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The DEPUTY PRESIDENT (Senator Sue West) took the chair at 9.30 a.m., and read prayers.

ENVIRONMENTAL LEGISLATION AMENDMENT BILL (NO. 1) 2000

First Reading

Motion (by Senator Ian Campbell) agreed to:
That the following bill be introduced: a Bill for an Act to amend legislation relating to the environment, and for related purposes.

Motion (by Senator Ian Campbell) agreed to:
That this bill may proceed without formalities and be now read a first time.

Bill read a first time.

Second Reading

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (9.31 a.m.)—I table the explanatory memorandum and move:
That this bill be now read a second time.

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

Leave granted.

The speech read as follows—

This bill makes a number of minor amendments to the Environment Protection and Biodiversity Conservation Act 1999 and the Environmental Reform (Consequential Provisions) Act 1999. The amendments are of a technical nature, and are intended to rectify a small number of operational anomalies and unintended consequences of drafting.

The Environment Protection and Biodiversity Conservation Act 1999, which is due to commence on 16 July 2000, will constitute the most fundamental reform of Commonwealth environmental law since the first environment statutes were enacted by this Parliament in the early 1970s. The amendments proposed in this bill are required in order to facilitate a smooth transition to this new legislative regime. They will also provide greater certainty for State and Territory governments and key stakeholders in the operation of this legislation.

I commend this bill.
queries into legislation brought before this parliament to privatise Wool International and also to deal with the issue of the stockpile. The industry is one in which all those involved—government and particularly the growers and the grower organisations—recognise that it needs and has needed a significant shake-up. That really came to a head in November 1998, when a meeting of wool growers voted by an overwhelming majority for a motion of no confidence in the board of the Australian Wool Research and Promotion Organisation. That body and its subsidiary company Woolmark have been responsible for the promotion of the wool industry and for the utilisation of funds raised by levies upon wool growers to promote their industry. That levy is currently specified as four per cent of the gross clip income. Of that four per cent, 3½ percentage points is spent on wool promotion and a ½ percentage point on research and development for the wool industry.

Industry dissatisfaction with the lack of success in the management of the Wool Research and Promotion Organisation and Woolmark led to the resignation of all members of the board and the action taken following that by the minister to establish an inquiry into the future directions of the wool industry. The future directions task force was established, chaired by the former minister, well-known wool grower and activist in agri-politics and in the wool industry for many years, Mr Ian McLachlan. Mr McLachlan’s task force reported in July 1999, and that report contained a number of very significant recommendations and, in some cases, some quite serious criticism of various aspects of the wool industry. Time does not permit going through that report in detail, and I am sure that senators are already apprised of the recommendations. To summarise it briefly, there were two essential ingredients of that report. One was that the industry, particularly the growers themselves, had to become more innovative and that much more needed to be done by way of research and development to promote the industry both nationally and, particularly, internationally. The growers had to focus on their industry, on their on-farm activities, and needed to put more emphasis on the research and development aspect. The report was also very critical of the Woolmark company and, indeed, questioned whether it really was necessary for the industry itself to be directly involved in wool promotion as against research and development and other activities which would enhance innovation and modernisation of the industry.

I would draw attention to three specific recommendations. The first, following the broad description of the report I have just given, is that funds from the industry levy should primarily be invested in wool research and development rather than in wool promotion. The second is that the minister should appoint a new interim board of AWRAP, the Australian Wool Research and Promotion Organisation, that the interim board should have responsibility for reforming AWRAP and that the Woolmark company should be formed into a new organisation called Australian Wool Services. It was proposed that wool growers should become shareholders in Australian Wool Services, based upon the amount of their compulsory levy contributions. The third recommendation I would draw attention to is that the new Australian Wool Services Ltd should adopt a mission statement focused upon maximising the value of existing wool intellectual property, including the Woolmark symbol, while facilitating wool research and development and innovation on a contestable basis. There was a whole range of other recommendations that went to the staffing of AWRAP and the allocation of shares, but the primary recommendations were related to restructuring AWRAP and Woolmark and promoting research and development.

The next stage was the holding of Wool-Poll 2000, which was a national ballot of wool growers who were paying the levy to ascertain what they felt should be the level of the levy contributions and, from that, where their levy funds should be directed. A number of options were put to the wool growers. Those options were based upon a levy ranging from zero per cent to four per cent in one per cent increments, with matching funds from the government. Depending upon which level of wool tax levy was selected, the amounts raised would fund various activities. When the poll closed on 3 March this year,
the decision of the wool growers was that 62 per cent of them favoured the two per cent levy and 38 per cent had voted for a three per cent levy. I might add that about half of Australia’s 46,000 wool growers participated in the ballot, and the number who participated represented in excess of 50 per cent of the total national wool clip.

The two per cent funding model that was ultimately chosen by wool growers in the ballot as the preferred one would involve the raising of a total $55 million, comprised of $44 million from the levy plus $11 million promised by the government. Of that, $24 million would be invested in R&D, $16 million in technology transfer and delivery, which could also be described as R&D, $2 million for wool grower industry services and $7 million for the development of commercial business enterprises. That leaves an amount of some $6 million in allocated overheads.

The government has accepted the results of the wool poll and, as we were advised in the inquiry hearing conducted by the Senate committee only a week ago, is now proceeding to implement the results of that expression of views by growers, via further changes to AWRAP and the other organisation, Woolmark, as I indicated earlier. The legislation before us is a part of that process. It is not the finalisation of the process. As we understand it, there will be more legislation to come. Our Senate committee, as I think committee member Senator Woodley, who is present in the chamber, would agree, has had an ongoing interest in and focus upon this industry and these changes for a number of years now. We anticipate holding further hearings later this year to oversee the further development of this process.

This legislation is very much of a technical nature. The amendments to the Wool Research and Promotion Organisation Act 1993 in the legislation are intended to implement the government decisions taken following the WoolPoll 2000. It will enable growers, the levy payers, to have more involvement in the strategic policy of the new organisation. The changes are set out in the explanatory memorandum and they relate to establishing the new structure, organisation, funding and functions of AWRAP.

A couple of things the legislation does not contain are worth mentioning because they have been raised by sections of the industry. Firstly, the new rate of the levy, the two per cent, will come into operation from 1 July 2001. As I said earlier, the current rate is four per cent. That will be reduced to three per cent on 1 July this year. The three per cent rate will remain in operation for 12 months and then the two per cent levy will come into force in July 2001. This legislation does not actually spell out in detail those changes to the levy, and there have been proposals from the National Woolgrowers Forum that the legislation should do that. The committee is not persuaded that that is absolutely necessary. Throughout this entire process, the growers have clearly indicated that they support that amount of a levy, and it is not really necessary to prescribe it directly in the legislation.

Another aspect that has been raised is that the legislation does not set out in detail the qualifications required for members of the new board of AWRAP, when it is selected. This has been a very important issue, because it was the vote of no confidence by growers in the board of AWRAP and Woolmark that was a catalyst for the changes we are now looking at and the further changes to come. On that basis, it has been proposed that the qualifications of prospective board members and the size of the board should be set out in the current bill. As we understand it, these matters are going to come before the parliament on a subsequent occasion in further legislation, so we do not believe at this stage that this legislation needs to be further amended in that way. But that will be something that obviously we can look at with the further legislation.

Whilst not opposing this bill, I think it is fair to say that there has been a significant
level of concern from the industry and certainly from the opposition about the length of time that was taken in this process. Once again we find ourselves at a time when, after a very lengthy period and some slackness on the part of the government minister in dealing with these very important issues, a bill is brought into the chamber and the committee has very little time to hold a public hearing and prepare its report before the bill is introduced. That situation should be improved in the future. (Time expired)

Senator WOODLEY (Queensland) (9.52 a.m.)—I begin my contribution to the debate on the Australian Wool Research and Promotion Organisation Amendment (Funding and Wool Tax) Bill 2000 by recounting some of the history of this issue. I note that Senator Forshaw did that. His contribution was very helpful. I want to add some more detail to that history because I believe the industry, this chamber and indeed this parliament have learnt a lot of things through the process. The bill before us today has built upon the lessons which have been learnt and I hope they will not be forgotten. The experience of the wool industry is paralleled in other primary industries in this country. It seems that we have to go on relearning the lessons over and over again. I hope that we will take account of the lessons of history which have been learnt and apply those lessons to other commodity groups within agriculture.

I remind the chamber that the wool stockpile issue became a very vexed question under the previous Labor government. There were a number of proposals over a number of years to try and fix the issue of a growing stockpile and the fact that government guarantees of that stockpile were starting to get very shaky, I do not want to go over that debate. I simply indicate that the previous Labor government agreed with Professor Garnaut’s proposal for a fixed release schedule and that was put in place around the end of 1993. At the time I raised some problems with the fixed release schedule, indicating that there were a number of wool growers who were worried about it, particularly its effect on the fresh wool auction market, given that a fixed release schedule for disposing of the stockpile would send signals to the market which may have an adverse effect. I know that this has been batted backwards and forwards a thousand times in debate and I do not think there is any final answer. Certainly the government agreed in 1998 with the proposition that the fixed release schedule—that means of disposing of the stockpile—may be depressing the market and agreed to a freeze on the fixed release schedule way of dealing with the stockpile.

Over that period there had been a tremendous growth in opposition to the operation of Wool International—not only to the fixed release schedule but to Wool International itself. There were accusations that Wool International was selling at a discount and that this was, in effect, one of the elements in depressing the fresh wool market. I do not know that that was ever proved. I believed that it was an element in depressing the fresh wool market but, in the end, the government decided that it would discontinue the operation of the fixed release schedule, or that it would alter the way in which it was done. As to the situation today, I simply read from the Financial Review of Monday, 10 April—an article headed ‘Wool market on a roll as prices hit two-year high’. All of us are very pleased at that result. The article stated:

The Australian wool market is on a roll. It rallied to its highest level for two years last week and price strength is now flowing down to broader wool types from the strongly performing high-quality finer end of the market.

And this price strength should hold, say traders. Demand should stay firm because of continuing global economic growth and production is forecast to continue to contract.

Senator Forshaw—It might have something to do with the dollar.

Senator WOODLEY—I think it had something to do with a lot of elements. That is why I am saying that the whole issue of the fixed release schedule was only ever one element. I continued to argue in this place from 1993 that it was certainly an element in that. At the end of the day, I do not know that anyone can say it was this element or that element. It was a combination of a whole lot of things which led, in 1998, to a very low price in the market for wool and today, following the turnaround in many of those ele-
ments—as I just read to the chamber—an increase in price, which we all welcome. During the period of the debate which went on from 1993 to 1998, there was the formation of the Australian Wool Growers Association, which was seen to be very much a rebel group but which, in the end, proved to be the majority voluntary organisation representing wool growers.

In the formation of that group and the debate which took place, I would like to mention a number of individual people who put a lot of their own time and money into trying to get some turnaround in the stocks of the whole industry. I mention people like David Webster, Peter Laird, Tom Silcock, Bill Hill and John Clark—people whom I certainly listened to and whom I was associated with, people who became part of that debate. All of those people at one time or another were listed as being rebels, but at the end of the day the opinions that they were pushing have certainly had an influence on the fact that today we are debating this bill.

They were raising, as many were raising, that there is a problem with industry statutory bodies, with peak bodies. It is to do with the nature of those bodies and the fact that they often, quite naturally, become very close to government. The criticism then is levelled at them that they do not respond to the concerns of members as much as they should. That is still a matter for debate, but I think it is worth mentioning here for the benefit of statutory bodies themselves as well as for the benefit of, and a lesson to be learned by, this chamber. The criticism is often levelled at statutory bodies and peak bodies that they do not respond to members’ concerns as much as they respond to the agenda of governments.

The other criticism which is often levelled at them is that because they are funded through a levy there is a suspicion that they are therefore not as accountable as they would be if they were funded through voluntary contributions. The chamber would recall that I proposed—I am not sure of the year—about four years ago that there should be a Senate inquiry into the whole operation of the representative bodies in the wool industry. This was supported strongly by the Labor Party—thank you very much—and opposed by the government at the time. I believe that, had that Senate inquiry been held, we may have been able to resolve some of the questions without it coming to the rather radical decision which was taken in the end to vote against a continuation of AWRAP. That in the end became the culmination of the frustration of many people who felt that they simply were not getting anywhere and not being listened to. So the vote was taken at Goulburn about 18 months ago. The AWRAP board resigned. Mr Ian McLachlan was put in charge of the Future Directions Task Force and, as Senator Forshaw has indicated, that came up with some significant recommendations and some severe criticisms of the industry. I am not going to go into those, except to say that the legislation we are debating today is the outcome of that process.

I note that the Wool Forum, a group which includes now most of the organisations that represent the various parts of the wool industry, is now chaired by Peter Laird, who was also the President of the Australian Wool Growers Association. It is interesting to see how the industry has been able to come together under the chairmanship of someone like Peter Laird. The government is to be commended for the way it has handled this. The criticism that Senator Forshaw made about the amount of time it has taken may be justified; I am not sure. Certainly I am pleased that we have finally got to where we are today.

As noted by other speakers, the WoolPoll which was conducted came up with a majority in favour of a two per cent levy. That will be actioned by the legislation. There are a number of concerns that the Democrats still have. In the committee stage of the bill I will ask the parliamentary secretary to give us some assurances about these concerns. One concern is the whole composition of the interim board, the number who will make up the board, and their qualifications. Similar concerns have been raised in a number of places, particularly in our own Senate committee report. We said:

The committee notes that appropriate qualifications for prospective interim board members and also the size of the board are not set out in the current bill. The appointment of board members
will be addressed in subsequent legislation to be brought before the parliament in the spring sitting to enable the incorporation of AWS.

The problem is that in a sense we are ticking off or passing legislation without knowing the answers to those questions. Given that the government has acted very responsibly in the way it has processed this legislation, I presume that there will not be any problem with that, but the parliamentary secretary may be able to give us more information on that whole issue. I note also that there were concerns raised in some of the submissions, not only about the qualifications of the board but also about the Woolgrower Advisory Group. For example, the Australian Superfine Wool Growers Association raised some concerns. I quote from their submission:

Likewise, when the board structure is considered initially by the minister and later by grower shareholders there must be a balance and equity regarding micron range. This is becoming more important as product differentiation and final customer demand continues to show a preference for lighter and softer apparel. The ASWGA has some concern regarding the appointment of members to the Woolgrower Advisory Group, particularly in relation to achieving a balanced group across the micron spectrum. It is also unclear what role this group will play in the development of the new structure and in having an advisory role for future elected boards. If the two-tiered structure is accepted then a relationship to this board would not be appropriate. In fact, for Woolmark Ltd a return to the regional advisory boards, of the old IWS structure, would be more appropriate.

I am not saying that I endorse all the sentiments of the ASWGA, but to show that concerns about the make-up of the board and the Woolgrower Advisory Group are still there. It would be good if the parliamentary secretary could give us more information on that.

I would also point out that on many occasions the Democrats have moved a standard amendment to legislation dealing with the appointment of boards, which in fact has been rejected on each occasion by the Labor Party and the government. The amendment deals with the qualifications of appointments to boards and the transparency, accountability and independence of members appointed to those boards. Although I am not moving that amendment today, I would point out that such an amendment, if adopted, would in fact deal with the problems that were raised in submissions to the Senate inquiry in respect of how boards are appointed, the number of people who are appointed, their independence and their qualifications.

Another concern, which I think has been largely answered but I will raise it here, is the fact that the legislation allows for a three per cent levy to stay in place from 1 July 2000 to 1 July 2001. This is to pay for the wind-up of the old AWRAP structure, particularly to pay for redundancies of staff. I raise the concern that this means that growers will continue to pay for what is really the wind-up of a company. There may be some suggestion that that money should have been raised in other ways. However, I am reassured by questions asked in the Senate inquiry that there is no other way of doing this, that it is the cleanest way of winding up the old AWRAP structure so that the new structure can begin with a clean slate.

In closing, the Democrats support this bill. We note that all sectors of the industry also support the bill and want to get on with the job. This will mean that the new AWRAP structure will be a totally commercial operation. The Democrats and the industry itself believe that we can have faith in the future of the wool industry in Australia.

Senator TROETH (Victoria—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (10.10 a.m.)—I thank honourable senators for their remarks. There are several factors which I would like to make clear before we proceed with the rest of the debate on this legislation. Firstly, on Monday last the government announced further developments on the approach to stage 2, which this legislation will enable to proceed. In a nutshell it will include: the establishment of a new private sector entity or entities to take over the provision of wool industry services from AWRAP by 1 January 2001; the current wool tax rate of four per cent will be reduced to three per cent as of 1 July 2000, and to two per cent once AWRAP costs of downsizing are met; the Office of Asset Sales and Information Technology Outsourcing will manage the process to develop and establish the new arrangements in close consultation with the
interim board and the Department of Agriculture, Fisheries and Forestry Australia; a seven-member skills based commercial interim board will be established to develop a strategic vision, corporate objectives and a business plan for the new entity or entities to succeed AWAP, which will enable the office of asset sales in establishing the new structure to liaise with wool growers—an announcement on that board is expected shortly; and a seven-member wool grower advisory group will be established to facilitate effective consultation with wool growers and the interim board. Further, a number of questions have been raised about the new company structure and arrangements. The government is not in a position to answer these at the moment. It will only be as stage 2 unfolds and possible structures are canvassed, costed and analysed that the answers to these questions will become clear.

I would like to deal briefly with a few of the concerns raised by senators. In regard to both Senator Forshaw’s and Senator Woodley’s comments on the composition and the qualifications of the board, in answer to a question on notice the department indicated that the qualities and the skills which would be collectively required to be possessed by the interim board would be skills in the relevant areas of change management, corporate governance, corporate law, delivery of professional services, strategic management, research and development, commercialisation of intellectual property, innovation, wool production, wool processing and communications. Obviously, the board should also have a sound knowledge of the wool industry and its structures. I would like to point out to Senator Forshaw that at one stage in his remarks he mentioned a board with four wool growers on it. I think you will find, Senator Forshaw, that this refers to the AWAP bill of 1998 and not this bill.

In regard to the length of time which the government has taken to work through these complex changes, I would indicate to senators that in your experience and in my experience we have been dealing for some 10 to 12 years now with changes that need to be made to the wool industry. For such a long-established and historic industry with a plethora of structures, it is necessary to take these changes slowly and cautiously so that we do not make mistakes.

As we have indicated, and as honourable senators have also mentioned, there will be subsequent legislation to this, and no doubt there will be time during consideration of that other legislation and in the run-up to it to consider properly the changes that we are talking about. This bill is simply an enabling bill to allow the process to go on to stage 2. This is what we are doing here today. I think I have outlined, as have other senators, the approach to stage 2, and the passage of this legislation will now allow that to proceed. I commend the bill to the Senate.

Question resolved in the affirmative.

Bill read a second time.

In Committee

The bill.

Senator WOODLEY (Queensland) (10.15 a.m.)—I thank the Parliamentary Secretary for her answers. I apologise that I had a phone to my ear but I was listening with the other ear. I again seek some assurance on the board. I apologise for that, but I did not quite get what you were saying.

Senator TROETH (Victoria—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (10.16 a.m.)—As with all other boards, Senator Woodley, we understand and would expect that the wool interim board would collectively possess skills in the relevant areas of change management, corporate governance, corporate law, delivery of professional services, strategic management, research and development, commercialisation of intellectual property, innovation, wool production, wool processing and communications. Obviously, the board should also have a sound knowledge of the wool industry and its structures. I would like to point out to Senator Forshaw that at one stage in his remarks he mentioned a board with four wool growers on it. I think you will find, Senator Forshaw, that this refers to the AWAP bill of 1998 and not this bill.

In regard to the length of time which the government has taken to work through these complex changes, I would indicate to senators that in your experience and in my experience we have been dealing for some 10 to 12 years now with changes that need to be made to the wool industry. For such a long-established and historic industry with a
mark company, which was estimated by Mr Connors at $20 million, may in fact exceed the additional $22 million that is being generated over the course of 2000 and 2001 by the three per cent levy. Is the government satisfied that that additional money generated through the three per cent levy will be sufficient to enable the new Woolmark company to continue and to be free of any debt, and also, of course, the new board?

Senator TROETH (Victoria—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (10.18 a.m.)—I think it is fair to say that woolgrowers have been assured that every effort will be made to manage the process in a way that minimises those costs. As you said in your second reading contribution, it is proposed that the reduction in wool tax be done in phases, to ensure that those costs are able to be met without at the same time unduly disrupting the transformation of the business activities of the new entity. So woolgrowers will be given some immediate relief from wool tax, but we also want to make sure that the new entity or entities do not start life with the millstone of significant liabilities hanging around their necks.

Senator WOODLEY (Queensland) (10.18 a.m.)—Another issue that was raised in the committee hearings, and was certainly raised with Mr Sutton from the agricultural, fisheries and forestry department, was whether or not there would be any government assistance to the wool industry. I suppose the parallel was the dairy and pork industries’ assistance packages. Mr Sutton argued that that would not be appropriate. But I wonder whether the government has considered that matter at all and whether or not there is any government assistance to the wool industry. I suppose the parallel was the dairy and pork industries’ assistance packages. Mr Sutton argued that that would not be appropriate. But I wonder whether the government has considered that matter at all and whether or not there is any assistance beyond what is normally provided to industries that are facing restructure, beyond what Mr Sutton was able to tell us in the hearing.

