain that to me.

He has attempted on a number of occasions since that Senate estimates hearing to explain himself, and all he has done is confuse people further and further. When the Prime Minister was on the election trail, when he was sitting in the four-wheel drive in Cairns, Townsville or wherever it was, and he said the price of automobiles will fall by eight per cent, I did not hear him put any qualifications on that. It was an absolute statement from the Prime Minister, an absolute commitment that the price of a new vehicle in this country after the introduction of the GST would fall by eight per cent. No-one in this country believes that commitment, and I do not think even the Prime Minister believes it. Nor do I think that he believed it at the time. It was just rhetoric that happened to suit his argument at that point in time. (Time expired)

Senator McGAURAN (Victoria) (5.49 p.m.)—Senator Campbell, your suggestion about what the Prime Minister was saying in his four-wheel drive around election time brings to mind exactly what he would have been thinking—that is, that the opposition were going to tax those four-wheel drives, all because of the politics of envy. I think that is what he was thinking. I do not think you can suggest anything else. In a nutshell, we have gleaned from your 20-minute speech that you are against tax cuts. You are petrified that these tax cuts are going to feed into the economy and push up inflation and push up interest rates. So concerned were you that you questioned Mr Evans from the Treasury about the matter, and you gave him the wink and the nod that, if this happens to be the case, we should lift interest rates. That is a
very old economic formula from the Labor Party. That is what you did in the last election.

Senator George Campbell interjecting—

Senator McGauran—You controlled the Reserve Bank. Oh, he has gone—typical. The point for the two lonely and desperate Labor Party people left in this chamber is that the tax cuts that this government will bring with the tax package are the biggest yet since Federation.

Senator Quirke—Mr Acting Deputy President, I rise on a point of order. I might be desperate, but I don’t think I’m lonely. I take umbrage at that.

The ACTING DEPUTY PRESIDENT (Senator Bartlett)—That does not sound like a point of order to me.

Senator McGauran—What we are debating here today is Senator Cook’s motion in relation to general business, and it goes for three pages! It would take three years to undertake this Senate inquiry of Senator Cook’s. In a nutshell, he wants us to set up yet another committee. I am absolutely convinced now that the solution of the Labor Party, so devoid of policies on any issues, let alone tax, is to set up a committee. They set up a committee for everything. It is transparent now that this is in fact their policy in opposition, as it would be in government.

This afternoon, they set up a committee to inquire, yet again, into the ABC. How many inquiries do we have to have into the ABC? In a nutshell, he wants us to set up yet another committee. I am absolutely convinced now that the solution of the Labor Party, so devoid of policies on any issues, let alone tax, is to set up a committee. They set up a committee for everything. It is transparent now that this is in fact their policy in opposition, as it would be in government.

That does not even include the endless and vacuous questions we have had in estimates committees—those late, dead-end nights that we have had questioning the government’s new tax system, simply repeating what is in these reports, simply repeating what has been raised in question time. And now Senator Cook walks in here and wants another inquiry. It is transparent why he wants that inquiry. He has set down 1 March 2001 as the date for the committee to report.

This new tax system is law. The processes of introducing it are now in place. We took it to the 1998 election and we won that election on the basis of the new tax system. We have passed it through this parliament. It is now just a matter of introducing it. We reject outright the need for any other inquiry as set up by Senator Cook. This is simply an attempt to grind the government to a halt.
When the government brought in its industrial relations legislation, the Labor Party set up an endless inquiry. When we attempted to privatise half of Telstra, they set up an inquiry which went for weeks and weeks on end. This is a Labor Party tactic. This is a veil to hide behind when they have no alternative policy. What is more, they are not just doing this in opposition. Setting up committees of inquiry is what they did in government. When they could not make a decision, when they did not have a policy, they set up an inquiry.

I remember that a very important issue for small business was the unconscionable conduct amendment to the Trade Practices Act. From the time Labor came to government in 1983 to the time you left, you had 17 reports into the amendment to the Trade Practices Act. All of them were committees, although you gave them different names. Some were committees, some were exposure drafts, some were just plain reports, some were Senate committees, some were House of Representatives committees and some were statements by the Trade Practices Commission—but all of them were on the same issue. By the time you got to 1996, you still had not made a decision on that most needed amendment for small business to the Trade Practices Act. So when you cannot make a decision, when you do not have a policy, what is your solution? You set up a committee.

We on this side of the chamber are very confident that the transitional period upon introducing our new tax package—namely, the GST—will be as smooth as possible for a major tax reform. This system has been introduced in 150 countries throughout the world, and only something like four countries have a similar system to our existing one—that is, the wholesale sales tax—and one of them is Botswana. There are 150 other countries throughout the world with this tax system, so it is not a difficult system to introduce.

This is all just a Y2K beat-up by the Labor Party. Remember the Y2K? When New Year’s Eve finally came, nothing in particular happened. When 1 July comes, it will just be another fizzer. We are confident that we can introduce the system. We are quite aware that it is a major revolutionary reform that we are introducing into the economy, but we know it is necessary to maintain the reform process that the IMF just this week have credited us for. The Treasurer issued a press release in regard to the government’s reform processes and the IMF complimenting us on our tax reform policy. The Treasurer stated:

The IMF has endorsed Australia’s economic management and applauded the Government’s plan to reform the tax system.

The endorsements are contained in the summary of the IMF’s latest review of the Australian economy, issued today ... The Executive Board of the IMF is strongly supportive of the Government’s economic policies and structural reforms, including what the IMF describes as a ‘landmark tax reform package’ and more recent business tax reforms.

To introduce this tax package as smooth as possible, the government realises it has to get the information out amongst the public so that before 1 July they can digest the major changes we are introducing. That is why we have undertaken a huge publicity campaign—to get the information out and to alert businesses and households of the changes that will be introduced. We have tax hotlines which consumers and businesses can ring. We have broken that hotline up into general inquiries, business inquiries, wholesale sales tax reduction inquiries, diesel fuel information inquiries and ACCC pricing information inquiries.

The ACTING DEPUTY PRESIDENT (Senator Bartlett)—Order! It being 6.00 p.m., the time allotted for the consideration of this general business notice of motion has expired.

DOCUMENTS
Productivity Commission
Consideration resumed from 15 February.
Senator SHERRY (Tasmania) (6.05 p.m.)—I move:

That the Senate take note of the document.
Report No. 10 of the Productivity Commission is a very significant report on gambling industries in Australia. It is three volumes thick and certainly the most comprehensive examination of gambling as an industry in Australia. It follows comments made by the Prime Minister, Mr Howard, expressing concern about the social impact of the gambling industries in this country, following their expansion in recent decades, and also comments by the current Treasurer, Mr Costello, who referred this matter to the Productivity Commission. As a personal view I have significant concerns about the social impact of the increase in gambling in Australia.

On page 21 of the report in volume 1 there is identification of problem gamblers. The report states that problem gamblers are estimated to account for one-third of the total $3.6 billion spent on gambling in this country; and that, on average, the annual losses by problem gamblers amount to $12,200 a year, whereas the average loss for other gamblers amounts to $650 a year. There are estimated to be 250,000 adults who experienced significant harmful effects from gambling in the last 12 months.

Page 22 says that the most significant expenditure share of problem gamblers by category relates to gaming machines, such as poker machines. Their numbers have undergone an enormous expansion in this country over the last 10 years. If we look at page 25, the impact on the community of problem gambling is well identified in the illustrative diagram. There is reference to the adverse impact on work and study; the personal impact with stress, depression, anxiety and poor health; the financial impact; the legal impact with theft and imprisonment; the interpersonal impact with relationship breakdown, domestic or other violence and neglect of family; and the impact on a range of community services.

This is a very important report, and I urge all senators to have a good look at it, despite its enormous length. Table 5 on page 26 shows the estimated number of gamblers experiencing adverse impacts and says that 49,200 persons are adversely affected in terms of their job performance. Ten thousand persons are impacted in terms of crime, excluding fraudulently written cheques, 39,200 people experience the break-up of a relationship, and 70,500 suffer from depression. Flowing on from that, there are some serious statistics concerning the consideration of suicide and attempted and completed suicide.

There is a very significant adverse impact of gambling in this country. It should be said that the considerable majority of people in this country are responsible gamblers. However, a problem gambling population of 250,000, a quarter of a million Australians, is a very compelling and serious figure. I hope that the 24 major recommendations which are contained on page 2 are implemented. The government were put to the test in respect of the GST and the impact of the GST on high rollers, and they were found wanting. It is all very well to do a study, but I certainly hope that the federal Liberal Party and National Party are prepared to ensure that these recommendations are implemented to try to minimise this adverse impact on our community. I seek leave to continue my remarks later. (Time expired)

Leave granted; debate adjourned.

COMMITTEES

Treaties Committee

Report

Senator COONEY (Victoria) (6.11 p.m.)—I present report No. 29 of the Joint Standing Committee on Treaties entitled Singapore’s use of Shoalwater Bay, development cooperation with PNG and protection of new varieties of plants. I seek leave to move a motion in relation to the report.

Leave granted.

Senator COONEY—I move:

That the Senate take note of the report.

The report deals with three treaties. I want to address my remarks to the first one—that is, the one that deals with the use of Shoalwater Bay training area by the Singapore Armed Forces. There is an agreement between Singapore and Australia that, at specific times, the Singapore Armed Forces will be able to make use of the Shoalwater Bay training area, and they do so. The agreement has been completed between the two nations, but
when the treaty came before the committee it
was thought appropriate to go to Rock-
hampton to view the area. There is concern
that this very beautiful area should be pre-
served as far as possible.

Senator Gibbs—Indeed it is.

Senator COONEY—As Senator Gibbs
says, indeed it is. I know you have done a lot
of work up in that area, Senator Gibbs, and I
note that as I address this issue. Neverthe-
less, the Australian armed forces, the Singa-
pore Armed Forces and indeed other forces
such as those of the United States use this
area. I think the Singaporeans do it on a bi-
nennial basis. In any event, we went there to
see how the town reacted to the presence of
these forces and how the area was treated. I
would like to say that diplomacy is of course
carried out in the interests of the people who
are parties to the treaty or the agreement, but
I suggest it is always much easier to make
agreements, to welcome agreements and to
keep them going if graciousness is shown on
each side. I say in this case that this is what
happened. The people who represented Sin-
gapore were people of great grace and were
intelligent, highly experienced, highly
learned and full of graciousness. I want to
comment on that. I want to mention specifi-
cally Mr David Lim, who is the Minister of
State for Defence from Singapore. He
thought the matter of such importance as to
justify him coming out here. He knows Aus-
tralia well, of course.

I would like to thank him for the courtesy
and for the way they looked after me and
Senator Ludwig, who, like Senator Gibbs, is
from Queensland; they are both great Queens-
slanders. They all enabled us to see how the
treaty was working out. They treated us with
great hospitality and openness. They made
things quite clear to us. Whatever we wanted
to know, they were prepared to tell us. I also
mention Dr Bernard Chen, a member of the
group of representatives for the defence,
Colonel Chang Long Wee, who was the Sin-
gapore armed defence forces attaché, and the
whole of the forces. I mention people in the
local council, such as Mr Jim McRae, the
state government officials, Mr Barry Large
and the local business community. I parti-
cularly mention the conservation group. There
is a conservation group that spends a lot of
time and anxiety in making sure that this
beautiful part of the world is kept beautiful.

Finally, I want to talk for a little while
about the secretariat to the Joint Standing
Committee on Treaties. I mention in par-

cular Mr Patrick Reagan, who is leaving the
committee and going to the Joint Standing
Committee on Foreign Affairs, Defence and
Trade. I think he was with that committee
before. He will no doubt serve that commit-
tee with the enthusiasm, ability and learning
with which he has served this committee. I
take this occasion to thank him for all the
work he has done, all the advice he has given
and all the guidance he has offered the com-
mittee while he has been there. His leaving
will constitute a loss to this committee. I
seek leave to continue my remarks later.

Leave granted; debate adjourned.

Foreign Affairs, Defence and Trade Refer-
ences Committee

Report
Consideration resumed from 15 February,
on motion by Senator Ferguson:
That the Senate take note of the report.

Senator GIBBS (Queensland) (6.17
p.m.)—The other day when I was speaking to
this report I was talking about our visit to the
military hospital. When observing the condi-
tions that these people have to work under—
for example, working in tents with no run-
ning water—you have to admire their abso-
lute dedication and professionalism. After
that visit, we went to Suai, as I said previ-
ously, where we had lunch. Leaving Suai, we
came back and visited the UN inquiry into
East Timor. We also visited the smiling Don
Bosco Refugee Centre and the 5th/7th Bat-
talion of the Royal Australian Regiment.

Throughout the whole trip we were ex-
trmely well looked after. We had extensive
briefings wherever we went. It was quite
amazing how the local people were so
friendly and happy. Senator Bourne said to
me, ‘Isn’t it amazing? These people have lost
absolutely everything, yet they are so happy
and cheery.’ What stuck in our minds as a
committee was that they were so pleased to
see the Australian troops.
I thank all those people who made our visit possible, certainly the INTERFET forces and the secretary of our committee. I also thank my fellow committee members who came along with me on this tour. It helps a lot when you have a fantastic committee which gets on well together. We had quite a sobering day. It was an extremely interesting day. I think it is a day that we will not forget for a long time.

I do not have a lot more to say because Senator Ferguson gave an extremely comprehensive report. I commend this report to senators. I hope they read it. It is one of the most interesting ones. I think they will get a lot of information out of it.

Question resolved in the affirmative.