Senator TROETH (Victoria—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (10.20 a.m.)—On 3 March 2000, the Agriculture and Resource Management Council of Australia and New Zealand, ARMCANZ, agreed to review existing Commonwealth and state programs and to develop a national approach for improving delivery and impact on the wool industry. So I imagine that that would be taken into account in that. That meeting on 3 March 2000 also agreed to establish a high-level working group, including the industry, to address these matters and report to the ARMCANZ meeting in August 2000. So, as with some other matters, there will be ongoing development of this matter. No doubt as further legislation proceeds through the Senate, we will be able to discuss these matters in an evolving form.

Senator WOODLEY (Queensland) (10.21 a.m.)—My final question is to do with another concern raised. In fact, it was raised by Mr Plain from the National Woolgrowers Forum, and it was to do with proposed subsection (1C) of the bill. The concern was that the interim board may reimburse the Commonwealth, including the department, for any costs incurred in the restructuring of AWRAP and the Woolmark company. He felt that that would not be appropriate and in fact wanted to move some amendment to the proposed subsection (1C) to make sure that that did not happen.

Mr Sutton indicated that the costs would be appropriate, if there were any, but that staff level costs would not be recovered. I wonder if the government can assure us that there is no need for an amendment to proposed subsection (1C) to prevent unnecessary or inappropriate costs being approved by the interim board if the government presented its bill to them.

Senator TROETH (Victoria—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (10.22 a.m.)—There is a clear precedent here, in answer to Senator Woodley’s question, as to whether industry should bear those costs. That has been done under other industry restructures that the government has undertaken, and that would be the case in this instance.

Bill agreed to.

Bill reported without amendment; report adopted.

Third Reading

Bill (on motion by Senator Troeth) read a third time.
Debate resumed from 16 March, on motion by Senator Alston:

That this bill be now read a second time.

Senator CONROY (Victoria) (10.25 a.m.)—The Labor Party is disappointed with the response of the government to the loss of employee entitlements. On 22 July 1999, the Minister for Financial Services and Regulation announced that the government would amend the Corporations Law to protect workers’ entitlements. Mr Hockey said in a press release of that date, ‘We will move quickly to amend the Corporations Law in the next session of parliament so that Australian workers are better protected in the event that a company goes bust’. I repeat: that was 22 July 1999—some nine months ago. The government failed to keep that promise. It has placed before parliament a bill which is aimed more directly at penalising directors and not at protecting employee entitlements, and it places the bill before parliament nearly nine months after it said it would amend the Corporations Law.

The Labor Party is conscious of the need to respond quickly to the issue of protecting employee entitlements. Very soon after the Corporations Law Amendment (Employee Entitlements) Bill 2000 was tabled in the House of Representatives, the Labor Party, supported by the Democrats, moved to have the bill referred to the Joint Statutory Committee on Corporations and Securities—a committee you are very familiar with, Mr Acting Deputy President. The aim was to enable the bill to be considered by all interested parties and to permit deliberations by the committee on this very important issue. Even then, the Labor Party agreed to a very short reporting period for the committee, recognising the importance of this legislation: that is, the importance of assisting employees where they have lost their employee entitlements.

The report of the committee was tabled on Monday. This followed a public hearing last Wednesday evening. The Labor Party thanks the committee secretariat for its efforts, and it thanks all the people who made submissions to the committee. However, the government has failed to allow time to consider more fully the content of the submissions made to the committee and has scheduled the bill to be debated today, only two days after the report of the committee was tabled. A study of the submissions made to the committee shows almost unanimous disapproval of the legislation the government has put forward. The only submission which unreservedly supports the bill is a submission from the treasury department.

I am saddened by the plight of so many workers who thought their employee entitlements were secure and that their employer had made provision for their wages and their leave entitlements, those workers who believed their employer had agreed to provide redundancy packages, and those workers who thought their employer was remitting the superannuation guarantee payments on a regular basis. Too many workers have now found out that this was not the case. The Labor Party wishes to assist those workers where it can. The Labor Party also wishes to assist those workers as soon as it can. Members of the Labor Party who were on the committee on corporations and securities have written a minority report, which gives attention to the difficulties workers face in recovering lost employee entitlements and the ways in which workers find that their entitlements have been taken from them. The minority report concluded that the bill did not adequately address the protection of employee entitlements and that other proposals to protect employee entitlements should be considered. The contributors to the minority report considered carefully the various submissions, and I repeat: almost all the submissions were critical of the government’s billion.

Mr David Noakes, a lawyer at Allen, Allen and Hemsley and a research associate at the Centre for Corporate Law and Securities Regulation at the University of Melbourne, criticised the bill for its focus on penalising directors after employee entitlements have been lost. Mr Noakes said:

The problem with this ex post facto approach is that the company is already insolvent, and the
prospects for recovering unpaid wages and entitlements do not improve markedly with this punishment.

Mr Taylor, managing partner of Howarth, Chartered Accountants in Adelaide and an official liquidator, was also critical of this approach. Mr Taylor said:

Applying sanctions to directors, who are already impecunious, will achieve little or nothing in increasing the funds available in a company failure when the Directors already have nothing left and the company’s affairs have been quite legally and properly refinanced and rearranged, with the active participation and approval of leading banking and finance lawyers, bankers and other advisors.

The submission from the Shop Distributive and Allied Employees Association was also critical of the approach in the bill. Their submission stated:

The Association is strongly of the view that the proposed Bill simply does not go far enough. Whilst each of the provisions of the Bill and thus the proposed changes to the Corporations Law, are a step in the right direction, they simply do not take the issue to its logical conclusion, and that is to provide absolutely for the protection of employee entitlements.

The provisions of the bill were also criticised in the submissions. The Australian Institute of Company Directors was critical of the amendments to section 588G. Section 588G is a civil penalty provision and is concerned with companies trading while insolvent. The Australian Institute of Company Directors saw this amendment as introducing further potential for directors to be judged with the benefit of hindsight for the decisions taken in good faith and with due diligence at an earlier time. The Law Council of Australia were also critical of this amendment. They strongly objected to this amendment and thought that extension of the insolvent trading provisions had the potential to impact adversely on the proper functioning of boards of directors. It was also submitted by the New South Wales Attorney-General and Minister for Industrial Relations, the Hon. J.W. Shaw, MLC, that the section 588G amendments were not a specific measure to address employee entitlements because they only extended the scope of an existing provision which provides general protection to creditors.

Several submissions were also critical of the new offence in part 5.8A. That part makes it an offence for a person to enter into a relevant agreement or a transaction with the intention of, or with the intentions that include the intention of, (a) preventing the recovery of the entitlements of employees of a company or (b) significantly reducing the amount of the entitlements of employees of a company that can be recovered. Several submissions stated that the requirement to prove the intention of the person would mean the offence would rarely be proved. In their submission to the committee, the Textile Clothing and Footwear Union of Australia stated:

Furthermore, by creating an offence the proof of which rests on proving the intentions of a person or persons the proposed amendments will not result in any significant number of successful convictions. As a criminal offence, an applicant will have to prove that a director or office holder intended to reduce or prevent the recovery of employee entitlements beyond reasonable doubt. In the circumstances of complex commercial transactions, establishing the existence of such an intention would be nearly impossible.

Mr Noakes from Allen Allen and Hemsley was more straightforward. He said:

It is submitted that such legislation would be easy to circumvent, as corporations would be advised not to record their deliberate or ‘real’ intention at any stage of a corporate restructure.

Mr Wilton of the Law Council of Australia also told the committee that section 596AB was a fairly blunt instrument because it requires an intention to prevent, as opposed to dissipate, the recovery of employee entitlements.

Many submissions also referred to the cost of proving a contravention of part 5.8A and seeking compensation for lost entitlements. The ACTU submitted that, in practice, employees, because of limited financial and organisational resources, will not be in a position to institute litigation for compensation, particularly when they have recently lost their jobs and substantial amounts of money through unpaid entitlements. The TCFUA also stated in their submission that the cost of litigation would mean that few proceedings would ever be commenced. They stated:
Under the current provisions of the Corporations Law, despite the fact that numerous remedies exist in relation to insolvent trading by directors or a subsidiary company, very few proceedings are initiated. The low rate of initiation of proceedings is partly due to the inadequacy of the insolvent trading provisions ... However, the low rates of litigation in relation to corporate failure under the current provisions are also due to the enormously lengthy and expensive nature of such litigation.

In evidence to the committee, Mr Watts from the TCFUA said that liquidators were also often not able to fund any action even when they were of the view that a company had been trading while insolvent or that other breaches of the Corporations Law had occurred. The bill which the government has presented does nothing to address this problem and, in fact, perpetuates the situation by its focus on penalties. The provisions of part 5.8A were also criticised in the submissions the committee received because they dealt only with the situation of insolvency. Employees have lost their entitlements in situations other than insolvency.

A number of submissions also referred to the manipulation of corporate structures to avoid the payment of employee entitlements. In the minister’s press release of 22 July 1999, Mr Hockey said:

Further consideration would be given to the option of enabling the court, in certain circumstances, to make a company within a group pay outstanding employee entitlements of another company in that same group.

Where is it? Such a provision is absent from this bill. We are hoping that, in the minister’s reply, the minister will explain where that provision has gone. The committee heard evidence from a number of people that there had been a substantial increase in the manipulation of corporate structures. Mr Watts of the TCFUA gave evidence to the committee of the dim reality of this situation. He said at the public hearing:

Companies are going under every day, and some of these phoenix companies are rising the next week. In many cases, a related entity opens up its doors over the road or in the same building. That has been going on for some time in that industry, but it has simply become a lot worse.

The government would argue that the new offence in part 5.8A is directed at this activity. However, as I said earlier, many submissions convincingly argued that the new offence would simply be too hard to prove and would not be an effective deterrent. The committee also heard that it would be difficult under the new offence to prove that an asset disposition that occurred eight months prior to a voluntary administration, as occurred in the waterfront dispute between Patrick Stevedores and the MUA, in any way constituted an agreement or transaction with the intention of denying employees their entitlements—that is, the new offence in part 5.8A would not capture such transactions.

Why would the government go so far out of their way to avoid capturing Patrick? It is no secret that, if they were to start going in that direction, it would further embarrass and humiliate them after their pathetic attempts to be in cahoots with Patrick to try to do employees out of their entitlements. That is what they found last year when they came a cropper playing with Patrick in their attempt to smash legitimate trade unionists and put them out of their jobs and take their entitlements. They were in cahoots. They forced a settlement to stop the conspiracy because they knew what that would mean; they knew that there would be government ministers in the dock on a conspiracy charge. So, yes, they were happy to make sure that this issue never got to court. Yes, they were happy for a settlement to occur because they knew that they were gone on the conspiracy charge, that Reith and his office had intimately been involved in the disgraceful behaviour of Patrick as it attempted to sack legitimate unionists—for no other reason than they were unionists—and tried to strip away the entitlements that they were legitimately owed. That is what the government have run from in this bill. They know they cannot afford legitimate scrutiny to take place because they would stand condemned under their own legislation if they had kept their word and had actually done what the minister announced they were going to do. So they ran away, and this bill is a pathetic attempt to back away from the minister’s original commitments.

The committee made a variety of other recommendations and, accordingly, today Labor will be moving an amendment to the
bill to extend employer liability for employee entitlements to related companies by enabling an application to be made to court for related corporations to pay the debts of an insolvent company. Labor will also move an amendment to enable creditors to apply for a compensation order under section 1317J if a civil penalty provision is contravened. However, the Labor Party has already announced other ways in which it will assist workers in these circumstances. The Labor Party understands the special position of employees. Employees very often have only one source of income or have very little opportunity to diversify their income. The loss of employment and the loss of their entitlements can thus have a devastating effect on them—not like Stan Howard and not like Mr Bart in National Textiles; they still have jobs, they still have yachts on Sydney Harbour and they still have million-dollar houses. They are all doing okay out of National Textiles; it is the workers that got done over there.

We want to see legislation—and we announced on 25 March 2000 that the shadow Assistant Treasurer, Mr Kelvin Thomson, would be introducing a private member’s bill into Parliament that would do this—that requires employers to pay workers superannuation contributions quarterly. Under the current law, employers only have to pay superannuation for workers once a year. This often results in employees missing out on superannuation contributions in the event of a company becoming insolvent. Workers at the insolvent Fabric Dyeworks factory in Mr Thomson’s Wills electorate missed out, in some cases, on up to two years of superannuation payments. Workers at Braybrook and other insolvent companies have suffered the same fate. Employees have also missed out on up to a year’s worth of accumulated contributions and on lapsed death and disability insurance coverage. The Corporations Law Amendment (Employee Entitlements) Bill 2000 does not address this issue. It does not introduce any positive measures which would protect workers’ entitlements. Quarterly contributions will help to eliminate these problems and to minimise the amount of superannuation contributions a worker loses in the event of a company’s insolvency.

The Labor Party recognises that many employers currently pay monthly contributions due to industrial agreements and superannuation fund membership requirements. Legislation requiring quarterly contributions, as a minimum, will ensure that more employers adopt this better practice approach. Labor will be consulting with the industry about the form of the private member’s bill over the coming weeks. I encourage the government to support this initiative as a positive way of protecting employee entitlements. Labor will also be looking at other ways to protect employee entitlements. I thank those people who made submissions to the Joint Statutory Committee on Corporations and Securities. Labor will be consulting further with those people in relation to proposals they put forward to protect employee entitlements. Both the ACTU and the Australian Institute of Company Directors believed that a solution could be found which provided flexibility for the circumstances that vary across industries but at the same time protects the employee at the end of the day. This may include some type of provisioning for employee entitlements, whether that be by insurance, a trust fund or some other arrangement. This bill is an inadequate response to an important and pressing issue.

This bill is deficient in a number of regards and is not a sufficient response to this issue. The government has failed to take this opportunity to provide a real remedy to workers who lose their employee entitlements. The government has ignored the pain of employees who have lost their employee entitlements due to the failure of company directors to act appropriately in relation to employee entitlements. Labor believes that the employees of National Textiles, Braybrook and Scone Fresh Meats deserve to know that the directors of their companies were acting to protect their employee entitlements and that those directors had not dissipated their entitlements. Employees need to be assured that directors will act properly to protect their entitlements. Employees need to be assured that they can recover their entitlements if those entitlements are lost due to the actions of unscrupulous directors. The bill put forward by the government does not provide employees with that assurance.
There is one further point that I am interested in and that hopefully I will get a response from the government on. It is this: why does the scheme that they are considering introducing in a few weeks get backdated to 1 January while this scheme does not? This is the piece of legislation that deals with the directors of the company, so why is this not backdated in the same way as the next piece of legislation—that is, to 1 January? There can be only one answer: if this bill were backdated to 1 January, Mr Stan Howard, the Prime Minister’s brother, would be subject to the provisions of this bill. So it is okay to protect the employee entitlements from 1 January but it is not okay to go back and look at the case involving Mr Stan Howard and see that he was investigated for his conduct in managing National Textiles. (Time expired)

Senator MURRAY (Western Australia) (10.45 a.m.)—The Corporations Law Amendment (Employee Entitlements) Bill 2000 was referred to the Joint Statutory Committee on Corporations and Securities on 8 March 2000. The committee reported on 10 April 2000, which is two days ago. The Democrats wrote for that report a minority report of some eight pages, but we could not draw our conclusions until such time as the chair’s draft was out and we had time to conclude what the committee intended to do and what our position should be. I make those points because the Democrats have amendments which are due on this bill that arise from our minority report but which we have not yet had time to produce. I apologise to the Senate but, frankly, if bills are brought on in a rush then the Senate needs to be cognisant of the difficulties you may have in drawing up amendments which often require a great deal of thought and can be extremely complex and technical to produce. With that apology to those other members who will be participating in the debate on the bill, I will now address the bill as a whole.

The bill is a welcome improvement in Corporations Law, but it is a flawed bill and it is an inadequate bill. It arises from problems which have in fact existed for decades with the law concerning the protection of employee entitlements. This bill is specifically about dealing with the Corporations Law end of the issue and does not deal with the compensation end of the issue, which is where much of the media comment and public interest have lain. My concern with the public debate on employee entitlements is that much of it has been focused on compensating employees for lost entitlements rather than concentrating on prevention and safeguards. It is one thing to simply promise to pay out employee entitlements, or a proportion of employee entitlements up to $20,000. It is quite another to try and reduce the incidence of insolvency and the incidence of loss of employee entitlements. In my statements on this issue over the last few years, I have always emphasised that prevention is better than cure. This bill really focuses on the prevention aspects and on the punishment aspect. By those remarks, I mean that preventing the loss of employee entitlements is a far better strategy than attempting to recover them after insolvency, when you are unlikely to get more than a number of cents in the dollar, or trying to compensate for their loss, which under the government scheme will be less, generally speaking, than the entitlements that are due.

Plainly, the nature of commercial risk will mean that there will always be insolvency, and no senator on the committee—and I am sure no senator in the debate—would ever say that the market should not operate to the extent that some companies will fail, but it is a question of whether those companies fail legitimately or whether they are structured and managed in such a way as to fail deliberately. Large numbers of employees have unnecessarily suffered at the hands of directors and management and at the hands of market regulation which has been inadequate. The focus of any prevention strategy has to be on realising greater security for employee entitlements rather than on punishing directors. If you punish directors, you are still left with a limited scope for the timely and full recovery of moneys lost. If a director or manager has behaved improperly, of course they should be punished. But there is little benefit to the employee concerned if they still lose their entitlements, and that is where we should have the focus. So it is important that the prevention and safeguards mechanisms therefore
include proscriptive law which prohibits certain kinds of behaviour and, secondly, guarantees that employee entitlements have better safeguards and protections than they have at present.

After those introductory remarks, I want to focus on the area which Senator Conroy alluded to, which is the restructuring of companies to avoid their obligations to employees. The question we will put to the Senate in committee—we will put an amendment to this effect, and I note that the Labor Party will as well—is the question of making related companies liable for debts of insolvent companies. In other words, where a parent company structures a subsidiary company with the deliberate intention of avoiding the payment of employee entitlements, that parent company should have a liability as a result. The problem we attend to of corporate restructuring is corporate restructuring which occurs for the purpose of depriving employees, and creditors generally, of their rights and entitlements. It is very important in this focus on employees that we do not forget that there are countless creditors who suffer from the same problem.

I mentioned in my remarks to begin with that this problem has been around for decades. It was the Law Reform Commission in 1988, in its report which followed the general insolvency inquiry known as the Harmer report, which recommended the implementation of a provision of this nature, and amendments which I have previously moved were in accordance with the commission’s draft provision. The Labor Party has expressed concerns about this bill, and I acknowledge that most of the senators concerned were not around in 1988 and therefore bear no personal liability for what happened in those days. I have no doubt that their concerns are genuine and properly motivated. But the fact is that, if the Labor government in 1988 had acted on the Law Reform Commission’s recommendations, we would not have had the awfulness of the Patrick restructuring and literally of thousands of other companies which were affected by those kinds of practices. However strongly people feel—and rightly feel—about events now, we should never forget that the failure of that Labor government in 1988 set the seeds for that problem.

The substance of the Law Reform Commission report proposal was that a liquidator or creditor of an insolvent company would be able to apply to a court for an order that a related company must pay an amount of a debt—and, obviously, that affects all creditors, including employees. Whether the court ordered the payment and how much was ordered to be paid would be determined by a number of factors, such as: the extent to which the related body corporate took part in the management of the company; the conduct of the related body corporate towards the creditors of the company generally and to the particular creditor to which the debt or liability related; the extent to which the circumstances that gave rise to the winding up of the company were attributable to the actions of the related body corporate; and the extent to which the insolvent company had, at any time, engaged in one or more transactions which resulted in the value of the insolvent company’s assets being reduced. The weakness with all of that is that it does require people to take court action and, whether you are an employee or a creditor, that has a cost and time relationship which means that you are trying to recover money after the event.

I moved amendments which arose from that Law Reform Commission report of 1988 at the first opportunity I had in this Senate in 1997, in the committee stage of the Company Law Review Bill 1997, and I moved them again in the committee stages of the Financial Sector (Shareholdings) Bill 1998 and the Financial Sector Reform (Consequential Amendments) Bill 1998. The Labor Party amendment draws on that amendment that I put in those days in a considerable number of respects. In the latter bills in 1998, I added a second part to the amendment which was for the recovery of profits and compensation for loss resulting from contravention, which also came from the commission’s report. That amendment was that, if another person had made a profit because of an act or omission that constituted a contravention, an amount equal to the amount of that profit could be recovered. That amendment was also directed
at generating a far greater return to applicants.

The amendment I put to the Company Law Review Bill in 1997 was in fact passed by the non-government parties in the Senate—the coalition opposed it—but, on rejection by the House of Representatives, it was not insisted on by Labor in the Senate. I do not know why Labor came to that view at that time. None of us can remember the circumstances or the pressures, so I do not mean to put any onus on them. But it was a great pity because I remember a time of considerable leverage and I suspect, if it had been insisted on, it might well have stuck. Now, maybe it would not have—it is a judgment that is probably easy to make with hindsight—but it was another opportunity missed. We missed it in 1988 and in 1997, and here we are trying again, both through the Labor Party and through the amendment which I will be moving, to pursue the same objective and the same opportunity which was offered in 1988 and was in fact passed by the Senate in 1997.

When I moved the expanded amendments on the financial sector bills in 1998, they were rejected by both the coalition and Labor, and it is a great regret to me that they were. Those amendments were concerned with entities structuring themselves in such a way as to avoid liabilities or responsibilities by interposing companies with little capital backing between creditors, employees and the companies within the group which had substantial assets.

I refer senators who are interested in the debate to appropriate references in the 1988 Law Reform Commission report on pages 146 and 147. The commission dealt with the issue at quite some length. In fact, they put up a draft section D13 to deal with these issues. One of the areas they commented on was in rebutting submissions from the Law Council of Australia. We should not lose sight of the fact that the Law Council of Australia have again been quite vigorous witnesses to weaknesses in this bill. A sample from the commission’s report on section 336, on those two pages I quoted, refers to the separate entity principle. In that, they said:

The Law Council had said that it is a fundamental principle of company law that separate companies have separate legal entities. It is true in law that a person is a separate legal entity, but nobody has ever suggested that in criminal law you cannot be an accomplice or an accessory after the fact or have some kind of relationship of that sort. The report continues:

The commission saw no reasonable objection to recommending the imposition of a liability where a parent company permits its subsidiary to incur debts when insolvent.

In other words, if the parent company is acting immorally or improperly, or deliberately to avoid a liability, it should be made responsible.

The question of project financing was covered by the Law Council which had argued that:

... financing for large resource and other projects needs to be done on a limited recourse basis but that, under the Commission’s proposal, it would not be possible for a parent company to satisfy itself that it would not be liable for the debts of the project. However, the fact that creditors have entered into contracts on a limited recourse basis would be one of the ‘other relevant matters’ to which the court is required to have regard.

Really, the commission was saying that ultimately it is up to the courts to determine those aspects which are relevant or not in deciding liability. The Law Council had said in 1988 that the uncertainty in commercial dealings that would be created by the wide discretion given to the court would be undesirable, but the commission did not accept that view. What the commission did, in arriving at its conclusion, was to consider the strongest evidence against it and to rebut it where it could.

Those points I have made are all important points because I think the Corporations Law should prevent companies from being able to avoid their obligations—deliberately avoid, immorally avoid and sometimes corruptly avoid their obligations—to suppliers, banks, landlords, tenants and customers, as well as to employees, through the restructuring and the deliberate manipulation of their corporate structures to avoid their legitimate obligations. The thing about employee entitlements
is that they catch the imagination of the public and of the media because of the awfulness of the predicament that ordinary employees find in circumstances where companies go insolvent. But we should never ever forget all the small businesses, all the small creditors and all the unsecured creditors caught up in bad behaviour by corporations. Those amendments I have referred to would assist in dealing with that issue.

To move on to the prevention side of things, it is critical, as I said earlier, that as far as possible we should avoid employees actually losing their entitlements in the first place. We cannot and should not introduce mechanisms which would interfere, if you like, with the market acting normally. I want to refer to a very well written piece by Kenneth Davidson of the *Age*, where he wrote on 17 February 2000 an article entitled ‘Put free riders on employee entitlements out of business’. The thrust of his argument was that there are a number of entitlements which have already been earned by employees. They are not notional entitlements which arrive later but have already been earned by employees and are therefore held in trust by the company on their behalf. They are not formally held in trust; it is a duty of care. It is a duty of responsibility that I refer to. Sometimes in contractual law it is referred to formally, and it has a precise and specific meaning, as being in escrow. He thinks, and I agree, that a company should not use employees’ entitlements without their express permission. I was extremely pleased to discover that the Australian Institute of Company Directors actually agreed with that proposition both in evidence to the committee and in media comments that they have made. They have the view that accrued entitlements—and my definition of accrued entitlements would be those broadly defined as unpaid wages, leave and long service leave entitlements, amounts due for injury compensation, and PAYE superannuation and other statutory contributions due from the company on the employee’s behalf—should be protected by the company in some way.

I have considered three possible ways in which they could be better protected. The first is the full and regular disclosure to employees, presumably in their pay slips, of what entitlements are outstanding and of the financial position of the company so that they can evaluate their risk. It is all very well knowing that they owe you money, but it does not help if you do not know that the company is not travelling too well. Support by employees for the use of their entitlements by companies should be with their full, informed consent given without duress. If you are asking employees to put their accrued entitlements at risk in a company’s financing, they should at least do it with a full knowledge of the consequences, because many employees might choose to support the risk taking of the company in the interests of the growth of that company and in the interests of furthering their own employment.

The second possible way that entitlements can be safeguarded is through the use of arms-length trust funds as a repository for accrued entitlements. Such trust funds do exist in many enterprises and in many industries and are also used for the accumulation of long service leave and for a redundancy pool. The third possibility is that employee entitlements could be appropriately secured against the assets of the company, either by a floating or a fixed charge over the assets of the company, which would have merit to the extent that it would improve the likelihood of a greater payout because they would rank higher in the list of creditors. But it would not guarantee a full payout; if there is not enough money, it does not matter whether you are secured or not, you are just not going to get a payout. Those are three of the possible ways in which the management of accrued entitlements could be better dealt with within existing corporate practice and within existing corporate law.

**Senator JACINTA COLLINS** (Victoria) (11.05 a.m.)—In following Senator Conroy and Senator Murray on this matter, I too will reinforce that this bill sits in a much broader context. Unfortunately, though, last year the government promised to implement protection for employee entitlements by 1 January 2000 and this bill, in what is now April, comes as far too little and much too late. Senator Murray, in his contribution, referred to the fact that we had the recommendations
of the Law Reform Commission back in 1988. Yes, those matters were before the Labor government at the time, but I want to put that issue in context as well. There has been much criticism of 13 years of Labor, the catchcry that comes from the coalition frequently even though they are now in their second term, in relation to this issue; but, unfortunately, the historical context has been described in a very limited fashion by members of the coalition.

First let me deal with the context in which this matter sits before this Senate. Senator Murray referred not only to the Law Reform Commission recommendations but also to his own amendments to a bill in 1997 and two bills in 1998. There was also the Employment Security Bill that Senator Mackay moved in the last parliament and that I moved in the current parliament, which was the basis of general business discussions where Labor was able to debate these issues. But, essentially, it was filibustered so that there was no resolution of the matter—except perhaps enough heat, given some of the high profile cases where the government did make its commitment that, by 1 January 2000, there would be a comprehensive scheme for dealing with these matters.

We still do not have what will ultimately be an adequate comprehensive scheme. As Senator Murray suggests, there are two ends to this problem. There is the Corporations Law end, and that is what the detail of this bill deals with. I will not dwell for too long on that area because I think both Senator Conroy and Senator Murray have adequately covered those issues, although I also acknowledge that I have had limited time to look through the report of the committee on this matter. There are a couple of points, particularly in Senator Murray’s contribution, that I will deal with. I look forward to seeing how the amendments that I understand are currently being drafted compare to the amendments that we are putting forward. I also look forward to matters that we have sought to have dealt with through the House of Representatives in bills and through the Senate in bills. On top of all of those matters, I would like to remind Senator Murray also that in the second wave legislation—

Senator Murray—’Third wave’, I think.

Senator JACINTA COLLINS—Senator Murray likes to refer to it as the ‘third wave’. Mr Reith is now saying that he has a new ‘third wave’ that we are yet to see surface, so you will no doubt call that the ‘fourth wave’. Going back to the second wave issues, that was another occasion where the Democrats and the Labor Party sought to bring the government to heel on this matter and framed one of the recommendations for our very extensive inquiry to deal with employee entitlements by agreement with the government. On this occasion I thought I would remind Senator Murray—and I pulled out our report from November last year—that I think we got paragraph 3.36 out of the government on that matter and that was it. Given that the government had promised to come forward with a schema by 1 January, in retrospect that is absolutely astounding, but I suppose it also indicates how limited our opportunities were in that matter to try and bring the government forward at that point in time. They simply referred to their discussion paper, and that was it.

We are now at the stage where the Corporations Law end is before the Senate. As Senator Conroy and Senator Murray have indicated, it is inadequate, particularly in dealing with problems associated with related companies that we both have sought to progress over time. The situation is also completely inadequate in relation to the compensation and protection end. This is where I want to go to Senator Murray’s comments in his report because they indicate that the Democrats have been grappling, as indeed have we, since 1998 with how to more adequately secure this issue. The somewhat glib debate in the House of Representatives, particularly on the part of coalition members, highlights how ill informed they are about the problems Australia is facing in trying to deal with some these matters. In his conclusion, Senator Murray says:

My view is that if employers are doing the right thing with the protection of accrued entitlements by securing the genuine consent of employees to their use—

which, of course, is a big problem—
or by securing entitlements through a trust fund, or by securing employees as a highly ranked creditor against genuinely available assets, then consideration could be given to some relief against the more restrictive recommendations of this bill.

That explains that this bill, even though we are dealing with the Corporations Law end, does sit in a much broader context.

Let me start with that broader context by going back to my comments on the history of this matter. There has been much criticism of the Labor Party in the debate on this matter in the House of Representatives. What has been forgotten is that Labor did achieve some significant improvements in this area whilst in government. I was working within the trade union movement at the time Labor was grappling with the superannuation problem. Unfortunately, it appears that many of us have forgotten what used to occur with superannuation funds. I am sure that Senator Sherry has not forgotten. There was a time when employees who had worked for companies for many years and believed that they had considerable accrued superannuation entitlements retired only to find that the cupboard was absolutely bare because, consistent with what the Prime Minister thinks is appropriate in relation to funds companies can get their hands on, companies had been investing that money back into the business. It was not secure and the funds were not available to those workers when they retired.

Senator Sherry—We took care of that problem.

Senator JACINTA COLLINS—We took care of that problem, as Senator Sherry reminds me. But, historically, I think we need to revisit that issue. That was the most significant problem Labor was grappling with in the eighties, and it may well be that now or in the near future the resolution that Labor brought about through our measures for superannuation can form the basis for trust funds or security in relation to other employee entitlements. It may be that that is the most appropriate route, or it may be that there are more suitable alternatives that we should be paying heed to.

Let me go back to other improvements that Labor introduced in its period in government. We improved the position of retrenched workers, giving them higher priority than other creditors, higher priority than even the tax office. One of the components of the ill-informed debate in the House of Representatives was that Mr Barresi, the member for Deakin, mistakenly argued that this was the aim of the current bill. He thought that was what this bill was doing. It clearly is not; it had already been implemented by the Labor government.

Senator McGauran—He is a very good member.

Senator JACINTA COLLINS—He may be a very good member, but I suggest that he review at least the Hansard if he was incorrectly reported because he is suggesting that that was the aim of this current bill.

Senator Sherry—Judi Moylan did exactly the same.

Senator JACINTA COLLINS—Apparently, Mrs Moylan did exactly the same thing. It appears that the briefing notes given to members of the House of Representatives were clearly very inadequate.

Senator Abetz—Oh, you are hurtful!

Senator JACINTA COLLINS—But accurate, Senator. The Labor Party radically reformed superannuation and, as I suggested, the options we are canvassing may well form a basis for improving the protection of broader employee entitlements.

Senator Conroy also mentioned our current commitment to dealing with the frequency of collecting superannuation moneys because of problems that have developed there. But there is one further plank which fits into the current environment, which I do not think has been canvassed to date but which needs to be considered in this debate, that is, Labor supported then, as it does now, a strong social welfare system which is capable of assisting people who have been retrenched. In its Employee Entitlement Support Scheme, the government refers to a safety net.

In Australia’s history, the social security system has actually been our safety net. This is why this current proposal by Minister Reith, the Employee Entitlement Support Scheme, has been very difficult for him, be-
cause he is essentially talking about creating a secondary level safety net. So we have the social security safety net and then we have the Reith safety net, which is really an attempt to reduce the basic entitlements that people should have protected for them under, perhaps, a Costello insurance scheme. Of course these issues have not been resolved, and I am absolutely astounded that in the debate in the House of Representatives the members of the coalition did not even address the fact that issue is yet to be resolved. Mr Barresi referred to the fact that the Employee Entitlement Support Scheme was complementary to this bill, but it is an interim administrative arrangement pending the current government making up its mind about what it really wants to do about the most fundamental area, which Senator Murray referred to, which is the protection of and the prevention of the loss of employees’ entitlements. That is the end that is most significant and that is the part that is still sadly lacking with this current proposal.

Another element of the history that I want to go into is the nature of the problem. The nature of the problem since the 1980s has changed considerably. The Law Reform Commission, and following that a case in the Australian Industrial Relations Commission, dealt with textiles, clothing and footwear industry company closures. This problem has indeed been rife for many years in that sector particularly. But since that time we have seen a growing number of medium and large companies becoming insolvent, a far more significant problem affecting a much larger number of employees with longer periods of tenure and greater amounts of entitlement. Mrs Moylan made a quantum leap in logic when she picked up a figure of 17,000 company closures from the ACTU and extrapolated that over the period that Labor was in government, claiming I think at an average of 7,000 some huge amount of loss of entitlements that Labor was responsible for. She and none of the speakers in the House of Representatives have dealt with how this problem has changed over time and how we are looking at a much larger number of medium and large companies becoming insolvent. Look at those that we have had recently: the Grafton meatworks, 245 retrenched in December 1997; the Cobar copper mine, 270 retrenched in February 1998; Austral Pacific vehicles, 780 retrenched in December 1998; and four closures involving over 100 retrenchments each in 1999. Already this year we have had: National Textiles, 342 retrenched in January 2000, and Scone meatworks, Curtainworks and Linda Industries, medium to large companies who one would have thought would have set aside the accrued entitlements of their employees. That was certainly the expectation that was carried through the 1980s. One did tend to expect that some of these small and perhaps somewhat shonky TCF employers were inclined to do the wrong thing, but in medium to large companies, such as National Textiles where we have the Prime Minister’s brother, you would expect directors to be more responsible and ensure that the entitlements of their employees were protected. But that has not been the case.

I want to look at the Liberal contribution to this problem, too. Let me describe it as twofold. Firstly, it has been to attack the existing supports and, secondly, to do nothing for months despite promising a solution by 1 January. Let us look at the attack on existing supports. Not only has the current government been extremely slow in addressing the new dimension to the problem of corporate insolvency but it has actually been facilitating it. The government was in bed with Patrick from the beginning, helping in the construction of the very kind of sham scheme that will only increase the frequency of medium to large company closures. In effect, this government has created a culture where the current government, the Prime Minister and the Prime Minister’s brother think it is okay to not ensure that employees’ entitlements are protected. In fact, in Patrick, the government did everything it could in a far more partisan intervention than any previous government, Labor or Liberal, has been guilty of, in helping Patrick set up a $2 company that was intentionally designed not to be able to satisfy its obligations.

The government has also worsened the impact of this increase in the incidence of large company insolvency by reducing the effectiveness of the social welfare system to
cope with these very situations. We all remember the changes that the government brought to the social security system after 1996, where they tightened up on things like preclusion periods and forced workers who had been made redundant to draw on their savings before they were entitled to any basic minimum scheme—which they are now proposing as an alternative basic minimum scheme. This is where the members of the House of Representatives show they really do not understand the situation. They referred to our international obligations in relation to our commitments to the ILO. If they are consistent with the views that they expressed on this matter in the debate in the House of Representatives, I look forward to them expressing them in some other areas.

They were saying that, for Australia to meet our commitments, we should have done something when Labor was in government. Well, Labor was grappling with how more appropriately to do this, given that Australia’s social security system is not one based on social insurance—the nature of the systems that the ILO drew on when framing the expectations. This is not the only area where Australia has grappled with this problem. Maternity protection was another example, where Labor was able in part to resolve the issue when we introduced the maternity allowance—but I think the second arm of it is still waiting and we have not seen any element of it under the current government. This is still a reasonably inadequate response to our international obligations because Australia’s social security system is unique. It is a unique, universal system not based on an insurance scheme as is the case in many of the European countries. We have a similar problem in relation to employee entitlements. That is not to say that we should not introduce a scheme that better protects these entitlements at a level better than just simply the social security system. I think that we should. But I think that it should not be the general taxpayer who pays for this arrangement. It should be the employers who choose to utilise those funds, putting them at risk, with the result that they are not available to the employees when they fall due.

A final aspect of how the government has been attacking existing supports concerns the coal industry long service leave fund. People seem to forget that prior to Oakdale, where the government drew on this fund, Minister Reith was trying to close down the fund. Now he has used it and its surplus to deal with the redundancies at Oakdale, and others, but prior to that he was trying, philosophically—for ideological reasons—to close down the fund. He did not think it should exist.

Senator Sherry—Wind back protection.

Senator JACINTA COLLINS—He was, as Senator Sherry says, winding back protection. In the remaining few minutes available to me I want to comment further on how the government has done nothing, despite its promises. For instance, we have discussed the problems associated with National Textiles. There was a debate about whether we should not be doing more to hold directors personally liable and whether there was some limited scope in this agreement. As my colleagues have already suggested, it is going to be very difficult to pursue these matters because of the limited nature of this bill. I ponder why. The government has yet to come up with a scheme which is comprehensive, seen to be fair and universal. The 100 per cent level of entitlements have gone only to that one company whose director was the Prime Minister’s brother. Why is that the case? Why is the government not hurrying to ensure that it is not seen to be partisan, that it is not seen to be favouring particular players in the system? That is not the case. Even worse than that, I can recall one newspaper article which referred to Stan Howard’s views on directors’ personal liability. Stan Howard was advising the public that you could not hold directors personally liable because then you would not be able to find people to become company directors. If that is the background to this bill—where the Prime Minister has taken a very limited response to this issue—again, he is seen to be biased. He is seen to be affected by the views of people such as his brother, where you can participate in company directorships but not honour your entitlements. He
should refer back to Mrs Moylan’s comments where it is theft. *(Time expired)*

**Senator COONEY (Victoria) (11.25 a.m.)—**This is, in one sense, a very technical issue because it deals with the changes that are to be made to the Corporations Law. This is often seen as a very technical area. As indicated by the passion with which Senator Collins went about her speech, it is also a very emotional issue because it deals with not only the way in which corporations work but also how people working for them are affected. These people include those who are on the very minimum of wages paid in the community. They depend upon on those wages to exist from week to week. It is almost like subsistence farming. If there is any interruption at all to the flow of wages, people and their families suffer dreadfully. In this area distinctions are made between wages and other accoutrements of the remuneration system, such as long service leave, sick pay and holiday pay. There is an attempt to distinguish between the actual wage and those other dimensions of remuneration but, in the end, a person who goes about his or her functions at work, who works honestly and according to the award or the agreement that he or she has made with the employer, is entitled—as of right and as of justice—to be given remuneration.

As Senator Collins said, this area is not isolated to one issue—that is, the issue of remuneration. It goes to other areas, such as compensation. It talks about the relationship that should exist between employer and employee. It is not as if this is a new concept. This is a concept that has been going on for centuries, so we do not come to this debate on the basis of it being a fresh debate unrelated to issues that have gone before. One of those issues is workers compensation and it is a state issue. Today we are talking about the effect that the Commonwealth can have on company law. Nevertheless, it is related to the state issue of workers compensation. There are three things that you can say about workers compensation and the area in which it operates. The first is that the best way to save on workers compensation is to prevent an accident happening. The second thing—if in fact an accident happens—is that the person who has been injured should be rehabilitated and put back to work as soon as possible. The third is that the person should be compensated fairly for the damage done to his or her earning capacity, to the level of his or her wages, brought about by the accident. In this case the best thing to do is to prevent the situation arising whereby the person does not receive his or her wages because the company cannot pay, because it has to go into liquidation.

The best way to keep companies operating is to have competent people running them, people who have a sense of ethics, who do not allow the company to get into a situation where it cannot pay the employees their rightful entitlements. This issue of competence and ethics has been struggled with for years. There has been an attempt to implement it by changing the Corporations Law. The recent change to safe harbours and what have you had much to do with trying to ensure that companies are run by competent and ethical people. In the end, I do not know whether you can get that done by law. Certainly you need law to help it happen, but in the end what is needed is some sort of peer pressure throughout the corporate world. This concept is run by Henry Bosch, who has done great work, memorable work, in this area. It is the way to overcome these problems.

To go back to the issue of workers compensation, advertising campaigns in Victoria have tried to get employers to make sure that the premises are safe by appealing, amongst other things, to their sense of decency, to their sense of what is the right thing to do. That is what should be done in this area. As the minority committee report says, the issue is not so much to punish people as to get people their proper remuneration. That is the right attitude. That is the attitude that accords with what I am talking about in terms of ethics, and doing the right thing. That is what is needed here. If we can prevent these things happening, if we have a corporate ethic that goes throughout all employers, then that is a big start.

People will say: ‘That might be all right for big corporations but it is not so good for small corporations because small corpora-
tions often live on the edge and therefore it might not cover them.’ But whether it does or does not, at least it is a start to have something like that done. As you know, Acting Deputy President Chapman, having chaired the committee that looked at this act and having chaired the corporations committee for some time now, that is the issue.

When we talk about heavy and harsh laws we are met with the answer—and I think there is a lot of legitimacy in this answer—that if you become too restrictive, too hard upon those who run and own companies, you are going to blunt people’s ability to be innovative, to get into new ideas, to produce new services, to produce new goods and, therefore, the whole community suffers. There is considerable merit in that. So we have to try to strike a balance between so regulating a company that the people who are working for the company are properly remunerated, without being so restrictive that the company does not do what we hope it would do.