Consideration

The following orders of the day relating to government documents were considered:

Australian Radiation Protection and Nuclear Safety Agency—Quarterly report for the period 5 February to 31 March 1999 (First). Motion of Senator Bartlett to take note of document agreed to.

National Health and Medical Research Council—Grants for 1999. Motion of Senator Bartlett to take note of document agreed to.

Department of Family and Community Services—Evaluation of stakeholders’ experience with the use of the tables for the assessment of work-related impairment for disability support pension—Final report. Motion of Senator West to take note of document agreed to.

Australia New Zealand Food Authority—Report for 1998-99. Motion of Senator Denman to take note of document agreed to.


Dairy Research and Development Corporation and Dairy Research and Development Corporation Selection Committee—Reports for 1998-99. Motion of Senator Forshaw to take note of document agreed to.


Department of Immigration and Multicultural Affairs—Report for 1998-99, including a report pursuant to the Immigration (Education) Act 1971. Motion of Senator Forshaw to take note of document agreed to.


Department of Family and Community Services—Report for 1998-99. Motion of Senator Forshaw to take note of document agreed to.


at general business, Senator Cooney in continuation.


General business orders of the day nos 17-54, 57, 60, 61, 63-67, 74-92, 94, 95 and 97-99 relating to government documents were called on but no motion was moved.

ADJOURNMENT

The ACTING DEPUTY PRESIDENT (Senator Crowley)—Order! It being 6.21 p.m., I propose the question:

That the Senate do now adjourn.

Western Sydney

Senator HUTCHINS (New South Wales) (6.21 p.m.)—Tonight I want to highlight what I believe is the continuing bias by the Howard government against residents of Sydney’s west. I am referring in particular to this ongoing scandal about federation funding grants. I remind senators that something like 1.8 million people live in the electorates comprising Sydney’s west. That comprises nearly 10 per cent of Australia’s population. In the 11 electorates mentioned, there are something like 950,000 voters. The region is diverse and talented and comprised of a lot of hardworking, honest, taxpaying Australians. Yet when it comes to fair and equal treatment by this government, they have missed out, particularly with regard to funding grants. It reminds me of a view that we believe this government has about Sydney, which is that it stops at Strathfield and starts again at Leura in the Blue Mountains.

In a number of those electorates a number of funding applications were made, and I will tell you about those. There was one that was successful, which was St Barnabas Anglican Church at Prospect. They were lucky also to pick up with the National Trust a number of projects that were nominated by them. However, only one of those projects in Western Sydney was successful; 35 were not. I might just highlight a number of the projects that did not receive funding from this government: the upper room at Castlereagh Penrith Lakes Academy, which is believed to be the site of the first Methodist church in the Southern Hemisphere; the restoration-rebuilding project in Parramatta of St Pat-
rick’s Cathedral; the female orphan school at Parramatta, the only Macquarie era building not yet restored; the St Mattias Church and hall at Parramatta; the regional Federation Park at St Marys; and the conservation of Hadley Park at Penrith as well.

This is a number of the projects that were put before the government and refused. In fact, Ross Cameron, the federal member for Parramatta, and Jackie Kelly, the federal member for Lindsay, nominated respectively 10 and eight projects. Not one of those projects was successful. Let me just name a number of the other projects that were knocked back: the Penrith Regional Gallery, the Parramatta Riverside Theatre, the Dame Joan Sutherland Performing Arts Centre and the steam tram trailer at Wentworthville. Yet somehow or another, by some means, the government was able to find $500,000 for a project called the Commonwealth Railways Museum in Adelaide and some money for the Community Arts and Cultural Centre at Frankston.

What is the difference between those projects? As we know from the Senate estimates committee, some 16 projects were not nominated by the various departments yet, by some underhanded or dishonest means, were approved by this government, by those ministers Hill and Alston, respectively a South Australian and a Victorian. They made these decisions, which have impacted on the projects that we would like to see occur and get the funding in Western Sydney. What have Mrs Kelly and Mr Cameron done to deserve being treated this way? I am aware from rumours that Mr Cameron is not all that popular with the Prime Minister. But, for heaven’s sake, Mrs Kelly is supposed to be from Kelly country, one of our madonnas. She has been abandoned by them as well.

A number of these projects are of great historical, archaeological and cultural value. The 35 of them deserve the funding from that project. If we look in per capita terms at the money that was available, with 1.8 million people in Greater Western Sydney there should have been something like $7.8 million allocated. Yet I understand that just over $1.5 million was allocated. It seems, from what I understand, from the sneaky way in which this federation funding was handled, that most of the money went south. We will never know. In fact, the Auditor-General has said that the means by which this decision making was done would lead people to conclude only that it may not have all been that honest.

I believe that these projects were of inherent value. What this says to me is that those federal Liberal MPs representing parts of Greater Western Sydney are ineffective—that not one of the projects that they supported got up. I am not sure that Mr Cameron supported any that got up. As I say, we have very ineffective local representatives. All we need is support for these projects, so that they can be restored. As I say, they are of great historical value. The fact is the only Macquarie era building not restored is still waiting for funds from this government. It is about time it did something. I am sure that over the next period we will see the exposure of how this government made the decision on 16 projects.

Battery Hens
Animal Welfare

Senator BARTLETT (Queensland) (6.27 p.m.)—I rise tonight predominantly to speak about the issue of egg production and battery hen cages in Australia and partly to correct the record in relation to material that I understand was sent to a large number of federal parliamentarians—if not all of them—in relation to some claims I made about the battery cage in Australia. The federal parliament surrounds were used to launch a campaign earlier this month—and I note the cooperation of the President in enabling that to happen—to try to highlight to the Australian people the proposal that is currently before ARMCANZ, the association of the various agriculture ministers from all the state governments and the federal government, to phase out the battery cage. The federal parliament surrounds were used to launch a campaign earlier this month—and I note the cooperation of the President in enabling that to happen—to try to highlight to the Australian people the proposal that is currently before ARMCANZ, the association of the various agriculture ministers from all the state governments and the federal government, to phase out the battery cage. Survey after survey highlights that the Australian population as a whole has concerns about the battery cage. A survey done just last year by People Data Australia Pty Ltd examining attitudes to the battery caging of hens found that 79 per cent of respondents said they were concerned that battery hens do not have the freedom to move around, stretch their wings and lay
their eggs in a nest. There is no doubt that the concern is there amongst the public.

Last year the Tasmanian Minister for Primary Industry, Water and Environment, Mr Llewellyn, proposed to ARMCANZ an option to look at phasing out the battery cage, as was decided by the European Union just last year, to see whether or not such an approach may work in Australia. This, of course, follows on from a decision by the ACT parliament to pass legislation phasing out the battery cage in the ACT, a decision which unfortunately, because of trade requirements and free trade between the states and the competition requirements there, is not able to be adopted until all state and territory ministers agree to allow that to happen. So, again, that is another decision for ARMCANZ, which the Democrats and, I believe, a large percentage of the Australian population—indeed the ACT population—would be keen for those ministers to support.

In the material which the Australian Egg Industry Association sent around to parliamentarians allegedly rebutting my claims, they made a number of statements which I think it is appropriate for me to counter. Rather than clog up my colleagues’ email with responses, I thought I would put it on the record in the chamber. The Egg Industry Association stated that the conventional cage—that is, the battery cage—best meets the overall welfare needs of hens. That is a fairly extraordinary statement that flies in the face of a number of reports from veterinarians and also from the Productivity Commission in terms of the welfare impact of the battery cage. There is no doubt there are potential welfare problems with the free-range system and with barn-laid systems, but these pale into insignificance compared with the battery cage.

The Egg Industry Association state that the conventional battery cage—that is, keeping hens crammed in together in a space less than an A4 page and standing on a wire floor for their entire lives; very shortened lives, I might add—is somehow better for their welfare needs than being able to stretch their wings, being able to dust bathe, being able to forage and being able to socialise and have greater access to normal behavioural requirements. It seems to be on the basis of nothing other than the fact that it is theoretically easier for them to be accessed by carers—which in one sense is true, because they are sitting in the same spot their whole life, so it is easy to access the hen. Unfortunately, as anyone who has ever been in one of these facilities would know, the hen is one of any number of thousands in rows and rows of cages and often a number of tiers as well. To suggest that each bird can be individually checked is just absurd.

The Egg Industry Association also disputes my claims that alternative production systems are economically viable and states that they are not. This again flies in the face of quite a comprehensive report done by the Productivity Commission—hardly a bunch of animal rights extremists—who suggest that, over time, the increased cost of production of moving from a battery cage to a barn system or a free-range system would reduce to around 1c to 2c per egg. That is something that surveys show the vast majority of people would be quite willing to pay to ensure that their eggs were produced in a more humane system.

The Egg Industry Association also claims that the eggs of Switzerland, which banned the battery cage around 10 years ago, cost significantly more as a result and that 84 per cent of all eggs in Switzerland are imported as a consequence. This again flies in the face of the facts provided by the Swiss Federal Office for Agriculture which show that, since the cage was phased out, egg production in Switzerland has increased, the number of imported eggs has decreased, the consumption of locally produced shell eggs has increased and the consumption of eggs overall has increased from the 1990 figures. Put simply, the claims that phasing out the battery cage has led to an increase in importation of eggs into Switzerland is simply wrong. The opposite has occurred. It is a fact that the European Union has voted to phase out the battery cage, and this may or may not impact on trade into the European Union at this stage due to World Trade Organisation requirements that would not be able to prevent battery produced eggs being imported into the European Union. But that is a deci-
sion that the EU would make and something that would be appropriate for them to decide for themselves. As has been shown in Switzerland, egg production nonetheless has increased locally.

There is a significant and important decision before the agricultural ministers, who are next meeting in a couple of weeks time, in relation to battery egg production. I do urge them to take on board the concerns of the Australian public and to recognise that any number of surveys and studies have shown the welfare problems with the battery form of egg production and the welfare benefits of shifting to free range and barn laid. I also urge them to recognise that studies such as that of the Productivity Commission show that it is economically viable to shift to free range and barn laid, that it will not cost jobs and that it will lead to a greater confidence in the consuming public about the humaneness of the production methods of the eggs that they consume. So I would urge those ministers to take on board all those facts and to consider this issue in a couple of weeks time.

I would encourage any people listening at the moment to get in touch with their local state agricultural minister. I know the Labor minister in Queensland is quite supportive of the issue and deserves encouragement for that. We have a new Victorian Labor government who, hopefully, may take a more enlightened approach on this issue than the previous coalition government did. Again, I would encourage people to contact their relevant ministers in relation to that.

Just briefly, on a couple of other issues, I would also like to note the ACT government’s move towards improved companion animal legislation which, as I understand it, at this stage contains a proposal to move to prevent the tail docking of dogs for cosmetic purposes rather than necessary veterinary circumstances. This is a positive move, and I very much encourage the ACT government to maintain that approach when the legislation reaches the parliament. I note that the Australian Veterinary Association has come out in support of this move and has supported encouraging the ACT government to hold firm on this issue.

Finally, the change in government in Victoria—which was very much celebrated by a number of people to my right in this chamber—provides an opportunity to revisit the issue of duck hunting in that state. I note the pronouncements by the RSPCA this week very much urging the Victorian government to act to ban duck hunting in the state, as is already the case in New South Wales and, I think, Western Australia. That would be a very positive move, would be supported by the majority of people and would reduce unnecessary suffering of birds by quite a significant amount. It is worth noting that the Senate itself a year or two ago passed a motion in support of such a move. I would encourage the Victorian people and perhaps Senator Conroy—who I know wields great power and influence in Victoria—to get onto their relevant ministers in Victoria and encourage them to phase out duck hunting. Perhaps Senator McGauran would also back the phasing out of duck hunting; I know he is a compassionate man underneath it all. I also encourage the Victorian government to take a positive approach on the phasing out of battery egg production.

Trust Bank of Tasmania

Senator MURPHY (Tasmania) (6.37 p.m.)—Tonight I want to talk about an issue that I have spoken about before in this chamber. It relates to the former Trust Bank of Tasmania. In previous instances when I raised this issue and, in particular, raised issues relating to the former CEO of the former Trust Bank there was a fairly significant outcry from various people—not the least being the Premier of Tasmania. It concerned my allegation against Mr Paul Kemp about him using his position in the bank to better himself financially in the sale of his personal car, which he sold back into the bank’s car pool.

But it was not just that. Quite frankly, as I said at the time, I do not have any personal beef with Paul Kemp. These were allegations that were made to me and I think I have a duty, when constituents are concerned about matters of this nature, to pursue them in my role as a member of parliament. The people
that raised them with me were in a position to have some knowledge about some of these matters. As I said, these allegations did not only relate to him selling his car to allegedly better himself financially. I say ‘allegedly’ here, but I actually produced a bank document showing that he actually made some $16,000 out of the sale of his own car into the bank’s car pool.

The other allegations related to cars that Mr Kemp owned—the repairs on those cars being done at the garages that dealt with the bank’s car pool vehicles and the fact that the bills were billed to the bank. In addition to that, other matters related to a house in Launceston purchased by the bank for Mr Kemp, who then subsequently was not living in at, and the furniture that was transferred to various places. I felt—and I still do feel—that all of this ought to have been investigated, particularly given that we had a person here who was getting somewhere around $300,000 to $400,000 a year for running a bank that in 1995 was valued at $300 million and was subsequently sold for around $140 million.

In addition to that, other people were involved in embezzlement—including a Mr Viney, who was actually caught for embezzling a very substantial amount of money—and there have been other accusations in respect of financial arrangements, that is, that people had their fingers in the till within the bank. Last year, other allegations were brought to my attention about sponsorship arrangements that the bank had entered into for very substantial amounts of money. In one case this involved sponsorship of $100,000 to a person who had twice been convicted of deception. I raised this matter with the state government and they suggested that I should write to the bank—which I did. I wrote to the bank on 19 October last year and asked them a range of questions about the sponsorship and loan arrangements they may have had with a car racing firm registered as Silver Star Racing Investments Pty Ltd, registered in Queensland with the registered owner being one Mr Paul Kemp. I asked them, as I said, about the sponsorship arrangements they had, particularly with a Mr Owen Parkinson, who was living in Victoria at the time. As I told at the time. As I said, he had been convicted twice previously on deception charges that were reported in the Tasmanian papers. It seemed to be lost on the Trust Bank that he had been convicted twice—in fact, that is why he left Tasmania—of deception. But that the bank ought not to have entered into any sponsorship arrangement with a person who had been convicted of deception before was not the only issue. The bank wrote back to me about the sponsorship arrangement and said, ‘None of your business.’ I will read this letter from the chairman of the bank:

Thank you for your letter of 19 October 1999, regarding Trust Bank’s sponsorship arrangements, particularly in relation to motor sport.

In your correspondence you ask a number of questions for which the Bank, because of confidentiality and commercial reasons, is unable to answer.

I could answer that for them. To continue:

However, I hope the information supplied below is of assistance.

The Bank has been involved in sponsorship for a number of years, including motor sports, but since May this year the Bank has changed its sponsorship and advertising emphasis. For example, the Bank has significantly increased its advertising within Tasmania especially through newspapers, television and radio. A trend I hope you have noticed.

In addition, the Bank is continuing its support for Targa Tasmania, and its general strategy of continuing with small sponsorships in support of the Tasmanian community. Otherwise, the Bank is lapsing all motor sport sponsorships, both in Tasmania and on the mainland.

In terms of that reference to Targa, there is another interesting involvement with Mr Paul Kemp. Mr Kemp, the keeper of the former Trust Bank of Tasmania, had a fiduciary responsibility to make sure that they protected customers’ investments and property. There was a Porsche—I think it was a 911 Porsche—that had been repossessed by the bank but, nevertheless, the bank still had a responsibility to the customer who had originally purchased the car to ensure that that car remained in its best possible condition for resale—even though the bank was recovering a debt that it was owed as a result of the loan it gave for the car. But what happened was that Mr Paul Kemp entered that
car into Targa Tasmania—the rally. Not only did he do that, but he smashed it up. He did $44,000 worth of damage to it.

**Senator Conroy**—How much was it worth?

**Senator MURPHY**—I think it was worth about $100,000-odd. He entered into the race, he smashed it up, and rumour has it that the car was not insured to be in the race. Rumour further has it that Mr Paul Kemp used his influence within the bank—indeed used the bank’s influence with an insurance company—to have insurance for that motor vehicle backdated.

As I said to the Tasmanian government, these are the sorts of things that any government—I do not care what political persuasion it is—ought to investigate, given that, as I said at the outset, this was a bank that in 1995 apparently had a value of $300 million and that was sold last year for $140-odd million. I just cannot recall the specific figure. I cannot believe that we allow that sort of practice to go unchecked. As I said, most of them are allegations. Some of them can be demonstrated to at least be factual.

In respect of the sponsorship arrangement with Mr Parkinson, I have documentation that clearly indicates that Mr Parkinson did get the sponsorship money. The other point about the sponsorship money is this: sponsorship money is usually used for the purposes of meeting the costs associated with whatever the arrangement is. In this case when a motor car goes into a race, one has to pay entry fees; one has costs associated with fuel, tyres and all of that; and one also has to pay a driver. Interestingly enough, Mr Parkinson did not stop there. He got the Trust Bank’s $100,000 and then he got a driver whom he charged $50,000 to drive the car. It costs some $2,500 to enter a V8 super car in a round of the V8 super car touring races around Australia. I am not a motor sport expert, but that is about what it costs—I am informed. It would seem that Mr Parkinson is doing very nicely out of this little deal, thank you very much, along with the other sponsors he picks up.

This is a matter that I want to continue to pursue, because there is no way that people should be allowed to get away with this. As I said, I do not care which government has the responsibility; a government ought to pick this up because there is another person who lost out very badly as a result of Mr Kemp and Trust Bank. He was one of the people that actually saved the Tasmanian government of the day a lot of money in respect of the Tasmania bank. Madam President, I am going to continue to pursue this issue because it is a matter that ought not to be let lie. It ought to be pursued in the future.

**Senate adjourned at 6.47 p.m.**

**DOCUMENTS**

**Tabling**

The following documents were tabled by the Clerk:

- Native Title Act—Recognition of Representative Aboriginal/Torres Strait Islander Body 2000 (No. 5).
- Social Security Act—Social Security Student Financial Supplement Amendment Scheme 1999 (No. 1).
- Sydney Airport Curfew Act—Dispensation granted under section 20—Dispensation No. 2/00
QUESTIONS ON NOTICE

The following answers to questions were circulated:

Minister for Regional Services, Territories and Local Government: Departmental Liaison Officers
(Question No. 1318)

Senator Robert Ray asked the Minister for Regional Services, Territories and Local Government, upon notice, on 23 August 1999:

(1) How many departmental liaison officers are employed in, or were seconded to, the Minister’s office as at 23 August 1999.

(2) (a) What are the names of the officers; (b) what are their employment classifications; and (c) what duties are they assigned, that is, to which policy areas or agencies are they allocated responsibility.

(3) What was the total cost to the department of these officers.

Senator Ian Macdonald—The answer to the honourable senator’s question is as follows:

(1) One.

(2) (a) Julie Meskell.

(b) Executive Level 2 (Senior Officer Grade B).

(c) Ms Meskell covers all matters within my portfolio responsibilities.

(3) For the period from 21 October 1998 to 23 August 1999 (being the period from the time the second Howard ministry was sworn in to the time the question was asked), the costs to the Department were $73,345.69.

These costs include salary, superannuation, Departmental Liaison Officer allowance and travel.

Minister for Education, Training and Youth Affairs: Departmental Liaison Officers
(Question No. 1331)

Senator Robert Ray asked the Minister representing the Minister for Education, Training and Youth Affairs, upon notice, on Monday, 23 August 1999:

(1) How many departmental liaison officers are employed in, or were seconded to, the office of the Minister’s Parliamentary Secretary as at 23 August 1999.

(2) (a) What are the names of the officers; (b) what are their employment classifications; and (c) what duties are they assigned, that is, to which policy areas or agencies are they allocated responsibility.

(3) What was the total cost to the department of these officers.

Senator Ellison—The Minister for Education, Training and Youth Affairs has provided the following answer to the honourable senator’s question:

(1) As at 23 August 1999, there was 1 Departmental Liaison Officer seconded to Ms Worth’s Office.

(2) (a) Michelle Holmes

(b) Executive Level 2

(c) Liaison with the Department of Education, Training and Youth Affairs (DETYA) and other Departments relating to the Parliamentary Secretary’s portfolio responsibilities.

(3) The total cost incurred by the Department over the period 21 October 1998, being the date on which the second Howard Ministry was sworn in, to 23 August 1999 was $68,912.20.

Parliamentary Secretary to the Minister for Industry, Science and Resources: Departmental Liaison Officers
(Question No. 1332)

Senator Robert Ray asked the Minister for Industry, Science and Resources, upon notice, on 23 August 1999:

(1) How many departmental liaison officers were employed, or were seconded to, the office of the Minister’s Parliamentary Secretary as at 23 August 1999.
(2) (a) What are the names of the officers; (b) what are their employment classifications; and (c) what duties are they assigned, that is, to which policy areas or agencies are they allocated responsibility.

(3) What was the total cost to the department of these officers.

Senator Minchin—The answer to the honourable senator’s question is as follows:

(1) As at 23 August 1999 one departmental liaison officer was employed in the office of my Parliamentary Secretary.

(2) (a) Marko Zagar.

(b) Executive Level 1 classification.

(c) Mr Zagar liaises on all portfolio issues falling under the responsibility of the Parliamentary Secretary.

(3) The annualised cost for the DLO in the office of my Parliamentary Secretary, incurred by the Department of Industry, Science and Resources, over the period 21 October 1998, being the date on which the second Howard Ministry was sworn in, to 23 August 1999 for salaries, allowance, travel and superannuation was $73,586.

Attorney-General’s Department: Internal Staff Development Courses

(Question No. 1503)

Senator Faulkner asked the Minister representing the Attorney-General, upon notice, on 20 September 1999:

(1) How many internal staff development courses has the department, or any agency in the portfolio, conducted since 3 March 1996.

(2) What is the cost of internal staff development courses the department, or any agency in the portfolio, has conducted since 3 March 1996.

(3) How many staff have attended internal staff development courses the department, or any agency in the portfolio, has conducted since 3 March 1996.

(4) (a) How many internal staff development courses conducted by the department, or any agency in the portfolio, since 3 March 1996 have contained training on making decisions under the Freedom of Information Act; and (b) of this number, how many: (i) were specifically focusing on the subject of freedom of information decisions, and (ii) how many dealt with the issue amongst others.

(5) What is the total cost of the courses in (4).

Senator Vanstone—The Attorney-General has provided the following answer to the honourable senator’s questions:

The Department and agencies within my portfolio do not generally maintain information on internal and external training courses to the level of detail sought by the honourable senator. I am not prepared to authorise the diversion of resources that would be necessary to compile these details.

Attorney-General’s Department: External Staff Development Courses

(Question No. 1521)

Senator Faulkner asked the Minister representing the Attorney-General, upon notice, on 20 September 1999:

(1) How many departmental officers have attended external staff development courses since 3 March 1996.

(2) What is the total cost of the external staff development courses attended by the officers of the department, or any agency in the portfolio, since 3 March 1996.

(3) (a) How many external staff development courses attended by departmental or agency staff since 3 March 1996, have contained training on making decisions under the Freedom of Information Act; and (b) of this number, how many: (i) were specifically focusing on the subject of freedom of information decisions, and (ii) how many dealt with the issue amongst others.

(4) Of the courses relevant to (3), which agencies or consultants provided that training.

(5) What is the total cost of the courses in (3).
Senator Vanstone—The Attorney-General has provided the following answer to the honourable senator’s questions:

The Department and agencies within my portfolio do not generally maintain information on internal and external training courses to the level of detail sought by the honourable senator. I am not prepared to authorise the diversion of resources that would be necessary to compile these details.

**Freedom of Information Requests: Members of Parliament**

(Question No. 1538)

Senator Faulkner asked the Minister for Industry, Science and Resources, upon notice, on 20 September 1999:

(1) Of the requests for disclosure of information under the Freedom of Information Act dealt with by the department, or any agency in the portfolio, since 3 March 1996, how many requests have been made by: (a) a member of the House of Representatives; or (b) a member of the Senate.

(2) Of the cases relevant to (a) and (b) in (1), how many requests regarding access were: (a) partially successful; or (b) refused.

(3) Of the cases relevant to (a) and (b) in (1), how many requests regarding charges were: (a) partially successful; or (b) refused.

(4) Of the cases relevant to (2) and (3), how many of the department’s or agency’s written reasons for decision used, as grounds for refusal under the Act, a reference to members of Parliament having access to parliamentary processes to seek information from departments.

(5) Is the department, or any agency in the portfolio, aware of any provision contained in legislation, or departmental guidelines, or practice where the applicant’s employment provision can be, or has been, used as grounds for refusing access to documents and/or refusing to waive charges, other than that set out in (4).

Senator Minchin—the answers to the honourable senator’s questions is as follows:

For all areas of the Department of Industry, Science and Resources other than IP Australia*:

(1) (a) nil (b) nil
(2) (a) nil (b) nil
(3) nil
(4) nil
(5) no

For the portfolio agencies:

(1) (a) nil (b) one request
(2) (a) nil (b) the request was refused
(3) nil
(4) nil
(5) no.

* In the case of IP Australia, providing the detailed information sought would involve an unreasonable and substantial diversion of resources. IP Australia has advised that it received over 2,700 FOI requests since 3 March 1996. Most of the requests were for access to files on applications for registration of trade marks, and were made by registered patent attorneys and legal practitioners. IP Australia’s records do not indicate whether an FOI applicant is a member of the House of Representatives or the Senate. To determine whether any applicant is such a person would require the correspondence for each request to be examined.

**Medicare: Theatre Fees**

(Question No. 1637)

Senator Abetz asked the Minister representing the Minister for Health and Aged Care, upon notice, on 29 September 1999:

(1) If a medical practitioner undertakes to accept the relevant Medicare benefit as full payment, by virtue of bulk billing, is it open to the practitioner to charge an extra theatre fee.
(2) Is it open for clinics to advertise as follows: ‘Patients will continue to be bulk-billed for Medicare except for the theatre fee which varies according to the surgical procedure’.

Senator Herron—The Minister for Health and Aged Care has provided the following answer to the honourable senator’s question:

(1) If the theatre belongs to a day hospital facility, then the payment of the theatre fee would be unconnected to the fee charged by the practitioner for his or her professional services. In that situation, the practitioner could bulk-bill the patient for his or her professional service and the day hospital facility could charge the patient a separate theatre fee.

If the theatre belongs to the practitioner, such as in a situation where the practitioner has established a small theatre in his or her rooms, then the practitioner would not be able to bulk-bill the patient for his or her professional services and charge an extra theatre fee.