Mind you, I do not know whether the division between those two positions is as big a feature as might be thought. I would think that people can be innovative, can produce new ideas, can produce new goods and yet can run a company in such a way that people are properly paid. The relationship between the employer of a small company and its workers should be more intimate than in a big company because they work closer together. One would hope that the sort of relationship would develop that would lead the employer of a small company to make sure that the fundamental rights of those people who are working in the company are looked after.

In any event, it is not the owners of the company who are at fault; it is the directors. So it is not, as it were, a matter of saying: ‘The owners, the possessors, the people who have this property, are not doing the right thing.’ The people who are directing the company, who are running the company, are at fault. Most times when they manage badly it is not only employees, the workers, who suffer, but the shareholders as well. I do not think enough consideration is given to this.

We come across problems like this in regard to the Corporations Law, where people are not being paid. You have the situation in the meatworks at Wodonga, Grafton and so on where hardworking meatworkers are left bereft of their money. It is more or less accepted that there is some objection about that, and then it disappears. But what has happened at not only Wodonga, Grafton, Cape Schank but also Cobar and all those other ones that you know about so well, Mr Acting Deputy President, is that we as a parliament have reacted and tried to do something about it. That is a good thing. But there seems to me in the operation of the Corporations Law and in the way parliament approaches it that there is no overall concept of these sorts of moral obligations on companies. There is certainly a moral obligation, and there may be other obligations in terms of the environment and what have you.

What is said again and again—and this arises, of course, from common law—is that the duty of the directors is to the company, and to the shareholders after that. There seems to be in that statement the conclusion that somehow, if you are a good corporate citizen, you are not or you cannot be a good director or you cannot be a good chief executive officer because somehow your duty to the company takes away your duty to be a good corporate citizen. I think that is a very funny concept; it is a concept that seems to be run again and again. I think it is a wrong concept. I think the legislation we are now considering—not only from the government but also the suggestion put forward by the opposition in its amendments as to how this could be improved—is a part-answer to this concept of ensuring that companies act in the proper way.

This legislation comes about in a situation that is tragic because of the people who have been cast aside without their proper remuneration—without their wages. It is also timely because it is coming about when as a parliament we have an opportunity to put down good laws with the concept that company law is simply not, as I said at the start of this address, about making technical adjustments so that companies and related bodies work in a particular way. It also comes round to a situation where more and more we are seeing companies as human citizens of the
community, as bodies within the society that have obligations that are best met by having an ethical approach to these things. If they do not want to be honest about things, then this will have to be done by legislation, which is hard to make as effective as you would like because people will always find a way round it. If we can get this idea of proper ethical conduct, I think we will do even better than the great work we are presently doing on our committee.

Senator SHERRY (Tasmania) (11.41 a.m.)—The legislation we are considering is the Corporations Law Amendment (Employee Entitlements) Bill 2000. This is one aspect of ensuring that employees in this country receive their full, legal, accrued entitlements where a bankruptcy situation occurs—and I deliberately emphasise the word ‘full’. The bill that we are considering makes a number of changes in respect of the protection of employee entitlements in the area of Corporations Law. Firstly, it is introducing a new offence to penalise persons who enter into agreements or transactions with the intention of preventing the recovery of employee entitlements; secondly, it is allowing a court to order people in breach of the new offence provision to pay compensation to employees who have suffered loss or damage because of agreements or transactions; and, thirdly, it is deeming that a company incurs a debt for the purposes of the insolvent trading provisions when it enters into an uncommercial transaction, thereby extending the current duty on directors not to engage in insolvent trading.

Whilst this legislation is important, it obviously does not cover all of the circumstances of the protection of employees when a company goes out of business. Despite these changes that we are considering in this legislation, it is an unfortunate fact of commercial life that businesses will still go out of business for a variety of reasons, and that often means that employees are not able to receive their full legal entitlements or, at best, they are only able to receive a part of their full legal entitlements. I think it is important to clarify what we mean by employee entitlements. What are we talking about? We are obviously talking about the lost wages that an employee has earned up to the point of the business going bankrupt. But we are also talking about such things as long-service leave that is accrued, annual leave, and in some limited cases payouts of sick leave; but also importantly, and certainly in the last few years since the Labor government introduced the superannuation guarantee legislation for all employees, we are talking about superannuation entitlements. And linked to that importantly is the issue of death and disability insurance. So they are the types of entitlements that we are talking about.

It is important to underline the principle that these are entitlements that have accrued and therefore they should be paid out in full, not in part as a safety net approach. I think this is a critical deficiency in the announced proposals of the government. I also want to make the point that it is not correct, as the Liberal and National Parties have claimed on many occasions, that the Labor Party did nothing about this matter when it was in government. It in fact made a number of critical changes. It did not solve the problem, but it at least addressed part of the problem.

Senator McGauran—Such as?

Senator SHERRY—I thought you were going to say something, Senator McGauran. I will get to the National Party in a moment.

Senator McGauran—I did. I said, ‘Such as.’ What happened to them?

Senator SHERRY—I am just getting to that. There were two important areas: one was to elevate worker entitlements above that of other creditors. We did that in 1993.

Senator Abetz—Above the tax office?

Senator SHERRY—Yes, above the tax office, Senator Abetz. We did that in 1993. It seems, Senator Abetz, that, like some of your colleagues in the House of Representatives, you are ignorant of the actions that we took at that time.

Senator McGauran—I knew that.

Senator SHERRY—I am glad you knew, Senator McGauran; Senator Abetz did not. Your colleague in the House of Representatives, the member for Pearce, Ms Judy Moylan, expressed her concern and sympathy, and I accept that it was genuine and
heartfelt, for workers in this predicament. In her speech on this bill she in fact advocated that there should be an elevation of workers’ entitlements in priority when dealing with bankruptcy. She in fact was advocating what the Labor Party had already done in 1993. I think that displays, unfortunately, a regrettable level of ignorance about what occurred.

Also importantly, the Labor Party in 1998 wrote to the Law Reform Commission and asked them to review this area. It is interesting to look at the then stated view—and it is on the record—of the Liberal and National parties, as indicated by the Hon. Ian Sinclair. I am not sure whether he was Leader of the National Party at that time, but he wrote to the Law Reform Commission and said that ‘The party’s concern’—presumably the National Party—‘however, is with the philosophy of the paper rather than with the specific drafting techniques utilised in its appendix.’ In other words, the Hon. Ian Sinclair, on behalf of the National Party at least, was indicating a fundamental problem with the entire approach of the Law Reform Commission and the Labor Party. He was advocating, effectively, doing nothing in this area. He advocated on behalf of the National Party that this was an unnecessary interference in commercial law, as it then applied, in terms of protecting employee entitlements.

There is one other important change that the Labor Party made when in government, and that relates to superannuation. My colleague Senator Collins, in her earlier contribution, touched on this. At one time, if a company or business went bankrupt it often was able to invest the superannuation assets of the employees’ superannuation in the company itself. Of course, this led to very serious consequences. If the company went out of business, then, of course, a substantial proportion of the superannuation retirement assets of the employees often disappeared as well. We are talking here not just about wages, which may have been a few weeks wages and some element of long service leave, but about literally tens of thousands of dollars in employee entitlements.

The Labor Party moved to implement what is called an in-house rule about superannuation investment. Effectively, no business in this country can now put back into the firm more than five per cent of the superannuation assets. So the Labor Party did act in this area. This stands in contrast with a number of deliberate actions by this government to, in effect, reduce protections of employees, notwithstanding the legislation we are considering today. There are two instances that come to mind. Again, my colleague Senator Collins referred to one of those—that is, the deliberate involvement of this government in the Patrick waterfront saga. Patrick set up a $2 company in order to deliberately contrive bankruptcy, with the full support of this government. Had they succeeded—and fortunately, for a whole lot of reasons, they did not—it would have meant that the employees would have lost their entitlements. That was with the deliberate encouragement of this government. I think that was a shameful action. We have never seen anything like that in this country. You can argue about waterfront reform, but the process by which this government got involved in that activity was particularly shameful.

But there is a second issue that has not received much attention—that is, the proposal by the Treasurer, Mr Costello, to reduce the protection of workers’ superannuation in the event of theft and fraud. This Senate chamber dealt with that only a few short weeks ago. In this country a worker’s superannuation, in the event of theft and fraud, is 100 per cent protected by law. This was yet another change, an important change, that the Labor Party introduced when it was in government. We had a piece of legislation in this place a few weeks ago to reduce that protection from 100 per cent to 80 per cent. I think it is to the credit of the Senate and of the Australian Labor Party that we took up this issue and strongly opposed it. We gained the support of the other parties in this place, except the Liberal and National parties. In fact, we knocked back this proposal from the government to reduce worker protection in the event of theft and fraud in respect of superannuation. I will be interested to see whether the government persists with that particular proposal. So we have a government that has actually actively participated in rolling back protections for employees.
So why is it important? These are entitlements that have been saved by employees, and they are effectively held in trust by the employer. It is regrettable that whatever changes are made to Corporations Law, companies will still go out of business for commercial reasons, and that is the area where we need very strong proactive protections to ensure that full payment is made in a timely way. One of the most distressing aspects for employees waiting for their entitlements, if they are fortunate enough to receive them, is the time it takes for bankruptcy proceedings to be concluded. I recently met with some former employees of bankrupt companies on the north-west coast of Tasmania, and they outlined their circumstances. A number of them had been waiting for two or two and a half years for the bankruptcy proceedings to be completed. Of course, even when the proceedings are completed, they may get only a few cents in the dollar of their entitlement. This period of time of waiting creates enormous distress for workers and their families, so it is important that employees not only receive 100 per cent protection of their entitlements but that they receive them in a timely way. Employees should not have to wait years to find out what they are going to get, if anything.

The parliament and the Australian community were assured that this matter would be dealt with and that it would be dealt with in a quick and timely way. That has not happened. Minister Reith has laid a number of proposals on the table, but they contain a number of deficiencies. Firstly, they do not provide for 100 per cent protection of their entitlements but that they receive them in a timely way. Employees should not have to wait years to find out what they are going to get, if anything.

As a solution, Labor has laid out a very comprehensive, simple and practical way to deal with this particular problem. Of course, it is compulsory for employees in this country to be members of a superannuation fund, because of the superannuation guarantee. Labor has suggested a very small addition to the superannuation guarantee—a 0.1 per cent additional contribution to the superannuation fund. It is the superannuation fund that the employee should apply to for their entitlements if the company goes bankrupt. This is a very simple administrative procedure, and it does not require any public or private sector bureaucracy. The superannuation funds have the records because of superannuation payments. The employee would front up to their superannuation fund and the fund would make the appropriate payment. Of course, if you are under 55, usually you are not entitled to the payment, but at least the money is in the fund. The fund would also make payments for the lost entitlements: wages, annual leave, long service leave and payments of that type. This is utilising an existing structure, and that is the beauty of Labor’s approach. It is remarkably simple, but it is also very comprehensive and it enables the payments to be made in a timely way.

Another reason why the Labor Party has adopted this particular model is that superan-
nuation funds invariably get caught up in the bankruptcy proceedings anyway. They are legally liable to pursue the superannuation moneys that are owed by the firm that has gone out of business. Labor is proposing that the superannuation fund become the agent for the employee in respect to the legal disputes that invariably occur. Once again, this is utilising an existing structure very efficiently and effectively on behalf of employees to ensure that the legal settlements and actions that are required in bankruptcy proceedings are proceeded with and that employees do not have to wait for their payment. The money is paid out promptly—I would think within a matter of weeks. So Labor has a positive solution to this particular problem.

In conclusion, I will reinforce the principles of Labor’s proposal. Firstly, there should be comprehensive, full coverage of all entitlements, not part coverage of entitlements as the Liberal and National parties are proposing. Secondly, payments should be made in a timely way so that employees and their families, who have gone through the heartbreak of losing their job in bankruptcy, do not have to wait years for their entitlements. Thirdly, it should be a simple system, and Labor’s adoption of the existing superannuation structure is a very simple process for ensuring the protection of employee entitlements. Fourthly, there should not be an undue burden on employers in terms of costs. Again, Labor’s solution in this area is the art of simplicity itself. We think it is a good idea. We hope that the Australian Democrats, Senator Harradine and the other parties in the Senate will adopt our proposal. Unfortunately, I think the Liberal and National parties will not—I think in part because they take a view that any positive policy that the Labor Party put forward should be disregarded come what may. The current legislation we are considering is only a relatively small part of ensuring that all employees in this country receive 100 per cent protection for their entitlements in a timely way.

Senator LUDWIG (Queensland) (12.01 p.m.)—In rising to speak on the Corporations Law Amendment (Employee Entitlements) Bill 2000, I will try not to repeat all that my colleagues have said today in this debate. However, the government has rescheduled this bill, and—not to be surprised by the reschedule—I will endeavour to contribute as positively as I can whilst trying to avoid any repetition. I did pick up that the Democrats were contemplating some amendments. I have not had the opportunity to have a look at those. I understand that the Democrats are preparing those amendments at this point in time. Therefore, I might seek to also contribute during the committee stage if those amendments do materialise. The amendments that the Labor Party have proposed are worthwhile for this government to pick up and should be closely looked at.

Turning to the substantive matter, the Corporations Law Amendment (Employee Entitlements) Bill 2000 amends the Corporations Law, largely in two ways. Firstly, it extends the duty on directors not to engage in insolvent trading to prohibit a company from entering into an uncommercial transaction that is not a debt. Secondly, the bill prohibits agreements and transactions entered into to prevent the recovery of employee entitlements. There are some horrible statistics on the value of lost employee entitlements that demand not only these amendments but also other amendments. The entitlements lost to employees are estimated by the New South Wales Department of Industrial Relations to range from $140 million annually to as high as $181 million.

It is a terrible event when a corporation becomes insolvent and there is a wholesale scramble of people trying to recover some or all of the debts owed to them by the business. Presently, secured creditors have first claim to a company’s assets. These people have a right to sell specific assets in the event that a company cannot meet its obligations. In addition, floating charges may exist which may crystallise. Under section 561 of the Corporations Law, a floating charge sits below the priority ranking of employee entitlements, but when they crystallise they then become a fixed or specific charge which again may limit the ability of an employee to obtain all of their entitlements. In fact, under the Corporations Law itself, all of the entitlements may not be able to be obtained on the ranking that they currently enjoy under section 556.
Therefore, parts of a business become not available to employees who have accrued entitlements held by the firm, as some of these are taken off the table as a consequence. This effectively means that, although the company looks like it has assets which could be sold and directed to employee entitlements that are unpaid at that point, these assets are, in effect, removed from the table and employees are left wondering how they will meet the next months mortgage. Unsecured creditors are also not entitled to seek payment from a sale of these sorts of assets.

The Corporations Law presently provides a high priority for employee entitlements when companies are wound up. They rank ahead of unsecured creditors—something that perhaps the other chamber may need to take note of—but not ahead of the costs of the administrator or liquidator. In any event, there are some limitations on what can be regarded as employee entitlements that are ranked ahead. Section 556 of the Corporations Law has some reservations under 1A as to the amounts that can be achieved. Under section 556 of the Corporations Law, the following order generally applies: wages and superannuation contributions, injury compensation, leave entitlements and retrenchment payments. However, this ranking does not always reach to protect employee entitlements in full. Sometimes company funds are exhausted before getting to the employee entitlements. This is clearly not good enough, and stronger measures are needed. But it is not only in this area that stronger measures are needed; there are other areas as well that I will refer to later in the speech.

Under part 5.7B of the Corporations Law a director of a company may be personally liable to creditors for corporate debts under certain circumstances—for example, when the director has allowed the company to incur debts while insolvent. However, difficulties surround the law in this area. For example, to establish a breach of the law it has to be shown that the director knew that the company was insolvent. In order to address this area, Labor has made strong representations to fix this and other areas as well. At the Ministerial Council for Corporations, which includes all the states and territories—because, as we know, under the terms of the Corporation Agreement, the consent of the states is required to amend the Corporations Law—Queensland argued in favour of stronger measures, such as expanding a director’s personal liability for unpaid wages, which is a very laudable objective. It also sought to have an institution set up to guarantee entitlements. So we can see that they were grappling with measures to ensure that employee entitlements would not be lost. These employee provisions are obviously not directly part of the Corporations Law but are, however, matters that this government should clearly address as part of its overall legislative agenda to right this obvious hole that exists.

It is not a new matter for jurisdictions to impose liability on directors, particularly in Queensland. In the Industrial Relations Act 1999—and in the previous Workplace Relations Act in Queensland—liability is imposed on directors for non-payment of workers’ entitlements without requiring proof of intent. In effect, it provides that directors may be liable for a failure to pay an employee wages or a failure to contribute to occupational superannuation, as required by the relevant industrial agreement. This can be found in section 673 of that act. In fact, the report on the Corporations Law Amendment (Employee Entitlements) Bill goes to that provision and, perhaps due to the short time the committee had available, refers to it on page 10 at paragraph 3.21 as the Workplace Relations Act 1999. Maybe I could correct that at this point. It is the Industrial Relations Act 1999. The title of the previous act was coined by the Liberal coalition regime in Queensland as the Workplace Relations Act, and we know where they got that from. Queensland has certainly not followed suit with that. The later government aptly named theirs the Industrial Relations Act 1999.

However, the provision there under that act talks about the difficulties that people face when trying to recover money from directors when insolvency occurs. The defence provision, however, provides that directors can escape if they prove that they exercised reasonable diligence. This is a matter that I
have had some previous experience of in Queensland. It was hoped it was going to be an effective mechanism to ensure employee entitlements could be protected. As it turned out, it was a matter that was included within the Workplace Relations Act and the previous act, I think—and I certainly could be corrected for this—harking back to as early as 1994 or perhaps even 1991 when provision 673 was placed in the Queensland legislative framework. That provision was not put in the Corporations Law in Queensland or in other pieces of legislation but it was aimed directly at ensuring that, when insolvency occurred, the corporate veil of the director might be able to be lifted to recover, by way of prosecution, unpaid wages or entitlements that an employee was due.

It was done specifically to assist the industrial inspectors at the time to recover unpaid wages from directors who may have put their corporations into insolvency—deliberately, generally, not by way of failed businesses or unfortunate circumstances. Of course, the defence provided that, if they exercised reasonable diligence, they could escape that provision. From my recollection, it is not a provision that has been overly relied upon or used. It was a matter in which I guess there was a bit of jawboning involved where you could point out to directors that that was their responsibility under the Workplace Relations Act. It is unfortunately not a matter that easily translates into the Corporations Law but it is certainly a matter that this government should be considering as part of its overall package in this area.

Unfortunately, proposed section 596AC of this bill is not as slick as that provision. The burden of proving subjectively that the persons intended to avoid recovery of employee entitlements may mean that successful action for compensation under section 596AC will be rare, thus the deterrent effect of these amendments on the behaviour of directors may in fact be lost. Clearly, it may be easier to bring an action against a director under section 588G of the Corporations Law for insolvent trading and then to use proposed section 596AB. In this instance an objective test applies and it is sufficient if the company incurs a debt while insolvent or becomes insolvent as a result of incurring the debt. That is in contrast to 596AC, where a subjective test only applies. The government, in my view, has let us down again. It is wrong to provide a more onerous evidentiary burden in compensation cases where it is alleged that a director has sought to avoid paying employee entitlements than in cases of insolvent trading itself. It is always difficult for governments to get their heads around lifting the corporate veil. However, it is a matter that the skirt, not the veil owned by directors, is dropping all the way to the floor in some instances and it seems that they particularly want to maintain a 19th-century approach to corporate management which is out of kilter with modern employee-employer relationships and modern business practices. In those instances it is worth considering change.

This month the Joint Statutory Committee on Corporations and Securities released a report on the Corporations Law Amendment (Employee Entitlements) Bill 2000. It is worth noting the minority report, at the back of the main report, where the members said they did not believe that the bill adequately addressed the protection of employees' entitlements and that it instead focused on penalising directors. It seems, from the foregoing comments by me, that it is bad, for argument's sake, and that it does not seem to do it very well. Although it focuses on that area, it then does not do it justice. The minority report of the committee members recommended that the amendments and other proposals suggested in their report be reconsidered. However, in the conclusion of that report, the members recommended that the bill not be opposed but be reviewed within 12 months to ascertain what actions had been taken under the provisions of the proposed bill. Clearly, the proof will be in the pudding. It will be disappointing indeed if it continues to be the case that employee entitlements are lost, amounting to some $100 million or more, and no action is commenced to recover such amounts. In other words, we are looking at ensuring that the wood is now on the regulatory authority to ensure directors are made aware of their responsibilities, which are not onerous responsibilities but simply include paying employees their entitlements—not a heavy burden at all when you
sum it up. It is worth having a look at what in fact was promised by this government. Mr Joe Hockey issued a press release on 22 July 1999. It is headed, ‘Government unveils measures to protect employee entitlements’. It says:

The Minister for Financial Services and Regulation, Joe Hockey, today said the Government will act to protect employee entitlements after recent high-profile company failures.

We know what that was all about. It went on to say:

“We will move quickly to amend the Corporations Law in the next session of Parliament so that Australian workers are better protected in the event that a company goes bust,” the Minister said.