Under paragraph 20A (1)(b) of the Health Insurance Act 1973, medical practitioners who choose to bulk bill Medicare for their services undertake to accept the relevant Medicare rebate as full payment for the medical expenses incurred in respect of those services. Practitioners are advised that additional charges (irrespective of the purpose or title of the charge) cannot be raised against the patient where the service is bulk billed.

(2) As paragraph 20A (1)(b) of the Health Insurance Act 1973 prohibits medical practitioners charging additional fees where a patient is bulk billed for a service, it would be inappropriate for a medical practitioner who bulk bills to advertise that an additional fee will be charged, in this case a ‘theatre fee’, in relation to that service.

Department of Transport and Regional Services: Cost of Legal Advice from Attorney-General’s Department

(Question No. 1715)

Senator Faulkner asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 2 November 1999:

(1) What has been the total cost to the department, and each agency in the portfolio, of legal advice obtained from the Attorney-General’s Department in the 1998-99 financial year.

(2) What has been the total cost to the department, and each agency in the portfolio, in the 1998-99 financial year of legal advice obtained by the department from other sources.

Senator Ian Macdonald—The Minister for Transport and Regional Services has provided the following answer to the honourable senator’s question:

(1) The total cost to the department of legal advice obtained from the Attorney-General’s Department (that is, the Australian Government Solicitor) in the 1998-99 financial year was $1,443,475.60.

The total cost to each agency in the portfolio, of legal advice obtained from the Attorney-General’s Department (that is, the Australian Government Solicitor) in the 1998-99 financial year was:

National Capital Authority - $167,089
Airservices Australia - $ 10,336.35*
Australian Maritime College - nil
Stevedoring Industry Finance Committee - nil
Australian Maritime Safety Authority - $ 26,600
Civil Aviation Safety Authority - $ 20,764
* The Airservices Australia figure includes disbursements.

(2) The total cost to the department of legal advice obtained from other sources in the 1998-99 financial year was $2,125.

The total cost to each agency in the portfolio, of legal advice obtained from other sources in the 1998-99 financial year was:

National Capital Authority - $32,085
Airservices Australia - $5,318,689.55*
Australian Maritime College - $20,009
Stevedoring Industry Finance Committee - $384,194
Australian Maritime Safety Authority - $506,900
Civil Aviation Safety Authority - $503,151
* The Airservices Australia figure includes disbursements.

Department of Industry, Science and Resources: Cost of Legal Advice from Attorney-General’s Department
(Question No. 1726)

Senator Faulkner asked the Minister for Industry, Science and Resources, upon notice, on 2 November 1999:

(1) What has been the total cost to the Department, and each agency in the portfolio, of legal advice obtained from the Attorney-General’s Department in the 1998-99 financial year.

(2) What has been the total cost to the Department, and each agency in the portfolio, in the 1998-99 financial year of legal advice obtained from other sources.

Senator Minchin—The answers to the honourable senator’s question is as follows:

Question (1):
Department of Industry, Science and Resources: $1,367,215.80 for legal services (including legal advice)
Australian Tourist Commission: $29,561.00 for legal advice
National Standards Commission: $14,131.00 for legal advice
Australian Institute of Marine Science: $33,801.03 for legal services (including legal advice)
CSIRO: $770,452.50 for legal services (including legal advice)
Australian Nuclear Science and Technology Organisation: $329,600.25 for legal services (including legal advice)
Australian Sports Commission: nil
Australian Sports Drug Agency: nil

Question (2):
Department of Industry, Science and Resources: $1,933,560.18 for legal services (including legal advice)
Australian Tourist Commission: $92,887.00 for legal advice
Australian Sports Commission: $236,524.00 for legal advice
Australian Sports Drug Agency: $45,417.40 for legal advice
Australian Institute of Marine Science: $31,198.97 for legal services (including legal advice)
CSIRO: $3,460,086.92 for legal services (including legal advice)
Australian Nuclear Science and Technology Organisation: $3,396.00 for legal services (including legal advice)
National Standards Commission: nil.

Department of Veterans’ Affairs: Salaries
(Question No. 1748)

Senator Faulkner asked the Minister for Veterans’ Affairs, upon notice, on 2 November 1999:

As a dollar amount, and as a percentage of the department’s total outlay on salaries, what was the cost in the 1996-97, 1997-98, and 1998-99 financial years of (a) staff training; (b) consultants; and (c) performance pay.

Senator Newman—The Minister for Veterans’ Affairs has provided the following answer to the honourable senator’s question:

(a) Staff Training
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dollar Amount</td>
<td>$2,287,543</td>
<td>$1,693,346</td>
<td>$2,893,301</td>
</tr>
<tr>
<td>Salary*</td>
<td>$154,418,000</td>
<td>$128,220,000</td>
<td>$126,842,000</td>
</tr>
<tr>
<td>Percentage of Salary</td>
<td>1.5%</td>
<td>1.3%</td>
<td>2.3%</td>
</tr>
</tbody>
</table>

Note:
The dollar amount for training does not include the costs and salary expenditure associated with on-the-job training.
During 1997-98 financial year the department upgraded the Human Resource Information System and during the transition full data was not collected.

(b) Consultants

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dollar Amount</td>
<td>$7,346,557</td>
<td>$5,436,880</td>
<td>$5,445,123</td>
</tr>
<tr>
<td>Salary*</td>
<td>$154,418,000</td>
<td>$128,220,000</td>
<td>$126,842,000</td>
</tr>
<tr>
<td>Percentage of Salary</td>
<td>4.8%</td>
<td>4.2%</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

(c) Performance Pay – includes amounts paid to SES and non-SES officers.
Note 1996-97 represents SES officers only.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dollar Amount</td>
<td>$82,625</td>
<td>$215,228</td>
<td>$237,281</td>
</tr>
<tr>
<td>Salary*</td>
<td>$154,418,000</td>
<td>$128,220,000</td>
<td>$126,842,000</td>
</tr>
<tr>
<td>Percentage of Salary</td>
<td>0.1%</td>
<td>0.2%</td>
<td>0.2%</td>
</tr>
</tbody>
</table>

Salary* includes all voluntary redundancy costs and separations.

*Child Care in Australia: Report*(Question No. 1760)

**Senator Chris Evans** asked the Minister for Family and Community Services, upon notice, on 8 November 1999:

With reference to the timing of the preparation of the report, *Child Care in Australia*:

(1) When did the compilation of the statistics used in the report begin.
(2) When was the compilation of the statistics used in the report completed.
(3) When was the final text of the report completed.
(4) Who determined the public release date of the report.

**Senator Newman**—The answer to the honourable senator’s question is as follows:

(1) The compilation of statistics for the report has been ongoing.
(2) All statistics were completely finalised in early July 1999.
(3) July 1999.
(4) My office following advice from the department that the publication was complete.

*Department of Family and Community Services: Child-Care Database*(Question No. 1761)

**Senator Chris Evans** asked the Minister for Family and Community Services, upon notice, on 8 November 1999:

With reference to the normal update schedule for the department’s Child Care System administration database:

(1) Is the department’s database updated quarterly, to provide information current to the last day of March, June, September and December in each current year.
(2) Is data on the number of operational services normally included in the quarterly updates of the system.
(3) Is data on the number of operational places normally included in the quarterly updates of the system.

(4) When did data on the number of operational services as at 30 June 1998 become available to the department.

(5) When did data on the number of operational services as at 31 December 1998 become available to the department.

(6) When did data on the number of operational places as at 30 June 1998 become available to the department.

(7) When did data on the number of operational places as at 31 December 1998 become available to the department.

Senator Newman—The answer to the honourable senator’s question is as follows:

(1-3) No. The Child Care System (CCS) is a live database with records being continuously updated. It is primarily a system designed to manage payments to child care services. Management information on places and services is available as a secondary function. Although data are available on an ongoing basis, there is a need for comprehensive checking prior to release. Validated data are now available publicly twice yearly.

(4) and (6) September 1998.

(5) and (7) March 1999.

Department of Family and Community Services: Children’s Services Statistical Report

(Question No. 1762)

Senator Chris Evans asked the Minister for Family and Community Services, upon notice, on 8 November 1999:

With reference to the Department of Health and Family Services, Children’s Services Statistical Report, June 1997:

(1) When did the compilation of the statistics used in the report begin.

(2) When was the compilation of the statistics used in the report completed.

(3) When was the final text of the report completed.

(4) When was the report publicly released.

Senator Newman—The answer to the honourable senator’s question is as follows:

(1) The compilation of the statistics was ongoing.

(2) The statistics were completely finalised in September 1997.

(3) September 1997.


Department of Family and Community Services: Child Care in Australia Report

(Question No. 1763)

Senator Chris Evans asked the Minister for Family and Community Services, upon notice, on 8 November:

With reference to community-based places in table 2.1 of the report, Child Care in Australia. The table shows an increase of about 1,000 places per year between June 1991 and June 1997, but between June 1997 and June 1998 the places rise by 5,400. Footnote 1 states that ‘For June 1998 community places reflected all places delivered in community based services. Previously only places in receipt of operational subsidy were included in the category and CCA [child care assistance] only places delivered in community based services were reflected as “non-profit” places (included in the total “Private Centres” figures)’:

(1) How many such ‘CCA only places delivered in community based services’ are included in the June 1997 total for ‘Private Centres’.

(2) How many such places are counted in the ‘Community Based’ column for June 1998.

(3) Why was the transfer made.
(4) Why did the footnote not state how many places had been transferred.

Senator Newman—The answer to the honourable senator’s question is as follows:

1. 2,860.
2. 5,610 including the 2,860 from the previous year.
3. In order to better reflect where places were being provided i.e. in community based services. These places have always been included in the total number of places.
4. These figures had already been published in the Department of Health and Family Services Annual Report 1997-98 with a similar footnote.

Child Care in Australia Report: School Age Care
(Question No. 1764)

Senator Chris Evans asked the Minister for Family and Community Services, upon notice, on 8 November 1999:

With reference to ‘School Age Care’ places in table 2.1 of the report, Child Care in Australia. Between June 1997 and June 1998 ‘School Age Care’ places rise from 79,000 to 134,000, an increase of 55,000. Footnote 2 states that ‘the large increase in the school age care figure is partly due to a transfer of places, previously block granted through State Governments, now receiving direct Commonwealth funding, as well as the introduction of consistent counting methodology’:

1. Does this note refer to block grants to the states for vacation care, which were converted to funding in the form of child care assistance (CCA) places; if so: (a) when did this conversion occur; and (b) how many places were created: (i) in each state, and (ii) in total; if not, to what does it refer.
3. Why did the report not specify how many of the increased places were ‘due to a transfer of places, previously block granted through State Governments, now receiving direct Commonwealth funding’?
4. If block grants for vacation care were replaced with CCA places, did the level of Commonwealth funding for vacation care for each state change; if so, by how much: (a) for each state; and (b) in total.
5. In footnote 2, what is meant by ‘the introduction of consistent counting methodology’ for school age places.
6. In numerical terms, how does the ‘introduction of consistent counting methodology’ affect the change in number of school age places between June 1997 and June 1998.
7. Why did the report not specify how much of the reported increase in school age places between June 1997 and June 1998 was due to ‘introduction of consistent counting methodology’.

Senator Newman—The answer to the honourable senator’s question is as follows:

1. Yes, the majority of the vacation care places previously block granted through State Governments were approved for Childcare Assistance and became fully Commonwealth funded.
   (a) The conversion commenced from 27 April 1998 and continued over several months.
2. (i and ii) The total number of places estimated to be eligible to receive funding under the Commonwealth block grant vacation care arrangements (noting that the States also provided some funding to these services) were:

<table>
<thead>
<tr>
<th>State</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>New South Wales</td>
<td>6000</td>
</tr>
<tr>
<td>VIC</td>
<td>5880</td>
</tr>
<tr>
<td>Queensland</td>
<td>4820</td>
</tr>
<tr>
<td>South Australia</td>
<td>4170</td>
</tr>
<tr>
<td>Western Australia</td>
<td>1710</td>
</tr>
<tr>
<td>TAS</td>
<td>490</td>
</tr>
<tr>
<td>NT</td>
<td>1360</td>
</tr>
<tr>
<td>ACT</td>
<td>210</td>
</tr>
</tbody>
</table>
This total was considered to be the maximum number of places that could be created through the transfer but not all of these places became operational.

(2) Yes, approximately half of these previously block granted places were operational by June 1998. Total growth for the 1997-98 financial year was 21,400 and the majority of growth occurred in early 1998.

(3) These figures had already been published in the Department of Health and Family Services Annual Report 1997-98 with a similar footnote.

(4) (a) and (b) Changes in Outside School Hours funding arrangements resulted in an additional $11 million over four years being available for outside school hours care including vacation care services. The impact of these funding changes depended on factors such as income profiles of families and utilisation levels in services.

(5) The former counting method was a combination of OSHC places which covered only before and after school care, and Year Round Care (YRC) places which also included vacation care. Under the revised counting methodology, all places are counted as OSHC places. This involved converting the YRC places to OSHC places.

(6) In June 1997 there were 48,700 OSHC and 30,300 YRC places. In June 1998 there were 64,000 OSHC and 33,500 YRC places. These converted, with rounding, to 113,000 OSHC in 1997 and 134,400 OSHC in 1998 or growth of 21,400 OSHC places.

(7) These figures had already been published in the Department of Health and Family Services Annual Report 1997-98 with a similar footnote.

**Child Care in Australia Report: Outside School and Vacation Care**

(Question No. 1765)

Senator Chris Evans asked the Minister for Family and Community Services, upon notice, on 8 November 1999:

With reference to table 2.2 of the report, *Child Care in Australia*: Table 2.2 includes data on ‘school age care’, does this include vacation care; if so, can separate totals for outside school hours care and vacation care be provided; if not, can an equivalent total for vacation care be provided.

Senator Newman—The answer to the honourable senator’s question is as follows:

Vacation Care is included in Table 2.2 ‘school age care’. Below is a table providing separate totals for outside school hours care and vacation care.

<table>
<thead>
<tr>
<th>Service Type</th>
<th>1994</th>
<th>1997</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outside School Hours Care</td>
<td>77,900</td>
<td>99,500</td>
</tr>
<tr>
<td>Vacation Care</td>
<td>12,500</td>
<td>31,000</td>
</tr>
<tr>
<td>Total</td>
<td>90,400</td>
<td>130,500</td>
</tr>
</tbody>
</table>

Note: This data measures occurrences of care and will include some double counting where children attend more than one service.

Source: Department of Family and Community Services Censuses of Child Care Services 1994 and 1997

**Department of Family and Community Services: Exclusion of Statistical Data**

(Question No. 1766)

Senator Chris Evans asked the Minister for Family and Community Services, upon notice, on 8 November:

With reference to the exclusion of data previously reported in the department’s child care statistical publications: Why was the decision made to exclude the following data items, which were included in previous departmental statistics publications, such as the *Children’s Services Statistical Report*, June

(a) total number of children in Australia, and state sub-totals;
(b) number of families, as opposed to children, using Commonwealth-funded child care;
(c) children using Commonwealth-funded services, by service type, and state sub-totals;
(d) families receiving child care subsidies, by service type, over time (Children’s Services Statistical Report, June 1997 provided data for June 1996, December 1996, and June 1997);
(e) percentage of all families in long day care by level of child care assistance (CCA) received, by service type;
(f) number of carers registered for rebate, families registered, and families who have claimed;
(g) number of operational services, by type;
(h) sponsorship of child care (for example, local government, religious/charity, et cetera), by service type;
(i) operational places by service type, state breakdown;
(j) number of places created, or planned, as part of the New Growth Strategy 1997-99, by service type;
(k) New Growth Strategy details of funding available (that is, operational subsidy of $5,000 per place, et cetera);
(l) child care subsidies and grants, level of operational subsidy, minimum weekly fees payable with CCA;
(m) Commonwealth expenditure, for the past three budgets (that is: 1995-96, 1996-97, and 1998-99) by program, that is, rebate, CCA, capital, et cetera;
(n) CCA amount received by service type, 1997-98 to 1998-99, percentage increase or decrease (Children’s Services Statistical Report, June 1997 provides data for 1995-96 and 1996-97. Item 7 (ii));
(o) proportion of hours of care used for work-related purposes, by service type;
(p) proportion of non-work-related care, by service type and by state;
(q) number of children in care, number of hours of care, average percentage of work-related care (by employment status of parents, and by service type) for 1996 and 1997 (Children’s Services Statistical Report, June 1997 provided data for 1994 and 1995);
(r) babies (children less than 2 years) as a proportion of all children using formal care, 1996-97 (Children’s Services Statistical Report, June 1997 provided data for 1991-1995);
(s) percentage distribution of children in child care, by age groups and type of service;
(t) percentage of children at risk or parents with a disability attending Commonwealth-funded child care;
(u) average fee paid per session of outside school hours care (OSHC) and vacation care;
(v) long day care (LDC) daily hours of operation, by sector;
(w) distribution of places by geographic region (for example, urban, et cetera), by service type;
(x) percentage demand met, for LDC and OSHC;
(y) percentage of children using formal, and informal care, or both (Children’s Services Statistical Report, June 1997 gives data for 1990, 1993, and 1996);
(z) percentage of children (with employed parents) using formal and informal care, 1998 (Children’s Services Statistical Report, June 1997 gives data for 1996);
(aa) main type of (additional) care needed, by age, by service type and total children requiring additional care;
(ab) total number of staff and care-givers in Commonwealth-funded services, by service type (Children’s Services Statistical Report, June 1997 gives data for 1992, 1993, 1995, and 1997);
(ac) number and percentage of families with both parents in the workforce, by state for, families with children aged 0 to 4 and 5 to 12 years;
(ad) number and percentage of children with both parents in the workforce, by state, for children aged 0 to 4 and 5 to 12 years; and

(ae) labour force participation by females with dependents under 15 years, breakdown by full and part-time employment.

Senator Newman—The answer to the honourable senator’s question is as follows:

(a) to (ae). Child Care in Australia was developed to inform the public of overall trends in child care over the last decade. It was not intended to be a comprehensive statistical publication, rather, to provide an understanding of long term trends. Comparisons over time were included to show trends in the sector.

The decision on the data items to be included was based on recent requests for information and the availability of full year information. It was also recognised that information is available through other sources such as the Australian Bureau of Statistics publications, Australian Institute of Health and Welfare publications, annual reports and the Report on Government Services.

Australian Maritime Safety Authority: Search
(Question No. 1772)

Senator O’Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 12 November 1999:

(1) Did the Australian Maritime Safety Authority (AMSA) coordinate a search for a 4.3 metre dinghy operating approximately 2.5 nautical miles away from its mother ship, the Wave Dancer 2 at Swain Reefs.

(2) What was the duration of the search; (b) who determined that the search should be terminated; and (c) what was the basis for taking that decision.

(3) If AMSA had known the dinghy did not have flares and an Emergency Position Indicating Radio Beacon on board, would the duration of the search been extended.

Senator Ian Macdonald—The Minister for Transport and Regional Services has provided the following answer to the honourable senator’s question:

(1) Yes.

(2) (a) AusSAR received initial advice that the dory (dinghy) was overdue from Wave Dancer II on 20 September 1999 at 6.38 pm (Canberra time). It was apparently last seen at approximately 1.00 pm on that day. Nine aircraft were involved in the search on 21 September and twelve participated on 22 September. Those aircraft covered a search area of 8250 square nautical miles. AusSAR suspended the search on 22 September 1999 at 6.15 pm. The total search time was therefore 47 hours and 23 minutes.

(b) Manager Operations, AusSAR.

(c) The basis for the decision to terminate the search was that AusSAR considered the aircraft saturation used for the search area would have provided a high probability of detection and if the dory, debris or fisherman were on the surface they should have been detected. Further, if the fisherman was in the water then, at the time the search would have recommenced on 23 September, he could have been in the water for up to 66 hours. Assessment of probability of survival based on the Tikuisis Cold Exposure Survival Model indicated that at 36 hours in the water the fisherman would most probably be incapacitated and unconscious. Survival at 66 hours or more is considered to be highly unlikely.

(3) AMSA has advised that the decision to terminate the search was not contingent upon the presence of emergency aids (including flares, Emergency Position Indicating Radio Beacon, torch and mirror) in the dory.

Proposed Silicon Smelter, Lithgow, New South Wales
(Question No. 1785)

Senator Brown asked the Minister for the Environment and Heritage, upon notice, on 23 November 1999:

With reference to the proposal by Doral Mineral Industries and Portman Mining Limited for a silicon smelter at Lithgow, New South Wales:

(1) What role will the Commonwealth have, directly or indirectly, in this proposal.
(2) (a) What environmental consideration must be had before the proposal goes ahead; and (b) what public involvement has or will take place.

(3) (a) What approaches have been made to the Commonwealth regarding the project; (b) when were the approaches made; and (c) by whom were they made.

(4) Will the project require an export license or other Commonwealth approval and does it have any potential to impact on forests or woodlands under consideration for a regional forest agreement (RFA) or other Commonwealth matters; if so, in any case, what are the details.

(5) Does the Minister have powers to override an RFA in the interests of biodiversity; if so, what are those powers.

(6) (a) What role will the New England forests or the Pillaga woodlands have for the smelter; and (b) is any state forest or nature reserve under consideration as a resource for the smelter; if so, which are they.

**Senator Hill**—The answer to the honourable senator’s question is as follows:

(1) The proposal to construct a silicon smelter at Lithgow has not been submitted to Environment Australia for comment and no proponent for the proposal has been designated in terms of the Environment Protection (Impact of Proposals) Act 1974.

(2) (a & b) I understand that this proposal is undergoing environmental impact assessment including a period of public review under New South Wales legislation.

(3) (a, b & c) See (1) above.

(4) No export approval is required for silicon products. I am not aware of any RFA forests or woodlands being identified for use in the project, Lithgow is sited to the west of the NSW RFA regions. If some wood for the Lithgow project were sourced from within an RFA region, this would come from outside the RFA’s CAR (Comprehensive, Adequate and Representative) reserve system. Under RFAs, impacts in areas available for harvesting are limited through provisions for ecologically sustainable forest management and sustainable wood supply.

(5) The Commonwealth’s powers are not limited by the existence of an RFA. Whilst I am satisfied that Commonwealth requirements with respect to the interests of biodiversity have been met in areas where RFAs are in operation, should a State party breach the provisions of an RFA, the agreement could be terminated and Commonwealth powers under the Environment Protection and Biodiversity Conservation Act 1999 (or existing Acts until the EPBC Act comes into effect) would continue to apply.

(6) Environmental effects on the New England forests or Pillaga woodlands are unknown until the areas to be utilised are identified. The Pillaga is in Western New South Wales and it is not proposed that it will be covered by an RFA. I understand at least seven forest areas are being considered and that the environmental effects of the proposal on these areas will be assessed by the relevant New South Wales authorities.

**Tibet: Immigrants and Refugees**

**(Question No. 1794)**

**Senator Brown** asked the Minister representing the Minister for Immigration and Multicultural Affairs, upon notice, on 2 December 1999:

With reference to the answer to question on notice no. 1429 (Senate Hansard, 12 October 1999, p.9523):

(1) Why are people from Tibet classified as Chinese nationals.

(2) Have people from East Timor, only in 1999, been classified as Indonesian nationals with no reference in the department’s records to their East Timor identity.

(3) What is the Minister’s definition of a ‘refugee’.

(4) Will the department’s records be amended to identify people who are of Tibetan origin.

**Senator Vanstone**—The Minister for Immigration and Multicultural Affairs has provided the following answer to the honourable senator’s question:

(1) The Australian Bureau of Statistics (ABS) classifies countries on the basis of information obtained from standard reference material, users of data and experts in the field. Reference sources universally include Tibet as part of China with the status of Autonomous Region. This practice is sup-
ported by the United Nations which does not separately identify Tibet in its publication *Standard Country or Area Codes for Statistical Use*. The ABS also ensures it remains consistent with government policy by obtaining the advice of the Department of Foreign Affairs and Trade (DFAT) on the content and nomenclature used in its *Standard Australian Classification of Countries* (SACC). DIMA follows the ABS approach in classifying people from Tibet as Chinese nationals.

(2) The ABS classified East Timor as part of Indonesia in its first standard classification of countries in 1990 and in its subsequent SACC classification. It should be noted that, in consultation with DFAT, the ABS is preparing a revision document to the SACC to reflect the changed circumstances in East Timor. Consistent with the ABS approach, the Department in 1999 continues to classify people from East Timor as Indonesian nationals.

(3) The Migration Act 1958 incorporates into Australian law the 1951 Convention Relating to the Status of Refugees. The definition of a refugee contained within the Convention and used by Australia is a person who “owing to a well-founded fear of being persecuted for reasons of race, religion, nationality, membership in a particular social group, or political opinion, is outside the country of his nationality, and is unable to or, owing to such fear, is unwilling to avail himself of the protection of that country.”

It is not practical to amend the Department’s records to identify people who are of Tibetan origin.

**Tasmania: Native Vegetation**

(Question No. 1800)

**Senator Brown** asked the Minister for the Environment and Heritage, upon notice, on 3 December 1999:

What is the Minister doing about the clearing of: (a) native vegetation in Tasmania; and (b) native forests for plantations in Tasmania.

**Senator Hill**—The answer to the honourable senator’s question is as follows:

(a) As a major component of the Government’s Natural Heritage Trust, the Bushcare program aims to reverse the long-term trend of native vegetation decline in Australia, i.e. to achieve a ‘no net loss’ outcome for the nation’s vegetation. In signing the Natural Heritage Trust Partnership Agreement, the Tasmanian Government has made a commitment to contribute to that national goal. I will continue to monitor performance against this goal and to remind Tasmania of its need to contribute to this goal.

I also sought the participation of the Tasmanian Government in the development of the *National Framework for the Management and Monitoring of Australia’s Native Vegetation* endorsed by the Australia and New Zealand Environment and Conservation Council in December 1999. The Framework provides a vehicle to implement the commitment made by the Commonwealth and State Governments to reverse the long-term decline in quality and extent of Australia’s vegetation cover by June 2001.

Tasmania has prepared an interim work plan as the principle means of implementing the National Framework. This is a major step forward in the protection of Australia’s native vegetation.

(b) The Regional Forest Agreement signed on 8 November 1997 provides a framework for the management and use of Tasmanian forests, and seeks to implement effective conservation, forest management and forest industry practices.

In signing the Agreement, Tasmania has agreed to, *inter alia*, a comprehensive, adequate and representative (CAR) reserve system for the Tasmanian Forest Estate and a long-term commitment to Ecologically Sustainable Forest Management, and the introduction of mechanisms to encourage native vegetation retention and management for private land by 1999. The agreement will ensure the long-term protection of significant areas of native forest on both public and private land.