Some of those matters became part of this bill but some matters the bill does leave out. We have now picked them up—perhaps we can call them the Joe Hockey amendments—and have sought to have them progressed. At the end of his press release he says:

“This represents a major step towards protecting worker entitlements without hampering a business’s day-to-day operations.

“The measures provide a strong incentive on directors to do the right thing without impacting on genuine entrepreneurial activity.”

It seems that in this press release, when you sum it all up, Mr Joe Hockey is more interested in the genuine entrepreneurial activity of business than strong incentives on directors to do the right thing, because the latter is not reflected in this bill.

Let us compare the press release with the outcome in the bill. Sure, Mr Hockey gets it right to the extent that it will introduce a new offence to stop directors from entering into arrangements or transactions that avoid payment of employee entitlements and it will strengthen the existing provisions against insolvent trading so that directors would be breaking the law if they gave a financial benefit to a related party, including an associated company. That matter is a matter that needs to be looked at more closely. This amendment in the bill obviously largely achieves the small goals he set himself. Where the bill does not achieve the announced measures is where a financial benefit is given to a related party. Labor has sought to ensure that Mr Joe Hockey remains honest and has included that in its amendment for this government to pick up. It will be available to be picked up in the committee stage, and I look forward to the government’s response then.

This bill does not do enough, however. Apart from the largely technical deficiencies I have referred to earlier, the bill fails by having as its primary focus penalising unscrupulous directors and not ensuring the recovery of employee entitlements. What we really want from this government is a raft of legislative change, not only to the Corporations Law but also to the Workplace Relations Act and other related acts, to ensure that employee entitlements are looked after. The bill does not focus specifically on the protection of employee entitlements but rather on tightening insolvent trading provisions, but in a way which will assist creditors only in those situations where asset stripping or unlawful depletion of a company’s assets has taken place. Even in those cases, the existing provisions that I earlier alluded to under 588G might be sufficient and a far easier way of recovering those moneys.

Lastly, the bill does not really address the misuse of employee entitlements prior to insolvency because it does not propose means by which employees can become aware that the proper provision for entitlements is necessary, ensure that their superannuation contributions are paid and kept up to date and ensure that they are paid on time and that the money is not used as part of the flow of the business. These are alternatives that this government should consider. It is not enough to hold out this bill as an adequate solution. It is not even near adequate. Clearly, a significant amount of litigation would be involved in chasing down company directors, which sometimes may be outside the reach of employees. There is also the question of whether the administering department itself has the resources to do so. I look forward to hearing from the minister responsible about whether or not the administering department will have sufficient resources to ensure that employees’ entitlements will not continue to be lost.
In addition, the bill does not address the issue of companies failing to make regular superannuation contributions over a couple of years. The Australian Taxation Office approach to this matter, as I have said in earlier speeches, is appalling. They seem to consider that, where superannuation entitlements are lost or not paid, it is a matter of making out a complaint and sending it to Moonee Ponds in Victoria, whereupon they send you a letter saying that they are investigating it. This is a matter I have had recent experience with and been apprised of in relation to the brickworks in Bundaberg. Those employees are still waiting for the ATO to take some meaningful action. I certainly hope that the administering department acts far more diligently than the tax office has, but there are no guarantees being put forward to give me that comfort from this government.

These alternatives should be addressed by this government to ensure that a more holistic approach is taken. Employee entitlements could be ranked higher so that they have stronger measures to protect them. In addition, provisions like the Queensland provision may be contemplated to be placed within the industrial relations arena. Removing barriers that employees face under the Corporations Law to recovering lost entitlements may be countenanced. The barriers obviously include the costs of litigation and the difficulties in meeting the onus of proving that directors have engaged in insolvent trading. Not all employees are going to have sufficient knowledge and ability to be able to know the company’s financial affairs or the directors’ culpability in these matters. On some of these issues the Corporations Law could be amended by reversing the onus of proof, as suggested in the committee report on the Corporations Law amendment, to give a bit of a leg-up to those people who seek to recover their unpaid entitlements. This would mean that directors would have to prove that the company did not trade while insolvent. All these matters can be considered to ensure that there is some justice in the recovery of employee entitlements.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (12.21 p.m.)—I thank all senators who have contributed to this debate. I also thank the Joint Statutory Committee on Corporations and Securities, which is very ably chaired and led by you, Mr Acting Deputy President Chapman, for producing its report on this bill in a very timely manner. I think everyone around the chamber, regardless of whether or not they think this bill is the best solution to the problem we have identified, would agree that it is important to get assistance by way of the amendment of this legislation through the parliament.

The speeches in the second reading debate have indicated to me that there will be amendments by the Democrats and the Australian Labor Party, which are relatively similar in intent, if not in detail—although I have not yet read the Democrat amendment. It is unlikely that this legislation will pass through this place unamended. As we tick down the last few hours to the conclusion of these sittings, to return in budget week in the second week of May, it is unlikely that the package will get through. The import of that is that those people who this package is designed to assist—that is, the employees whose entitlements we are seeking to protect as a government—will not see the protection of this regime for at least another couple of months because of the actions of the Australian Labor Party and the Australian Democrats.

In the conclusion of this debate I think we should focus on the motives of those parties in moving these amendments. Clearly, they are honourable. They think that the amendments they are moving will enhance the rights of employees in case of company insolvency. The way they are trying to achieve this is something that was clearly recommended during the Labor Party’s own term in government. The then government under Mr Hawke or Mr Keating—I think it was Mr Keating, if my history is correct—charged Mr Harmer with inquiring into these matters. I do not have the exact date when Mr Harmer brought his report down, but it was well and truly before the conclusion of the Keating government. I am advised that it was in 1988, so it was actually Mr Hawke who received
the report of the Harmer committee, which recommended along the lines of the Labor Party amendment. I do not think even Mr Harmer would have suggested we go as far as Labor is suggesting we should go today.

In 1988, 1989, 1990, 1991, 1992, 1993 and right through until 1996, the Labor Party had the opportunity to make these amendments. Of course, they had before them, almost on an annual basis, Corporations Law amendment bills in which they could have done this. People who are following this debate closely need to remember that. In power, Labor refused to assist employees in this way in 1988, 1989, 1990, 1991, 1992, 1993, 1994 and 1995. In all of those years they could have done this. Of course, they have had this road to Damascus conversion to the Harmer recommendation on coming into opposition. It is a bit like Labor's new-found enthusiasm for a national apology to Aboriginals who were dispossessed or taken away from their families. It is as if they did not know about the stolen generations of Aboriginals who had been removed from their families in 13 years, but come the 14th year, when they happen to find themselves in opposition, they get this new-found enthusiasm for the stolen generations who they ignored for 13 years. In fact, they actually designed one policy, the land fund legislation, in a way that ensured that the stolen generations could not get assistance from it. They cut them out on a $42 million per annum package to get assistance in terms of land; whereas the coalition, as you would recall, Mr Acting Deputy President, worked assiduously to ensure that people like the stolen generations who suffered the most disadvantage in access to land could have assistance.

Equally, with this bill, the Corporations Law Amendment (Employee Entitlements) Bill 2000, Labor had all of that time to change the law in the way they are now advocating but did nothing about it. You have to wonder whether they are serious and whether their heart is in this when they had all of that time when they were in power to make changes. You saw that, Mr Acting Deputy President, and would, I am sure, reach the same conclusion that I reach: that it is gross hypocrisy to see what they are doing here today. The hypocrisy is made worse because they have all said that it is moving in the right direction but it is not moving far enough. On three occasions in summing up the debate, I have said that they were so lacklustre in this area during their time in power that they did nothing about it then. So we get into power and take action on this, and they say, 'You're not going far enough.' It really is laughable. It is actually quite sad and sorry, and it is a reflection on the Beazley Labor opposition. They really do not know whether they have any policies, and when they do have a policy they are a bit half-hearted. I have been sitting here trying to take notes on people's contributions—I should incorporate them in Hansard—but after five or six opposition speakers, I have only about four words of notes because they have said nothing new. 'Matters for consideration.' It is Daryl Melham-esque!

Senator Schacht—You were so dreary.

Senator IAN CAMPBELL—Senator Schacht has woken up. I have achieved my goal—I got an interjection.

Senator Schacht—You were dreary for so long; very dreary and boring.

Senator IAN CAMPBELL—It would probably be very dreary and boring going through the history of the Australian Labor Party's performance in employee entitlements over 13 years. There is not a lot of substance there. There is not a lot of meat. There is not a lot of grit. Here they are saying, 'Let's pick up the Harmer committee recommendations two decades down the track.' In the 1980s, Mr Harmer made his recommendations and in the year 2000 Labor pick them up. That is how they do their policy work. 'Let's go back to the 1980s and find something then.' Senator Ludwig had a little menu of things that they might want to do and he used the Daryl Melham-esque policy recipe: ‘We will sit down and have a look at it; there are matters that should be considered.’

We have actually taken action in this area. We have improved the insolvency provisions and we have ensured that you cannot offload assets to a related party—or, in fact, to any other party. Yet Labor have made a tactical
decision, the result of which will be to ensure that this legislation does not pass through this place in this session. So the employees will not get the benefits of it, and that is in tune with their general theme over the last two decades which has been: ‘Let’s not rush on these things. Let’s beat the government up and go and do the doorstops, go and stand outside picket lines. But when it comes to taking action, no, let’s sit down and have a consideration of it.’ It is quite sad, quite pathetic. I commend the bill to the Senate.

Question resolved in the affirmative.

Bill read a second time.

Ordered that consideration of this bill in committee of the whole be made an order of the day for a later hour this day.

A NEW TAX SYSTEM (FRINGE BENEFITS) BILL 2000
A NEW TAX SYSTEM (MEDICARE LEVY SURCHARGE—FRINGE BENEFITS) AMENDMENT BILL 2000

Second Reading
Debate resumed from 11 April, on motion by Senator Ellison:

That these bills be now read a second time.

upon which Senator Evans moved by way of amendment:

Omit the words after “That”, substitute:

“further consideration of the bills be an order of the day for the day after the day on which a report is tabled in the Senate of an independent inquiry established by the Government, after consulting the not-for-profit sector on membership and terms of reference, to:

(a) investigate and update the definitions of ‘public benevolent institution’ and ‘charitable institution’ for the purposes of tax law; and

(b) inquire into the appropriate taxation treatment of charitable and not-for-profit organisations and the public hospital sector”.

Senator WOODLEY (Queensland) (12.31 p.m.)—Yesterday when the debate on this issue was adjourned, I was speaking about the 30 per cent voluntary cap adopted by the charity and churches not-for-profit sector and I underlined the fact that this was a voluntary cap. One of the things that has offended this sector in what the government is doing is that, having actually resolved the issue, having spoken to the tax department and having over a period of a couple of years actually worked within the cap which was agreed to, the government is now coming back and saying to this sector, ‘We believe that you are rorting the system.’ Part of the reason why the government is wanting to introduce a cap is not simply because they want to access revenue from the charity and churches not-for-profit sector; there is also a more legitimate reason for the government doing this in that there has been significant cost shifting by the states of Victoria, South Australia and Western Australia. I understand—not so much by the other states but to a degree by them as well—particularly with regard to the state government run hospitals.

The Democrats admit that that has been going on and needs to be addressed, although we need to make a proviso to that statement, and that is that in some ways the states have been forced into this situation—at least they would claim that they have—by the fact that the Commonwealth government is not funding to an adequate degree the public hospital sector. That is a debate that we need to have at another time, and I am simply putting forward what it is the states are saying about their need to access the fringe benefit tax concession. However, the Democrats agree that there is a problem there and that there is a need for a cap. We have made certain proposals about how that cap should be applied to the public hospital sector and we await the government’s response to that. But the problem for the churches and charity not-for-profit sector is that it has been lumped in with state governments as though that sector has the same ability as state governments have to fund the work that it has been doing for many years and, in fact, to fund that adequately.

It is quite clear to anyone in this place that there is a wide difference between the charities and churches in their delivery of community services and the ability of state governments to deliver the same services and to fund them. So when the government say, ‘We will put a $17,000 cap on everybody right across the board,’ they are really saying, ‘You are just the same.’ If the government want to
point the finger at state governments and say, ‘You are cost shifting,’ and perhaps go a little further and call that cost shifting rorting, then you can imagine how the not-for-profit sector has really got its nose out of joint about that. Having itself voluntarily imposed a cap on the fringe benefit tax concession and having negotiated that very carefully with the tax office, for the government to then say, ‘No, that is not good enough. We are now going to impose a $17,000 cap,’ you can understand why this sector feels that it has been treated rather unfairly. If the federal government want to do something about what they believe is an unjust cost shifting by the states, then they ought not to lump in with that the whole of the charity and churches not-for-profit sector. It is quite different. It is operating in an entirely different way, and the not-for-profit sector has, in fact, been operating with the government’s full knowledge, and by agreement with the tax office, within a voluntary 30 per cent cap on the concession.

I agree with the churches and charity not-for-profit sector that it has been unfairly treated. That is why we have been urging the government to have a proper, independent inquiry into the sector, into the definition which is appropriate for all of those various sectors and into an appropriate tax regime for this sector. I believe that the Labor Party very largely agrees with us on that and I think we will be able to facilitate that inquiry, although at this stage we are not sure what the auspice will be. There is still some debate about that. I certainly commend Senator Chris Evans for his willingness to pursue this in a way which will bring about the best outcome. However, I would also say that, at this very late stage, the government has now come back to us and wants to talk about this issue. Hence, this debate has been delayed somewhat today.

To reinforce what I have said, I wanted to read a few comments from some of the people who have written to the Democrats to give you an idea of how they feel about what the government is doing. This is a letter from Hayward Gesch Dorge, who are chartered accountants and who operate as chartered accountants for a number of charities. It reads:

As you are aware we are involved in the audit of numerous non-profit organisations. Most organisations we are dealing with are using a 30% benefit rate.

From an audit viewpoint this can be a nightmare if the paperwork is not kept properly. It becomes difficult to determine what the actual gross should be and could lead to possible FBT penalties.

These accountants say that even applying a 30 per cent rate causes problems. However, I wanted to read from their letter what they say about the problems indigenous organisations are having as one subset within the whole sector. They say:

We are also involved with numerous indigenous organisations. We believe that a special cap be approved for indigenous health organisations and remote indigenous organisations only.

I want to underline the special difficulties that indigenous organisations are having in attracting staff. This is particularly so in remote Aboriginal health services, but it applies to urban Aboriginal health services as well. Underlining that are some of the things that those Aboriginal organisations have been saying to the Democrats. They read:

... the Federal Government spends less per head on the health of Aboriginal people than that of other Australians.

There are about 100 AMSs around Australia delivering culturally appropriate health care to Aboriginal communities.

There is no such thing as needs based funding in Aboriginal health, and AMSs are generally under-resourced, and doing their best to meet community needs with fixed budgets.

Salary packaging under the current FBT exemptions is widespread in the AMS sector—it is not a way for people to “get rich”, it is a way to spread the limited resources further, that is, to employ more people within a fixed global budget.

If the proposed grossed up cap on concessional FBT treatment of $25,000 per employee is implemented for AMSs, the result will be that AMSs will lose staff, have to shut down programs, and some will even have to close their doors.

They are making the point that not only is a 30 per cent cap or a $17,000 cap, a $25,000 cap or even a $30,000 cap not enough; a higher cap again is needed in many of the services that they are trying to run. They need no cap at all to enable them to meet the very pressing needs which Aboriginal medical
services have. They say that, if the government insists on the narrow cap it is proposing, AMSs will lose staff, have to shut down programs, and some will even have to close their doors. Further comments read:

This is contrary to the Government’s stated policies of improving Aboriginal health and getting more doctors into areas of need.

Aboriginal health is a special case and we need a full inquiry into the effect of the proposed changes on AMSs before any changes are considered further.

The issue is not just related to remote areas but affects all parts of Australia—Aboriginal health status is poor everywhere, and Aboriginal health services everywhere face difficulties in recruiting and retaining skilled staff.

But the issue does not only affect doctors; it affects the other professional and support staff of Aboriginal medical services as well. A number of examples are given. But I only have time to mention one of them:

Many AMSs receive base funding of only $70,000 for each salaried doctor they employ. Doctors’ incomes in private practice are significantly higher than this, and given the challenges of working in Aboriginal health and the lack of a career structure, AMSs need to be able to offer salary packages at a considerably higher level to attract doctors. For example:

…the Danila Dilba AMS in Darwin recently advertised for a medical officer using the base salary rate of $70,000 but without offering the salary package component, but did not receive a single applicant from practitioners with current prescriber status in Australia.

…another AMS, in metropolitan NSW, took 12 months to fill its last medical officer vacancy, and it was only the implementation of salary packaging which eventually attracted applicants. The implementation of salary packaging also enabled this AMS to retain other staff, including administrative staff, Aboriginal Health Workers, medical staff, and dental staff, who had been offered more lucrative positions elsewhere. Staff turnover rates at this AMS have fallen substantially since the introduction of salary packaging.

In summing up, the government’s proposal for a salary cap of $17,000 or $25,000 grossed up is simply not going to be adequate to meet the needs of the charity/churches/not-for-profit sector and especially will not meet the needs of those Aboriginal organisations which are desperate to serve their own people but which are being prevented from doing so by the policies of this government.

Debate interrupted.

MATTERS OF PUBLIC INTEREST

The ACTING DEPUTY PRESIDENT (Senator Murphy)—Order! It being 12.45 p.m., I call on matters of public interest.

Ministerial Code of Conduct

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate) (12.45 p.m.)—Today I am speaking to address some very serious issues of concern regarding the Prime Minister’s application of his code of ministerial conduct, so infamously watered down in order to let members of his own frontbench off the hook. To begin with, we should remember the statement that the Leader of the Government in the Senate, Senator Hill, made on introducing the code of ministerial conduct to the parliament on 30 April 1996. He said:

I would also like to take this opportunity to table a ministerial guide setting out the principles and practices which will be followed by the Howard administration. This is the first time such a document has been produced. It underlines this government’s complete commitment to high standards of ministerial conduct and accountability.

It is now well known that the Prime Minister did reluctantly apply this code of conduct on a number of occasions early in his term of office as Prime Minister, and that resulted in the demise of Senator Short, Senator Gibson, Mr Jull and Mr Prosser. But once the toll looked like heading even higher, when the head count was growing, the Prime Minister suddenly lost the courage of his former convictions and started prevaricating on the code. He started slipping and sliding on the application of his code of conduct, with clear conflicts between ministerial responsibilities and private pecuniary interests.

The most infamous example of a breach of these ministerial responsibilities was former Senator Parer, who apparently just could not understand the conflict between his position as federal minister for resources and his continued holding of a substantial interest in the Queensland coal industry. Mr Parer’s recent business activities give the Australian public a valuable insight into exactly how the Prime
Minister’s fatally weakened code of conduct operates. The major change the Prime Minister made to his code of conduct to accommodate Minister Parer’s situation was to remove the requirement that a minister divest themselves completely of a pecuniary interest within their portfolio responsibility. At the time he neutered the ministerial code of conduct, Prime Minister Howard said on the 7.30 Report:

... the changes, Kerry, in today’s document. What I’ve basically said that it’s not a breach of the guidelines if you have a divestment of shares to independent adult children ... now, there are a few other relatively minor changes, but the great bulk of the previous guidelines remain. They’re not really softened.

Not much they were not. Just ask Warwick Parer. Under the revised code, all Senator Parer had to do was to pass those interests to his adult children, for temporary safekeeping, if you like. The government screamed loudly when the Labor Party made public that Senator Parer simply established a new instrument to hold the substantial financial interests of the W.R. Parer family trust, namely, White Rhinos Pty Ltd.

We alleged at the time that Senator Parer would regain those interests very shortly after he left the Senate. What has the recent history shown us about the accuracy of that allegation? Senator Parer resigned from this place on 11 February this year, and we now know from ASIC records that a mere 12 days later Mr Parer was back as a director of the boards of the following resources companies previously part of his portfolio: Bluff Mining, Bowen Basin Coal, Jellinbah Mining, Jellinbah Resources, Queensland Coal Mine Management, QCMM Finance, Tremell, and Advance Dawson. On 23 February this year, Mr Parer was back on the boards of no less than eight resources companies, just as the Labor Party said he would be. Interestingly enough, the same device of transferring shares to adult children was also used by Mr Entsch in regard to Cape York Concrete, but his son owned up to the fact that the transfer was for show, not a real divestment of the parliamentary secretary’s interests in the company.

At the time that Mr Parer was a significant shareholder in coal mining companies, he was the minister for resources with direct portfolio responsibility for, amongst other things, coal mining and export. Why could former Senator Parer or the Prime Minister not understand the direct conflict of interest here? Senator Parer could not even understand the conflict of interest that attained to his office hatchet man, Mr Bob Baudino. Baudino defended Parer around the press gallery but had to be withdrawn from that task when it was discovered that the assertions he was peddling at the time were nothing more than malicious fabrications. Later, a journalist exposed Baudino as owning several parcels of mining shares and being an active trader in resources stocks while he was employed by the then minister for resources, Senator Parer. Baudino resigned within 24 hours. That is not what Senator Parer did. Senator Parer gave the okay to Mr Baudino to tap the mat but he did not do the same thing himself. He did not emulate Bob Baudino. He stayed in harness.