I will continue to monitor progress and performance against commitments made in the Regional Forest Agreement.

**Export Incentive Development Grants: Private Education and Training Providers**

(Question No. 1804)

**Senator Carr** asked the Minister representing the Minister for Trade, upon notice, on 7 December 1999:

With reference to the following 16 private education and training providers, all of which have received Austrade Export Incentive Development Grants since 30 June 1997 and all of which were subse-
quent suspension or deregistration from the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS): Agils Pty Ltd, Australian Premier College Pty Ltd, Business Institute of Victoria Pty Ltd, Central College Australia Pty Ltd, Coverdale Christian School, Insearch Ltd and Apec Pty Ltd, Macarthur Anglican School, Metropolitan Business College of Australia Ltd, Monash University English Language Centre, National Colleges of Australia Pty Ltd, New South Wales Matriculation College Pty Ltd, Queensland International Heritage College Pty Ltd, SCCE Pty Ltd, Skywell Computer Consulting and Education, TJTM Pty Ltd:

1 (a) How much money was provided to these organisations; and
(b) for what purposes were the funds provided.

2 What were the reasons for the cancellation or suspension of these providers from the CRICOS list.

3 What processes were entered into to check the financial and other bona fides of these providers prior to the award of these grants.

4 (a) How many providers that have Austrade Export Development Grants in 1997 and/or 1998 have subsequently come to the attention of the Government as possibly being involved in illegal activities connected with immigration; and
(b) can a list be provided.

Senator Hill—the Minister for Trade has provided the following answers to the honourable senator’s question:

1 (a) The following amounts have been provided in Export Market Development Grants to the named institutions:

<table>
<thead>
<tr>
<th>Institution</th>
<th>Number of grants</th>
<th>Total amount provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agils Pty Ltd</td>
<td>7</td>
<td>$649,275</td>
</tr>
<tr>
<td>Australian Premier College</td>
<td>1</td>
<td>$70,807</td>
</tr>
<tr>
<td>Business Institute of Victoria</td>
<td>1</td>
<td>$43,403</td>
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<tr>
<td>Central College Australia Pty Ltd</td>
<td>2</td>
<td>$98,631</td>
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<tr>
<td>Coverdale Christian School</td>
<td>3</td>
<td>$56,634</td>
</tr>
<tr>
<td>Insearch Pty Ltd &amp; Apec Pty Ltd</td>
<td>11</td>
<td>$1,893,443</td>
</tr>
<tr>
<td>Macarthur Anglican School</td>
<td>4</td>
<td>$27,115</td>
</tr>
<tr>
<td>Metropolitan Business College</td>
<td>3</td>
<td>$150,317</td>
</tr>
<tr>
<td>Monash University English Language Centre</td>
<td>2</td>
<td>$157,858</td>
</tr>
<tr>
<td>National Colleges of Australia Pty Ltd</td>
<td>1</td>
<td>$34,375</td>
</tr>
<tr>
<td>New South Wales Matriculation College</td>
<td>8</td>
<td>$447,832</td>
</tr>
<tr>
<td>Queensland International Heritage</td>
<td>2</td>
<td>$72,975</td>
</tr>
<tr>
<td>S.C.C.E. Pty Ltd</td>
<td>3</td>
<td>$360,353</td>
</tr>
<tr>
<td>Skywell Computer Consulting &amp; Education</td>
<td>1</td>
<td>$64,264</td>
</tr>
<tr>
<td>TJTM Pty Ltd</td>
<td>1</td>
<td>$6,762</td>
</tr>
</tbody>
</table>

The Export Market Development Grants scheme provides a non-discretionary reimbursement of 50% of eligible export market promotion expenses after the first $15,000 of expenses. Businesses can receive 8 grants of up to $200,000 each and an additional 3 grants for each new market promoted to. Businesses must be Australian, they must be promoting Australian goods, services or know how and they must be undertaking eligible promotional activities.

DETYA is the body responsible for deregistration decisions and may be able to provide further details on this.

All grant applications are assessed to ensure that the business is eligible to apply, is promoting eligible products (in this case, education services) and their expenses audited to ensure that they have been acquitted properly by the applicant. First time applicants must also pass a grants entry test which requires Austrade to assess whether the business passes some basic financial and export viability criteria.
In the case of education providers, supporting evidence is requested to ensure that the institution is registered at the time the expenses are incurred and judgemental checks of that information are undertaken.

Once the expenses have been properly acquitted and the business meets the rules of the scheme at that time, it is entitled to a grant. If a business goes into administration before the grant is paid, it loses its entitlement. Austrade carries out checks of applicants to ensure that businesses are not under administration.

Austrade has not been advised that any institutions to which it has paid grants have come to the attention of Government as being involved in illegal activities connected to immigration.

**Offshore Petroleum Exploration**

(Question No. 1809)

Senator Brown asked the Minister for Industry, Science and Resources, upon notice, on 9 December 1999:

(1) (a) What permits have been issued for offshore petroleum exploration in Commonwealth marine waters since July 1996; and (b) can details be provided of the location, applicant, extent, duration and nature of the activities.

(2) In each case, what were the reasons for determining that the issue of a permit was not a significant action under the Environment Protection (Impact of Proposals) Act and therefore for not designating a proponent and undertaking an environmental assessment in accordance with the Act.

(3) (a) What permit applications are currently under consideration for offshore petroleum exploration; and (b) can details be provided of the location, applicant, extent, duration and nature of the activities.

Senator Minchin—The answer to the honourable senator’s question is as follows:

(1)(a) and (b) Summary information on previous successful applications is a matter of public record. The table at Attachment A details the permits that have been granted since July 1996 outlining the date of grant, basin and a summary of the work program proposed. Exploration permits are granted for an initial period of six years under the work program bidding system.

(2) As Action Ministers under the Environment Protection (Impact of Proposals) Act 1974 (EPIP Act) the Minister responsible is required to determine whether the release of exploration areas or the award of petroleum exploration permits would constitute an ‘environmentally significant action’ within the meaning of clause 1.2.1 of the Administrative Procedures made under the EPIP Act. This includes not threatening with extinction, or significantly impeding the recovery of a listed native species under the Endangered Species Protection Act 1992 (ESP Act).

In making a determination the Minister needs to have sufficient information to satisfy him that the actions taken are not likely to have a significant impact on the environment. The Minister relies on advice that his department seeks from Commonwealth and State/NT agencies for Environment, Fisheries, Aboriginal Affairs, Defence, the Australian and Overseas Telecommunications Corporation prior to any acreage release. He also takes into account technical and scientific advice received from the Australian Geological Survey Organisation (AGSO) relating to geophysical and environmental issues.

Taking account of the advice received from all agencies, neither I, nor Senator Parer my predecessor, as responsible Ministers considered that the award of petroleum exploration permits since 1996 would constitute an ‘environmentally significant action’ within the meaning of clause 1.2.1 of the Administrative Procedures of the EPIP Act, nor threaten with extinction or impede the recovery of listed native species under the ESP Act.

(3)(a) and (b) Additional applications are currently being assessed for 20 areas released in the first round of the 1999 acreage release. I am unable to give out any information relating to the bids received for the first closing date as this information is commercial in confidence while the competitive bids are being processed.
<table>
<thead>
<tr>
<th>RELEASE</th>
<th>BASIN</th>
<th>ADJACENT AREA</th>
<th>PERMITS GRANTED (PERMIT NO.)</th>
<th>AREA NO.</th>
<th>SUMMARY OF WORK</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996 Release Modified Work</td>
<td>Bonaparte NT</td>
<td>15.5.97 (NT/P49)</td>
<td>Shell NT96-1 Development (Australia) Pty Ltd</td>
<td>Minimum work program 5,000 line kms 2D seismic and two wells - Cost $32m and a secondary program of data review and 1 well - Cost $15.4m.</td>
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<tr>
<td>Bonaparte NT</td>
<td>15.5.97 (NT/P50)</td>
<td>Woodside NT96-2 Oil Ltd</td>
<td>Minimum work program 1,500 line kms 2D seismic, studies and data review - Cost $2.25m and a secondary program of data review and 1 well - Cost $10.5m.</td>
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<tr>
<td>Bonaparte NT</td>
<td>15.5.97 (NT/P51)</td>
<td>Woodside Oil Ltd BHP Petroleum (Aust) Pty Ltd</td>
<td>Minimum work program 1000 line kms 2D seismic, studies and data review - Cost $1.65m and a secondary program of 1 well, studies and data review - Cost $10.6m</td>
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<tr>
<td>Bonaparte AC</td>
<td>30.5.97 (AC/P18)</td>
<td>Cultus AC96-1 Timor Sea Ltd, Cosmo Oil Co Ltd, Crusader Resources NL, PanCanadian Petroleum Limited</td>
<td>Minimum work program 1,500 line kms 2D seismic, studies and data review - Cost $1.95m and a secondary program of 2 wells and studies - Cost $17.75m</td>
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<tr>
<td>Bonaparte AC</td>
<td>30.5.97 (AC/P19)</td>
<td>Indo AC96-2 Pacific Energy Ltd, Mosaic Oil NL</td>
<td>Minimum work program 300 line kms 2D seismic, studies and data review - Cost $1.9m and a secondary program of 1 well and data review - Cost $8.7m</td>
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<td>Bonaparte AC</td>
<td>30.5.97 (AC/P20)</td>
<td>Coastal Oil &amp; Gas Corporation, Asamera Australia Limited, Todd Petroleum Mining Company Limited</td>
<td>Minimum work program 3,000km 2D and 150 sq 3D seismic and two wells - Cost $19.41 and a secondary program of 150 sq 3D seismic and 2 wells - Cost $16.61m</td>
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<td>Bonaparte AC</td>
<td>30.5.97 (AC/P21)</td>
<td>Hardy AC96-4 Petroleum Limited, Asamera Australia Limited, Coastal Oil &amp; Gas Corporation</td>
<td>Minimum work program 3,500 2D and 300 sq 3D seismic and 2 wells - Cost $34m and a secondary program of 200 sq 3D seismic and 2 wells - Cost $27.75m</td>
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<td>Bonaparte AC</td>
<td>30.5.97 (AC/P22)</td>
<td>Cartier AC96-5 Oil Pty Ltd, Westranch Holdings Pty Ltd</td>
<td>Minimum work program: 300sq km 3D seismic, 1 well - Cost $7m, Secondary program: 200sq km 3D seismic, 1 well - Cost $6.5m</td>
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<td>Bonaparte AC</td>
<td>30.5.97 (AC/P23)</td>
<td>Nippon AC96-6 Oil Exploration Limited</td>
<td>Minimum work program: 500sq km 3D &amp; 9,000 2D seismic, 4 wells - Cost $61.05m. Secondary program: 200sq km 3D seismic, 2 wells - Cost $31.35m</td>
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<tr>
<td>Gippsland VIC</td>
<td>31.7.97 (VIC/P38)</td>
<td>Amity V96-G1 Oil NL</td>
<td>Minimum work program: data review &amp; 560km seismic - Cost $0.9m. Secondary program: data review &amp; two exploration wells - Cost $6.2m</td>
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<td>Gippsland VIC</td>
<td>31.7.97 (VIC/P39)</td>
<td>Mosaic V96-G2 Oil NL, Euro Pacific Energy Pty Ltd, Indo Pacific Energy</td>
<td>Minimum work program: data review, 500line kms 2D seismic &amp; 1 exploration well - Cost $7.5m.</td>
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<td>RELEASE</td>
<td>BASIN</td>
<td>ADJACENT AREA</td>
<td>PERMITS GRANTED (PERMIT NO.)</td>
<td>AREA NO.</td>
<td>SUMMARY OF WORK</td>
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<tr>
<td>12072</td>
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<td>Py Ltd</td>
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<tr>
<td>12072</td>
<td>Otway</td>
<td>TAS</td>
<td>10.7 97 (T/30P) Benatis T96-2</td>
<td>International NV</td>
<td>Minimum work program: data review &amp; 600line kms 2D seismic - Cost $1.0m. Secondary program: data review &amp; two exploration wells - Cost $12.2m</td>
</tr>
<tr>
<td>12072</td>
<td>Browse</td>
<td>WA</td>
<td>20.5.97 (WA-266-P) Shell W96-4</td>
<td>Development (Australia) Proprietary Limited, Cultus Timor Sea Limited, Chevron Asiatic Limited</td>
<td>Minimum work program: 1,050 sq 3D seismic, 38 wells - Cost $143.5m. Secondary program: studies, data review, 4 wells - Cost $15m</td>
</tr>
<tr>
<td>12072</td>
<td>Browse</td>
<td>WA</td>
<td>20.5.97 (WA-265-P) Shell W96-5</td>
<td>Development (Australia) Proprietary Limited, Cultus Timor Sea, Chevron Asiatic Limited</td>
<td>Minimum work program: 550sq km 3D seismic, eight wells - Cost $33.5m. Secondary program: studies, 4 wells - Cost $15m</td>
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<tr>
<td>12072</td>
<td>Carnarvon</td>
<td>WA</td>
<td>5.6.97 (WA-268-P) Mobil W96-11</td>
<td>Exploration and Producing Australia Pty Ltd, Texaco Oil Development Co</td>
<td>Minimum work program: 3,800 2D seismic, 1 well, studies - Cost $21.5m. Secondary program: 600sq km 3D seismic, 1 well, studies - Cost $24.5m</td>
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<tr>
<td>12072</td>
<td>Carnarvon</td>
<td>WA</td>
<td>5.6.97 (WA-269-P) Wood- W96-13</td>
<td>side Oil Ltd, Phillips Oil Company Australia</td>
<td>Minimum work program: 3,100km 2D &amp; 470km sq 3D seismic, 4 wells - Cost $43.4m. Secondary program: 1,000line kms 2D seismic, 1 well, studies - Cost $14.5m</td>
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<td>12072</td>
<td>Carnarvon</td>
<td>WA</td>
<td>20.5.97 (WA-267-P) Chev- W96-14</td>
<td>Chevron Asiatic Limited, Texaco Limited, Shell Development (Australia) Pty Ltd (WAPET)</td>
<td>Minimum work program: 3,555line kms 2D seismic, 6 wells - Cost $123.6m. Secondary program: 1,000 sq 3D seismic, studies, data review - Cost $9m</td>
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<tr>
<td>12072</td>
<td>Carnarvon</td>
<td>WA</td>
<td>12.8.97 (WA-271-P) Wood- W96-20</td>
<td>side Oil Ltd</td>
<td>Minimum work program: 1040km 2D &amp; 410km sq 3D seismic, 20,100km aeromag and three exploration wells - Cost $21.2m. Secondary program: 1000line kms 2D seismic and 1 exploration well - Cost $7.1m</td>
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<tr>
<td>12072</td>
<td>Carnarvon</td>
<td>WA</td>
<td>5.6.97 (WA-270-P) Wood- W96-21</td>
<td>side Oil Ltd, Phillips Oil Company Australia</td>
<td>Minimum work program: 5,050line kms 2D seismic, 4 wells - Cost $41m. Secondary program: 1,000line kms 2D seismic, 1 well, data review - Cost $11.5m</td>
</tr>
<tr>
<td>12072</td>
<td>Perth</td>
<td>WA</td>
<td>12.8.97 (WA-272-P) Gal- W96-22</td>
<td>Liver Productions Pty Ltd, Euro Pacific Energy Pty Ltd, Indigo Oil Pty Ltd</td>
<td>Minimum work program: 500line kms 2D seismic &amp; data review - Cost $0.9m. Secondary program: 200km sq 3D seismic and two exploration wells - Cost $14.1m.</td>
</tr>
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<td>RELEASE</td>
<td>BASIN</td>
<td>ADJACENT AREA</td>
<td>PERMITS GRANTED (PERMIT NO.)</td>
<td>AREA NO.</td>
<td>SUMMARY OF WORK</td>
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<tr>
<td>1997 Release – Modified Work Program</td>
<td>Bonaparte NT</td>
<td>23.2.98 (NT/P52) Santos NT97-1 Offshore Pty Ltd, Petroz NL, Beach Petroleum NL &amp; Arrow Resources NL</td>
<td></td>
<td>Minimum work program: 4,500line kms 2D seismic survey, 1000km seismic reprocessing, 2 wells and G&amp;G studies - Cost $12.8m. Secondary program of 1 well and G&amp;G studies - Cost $4.9m.</td>
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<tr>
<td></td>
<td>Bonaparte NT</td>
<td>23.3.98 (NT/P53) Shell Dev NT97-2 (Aust) Pty Ltd &amp; Woodside Oil Limited</td>
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<td>Minimum work program: 4200 line kms 2D seismic survey and G&amp;G studies - Cost $4.29m. Secondary program of 500line kms 2D seismic survey, 1 well and G&amp;G studies - Cost $6.3m.</td>
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<td>Bonaparte NT</td>
<td>23.2.98 (NT/P54) Oryx NW NT97-3 Shelf Aust. Energy Pty Ltd, Alberta Energy Co Ltd &amp; Tap Oil NL</td>
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<td>Minimum work program: 4350line kms 2D seismic surveying, 2500km seismic reprocessing and G&amp;G studies - Cost $4.8m. Secondary program of 1100line kms 2D seismic survey and 1 well - Cost $5.12m.</td>
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<td>Bonaparte AC</td>
<td>26.2.98 (ACP/24) Cultus AC97-1 Timor Sea, Gulf (Aust) Resources, Alberta Energy Co</td>
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<td>Minimum work program 1300km 2D mss, data review and G&amp;G studies - Cost $1.7m and a secondary program of 2 wells and data review - Cost $16.15m.</td>
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<td>Bonaparte AC</td>
<td>26.2.98 (ACP/25) Flare AC97-2 Petroleum NL</td>
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<td>Minimum work program Allf over whole permit; purchase 3D 350km mss and 1 well - Cost $4.9m and a secondary program of 50sq km 3D mss, 1 well and G&amp;G studies - Cost $3.6m</td>
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<td>Bonapare AC</td>
<td>26.2.98 (ACP/26) Mosaic AC97-3 Oil, Trans Orient, West Oil</td>
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<td>Minimum work program 20 sq km 3D mss, 1 well &amp; data review - Cost $8.5m and a secondary program of 100 sq km 3D, 1 well and data review - Cost $8.2m</td>
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<td>Bonaparte AC</td>
<td>26.2.98 (ACP/27) ARC AC97-4 Energy, Flare Petroleum</td>
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<td>Minimum work program Allf over whole permit, 300km 2D mss and or acquire 3D data from Onnia 3D, 1 well and G&amp;G studies - Cost $3.4m and a secondary program of 300km 2D mss, 1 well and G&amp;G studies - Cost $3.5m</td>
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<td>Browse AC</td>
<td>17.6.98 (ACP/28) West Oil AC97-5 NL</td>
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<td>Minimum work program 200 sq km of 3D seismic acquisition, seismic interpretation and 1 well - Cost $12m and a secondary program of 300 sq km 3D seismic acquisition, seismic interpretation and 1 well - Cost $13m.</td>
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<td>Browse AC</td>
<td>176.98 (ACP/29) Japan AC97-6 Petroleum Exploration Co Ltd</td>
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<td>Minimum work program 2,600km 2D and 1,595 sq km 3D seismic acquisition, 2 wells and G&amp;G studies - Cost $49.15m and a secondary</td>
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<th>BASIN</th>
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<td>AC</td>
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<td>17.6.98 (ACP30) BHP AC97-7 Petroleum (Australia) Pty Ltd</td>
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<td>program of 400 sq km seismic acquisition, 1 well and G&amp;G studies - Cost $20.57m.</td>
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<td>19.8.98 (WA-284-P) West W97-1 Oil NL</td>
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<td>Minimum work program 280 sq km 3D &amp; 3,900 line kms 2D seismic acquisition; 4,000km Airf survey, 2 wells and G&amp;G studies - Cost $49.54m and a secondary program of 200km seismic acquisition, 1 well and G&amp;G studies - Cost $18.4.</td>
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<td>19.8.98 (WA-273-P) Gulf W97-1 Aust, Novus Aust Energy Co.</td>
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<td>Minimum work program 520km sq 3D mss, seismic interpretation and 1 well - Cost $9m. A secondary program of 300km sq 3D mss, seismic interpretation and 1 well - Cost $9m.</td>
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<td>Bonaparte</td>
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<td>19.8.98 (WA-276-P) Pny W97-5 Oryx NW Shelf, Pan Canadian, Tap Oil &amp; SK Corp.</td>
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<td>Minimum work program 2050km 2D mss, 1500line kms 2D seismic reprocessing, G&amp;G studies and 4 wells - Cost $24.1m.</td>
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<td>Bonaparte</td>
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<td>19.8.98 (WA-277-P) Oryx W97-6 NW Shelf, Pan Canadian, Tap Oil &amp; SK Corp.</td>
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<td>Minimum work program of 1,500 line kms 2D seismic reprocessing, 1,850 line kms 2D seismic mss, G&amp;G studies and 1 well - Cost $7.27m. A secondary program of 1 well, G&amp;G studies - Cost $5.97m.</td>
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<td>Bonaparte</td>
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<td>19.8.98 (WA-278-P) Oryx W97-7 NW Shelf, Pan Canadian, Tap Oil &amp; SK Corp.</td>
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<td>Minimum work program of 1,500 line kms 2D seismic reprocessing, 2,050 km 2D mss, G&amp;G studies and 4 wells - Cost $26.47m. A secondary program of 500km 2D mss and G&amp;G studies - Cost $.57m.</td>
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<td>Petrel</td>
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<td>19.8.98 (WA-279-P) Shell W97-9 Dev. Aust &amp; Woodside</td>
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<td>Minimum work program of 3,025km 2D and 375km sq 3D mss and 1 well - Cost $19.5m. A secondary program of 1 well &amp; G&amp;G studies - Cost $13.2m</td>
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<td>Petrel</td>
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<td>19.8.98 (WA-280-P) Shell W97-10 Dev. Aust &amp; Woodside</td>
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<td>Minimum work program of 1,025km 2D and 555km sq 3D mss and 1 well - Cost $519.7m. A secondary program of 1 well and G&amp;G studies - Cost $13.2m</td>
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<td>WA</td>
<td>19.8.98 (WA-274-P)</td>
<td>International Frontier Resources</td>
<td>W97-11</td>
<td>Minimum work program of 500km reprocessing and analysis, 4,700km 2D mss, 425km sq 3D mss, G&amp;G studies and 1 well - Cost $22.31m. A secondary program of 500km sq 3D mss, G&amp;G studies and 1 well - Cost $38.28m.</td>
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<td>19.8.98 (WA-281-P) Santos, W97-12 Oil Search, Petroz, Magellan &amp; Beach</td>
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<td>Minimum work program of 1,500km seismic reprocessing, 3,000 2D mss, 450km sq 3D mss, G&amp;G studies and 1 well - Cost $20.55m. A secondary program of 1,000km 2D mss, G&amp;G studies and 1 well - Cost $14.2m.</td>
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<td>Browse</td>
<td>WA</td>
<td>19.8.98 (WA-285-P) Indonesia Petroleum</td>
<td>W97-13</td>
<td>Minimum work program of 4,500km 2D mss, G&amp;G studies and 3 wells - Cost $90m. A secondary program of 500km 2D mss, two wells and G&amp;G studies - Cost $90m. A secondary program of 500km 2D mss, two wells and G&amp;G studies - Cost $50.3m</td>
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<td>Browse</td>
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<td>19.8.98 (WA-282-P) Santos, W97-14 Petroz, Magellan &amp; Beach</td>
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<td>Minimum work program of 1,000line kms 2D seismic reprocessing, 2,150km 2D mss and G&amp;G studies - Cost $3.6m. A secondary program of 1 well and G&amp;G studies - Cost $11.6m.</td>
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<td>WA</td>
<td>19.8.98 (WA-283-P) Santos, W97-15 Petroz, Coastal, Magellan &amp; Beach</td>
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<td>Minimum work program of 1,000line kms 2D seismic reprocessing, 2,150km 2D mss, G&amp;G studies and 1 well - Cost $13.7m. A secondary program of 1,000km 2D mss, 1 well and G&amp;G studies - Cost $14.2m.</td>
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<td>Browse</td>
<td>WA</td>
<td>19.8.98 (WA-275-P) Woodside, BHP, BP, Chevron &amp; Shell</td>
<td>W97-16</td>
<td>Minimum work program of 1,465km 2D mss, 217km sq 3D mss, G&amp;G studies - Cost $5.22m. A secondary program of G&amp;G studies - Cost $5.3m</td>
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<td>Gippsland</td>
<td>VIC</td>
<td>14.5.98 (VIC/P40) Amity V97-G1 Oil NL, Latrobe Oil &amp; Gas Pty Ltd &amp; Pan Pacific Petroleum NL</td>
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<td>Minimum work program 800km seismic reprocessing, 150 sq km 3D seismic survey and 1 well - Cost $9.7m. Secondary program of data review and 1 well in year 5 - Cost $7.4m.</td>
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<td>Gippsland</td>
<td>VIC</td>
<td>14.5.98 (VIC/P41) Eagle V97-G2 Bay Resources NL</td>
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<td>Minimum work program data review, 500km seismic reprocessing and 500 line kms 2D seismic survey - Cost $3.7m. Secondary program of 200 line kms 2D seismic survey, 1 well and G&amp;G studies - Cost $3.4m.</td>
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<td>Gippsland</td>
<td>VIC</td>
<td>14.5.98 (VIC/P42) Bass Strait Oil Company Pty Ltd</td>
<td>Minimum work program data review, 200km sq 3D and 750line kms 2D seismic surveys and 2 wells - Cost $22.7m. Secondary program of data review, 500line kms 2D seismic survey and 1 well - Cost $13m.</td>
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<td>Sydney</td>
<td>NSW</td>
<td>24.6.99 (NSW/P11) Flare Petroleum NL</td>
<td>Minimum work program - permit wide ALL, purchase satellite radar &amp; gravity data, G&amp;G studies - cost $1.2m. Secondary program of 250km 2D mss and 2 wells - cost $12.2m</td>
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<td>1998 Release - Bonaparte Modified Work Program</td>
<td>NT</td>
<td>19.1.99 (NT/P55) Woodside NT98-1 Energy, Shell Dev (Aust), BHP Petroleum</td>
<td>Minimum work program - 48 sq km 3D seismic; G&amp;G studies - Cost $1.3 million. Secondary program - G&amp;G studies - Cost $0.6 million</td>
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<td>Bonaparte</td>
<td>NT</td>
<td>19.1.99 (NT/P56) Roma NT98-2 Petroleum, Guinness Peat</td>
<td>Minimum work program - 860 line kms 2D seismic, four wells - Cost $29.3 million. Secondary program - G&amp;G studies, 400 line kms 2D seismic, two wells - Cost $16.6 million</td>
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<td>Bonaparte</td>
<td>NT</td>
<td>19.1.99 (NT/P57) Woodside NT98-6 Energy, Shell Development</td>
<td>Minimum work program - 2050 line kms 2D seismic, 210 sq km 3D seismic, G&amp;G studies - Cost $5.8 million. Secondary program - 1 well, G&amp;G studies - Cost $11.3 million</td>
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<td>Sorell</td>
<td>TAS</td>
<td>25.3.99 (T/31P) Roma T98-1 Petroleum Company Pty Ltd, Guinness Peat plc</td>
<td>Minimum work program - 2 wells, seismic reprocessing. Secondary program of 500 line kms 2D seismic, 2 wells - Cost $32.75 million.</td>
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<td>Otway</td>
<td>SA</td>
<td>25.8.99 (SA27)Tyres Petroleum S98-1</td>
<td>Minimum work program - seismic acquisition, airborne laser fluorescence survey and seismic reprocessing - Cost $900,000. Secondary program of 1 well, seismic reprocessing and data review -Cost $9.3m</td>
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<td>Bonaparte</td>
<td>WA</td>
<td>22.2.99 (WA-288-P) Magellan Petroleum</td>
<td>Minimum work program - 400 line kms 2D seismic, conducting 785 km geochemical sniffer survey, G&amp;G studies. Secondary program of 200 line kms 2D seismic, 2 wells - Cost $7.8 million.</td>
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<td>Bonaparte</td>
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<td>22.2.99 (WA-287-P) Magellan Petroleum</td>
<td>Minimum work program - 700 line kms 2D seismic, 625 km geochemical sniffer survey, G&amp;G studies. Secondary program of 200 line kms 2D seismic, 2 wells - Cost $8.2m</td>
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<td>Carnarvon WA 26.3.99 (WA-289-P) BHP Petroleum</td>
<td>Minimum work program - 500 line kms 2D seismic, G&amp;G studies - Cost $26 million. Secondary program - 1 well, G&amp;G studies - Cost $10.1 million.</td>
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<td>Carnarvon WA 26.3.99 (WA-290-P) BHP Petroleum</td>
<td>Minimum work program - two wells, G&amp;G studies - Cost $28.1 million. Secondary program - 400 sq km 3D seismic, G&amp;G studies - Cost $17.9 million.</td>
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<td>Perth WA 22.2.99 (WA-286-P) Premier (Mt Horner) Ltd</td>
<td>Minimum work program - 1 well, 350 line kms 2D seismic, G&amp;G studies - Cost $5.9 million. Secondary program - 1 well, 500 line kms 2D seismic - Cost $5.6 million.</td>
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<td>Bonaparte NT 12.9.99 (AC/P31) Indo-Pacific Energy Pty Ltd</td>
<td>Minimum work program - G&amp;G studies, Reprocess 30 line kms 2D seismic, acquire 20 line km seismic data - Cost $110 000. Secondary program - Acquire 20 line kms 2D seismic, 1 well - Cost $6.07 million</td>
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<td>Arafura NT 17.8.99 (NT/P58) Canadian Petroleum International Holdings Ltd</td>
<td>Minimum work program - Acquisition of 900 line kms 2D seismic, G&amp;G studies - Cost $2.25 million. Secondary program - two wells, G&amp;G studies - Cost $33.6 million</td>
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<td>Arafura NT 17.8.99 (NT/P59) Canadian Petroleum International Holdings Ltd</td>
<td>Minimum work program - Acquisition of 900 line kms 2D seismic, G&amp;G studies - Cost $2.25 million. Secondary program - two wells, G&amp;G studies - Cost $33.6 million</td>
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<td>Arafura NT 17.8.99 (NT/P60) Canadian Petroleum International Holdings Ltd</td>
<td>Minimum work program - Acquisition of 1150 line kms 2D seismic, G&amp;G studies - Cost $1.95 million. Secondary program - 1 well, acquisition of 500 line kms 2D seismic - Cost $12.75 million</td>
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<td>Otway VIC 11.8.99 (VIC/P43) Boral Energy Resources Ltd</td>
<td>Minimum work program - 500 line kms 2D seismic, 200 sq km 3D seismic, 1 well - Cost $15 million. Secondary program - 400 sq km 3D seismic, 1 well - Cost $15.5 million</td>
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<td>Otway VIC 11.8.99 (VIC/P44) Strike Oil NL</td>
<td>Minimum work program - 108 sq km 3D seismic, G&amp;G studies - Cost $1.8 million. Secondary program - 100 sq km 3D seismic, two wells - Cost $18 million</td>
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### Senate Proceedings