You have to ask why the then Minister for Resources and Energy, Senator Parer, could not understand the conflict of his own interests. We revealed at the time that Queensland Coal Mine Management Pty Ltd and Tremell Pty Ltd held a 70 per cent interest in the Jellinbah East coal joint venture, an operation which mines and exports coal to the Japanese power generation industry and was estimated to be worth some $40 million. We now know that we were mistaken at that time. Documents recently lodged with the Supreme Court of Queensland in the case of Adams v. QCMM disclose that the mine was valued by Barlow Jonker Pty Ltd in January 1997 at between $158.7 million and $203.7 million, making Mr Parer a multimillionaire solely on his personal interest in the mine. Then Senator Parer kept this multimillion dollar fact hidden away from the Senate.

As we stated at the time, there was the further issue of the dividend stream from this coal mine to Senator Parer while he was the minister for resources. Once again, the opposition underestimated the size of this income stream. The Supreme Court affidavit now discloses that, in the period August 1996 to July 1998, the W.R. Parer family trust received $575,332 in dividends from the mine.
Well over half a million dollars in dividends from a coal mine while Senator Parer was the minister for resources! Mr Howard really had to work hard to ignore and deny this obvious conflict of interest. What about Senator Parer being the controller and beneficiary of a highly lucrative family trust when the government, of whom he was a frontbench member, was considering the taxation treatment of family trusts? Was there no conflict of interest there?

The Supreme Court affidavits have revealed two further issues which shed light on the operation of the Prime Minister’s code of conduct. It is now known that QCMM Pty Ltd did not actually issue their shares until 1993, and between 1991 and 1993 notional dividend distributions were made to shareholders, including Senator Parer, but treated as loans on the books of QCMM, which means that this considerable income stream was not treated as income but, rather, as capital in the hands of the shareholders and therefore not subject to tax. Does the Prime Minister still contend that an effective code of conduct should not be brought to bear on a member of parliament engaging in this deliberate avoidance of tax liabilities?

Finally, these recent court documents shed light on another matter, one of significant current debate. The opposition has always viewed the subsidiary company QCMM (ESP) Pty Ltd with some suspicion. This company was described by Senator Parer as a ‘superannuation type’ company, but at the time we asked: why set it up in that way? While the court documents do not give us all the answers yet, they do give us further reason for suspicion. The affidavits describe a November 1990 meeting between directors of QCMM Pty Ltd and a Sydney company called Remuneration Planning Corporation—or RPC—concerning the establishment of an employee share plan, which was established as the company QCMM (ESP) Pty Ltd. RPC is a company run by Kris Chikarovski, well-known in Sydney as an aggressive marketer of devices known as controlled super schemes. While their operations are different, the underlying principles and the intention of QCMM (ESP) and controlled super schemes are the same—namely, to receive a deferred tax benefit.

Of particular currency is the fact that these controlled super schemes are now at the centre of allegations against Mr Petroulias, formerly of the ATO, who has been charged with defrauding the Commonwealth by giving out private binding rulings and ‘no further action’ letters on this very type of scheme. There is no current suggestion that RPC received or sought favourable PBRs, but the Financial Review of 29 March this year confirms that RPC was one promoter who received ‘no further action’ letters from the ATO on controlled super schemes. If nothing else, this situation demonstrates that the usual pack of Liberal spivs are at the centre of quasi-superannuation devices designed to rort the tax system, and that Mr Parer was a substantial beneficiary of a deferred tax benefit scheme devised by RPC.

When the then Senator Parer was still a member of the frontbench, the opposition revealed that this QCMM (ESP) device allowed Mr Parer to turn 44c into $56,000 through a tax deferral scheme, but did this knowledge spur the Prime Minister into action to enforce his code of conduct? Of course not. We do not expect anything, of course, on this issue from the Prime Minister. The Prime Minister has demonstrated, through the case of Mr Parer, that he is no longer prepared to apply his code of conduct. He could not afford to lose any more frontbenchers. If the price of his inaction was the loss of trust of the Australian people, so be it. He introduced the original code of conduct with great, self-righteous fanfare. He got caught out by the sticky fingers of his ministers, and all of the current frontbench now have Mr Parer as a guiding light in matters of greed, tax avoidance and disregard for public accountability. Mr Parer’s behaviour spotlights the Prime Minister’s code of conduct for the weak and meaningless toothless tiger that it is.

Veterans’ Affairs

Senator BARTLETT (Queensland) (12.59 p.m.)—As some senators may know, I have been the Democrat spokesman for veterans’ affairs since coming to this chamber over two years ago. I assumed this would be
an area where there would not necessarily be as great a need to perform the traditional ‘keep the bastards honest’ role as I might encounter in some of my other portfolio areas, such as immigration or environment, because I assumed from the rhetoric that this government would have a strong ideological and policy commitment to supporting veterans. There is no doubt that this government is happy to be there waving off and welcoming home troops, presenting medals and awards, and attending ceremonies such as the Anzac Day ceremony in Gallipoli this year, which the Prime Minister will be attending. The previous government was also committed to the sentiment ‘Lest we forget’ through the Australia Remembers program. Commemorations, memorials and awards are very important and very good. I am not criticising them in any way, but it is also important to look at the tangible repatriation and benefits for veterans as well.

I have heard the views of the peak veterans’ bodies, such as the RSL, the AVADSC, the Vietnam Veterans’ Federation and others, as well as individual veterans who write and call about their concerns. The issue on which I have received the largest number of letters—and I am sure many other senators receive a lot of letters on this topic—is the extension of gold card eligibility. It should be noted that demand for increased access to the gold card is in part driven by inadequacies in the public health system, and the Democrats believe that a properly funded public health system is a priority. There would be less of a desperate struggle for the gold card if older people generally had faith that the public health system could adequately look after them.

The Democrats believe that veterans of Korea and Vietnam should be entitled to the gold card on reaching the age of 70. There are a number of other categories of persons who should arguably be eligible for the gold card, including servicewomen, spouses and partners of veterans and those who served in areas and at times presently not recognised. The Democrats support the argument that gold card eligibility should be extended to more of those who enlisted in World War II but—through no fault of their own, people went where they were sent—did not have active service overseas or service that has been defined as active service overseas. This initiative would bring servicewomen into the equation as well, many of whom have been excluded because they were ineligible for active service—something that is somewhat different today, although still an area where changes could be made. What constitutes active service throws up a number of anomalies where service personnel did face warlike dangers but that is not recognised by the government for the purpose of being a returned serviceman as opposed to an ex-serviceman.

The Democrats have also been contacted by a number of representatives of allied veterans. Overseas governments have primary responsibility for allied veterans who served in the forces of that nation during World War II. Therefore, a Polish veteran, for example, is ineligible for the gold card, despite having been on active service in World War II, fighting on the same side as Australia, having lived in Australia for possibly over 50 years and having contributed taxes throughout that time.

Another issue is the disability pension being subject to social security income tests. The present situation where the disability pension is included in the social security income test is in contradiction to the government’s position that this pension is paid to veterans as compensation. The coalition promised before the 1996 election to review the assets test introduced in 1984 on the service pension. The coalition document entitled Veterans: for those who served, released before the election in 1996, states:

The Coalition while maintaining existing entitlements will also review the apparent anomaly existing where a Disability Pensioner has that benefit counted as income when receiving a pension from the DSS. It is a clear anomaly between the treatment of disability pensions by the Department of Veterans’ Affairs, where it is appropriately recognised as compensation and not means tested, and the treatment of the disability pensions by the Department of Social Security. The government has done an internal review, as it promised. Unfortunately, I have asked for copies of that review and the min-
ister has refused to give them to me and has refused to publicly release that review. We have found out from the budget estimate that this measure would cost around $21 million. The government, however, cannot seem to bring itself to correct this admitted anomaly which takes money away from a significant number of veterans.

It makes one wonder what the point is of promising to review anomalies if not only is no action taken but, indeed, no-one is even allowed to see the contents of that review. I have prepared an amendment to correct this injustice and am waiting for a suitable piece of legislation to put it to. I hope to have the support of the Senate at the appropriate time when that amendment is moved. I hope the veteran community would strongly urge political parties to support such an amendment in regard to the disability pension through social security.

Last year the government tightened the eligibility criteria for the invalidity service pension, historically going by the rather quaint name of the burnt-out digger pension. Also the criteria were tightened for the invalidity income support supplement. They were originally going to make the changes retrospective—that is, assess existing recipients against the new criteria. However, in response to concerns from the community and those expressed by the Democrats and the Labor Party, they changed their position on that. It is only future applicants who will be assessed according to the new tighter criteria and if they are unsuccessful, they will be directed to apply for benefits through the general social security system.

The Democrats are concerned about the potential moves to push veterans out of the DVA system and into the social security system, which would also impact on their eligibility for medical benefits for war-related injuries.

Erosion of the rate of veterans’ pension is also of concern—for example, the totally and permanently incapacitated pension, which is received by about 22,000 veterans in Australia. The RSL said that in 1970 the TPI pension was equal to about 88 per cent of average male weekly earnings, but is now only 45 per cent. Three out of four TPI veterans also receive the service pension but for the other quarter, over 5,000 pensioners, this represents a serious erosion of their income.

There has recently been completed a long-overdue review of service entitlement anomalies in respect of South-East Asian service from 1955 to 1975. This review was released last month, in March this year, and addressed a number of anomalies, which included Malayan naval veterans and RAAF Ubon veterans. The Democrats urge the government to act on the recommendations of the review and congratulate them for undertaking the review. Now that it has occurred, we urge them to act on the recommendations, particularly in regard to extending rightful recognition of veterans of the Malay crisis, such as Malayan naval veterans and RAAF Ubon veterans. We also urge them to review the position of members of the British Commonwealth Occupation Force (BCOF).

The issue of what constitutes war-like service and what constitutes eligibility for the service pension is an ongoing one. The Vietnam Veterans’ Federation, for example, argues that military personnel who served in Rwanda should be included under the relevant schedule relating to peacekeeping forces. As the nature of our military operations changes and continues to change from what may have been seen as their more traditional mode of operation in the past, these issues will need to be continually addressed.

Another issue which often arises is that of studying the health effects of various military and military test operations. The Democrats have long been concerned about the effects on Australians of British nuclear tests in the 1950s and 1960s at Maralinga in South Australia, the Montebello Islands off the Western Australian coast, and Christmas Island in the Indian Ocean, and the need for appropriate compensation where necessary. In July last year the government launched a study of the 15,000 Australians exposed to British nuclear tests in the fifties and sixties. Hopefully, this will give another chance to those who have so far been denied compensation. There would appear to be an ongoing need for better information on, and closer study of, ionising radiation and its health risks. We have received representations regarding the lack of
information and analysis about the long-term health effects of service in the Korean War.

For a long time there has been argument between the government and Vietnam veterans about the use of herbicides such as Agent Orange in Vietnam and their links to cancer and other health problems. As senators would probably be aware, there has recently been completed a validation of a health study in regard to Vietnam veterans and their children. The results of this study back up many of the claims made by Vietnam veterans over the years. The study found an increased incidence of prostate cancer and melanoma in Vietnam veterans. Appropriate statistics could not be found to compare the incidence of several other types of cancer. The study results must be read in conjunction with the earlier death rate study, the Vietnam veterans mortality study, which showed that Vietnam veterans have a 20 per cent higher death rate from cancer than do the general population. When one considers that only those in the very best of health were sent to Vietnam—if you like, the cream of the crop in a physical sense—these veterans, one would think, would normally show a much lower rate of early death and disease than in the general population, if not for the effects of the war.

The government has been slow to admit that health problems, particularly birth abnormalities such as spina bifida, are also turning up in higher levels in Vietnam veterans’ children. This has now been confirmed by a study into the health of veterans and their children, which also found there is a higher incidence of cleft palate and lips among Vietnam veterans’ children than in the general community. Vietnam veterans’ children also have three times the suicide rate that would be expected and a significantly higher death rate from illness and accidents than that of the general community. It is important to emphasise that it is not just the impact on the veterans but that in many cases the impacts are flowing through to the next generation.

It may be a cliche to say that war is hell, but it is an extremely accurate one. War changes men and women and their children. There is no doubt that war can cause psychological problems as well as physiological problems for veterans, problems that will impact on their families and the broader community. Adequate counselling services should be available to veterans of all conflicts. The Vietnam Veterans’ Federation argues that the Veterans Entitlements Act should be amended to include the children of veterans, that families of veterans should receive the gold card more than they do, and that the Vietnam Veterans Counselling Service be given additional resources in order to provide more services to wives and children and, indeed, to seek them out to make them aware of the services available to them. That is a particularly important point, because many of these things cannot be addressed purely through money. The broader assistance that can be provided through things such as the counselling service often can be far more valuable than extra entitlements, and people need to be made aware of the services that are available—when they are there—and, when they are not there, they should be provided.

The Vietnam Veterans’ Federation has also pointed to a recent letter to the counselling centres, a letter which specifically instructed them not to treat veterans’ children who are over 25 years of age. Since the Vietnam War ended in 1973, I think it is a fair bet to say that quite a number of children of Vietnam veterans would now be over the age of 25 years. If this is the case, it seems like an extraordinarily pointless and insensitive decision with absolutely no benefits and, clearly, some potential costs.

One has to ask if the appropriate response to all these facts is to make the invalidity service pension harder to get; to count disability pensions as income and therefore cut off access to the age pension; to cut counselling services; and to let the worth of veterans’ benefits deteriorate overall.

I think all parties acknowledge a special obligation to veterans. We recognise that the expense of war does not cease with the end of hostilities and it is the solemn task of governments to discharge our debt to these people on behalf of the nation. I think all senators would also agree that there is still significant room for improvement in meeting that obligation. Certainly, the Democrats and
I, on their behalf as the party spokesperson in veterans areas, will continue to try to pursue these issues to get further action in areas where it is needed.

**Festival of Perth**

*Senator EGGLESTON* (Western Australia) (1.13 p.m.)—As a Western Australian I am extremely pleased today to inform the Senate about a wonderful tradition which began in Perth in 1953 and continues to this time. This is the Festival of Perth. The Festival of Perth is truly a great Western Australian tradition, something which is very much a part of summer time in Perth. The Festival of Perth is in fact the oldest and largest annual arts festival held anywhere in the Southern Hemisphere.

The unique feature of the Festival of Perth has been that so many of its events have been held in the open-air theatres around the University of Western Australia. One of the great delights of Perth’s summer has been to go to a theatre or dance performance in the Sunken Garden or in the New Fortune Theatre, or to sit on the deckchairs in the Sommerville Auditorium with a picnic basket and a glass of wine to watch a European film with the pines gently swaying in the soft breeze off nearby Matilda Bay on the Swan River.

The festival has been based at the University of Western Australia in partnership with the state government and the Perth City Council. Over the years, Perth audiences have been captivated by theatre, dance, film, visual arts, literature and music performances brought from all over the world to the city of Perth. The father of the Perth festival was former UWA professor, Fred Alexander, then the Director of Adult Education, and it came about after a visit he made to Edinburgh in 1951. Professor Alexander returned to Perth with the idea of introducing a festival like the Edinburgh Festival to Perth and to locate that festival in the grounds of the University of Western Australia.

The first festival in 1953 presented music, drama, ballet and film and, despite a lack of publicity, drew 42,000 people to the festival events. Among the presentations was the then controversial play *Dark Side of the Moon*, which began a tradition of innovative presentations. During the next 10 years the festival, under the direction of John Birman, provided a somewhat isolated Perth with an enriched cultural life which continued to grow and improve year by year. Today the Festival of Perth remains true to Fred Alexander’s aim, which he stated at the outset thus:

The aim of subsequent festivals will be to offer the best cultural events that are available from British, European, American, Asian and Australian sources.

In 1964, the festival celebrated Shakespeare’s 400th anniversary with the opening of the New Fortune Theatre located in the Arts Building at UWA. This theatre was the only replica of the 1599 London Fortune Theatre in existence until the New Fortune Theatre was built in London and opened a year or so ago. The opening of the New Fortune Theatre in Perth, at UWA, made theatrical history at the time and provided a greater profile for the Festival of Perth.

The festival’s 21st anniversary coincided with the opening of the Perth Concert Hall, while the 1979 festival capitalised on WA’s 150th anniversary of the founding of the colony in 1829. In 1987 the festival coincided its opening with the final races of the America’s Cup.

To accommodate the expansion of the festival, performances were extended off campus in the 1960s, and by the 1970s the festival began to take advantage of the availability of alternative venues throughout the Perth metropolitan area. In an effort to meet the growing cost and size of the festival, in 1977 the Liberal state government of Sir Charles Court, who was renowned for his love of music, contributed funds for the Silver Jubilee Festival. This was the first year under the newly appointed director David Blenkinsop. As was the style of his predecessor, Blenkinsop produced outstanding entertainment with creative programs, emphasising his extensive experience and creative flair. Blenkinsop has said that the success of the Perth festival has largely been due to the character of Perth. The fact that the WA capital is a small city allows for a strong sense of ownership and ensures that Western Australians do not miss out on culture because of their relative isolation.
By the beginning of the 1980s the Perth festival had acquired a distinctive entrepreneurial role in international art and theatre. Between 1976 and 1980 the festival recorded an increase of 300 per cent in paid attendances, indicative of its popularity and the interest the public had in it. Due to its upsurge in size and magnitude, the festival sought corporate funds to supplement state and local government funding and was successful in that endeavour. The early 1980s saw some of the most memorable events with Timothy West in Off and On, I Colombaionti, the London Theatre Group’s Fall of the House of Usher and the world premiere of Jack Davis’s play The Dreamers. Literally thousands of artists from around the world have been attracted to performing in the festival, many identifying the experience as a prized accolade and a worthwhile venture to travel so far to be part of such a cultural showcase.

Through its innovative approach to art and artistic expression, the Perth International Arts Festival, as it is now called, has acquired a strong reputation for its creativity and professionalism. Its success can be measured in the quality of its entertainment and its presentation of a broad range of cultural interests and traditions. But its representation has also emerged from the informed risks taken by its directors to continually provide fresh ideas and innovative ways of expressing art. The sometimes somewhat courageous decisions have produced mixed responses at the box office with some events being far more successful than others. But one has to admire the directors for being willing to experiment with the kinds of events offered to the public in the festival.

It was with this goal that in 1999 the newly appointed chief executive and artistic director, Sean Doran, announced his plan for the festival to be known as the Perth International Arts Festival in the lead-up to its 50th anniversary in 2003. Doran has envisaged a series of four millennium celebration festivals whose themes are based on the four elements of nature. The festival this year, 2000, will be water, in 2001 the festival will celebrate air and the 50th festival in 2003 will be dedicated to the theme of fire. The new vision has been drawn from the contemporary American composer John Adams whose millennium festivals will ‘look through the ceiling to see the sky’.

To maintain its competitive edge with interstate and international arts festivals, the Perth International Arts Festival has continually broadened its appeal and programs to meet the needs and desires of a constantly changing audience. The festival’s extensive program has traditionally included free concerts and street theatre, together with spectacular fireworks displays. The Perth International Arts Festival’s mission is to ensure that every Western Australian is offered an opportunity to experience a festival event. Festivals like the Perth International Arts Festival provide an opportunity for everyone to participate in culture and, in so doing, play an integral role in shaping Australia’s arts history. As the Minister for the Arts and the Centenary of Federation, the Hon. Mr Peter McGauran, stated in an address to the Perth arts community last year, culture encapsulates our heritage and traditions, our identity as Australians. Without question the Perth International Arts Festival can proudly assert that it delivers this experience to the people of Perth.

Tasmania: Drought

Wheat Freight Subsidy Scheme

Senator O'BRIEN (Tasmania) (1.24 p.m.)—Today I will speak on two matters of great importance. The first matter is the deteriorating drought condition facing farmers in the Central Highlands of Tasmania and the second is the Tasmanian Wheat Freight Subsidy Scheme. Four weeks ago I raised as a matter of public interest the drought conditions confronting farmers in the Central Highlands. A more accurate description might be that it was a matter of grave concern rather than a matter of public interest. In that speech I highlighted the fact that the Howard government seemed more interested in progressing the sale of the remainder of Telstra than it did in assisting some 100 farmers whose financial and social circumstances continue to decline. I must add that the sale of Telstra is certainly not in the interests of Tasmania. In that speech I also highlighted
the government’s enthusiasm for the takeover of the Colonial Bank by the Commonwealth Bank of Australia.

Senator Boswell interjecting—

Senator O’BRIEN—It is good to hear the National Party are interested in rural affairs. It is an occasional interest on their part and I welcome the contribution from the parliamentary secretary.

Senator Mackay—How did they get on in Tasmania? Not very well at all.

Senator O’BRIEN—Senator Mackay reminds me that in Tasmania the National Party’s forays into the electorate have been met with unmitigated failure. In returning to my theme, another move is the takeover of the Colonial Bank by the Commonwealth Bank of Australia, which is not in the interests of Tasmanians because of competition factors. Despite its enthusiasm to progress these two proposals, the government seemed indifferent to the plight of the Central Highlands farmers. This region has been in the grip of drought for three years. Farmers in the region have commenced shooting sheep. They are in such poor condition they do not justify the cost of transport to the meatworks. The broadening drought to other regions of Tasmania is also limiting options available to Central Highlands farmers to dispose of stock.