**July 17, 2000**

**Eritrean-Ethiopian War**

**Senator Brown** asked the Minister representing the Minister for Foreign Affairs, upon notice, on 17 December 1999:

1. (a) Is it a fact that 70,000 Eritreans have been killed this year; if not what is the number; and (b) how many Ethiopians have been killed.
2. Was the conflict begun by Ethiopia.
3. (a) What effort has Australia made to re-establish the peace; and (b) in particular, has Ethiopia abided by the previous border agreement.
4. What has been Australia’s role in the United Nations to end the conflict.
5. Has Australia had a representative visit the conflict area; if so what was the report back to Government.

- **Area:** Carnarvon WA
  - **Basin:** Carnarvon
  - **Area No.:** Carnarvon WA 17.8.99 (WA-294-P)
    - **BP W98-12 Petroleum Developments (NWS) Pty Ltd**
      - Minimum work program - 6655 line kms 2D seismic, 530 sq km 3D seismic, G&G studies - Cost $13.8 million. Secondary program - G&G studies - Cost $0.9 million.

- **Area:** Carnarvon WA
  - **Basin:** Carnarvon
  - **Area No.:** Carnarvon WA 17.8.99 (WA-295-P)
    - **Oryx W98-13 NW Shelf Aust. Ltd**
      - Minimum work program - 2100 line kms 2D seismic, reprocess 3500 line kms 2D seismic, two wells, G&G - Cost $39.86 million. Secondary program of 1000km 3D mss, data review and 1 well cost $33.15.

- **Area:** Carnarvon WA
  - **Basin:** Carnarvon
  - **Area No.:** Carnarvon WA 17.8.99 (WA-296-P)
    - **Woodside Energy Ltd**
      - Minimum work program - 6580 line kms 2D seismic, 555 sq km 3D seismic, 1 well, G&G studies - Cost $32 million. Secondary program - G&G studies - Cost $ 0.9 million.

- **Area:** Carnarvon WA
  - **Basin:** Carnarvon
  - **Area No.:** Carnarvon WA 17.8.99 (WA-297-P)
    - **Woodside Energy Ltd**
      - Minimum work program - 5610 km of 2D seismic, 255 sq km 3D seismic, G&G studies - Cost $10.25 million. Secondary program nil.

- **Area:** Carnarvon WA
  - **Basin:** Carnarvon
  - **Area No.:** Carnarvon WA 17.8.99 (WA-292-P)
    - **IB Resources Pty Ltd**
      - Minimum work program - 3550 km of 2D seismic, two wells, G&G studies - Cost $23 million. Secondary program - seismic acquisition, 1 well, G&G studies - Cost $11.5 million. Idemitsu asked that permit be granted in its subsidiary name of IB Resources.

- **Area:** Carnarvon WA
  - **Basin:** Carnarvon
  - **Area No.:** Carnarvon WA 17.8.99 (WA-293-P)
    - **Woodside Energy Ltd**
      - Minimum work program - 2073 line kms 2D seismic, 204 sq km 3D seismic, G&G studies - Cost $5 million. Secondary program - G&G studies - Cost $1 million.

- **Area:** Carnarvon WA
  - **Basin:** Carnarvon
  - **Area No.:** Carnarvon WA 17.8.99 (WA-291-P)
    - **Magellan Petroleum (WA) Pty Ltd**
      - Minimum work program - 1000 km geochemical sniffer survey, 400 km 2D seismic, G&G studies - Cost $0.52 million. Secondary program - 200 line kms 2D seismic, 1 well, G&G studies - Cost $7.23 million.
(6) What humanitarian or other aid has been given to Eritrea.

(7) What further action is Australia to take to ameliorate or end the suffering in this conflict

**Senator Hill**—The answer to the honourable senator’s question is as follows:

(1) Both parties to the conflict claim to have inflicted heavy casualties on the opposing side but the numbers are impossible to verify. Estimates of total deaths on the battlefield since May 1998 range from 40,000 to 100,000. The Economist Intelligence Unit estimates the figure at about 50,000, with the majority of casualties on the Ethiopian side.

(2) The Australian Government does not wish to become involved in assessing the veracity or otherwise of claims and counterclaims about responsibility for past events. Rather, the issue now is to persuade the parties to resolve their differences through peaceful negotiation.

(3) (a) Given the efforts by the Organisation for African Unity (OAU), supported by the Heads of individual African countries and the United States, as well as the Security Council of the United Nations, we have not sought a prominent role in the peace process. Nevertheless, through bilateral representations, the Australian Government has indicated its disappointment that two countries whose progress showed such promise should resort to war to solve their differences. The Government has also expressed its concern at the delay in achieving the formal ceasefire promoted by the OAU as a prelude to negotiating a formal and lasting border agreement.

(3) (b) The Government is not aware of any previous border agreement between Eritrea and Ethiopia. The key cause of the war is the absence of agreement and delineation, on the ground, of the border between the two countries.


(5) No. No Australian representative has visited the conflict zone. The Government’s limited involvement in the peace process does not justify the real risk to the life of an Australian officer which such a visit would entail.

(6) In 1994/5, total Australian aid (humanitarian and development) to Eritrea amounted to $6.6 million. This figure fell to $702,000 in 1997/98 and to $202,000 in 1998/99. Following the adoption of a new regional strategy for Australian aid to Africa (the Framework for Australian Aid to Africa) all bilateral projects, apart from support to a few scholarship holders, have now been wound up. However, the Government would consider specific requests for humanitarian or emergency aid from both Eritrea and Ethiopia.

(7) The Australian Government remains deeply concerned about the human suffering which has ensued from the long running conflict between Ethiopia and Eritrea. The Government is particularly concerned over the alleged abuse of the human rights of Eritreans deported from Ethiopia. Our concerns have been raised with the Ethiopian authorities. Our mission in Nairobi, which has responsibility for both countries, is monitoring the situation. The Government will continue to urge both parties to settle their differences through peaceful negotiation and will continue to support those parties closely involved in the peace process. The Government will consider making a financial contribution to the peace effort once both parties have agreed to a formal ceasefire and have demonstrated their willingness to solve their differences through negotiation.

**Ranger Wetlands Filtration System**

*(Question No. 1851)*

**Senator Allison** asked the Minister for the Environment and Heritage, upon notice, on 22 December 1999:

(1) Is it a fact that the Ranger wetlands filtration system dried out earlier in 1999.
(2) When the rain did fall on the wetlands filtration system, is it the case that radionuclides and heavy metals were remobilised.

(3) Can any reports and correspondence be tabled from or between the Environmental Research Institute of the Supervising Scientist, Environment Australia and the Minister’s office relating to this event.

(4) What action has been taken by the Environmental Research Institute of the Supervising Scientist, Environment Australia and/or the Minister’s office regarding this matter.

Senator Hill—The answer to the honourable senator’s question is as follows:

(1) No. At the end of the 1999 dry season all pumpable Restricted Release Zone (RRZ) water was removed and the system was refilled with non-RRZ water. At no time did any of the ponds in the wetland filter dry out. The ponds were deliberately dried out in the previous (1998) dry season as part of a controlled experiment.

(2) In the 1998 experiment the levels of uranium in the filter ponds rose because of remobilisation following wetting by rainfall. Uranium levels were monitored and had fallen substantially to historical levels, reflecting the re-activation of the natural adsorption processes in the filter, before any water was allowed to leave the ponds and flow into the RP1 catchment.

(3) The Supervising Scientist reported on the 1998 drying out in his Annual Report for 1998-99 (Page 247-s.3.3.5 Restricted Release Zone-RP2 Water). The matter was also discussed in the Ranger Minesite Technical Committee meetings of 20/1/99, 2/3/99 and 21/5/99 attended by OSS, NT DME, ERA and NLC.

(4) The Environmental Research Institute of the Supervising Scientist monitored results of experiments as made available by ERA and also collected separate samples for analysis. In 1999 there was continuous assessment of the routine monitoring data supplied by ERA. No anomalous results were observed in either case and there has been no detrimental impact to the environment.

Radioactive Smoke Alarms

(Question No. 1852)

Senator Allison asked the Minister for Industry, Science and Resources, upon notice, on 22 December 1999:

(1) Given concerns about the health risks posed by radioactive smoke alarms, will the Government implement the recommendation of the 1996 Select Committee on the Dangers of Radioactive Waste that householders be encouraged “to return smoke detectors to central locations so that they can be returned to the manufacturer or suppliers”.

(2) What steps has the Government taken since the report of the committee to develop mechanisms to facilitate the return of smoke detectors to suppliers, manufacturers or to local collection points.

Senator Minchin—The answer to the honourable senator’s question is as follows:

(1) While expressing a view on the matter of smoke alarms, the 1996 Senate Select Committee did not make a formal recommendation on the issue.

It should be noted that the hazard posed by smoke detectors is very slight compared to the benefits derived from the use of the appliances.

Matters relating to the use and disposal of household smoke detectors are the responsibility of State and Territory Governments.

(2) Matters relating to the use and disposal of household smoke detectors are the responsibility of State and Territory Governments.