Long-time farmers are now describing this as the worst drought since the Second World War. Weather bureau figures reportedly show that from October 1996 to February 2000 the region experienced a serious to severe rainfall deficiency. The federal government first received an application for assistance from the Tasmanian government at the end of 1998. It received a further submission in the middle of last year, and earlier this year it was provided with yet more information in support of the Tasmanian government’s cry for help. However, to date nothing has happened. The government’s advisory body, the National Rural Adjustment Scheme Advisory Council, has recently visited the region but we are told any decision as to whether or not the farmers will get help is still some months away. Frankly, that is not good enough; that delay is too long.

This matter should have been dealt with, and could properly have been dealt with, last year. Let me outline the position as it was then. Overall stock levels were down by at least 30 per cent, with some farmers completely ceasing their cattle enterprises over the previous 18 months. Reduced fleece weight and destocking resulted in an estimated decline of around 35 per cent in the 1998-99 wool clip. Combined with low prices, this decline in output was expected to force down incomes by about 50 per cent. According to the Tasmanian Grain Elevators Board, approximately 5,900 tonnes of grain were supplied to the Central Highlands region during the winter of 1998. At that time, the cost of feed grain was between $200 and $240 a tonne, and the normal usage was around 1,200 tonnes.

From September 1996 to September 1997 Pivot Ltd, an agricultural supplier, supplied 406 tonnes of sheep and beef feed pellets to farmers in the region. But from September 1997 to September 1998, that figure was 1,658 tonnes. Creeks and springs in the Central Highlands which had never in the past been dry had completely dried up, creating major stock watering problems. Lack of water made some paddocks unusable, which increased pressure on already depleted pastures in other paddocks. There was also an increase in the incidence of tree dieback, increased grazing pressures from wildlife, which further exacerbated pasture degradation, and increasing erosion.

The impact of all of this on the local economy was as you would expect. Average farm incomes were down by 50 per cent, farmers’ short- and long-term debt grew, land values dropped by up to 40 per cent, stock and station turnover in the region was down by 25 per cent, and the average debtor period blew out beyond 90 days. The conditions facing those farmers have further deteriorated since this data was compiled. I am advised that sheep numbers are now down to around 50 per cent of the normal stocking levels and that farmers’ incomes have declined further as a result.

Since I raised this issue on 15 March, the drought has received wide publicity in the media, as it should. There have been a num-
ber of stories about the circumstances facing farmers in the region, and I would like to refer the Senate to one. The farmer in question is Lyndley Chopping and his farm is at a place called Ouse in the Upper Derwent Valley. The extended drought has forced Lyndley to reduce the size of both his sheep flock and his cattle herd. He was forced to sell his lambs early and is currently hand-feeding 4,500 sheep. This is a very expensive option and he is rapidly using up his grain reserves and, I assume, rapidly using up his financial reserves as well. Lyndley Chopping holds out little hope that the next lambing season will improve his circumstances. He is reported in the Launceston Examiner as saying:

I hate to think how low the lambing season will be this year. The ewes are losing condition at the time they should be gaining condition to conceive. He went on to say that a poor lambing will leave a hole in his flock for five years.

Lyndley Chopping makes an important point. The legacy of this drought will weigh heavily on the Central Highlands region and its farmers for years to come. Both the Commonwealth and state governments must factor those long-term implications in to any assistance package.

Further, the impact of the drought is having broader social implications, as well— with another farmer, Mr Scott Ashton-Jones, describing the highlands community as being emotionally brittle. Any assistance package must also address the social consequences of this natural disaster. The Central Highlands drought is now a matter that must be treated by the minister, Mr Truss, with some urgency. This community can no longer afford what seems like endless bureaucratic procrastination over decimal points and rainfall percentiles.

Senator Boswell—Has the state government put any money in?

Senator O'BRIEN—The minister must act on this matter immediately. It is very interesting that the National Party has been silent on this matter, whereas the minister—

Senator Boswell—I’m asking a question.

Senator O'BRIEN—Well, you can ask a question in question time.
forward estimates will actually appear in the 2000-01 budget papers. I want an assurance that any review process will be an open one and that the chicken industry, the stock feed industry, the baking industry and the pork industry will be able to have an input into that process. I think I told the Senate last time I spoke about this matter that there are some 16,000 people employed in those industries.

Now is the time for Mr Truss to ensure that the scheme is safe, as this year’s budget is being put together, because the Australian economy is coming under increasing pressure. The Treasurer is now faced with a series of interest rate increases, with more to come. He is trying to deal with the collapse in the value of the Australian dollar. I note in today’s press the comments from the money market that the dollar is coming under increasing pressure, with some speculation about it falling to as low as 55c. That is in relation to the US dollar, obviously.

The Treasurer is also facing an inflationary surge from the introduction of the goods and services tax, well in excess of that claimed by the government. If the dollar were to fall to as low as 55c, that inflationary pressure would be even greater. Mr Costello is also being pressed by corporate Australia to cut public spending in the forthcoming budget. For example, the Australian Institute of Company Directors was reported in the Australian newspaper on 16 March as calling for spending cuts of $3 billion. The government’s favourite economic consultant, Access Economics, has claimed that there is a $3 billion underlying budget deficit which, it says, would undermine strong economic growth when coupled with a weak currency and a high current account deficit.

I am concerned that, in such an unstable economic climate, Mr Costello might want to pander to the money market in this budget—as he did in 1996—and cut government spending further. I suspect that that is the advice he is receiving from Treasury officials at the moment. In such a climate, the Tasmanian wheat freight subsidy is badly exposed. I am sure the Treasurer would delight in drawing on the rhetoric of the Vaile media release from February last year to justify the abolition of the scheme. Mr Truss, the minister, must not offer the termination of this important scheme as an option to meet savings targets set for his department by Treasury in the 2000-01 budget negotiations. It is a small program and it is therefore considered by Treasury and Finance as an easy savings option. That is why I want Mr Truss to publicly guarantee that funding for the program will continue next financial year. A public commitment now, prior to the budget, from the minister about the scheme’s future is essential. If the scheme is to be reviewed in the future, the minister must ensure that the process is an open one.

Gambling

Senator TIERNEY (New South Wales) (1.38 p.m.)—Today is the second of a series of speeches I am making on problem gambling in Australia. I want to focus in particular today on the problems in New South Wales, which is rapidly becoming the gambling capital of the world. The Premier belatedly realised the problem that he has in New South Wales by placing a freeze on poker machines in pubs and clubs and now the new outlet—gambling shops in shopping centres. This has now been frozen. That is a reasonable first step, but a lot more needs to be done to overcome the very damaging policies of the Carr Labor government over the last four years.

There are many examples of how the policies of the Carr government and his minister for misery, Richard Face, have increased the amount of problem gambling and also its negative social outcomes in New South Wales. They do not seem to have seen the problem that they are creating across the state by developing a let-it-rip policy in terms of new development.

One of the scariest new developments in this area—scary because of the scale and location—was the one that was about to go ahead in the Liverpool area of Sydney. The local council gave this particular development the green light on the grounds it would create jobs in the area. The development was going to house 600 more poker machines and, while concentrating on the jobs side of it, the local council—indeed, the Carr government—have failed to look at the social impact on a suburb like Liverpool in Western
Sydney. The research of the Productivity Commission report shows that problem gamblers are concentrated in the poorer areas and the poorer suburbs. To then put in massive pokie palaces in these areas is really asking for trouble.

Over the last four years the Carr Labor government and the minister, Richard Face, have allowed gambling in clubs and pubs in New South Wales to explode. More recently, we have had the development within the last year of poker machine dens in shopping centres. A number of these have been approved and they are up and running. So we are bringing gambling closer and closer to people and, of course, with the future developments with the Internet, that is going to exacerbate that process even further, because all the research tends to show, particularly that of the Productivity Commission report, that the more accessible you make gambling, the greater the problem gambling becomes in the community.

We are not criticising here people who just go out to gamble; on average, those people tend to lose about $600 a year, which is neither here nor there. Our focus is on the problem gambler, who on average tends to lose $12,000 a year. These are often poorer people and they cannot afford—and their families certainly cannot afford—to lose this money. Yet in the last four years of the Carr government, problem gambling has gone through the roof, as indeed gambling revenues have gone through the roof.

In the four-year period from 1995 to 1999, gambling revenues rose from $7.5 billion to $11 billion, a 50 per cent increase in four years. Female problem gamblers, who used to make up two per cent of the problem gambling population, now make up 50 per cent of the problem gambling population. That goes back to this point of accessibility that I mentioned a few moments ago. If you move the gambling on from the clubs, which are relatively rare across the suburbs, into the pubs, which, of course, are on street corners, thereby increasing accessibility, there is a dramatic increase in the numbers of problem gamblers.

New South Wales, as I mentioned at the start of this speech, has a particular problem. It has more poker machines per head of population than any other area of the world. We now have 97,000 poker machines in New South Wales; that is half the Australian total. We have 10 per cent of the world’s poker machines in New South Wales—10 per cent! New South Wales, having 10 per cent of the world’s poker machines, actually has one-thousandth of the world’s population. That shows how far out of kilter are the policies of the New South Wales Government.

The proof of problem gambling comes from what is in the Productivity Commission report. I want to quote two of the examples of on-the-ground problems people are having when there is problem gambling in the family. One problem gambler told the Productivity Commission:

...in short I had a wonderful life and was on top of the world...I don’t know what drove me to seek diversion in poker machines. I just can’t remember...So pretty soon I was going to play the pokies quite often and yes I was enjoying myself and sometimes even won a few dollars...I lost my interest in music, in my car...dining out, friends, my girlfriend: everything except those reels spinning before my eyes...I was totally consumed, and in what seemed such a short time. Anyway the whole story is long and covers seven years and though I have tried to be unemotional I must say that I have been through hell...I have contemplated suicide many times, I’ve actually felt as if I was already dead.

Then there was this account:

When the boys got home from school there never was anything for them to eat...They had to wear the same clothes as they never had new clothes, I became a liar to my children...I also became very angry most days...We all turned into the family from hell. Due to my gambling I also lost a lot of very close friends through all the lies...The people that have been affected the most with all of this are my boys, my family and friends and also my marriage...my boys have lost their father, friends and their home.

For a lot of these people gambling is like a drug, and I will emphasise again that we are talking about the problem gamblers and the effects that they have.

The survey of the Productivity Commission found that at least seven people around the problem gambler are affected by their behaviour. This includes spouses, parents, children, employers and employees. The cost
to the community is absolutely enormous. Again, the Productivity Commission, which has been the only body in recent times to shed light on this matter, claims that the costs of problem gambling in this country could be as high as $5.6 billion a year. It includes in its costs gambling counselling services, productivity loss at work, earnings loss, staff replacement cost, cost to families and divorce costs.

So how do these businesses that want to establish extra poker machines and new poker machine outlets justify that? We have got to always ask: development at what cost? The states have to consider that, even though they get extra revenue from gaming, they also have a range of extra expenses, including that $5.6 billion. So when you do the pluses and minuses on the sums, what is the ultimate outcome? The Productivity Commission brought down a finding of a negative outcome. That is what governments such as the New South Wales government should keep in mind. They should also keep in mind where this is going from here, now having allowed this enormous expansion in poker machines in New South Wales. Captain Glenn Whittaker from the Salvation Army told the Maitland Mercury on 31 March that there had been a 35 per cent increase in gambling addiction across eastern Australia in the last 12 months. He said the freeze by the state government in belatedly recognising the problem that it has was a first step, but he would dearly love to see a decrease. When we are out of step with the rest of the world by a factor of about a thousand, I think that is a reasonable proposition to put. These are the people helping on the ground, people in the Salvation Army, and their advice certainly should be listened to. They witness first-hand the destruction that occurs in families of problem gamblers.

The Carr government’s policy is to deny, deny, deny. We have had some very strange situations developing in the behaviour of the state minister for gaming, Richard Face. In the Sun-Herald on 2 April, the minister was pictured opening Stargames Ltd, which is a new group in the gaming industry. That night the minister knew about the plan for the freeze on poker machines. He was party to comments by the MC of the night, Alan Jones, who, to quote the newspaper report:

...took the microphone and began to berate what he said was the exaggeration of the level of problem gambling in the community and the knee-jerk reaction of politicians.

Strangely enough, and in contrast to his earlier behaviour, last week Richard Face, the responsible minister—or perhaps we should say the ‘irresponsible minister’—praised research on the impact of problem gambling on the disabled. He made comments to this effect on ABC radio in Newcastle. He was admitting the problems created by gambling—and this was following on from going to the opening of a new gambling provider. The minister for misery is really playing games here with the people of New South Wales. What face will the minister wear next? Is he for gambling or against it? It is time the New South Wales government started taking this issue seriously. It has announced a freeze for 12 months, but it should now set up an independent body to investigate the social impacts, not on the providers but on the people of New South Wales.

The Carr government has handled this matter very badly. The Premier announced a cap on gambling in direct contradiction of what he told the industry last year. He said late last year that many clubs put development plans into action and now those plans could go forward because of the policies that that government had initiated at that time. The state government’s policy allowed not only expansions in clubs and pubs but also the spread of gaming shops. Six months later he turns around and puts on a freeze. What is the industry to make of that? They had, based on the Carr government’s policies, started to allow for expansion in their businesses and now a freeze has been implemented. It is a tremendous mishandling of this policy area by the state Labor government.

The Carr government in determining where it goes after this 12-month freeze must have a very hard look at the key findings of the Productivity Commission report. It must also take into account what the public is saying. In the surveys that were undertaken by the Productivity Commission the public delivered their verdict on gambling and
problem gambling. Seventy per cent of the people surveyed believed that gambling does more harm than good. Ninety-two per cent of the public did not want to see any more expansion of gaming machines. The Carr government is accountable for these continuing problems if it fails to act on the Productivity Commission report. It must do far more than just implement a temporary freeze.

Sitting suspended from 1.51 p.m. to 2.00 p.m.

MINISTERIAL ARRANGEMENTS

Senator HILL (South Australia—Leader of the Government in the Senate) (2.00 p.m.)—by leave—I inform the Senate that Senator Amanda Vanstone, Minister for Justice and Customs, will be absent from the Senate for question time today and tomorrow. She is attending the tenth United Nations Crime Congress in Vienna, visiting several countries for consultation and also attending the Anzac Day ceremony in Cyprus. During Senator Vanstone’s absence, Senator Ellison will take questions relating to her portfolio responsibilities.

QUESTIONS WITHOUT NOTICE

Nursing Homes: Alchera Park

Senator McLUCAS (2.01 p.m.)—My question is to Senator Herron, representing the Minister for Aged Care. Can the minister confirm that during an inspection of the Alchera Park Nursing Home on 15 March a number of problems were identified that remain outstanding from a complaint lodged in November last year following the deaths of residents? Why did the Minister for Aged Care claim that all these complaints were resolved satisfactorily on 18 January this year when the complainants remain unsatisfied and the government’s own standards agency identified continuing problems in the home on 15 March? Is the minister aware that a daughter of one of the deceased residents claims her father received better treatment as a prisoner of war in the Changi prison than he did at Alchera Park Nursing Home?

Senator HERRON—I thank Senator McLucas for the question. I understand that there have been a number of complaints about the care provided to residents at Alchera Park. Since the minister was informed of the deaths of three residents from Alchera Park, more complaints have been received about this nursing home. The Aged Care Standards and Accreditation Agency has made repeated visits to this nursing home. Review audits were conducted in February and November-December last year. There have been at least 10 support contacts since August 1999 and two further visits have been undertaken in March 2000. One of these March visits was a spot check.

The agency has found that, while there is room for improvement by the nursing home, residents are not at serious risk. They are continuing to supervise improvements being implemented by the home. Her department and the agency will continue to closely monitor the progress of this facility. She has advised that the proprietor of Alchera Park has now engaged consultants with significant industry experience to manage the facility. The consultancy contract is effective from 1 April this year for a period of three years and gives the consultants total operational control of the nursing home. In relation to the specific allegation made by that relative of the patient, I will ask the minister if she has anything further to add to that specific complaint.

Senator McLUCAS—I ask a supplementary question. Unfortunately, the minister did not go to the issue of why the Minister for Aged Care claimed these complaints were satisfactorily resolved. However, I also ask: how long do the families of the residents who died last year suffering dehydration and gangrene have to wait until their concerns are answered?

Senator HERRON—I mentioned previously that I would be happy to obtain further information, if it was available, for Senator McLucas. I am concerned that she is starting to beat up this issue again to terrify people right throughout the country about the standards of nursing care when we are fixing up the 13 years of neglect that occurred under the Labor Party. I ask Senator McLucas to give very serious consideration to the attitude that she is taking towards this—to start terrifying people across the country, beating up an issue so that Senator Evans can become an aspirant to higher office within the opposi-
Rural and Regional Australia: Fuel Costs

Senator CALVERT (2.04 p.m.)—My question is to the Assistant Treasurer, Senator Kemp. Will the minister outline how rural and remote Australia will benefit from the introduction of the grants scheme, which will ensure that fuel prices need not rise? Would the minister also outline why primary producers and businesses in non-metropolitan Australia will benefit from the on-road diesel grants scheme announced today?

Senator KEMP—Thank you, Senator Calvert—the very efficient and popular whip on the government side—for that important question, which I think is of great interest to the Australian public. As announced in its policy for the last election, the government is committed to reducing the excise on petrol at the time of commencement of the GST on 1 July. For business, which gets a credit for the GST, this means that the cost of petrol and diesel will fall by about 10 per cent. For consumers this means that prices need not rise as a result of the GST. To ensure that this commitment is followed through in non-metropolitan and remote Australia, the government yesterday announced a new grants scheme targeted at consumers in these areas. The grants scheme will help address the divergence in fuel prices between cities and regional areas. This will be of direct benefit to regional and remote Australia of around $50 million over a four-year period.

The Howard government is the first government in living memory to cut the excise on petrol. If we can recall some history, Labor indexed petrol prices in their 13 years in government. The average inflation rate of around 5.2 per cent obviously produced very substantial rises in the excise. However, on top of that Labor had discretionary increases in petrol excise totalling almost 10c per litre. A further key element in the government’s commitment to cut fuel costs is the Diesel and Alternative Fuels Grants Scheme. The scheme will provide those eligible with a total reduction of around 23c or 24c a litre in the cost of using diesel, including the GST input tax credit.

Today the Deputy Prime Minister and I announced extended eligibility for primary producers and for agents or contractors who transport goods on behalf of a primary producer. We also announced the metropolitan boundaries which will apply under the scheme. These boundaries, developed as a result of a compromise tax package negotiated with the Australian Democrats, preserve largely the government’s original intention of reducing transport costs in regional areas and address concerns about diesel emissions in our major cities. Today’s announcement, I am pleased to report to the Senate, has been welcomed by the National Farmers’ Federation. Its president, Ian Donges, has said:

This latest decision will provide a measurable benefit for around 210,000 businesses and it is an important component in the package of fuel excise reductions delivered by the government as part of its tax reforms.

I am sure senators, indeed all Australians, would be interested to hear what the Labor Party’s position is on fuel prices.

I have to say that I posed this question to Senator Hutchins in a recent Senate estimates hearing. Senator Hutchins concluded that I would have to ask his leader what the Labor Party’s attitude is. I hope now that we can get this clarified in the ensuing debate.

Nursing Homes: Staffing Complaints

Senator QUIRKE (2.08 p.m.)—My question is to the Minister representing the Minister for Aged Care. Is the minister aware that on 27 March the South Australian state manager of Minister Bishop’s department published a letter criticising the ANF for raising problems in the media over the lack of nursing staff in a South Australian nursing home before lodging a complaint with the department? Can the minister now confirm that the ANF did lodge complaints about this very issue, naming the facility concerned, with the department’s complaints resolution scheme confirming receipt of the complaint on 10 March? Why was the state manager unaware of the complaint three weeks after it was lodged with his office?
Senator HERRON—As so often is evident with questions on aged care in this chamber, the premises on which the questions are asked need verification. I do not have a brief in relation to this question. I am happy to get back to Senator Quirke with an answer to that, but I do not accept the allegations prima facie that he has produced in the question.

Senator Quirke—Madam President, I ask a supplementary question. If complaints raising serious issues about a lack of nursing staff in nursing homes can go missing or cannot be recalled, doesn’t this signal some fundamental flaws in this complaints system? How can the public have any faith in a system that did nothing for one month to investigate complaints about kerosene baths and that now loses a complaint about the lack of nursing staff?

Senator HERRON—The interesting thing about this complaints mechanism is that this government established it. And like the GST, if the Labor Party ever comes to power, they are not going to repeal the complaints mechanism that we have put in place. Now they are complaining about the complaints mechanism. They are not going to repeal it, like the GST and like the accreditation system, and now they are complaining about it. As I said before, I will follow it through for Senator Quirke. If the minister has anything further to add, I am happy to come back to the Senate.

Rural and Regional Australia: Fuel Costs

Senator CRANE (2.11 p.m.)—My question is to the Minister for Regional Services, Territories and Local Government, Senator Macdonald. What recent steps have been taken by the government to ensure that its commitment to deliver cheaper fuel for business, particularly in rural and regional Australia, occurs?

Senator IAN MACDONALD—I thank Senator Crane for that question. Senator Crane, coming from rural Western Australia, understands, as all of us in the coalition do, just how important transport costs are to rural and regional Australia. The coalition government promised in its tax package that we would make costs cheaper for those transporting goods in rural and regional Australia. We did that because we understand the impact of transport on costs of living. We have said that we will bring in a GST but that, at the same time, we will make transport costs cheaper by a number of means—one of which was reducing the excise on fuel.

Unlike what we have done, the Labor Party are going to keep the GST but they are not going to reduce the costs of excise on fuel. Mr Crean said in Rockhampton just the other day, ‘We are not going to change the excise regime on fuel.’ So Mr Crean is saying that the Labor Party will leave the 44c a litre excise on transport costs in rural and regional Australia. That is the Labor Party policy; whereas under the coalition, as a result of the initiatives announced this morning, the price of excise on fuel used for transport in non-metropolitan Australia will fall by 24c a litre. For primary producers anywhere in Australia, it will be 24c a litre cheaper on transport costs. For those transport trucks over 20 tonne, even in metropolitan Australia, the fuel costs will be 24c a litre cheaper. I again draw the distinction that it will be 24c a litre cheaper under the coalition and that with the Labor Party, according to Mr Crean, there will be no change on the present. So 44c a litre is going to be there, and they are going to keep the GST as well. The good news goes on. As a result of the initiatives announced today, for small business effectively there will be a reduction in the cost of fuel of 7c, 8c, 9c a litre. That is the impact of the coalition’s initiatives this morning. For small business we are doing something positive.

In the country we rely heavily on rail transport. Under Labor, all those trains consumed fuel with a 44c a litre excise on it, and that will remain under Labor. Under the coalition, that 44c a litre for rail transport will go. These are real initiatives. They show that this government cares about people in rural and regional Australia. Not only does the Labor Party have no sensible policies, no announced policies, but they are now saying that they will keep the GST but leave the excise on the transport vehicles of rural and regional Australians at 44c a litre. We are going to reduce that. Is there anyone in the
bush who would possibly consider a vote for Labor with that sort of policy—keep the GST but keep excise at 44c a litre? Under us, it will be 24c a litre cheaper. That is a real benefit to those living in rural and regional Australia. It is a real concession to rural and regional Australia that will help get it moving ahead, as we all know it can.

Honourable senators interjecting—

The DEPUTY PRESIDENT—Excuse me, Senator Crane, you, Senator Mackay and Senator Conroy, and I am not sure who else on my right hand side, have continued a conversation for the whole of question time to date. I would ask you to cease that conversation.

Nursing Homes: Inspections

Senator CHRIS EVANS (2.16 p.m.)—My question is to Senator Herron, representing the Minister for Aged Care. Can the minister confirm that, at a meeting with the aged care sector on 9 November last year, the Victorian state manager of the government’s Aged Care Standards Accreditation Agency stated that he had ‘wound back its program of inspecting and monitoring substandard nursing homes’? Isn’t it a fact that Victoria is the state most at risk in terms of the number of problems in nursing homes? Given recent events, does the minister agree with the decision to reduce the inspection and monitoring of substandard nursing homes in Victoria? Would the Riverside Nursing Home crisis have occurred if the Howard government had not cut back on the inspection of nursing homes that were known to be failing to provide proper care to residents?

Senator HERRON—I do know that the Riverside Nursing Home affair occurred under the previous government. What was put in place by this government was an accreditation system that reined it in. So it is no good coming back in retrospect now and saying, ‘Under us, it wouldn’t have happened.’ Of course it was happening at the time, and Senator Evans knows that. It was occurring under the Labor Party. It had been reported under them. What action did they take? They took no action whatsoever. I think the question is: what is the Labor Party position on this situation? What is the Labor Party policy on any situation? All we do know is that they are going to sit down; they are going to have a good sit down. Madam Deputy President, you will recall the phrase ‘have a cup of tea’—

Senator Faulkner interjecting—

Senator HERRON—Senator Faulkner is right: have a cup of tea, a Bex and a good lie down. I know what the Labor Party policy is now. I will give them a prescription. He does not want my prescription.

Senator Chris Evans—Madam Deputy President, I rise on a point of order that goes to the question of relevance. The question was: did the minister agree with the decision to wind back the inspection of aged care facilities, the monitoring of aged care facilities, in Victoria which was taken in November last year. I would appreciate an answer.

The DEPUTY PRESIDENT—Order! I am sure that the minister was just giving a preamble and is now about to get onto the issue of inspections.

Senator HERRON—I recognise Senator Faulkner’s interjection. He said that a Bex is no good for your kidneys. It is true, so I have a new prescription: have a cup of tea, a Herron paracetamol and a good sit down. That is what the Labor Party policy is: to sit down and have a little talk about things and a think about it. I would give them the prescription. Just as Senator Faulkner said, ‘Bex is no good for your kidneys’—

The DEPUTY PRESIDENT—Senator Herron, that has no relationship to the question, so please ignore his interjections.

Opposition senators interjecting—

The DEPUTY PRESIDENT—Order! I will have order on my left, please.

Senator HERRON—I completely refuse the implication of the question but, because I have not got a brief on it, I will get back to Senator Evans. He is trying to make his name. I know he is a good young man who is trying to get further on the frontbench. He will outstrip Senator Conroy in the passage of time; there is no question of that. Madam Deputy President, I would be happy to answer a supplementary question if he has one.
Senator CHRIS EVANS—I thank the minister for the ‘young’ reference; it is much appreciated. I do have a supplementary question. I am happy to provide the minister with the minutes of the meeting where the standards agency charged with inspecting nursing homes announced that it was winding back on its inspection and review role of standard nursing homes. Does the minister accept that policy decision? Was it endorsed by government? Would he now agree that there is a need to reinstitute the proper inspection of nursing homes in Victoria?

Senator HERRON—I am happy to confirm that we will adopt the Labor Party policy as announced by Daryl Melham on the Sunday program—that is, ‘We will fix it up.’ We will listen to it, and if Senator Evans wants to make a contribution of the sort that he has just presented I can assure him that, like the Labor Party, I will get an attack of the DMs and ‘we’ll fix it up.’

Kosovo: Refugees

Senator BARTLETT (2.20 p.m.)—My question is to the Minister representing the Minister for Immigration and Multicultural Affairs, Senator Ellison. The government has been justifying its insistence on returning refugees to Kosovo by saying that it is acting on the advice of the United Nations High Commissioner for Refugees that it is safe to return people. Can the minister confirm that UNHCR has specifically advised against returning the following groups of people: persons and families of mixed ethnic origin, people perceived to have been associated with the Serbian regime, people who have refused to join or support the Kosovo Liberation Army or the laws and decrees of the KLA, members of which now effectively control many parts of Kosovo, and people from areas where they constitute an ethnic minority? Doesn’t the UN also say that factors such as the availability of adequate shelter, accessibility of health, education and social services and access to income producing employment should also be taken into account? Minister, can the government guarantee that these factors do not apply to any of the Kosovar refugees whom the government has returned or is intending to force to return?

Senator ELLISON—Senator Bartlett raises an important issue, one to which the government has been giving careful consideration. I can confirm that advice was passed from the United Nations High Commissioner for Refugees on the circumstances in which there would be some concern for Kosovars returning to the region. That advice and individual circumstances have been considered by the minister in making his decisions on individual cases and whether he should lift the bar that prevents safe haven evacuees from making an application for a visa.

The minister has lifted that bar in 30 cases, covering 123 people. The minister has indicated the bar has been lifted specifically for some of the reasons outlined by Senator Bartlett in his question in relation to the reasons put forward by UNHCR. Those people for whom the bar has been lifted will be allowed to make a visa application, which will be assessed against relevant legislative criteria. The minister has stated publicly that Australia has no intention of returning people to Kosovo if they have a well-founded fear of particularised persecution. In another 35 cases, covering 147 people, the minister has agreed to extend their safe haven visas for medical, trauma or other strong grounds.

The minister would like it to be noted that Operation Safe Haven was the largest and most successful humanitarian exercise Australia has been involved in. It relied on a partnership between government agencies and community organisations and attracted a generous response from the Australian community. The cost of Australia’s assistance to the Kosovar evacuees has been in the vicinity of $100 million. As I have stated, this touches on some other matters related to the UNHCR. Senator Bartlett was kind enough to give us notice of this question before question time, and I will undertake to get back to the Senate on the issues which I have not covered in this answer.

Senator BARTLETT—Madam Deputy President, I ask a supplementary question. I did not ask about the refugees who have been allowed to stay; I asked about the refugees who have been forced to return and the conditions that they have been returned to. Can the minister confirm reports in today’s Can-
that the government is in some cases not returning people to their previous homes, for example in areas such as southern Serbia or north of Mitrovica, but to somewhere else in Kosovo. Is this not also specifically contrary to the views expressed by the UNHCR, both in their advice to government last month and in today’s Canberra Times? If the government is so sure that they are assessing people’s protection claims adequately, why are they specifically prohibiting people from accessing Australia’s long-standing regime of independently assessing claims for refugee status? Why is the minister making decisions on his own, in private, in his own office?

Senator ELLISON—Of course, the minister is accountable to the parliament, and, in the broader sense, the Australian people, and the law specifically allows the minister to personally intervene where there is a possibility of a person facing persecution if that person is returned. That is the responsibility of the minister. That is why we elect people to government and that is why we have accountable people in these positions of responsibility.

In my previous answer I did outline that the reasons which had been put forward by the UNHCR had been taken into account by the minister in relation to those people who had been given the relevant visas. But in relation to the other aspects of Senator Bartlett’s question, I will take them on notice.

Nursing Homes: Victoria

Senator JACINTA COLLINS (2.25 p.m.)—My question is to Senator Herron, representing the Minister for Aged Care. Can the minister confirm that a significant proportion of Australia’s problem nursing homes are concentrated in Victoria? Is the minister aware that, as of March this year, there were some 35 nursing homes in Victoria which remained uncertified? Isn’t it the case that all of these nursing homes will be forced to close on 31 December this year if they are not certified? Has the government put any arrangements in place to ensure that any residents affected by these closures will be accommodated? Can the minister confirm that in 1998-99 there were 608 complaints received about nursing homes in Victoria, which is double the rate of complaints for other states? Given all of these facts, why did the government choose to wind back its inspection of substandard nursing homes in Victoria?

Senator HERRON—It may well be because there is a Bracks Labor government. The allegation has been made—

Senator Faulkner—We want a sensible answer.

Senator HERRON—I’ll try. I accept that the question asked by Senator Collins has a factual basis, but I think it is important to put it in context. The context is that when we came into government, by the Labor Party’s own report, there was a 10,000 place deficiency across the country. There were 10,000 places that needed to be filled.

Labor’s poor social policy record is clear: aged care provision dropped substantially between 1985 and 1991, from 100 places to 93 places per 1,000 people aged 70 or more. The aged care provision has been extended, and it has been extended further to match the growth in Australia’s older population. The minister announced that this year the government will allocate more than 14,000 new aged care places in every state and territory. Every state and territory will benefit from this record new allocation, which will include 7,889 new residential care places and 6,438 new community care places. 13,092 new places will be advertised in regions targeted in the forthcoming aged care approvals round. There is also a national pool of 1,685 places for multipurpose services, for services which are restructuring and for emergency and flexible care needs such as extending coordinated care trials and aged care services in remote indigenous communities.

Senator Collins makes the allegation that there are not enough nursing home places. Let us set the record straight. There has never been a release of new residential places as large as this. In 13 years—I am sorry if it sounds as if I am harping on the 13 years of failed and lost opportunity of the Labor Party—the opposition never came close. They never even came close to releasing this many places. They had the opportunity, and what did they do? They ignored it. What
would you expect with an opposition as leaderless as they are. The bulk of the new places, 7,378 of them, are low care residential places, and these hostel places will admit people when they first become frail.

Senator Faulkner interjecting—

Senator HERRON—They can then age in place, just as Senator Faulkner is aging by the day in his position as opposition leader. If they eventually need nursing home level care, and he may well need this, the government’s aged care reforms will make sure that they will get it and that he will get it as well. Madam Deputy President, 511 of the new places are high care residential places, and this is in line with every release of new places since 1985. Every year the bulk of new places are hostel places, and the overwhelming need in Australia is for low care residential places to allow ageing in place.

Senator Collins alleged, for example, that there are not enough high care places in Victoria. The national pool of places includes 180 residential care places available for allocation in emergency situations such as the closing of a nursing home.

Senator Carr—Any brief will do—any piece of paper.

Senator HERRON—These places are available in any state or territory, Senator Carr, even yours. There is either high care or low care.

Senator Carr—How embarrassing.

Senator HERRON—If Senator Carr is embarrassed by the fact that Mr Bracks is Premier of Victoria and we have lost that great leader in Victoria, I understand that. The Howard government has released 32,000 new aged care places since entering office. That represents 45 per cent of all growth in the aged care programs since the opposition first tried to fix aged care planning in the mid 1980s. This record allocation will make up the deficit of 10,000 places inherited from Labor.

Senator JACINTA COLLINS—Madam Deputy President, I ask a supplementary question. It seems I will need to use my supplementary to take the minister back to my original question, which did not relate to creating new places. It seems the minister needs to create his own questions in order to find an answer. I asked the minister why the Howard government is refusing to recognise the serious problems faced in aged care in Victoria and why the Howard government wound back its monitoring of nursing homes in Victoria, when all the evidence suggests that this activity should in fact be increased.

Senator Faulkner—Now answer that.

Senator HERRON—I am happy to answer that. The reality is that we inherited an enormous deficit—13 years of Labor Party running it down and not accepting their own report. Senator Collins can shake her head, but it is true. They do not have a policy on aged care. They do not have a policy on anything, as far as I can understand, other than to have a good sit down and think about it. I notice from today’s paper that Mr Beazley said that. In today’s Sydney Morning Herald Mr Beazley is quoted as saying, ‘The Labor Party would consult with all parties before we make any changes.’ That is the Labor Party policy: ‘We’ll consult with all parties before we make any changes.’ That is what the Labor Party said and that is what I am sure they will do if they ever come back into government. But the reality is, to answer Senator Collins’s question specifically, we will fix it.

Senator Abetz—Madam Deputy President, I rise on a point of order. Madam Deputy President, I would encourage you during question time to keep a close watch on Senator Faulkner, who strategically places his back to you. Throughout each and every answer given by Minister Herron this afternoon, we have had a meaningless diatribe of interjections from Senator Faulkner with comments such as ‘Good emphasis on the word “new”.’ I have made a list of a whole lot of things. It is just a continual sledging, and I would ask you to call him to order.

Senator Schacht—Did you circulate the list?

The DEPUTY PRESIDENT—Order, Senator Schacht! The level of noise and interjections from both sides is far too high. I am not able to hear Senator Faulkner’s, but I hear a lot of others that I do not find particularly edifying. I would ask all members of the
Senator—both sides—to stop the interjections and to cease the conversations across the chamber, including you, Senator Kemp and Senator Conroy. If you two would cease your interjections and conversations across the chamber it would be much better. I will have some order, thank you. I will have improved behaviour on both sides.

Child Support: Fraudulent Claims

Senator HARRIS (2.33 p.m.)—I address my question to the Minister representing the Minister for Community Services. Is the minister aware that there are a number of single custodial parents in Australia who are receiving under the Child Support Scheme incomes based on fraudulent claims? I refer in particular to single custodial parents who are not declaring income earned from overseas students who board with them on a cash basis. Some supporting parents in the Gold Coast region are in receipt of cash payments of up to $600 a week in undisclosed income. I ask the minister to confirm or deny if such complaints have been made or received by her personal staff within the last four weeks.

Senator NEWMAN—I thank Senator Harris for his question. I would encourage anyone who believes that their child support assessment is incorrect to apply for a change of assessment immediately.

Senator Robert Ray—Like you dobbed in your neighbour.

Senator NEWMAN—Obviously Senator Ray is not concerned about the fraudulent use of child support. Anybody who is concerned to see that parents receive what they are entitled to and that the taxpayer is not defrauded in any way would be concerned about this question. So I do thank Senator Harris for the question. I say again that anybody who believes that their child support assessment is incorrect should apply for a change of assessment immediately whether it is due to allegations of fraudulent information going to the agency or whether it is through a change of circumstances. The scheme does allow either parent to apply for a change of assessment if they believe the income of the other parent is not fully declared. In cases where the Child Support Agency becomes aware of either parent fraudulently not notifying their correct income, they will take appropriate action. If appropriate, they will also notify the Australian Taxation Office and Centrelink if those agencies need to be informed of the information that has come to the agency.

I cannot address Senator Harris’s specific concern about a complaint regarding parents receiving income from overseas. I can assure him that all complaints that are made to the CSA or to Centrelink about these sorts of matters are investigated fully and, if appropriate, they are referred to the Director of Public Prosecutions for prosecution action.

Senator HARRIS—Madam Deputy President, I ask a supplementary question. Minister, what action has been taken regarding the issue? Has the minister’s department passed on any information to any other department if the original inquiry was beyond the department’s jurisdiction? Is it correct that, when notice of the undisclosed income of $600 was referred to the tax office, the tax office ruled that the income was derived from a hobby and was therefore not taxable? Under that ruling, that income is then not taken into account in the cost to the payer parent.

Senator NEWMAN—I am afraid that is something that I cannot take a great deal further, Senator Harris, because I cannot speak for the tax office to begin with and, anyway, tax information about individual taxpayers, even if a politician happened to know about it, it is not appropriate to disclose in the public arena. So I think Senator Kemp would be in full agreement that, even if I knew, I could not say. I do not happen to know the details of that but I would have great confidence that, if my department was a link in this chain that we are talking about of being concerned about fraudulent information going to the agency, it would be honour bound to pass that on to the agency. But as far as this particular case is concerned, I cannot particularly advise you here.

DISTINGUISHED VISITORS

The DEPUTY PRESIDENT—Order! I draw the attention of honourable senators to the presence in the chamber of the parliamentary delegation from the Republic of Armenia, led by the Chairman of the National Assembly, His Excellency Mr Armen...
Khachatrian. On behalf of honourable senators, I have pleasure in welcoming you to the Senate today and I trust that your visit will be both informative and enjoyable. With the concurrence of honourable senators, I propose to invite the Chairman to take a seat on the floor of the Senate.

Honourable senators—Hear, hear!

Mr Khachatrian was thereupon seated accordingly.

QUESTIONS WITHOUT NOTICE

Child Care: Statistics

Senator CROWLEY (2.38 p.m.)—My question is to Senator Newman, the Minister for Family and Community Services. Can the minister confirm that there were 143,500 families receiving the maximum rate of child-care assistance in 1996-97 but only 135,000 in 1999? Isn’t it the case that the only families who are eligible for the maximum rate are on low incomes, earning $27,000 a year or less? If the government has a good record of helping low income families with the cost of child care, as the minister always claims, then why are there today 8,500 fewer low income families receiving child-care assistance than when the Howard government was first elected?

Senator NEWMAN—I think the key to that question is that the senator was talking about receiving the maximum rate. A number of parents have in fact received pay rises that have taken them out of the eligibility for the maximum rate.

Senator Chris Evans—Because you didn’t index it. You took away the indexation. Give the rest of the answer.

The DEPUTY PRESIDENT—Order! Senator Evans!

Senator CROWLEY—Madam Deputy President, I have a supplementary question, and I am enormously thankful to Senator Evans for that pertinent interjection. Isn’t the real reason these low income families have been driven out of child care that this government’s spending cuts have pushed up gap fees by at least $30 a week? When will the minister commit to some real welfare reform and start making affordable child care a priority for government?

Senator NEWMAN—I am sick and tired of the opposition trying to perpetuate myths. Opposition senators interjecting—

The DEPUTY PRESIDENT—Order! Can I have some order, please, from both sides.

Senator NEWMAN—I was sitting here about five minutes ago saying to Senator Alston, ‘Isn’t it amazing that I can come into this chamber and over and over and over again put the facts on the table about child care and still they don’t get reported; all we get are the myths. Only the other day, in here this week, I put those facts on the table in a debate in this place. Does one bit of that get into the papers? No, we have simply got these people out there myth making.

Telstra: Sale

Senator TIERNEY (2.42 p.m.)—My question is to the Minister for Communications, Information Technology and the Arts, Senator Alston. Minister, the government has been totally honest and up front with the Australian public about its plans to sell the remainder of Telstra. Has the minister’s attention been drawn to an article in today’s Bulletin on ‘The accidental leader’ and does this article contain any evidence of any alternative approaches to the future sale of Telstra?

Senator ALSTON—Thank you, Senator Tierney. Yes, I have had my attention drawn to that article. That is the one about the leader who prefers not to read newspapers; in other words, a politician who does not think he needs any tools of trade, which presumably explains why he has got all the time in the world to stagger up Mount Ainslie every morning because, when he comes into the office, all he does is basically sit there until one of his minders tells him what is happening in the real world. In other words, if he sees a negative headline about himself, he turns the page. ‘I figure if there’s anything important, my media advisers will let me know’—I mean, it is pathetic.

The critical difference between the parties on the big issue of Telstra is that we have been up front and honest. We have gone to the Australian public, they have known exactly what they are getting, they know what
... ... ... ... ...

He's against the sale of Telstra, but didn’t really used to be and many in his inner circle are convinced he would sell it in office.

In other words, if he cannot convince his inner circle, how can he convince the Australian public? In fact, they know the game is up. They know he would sell it as quick as a flash. Who is the inner circle? This article is at great pains to basically point out that Senator Faulkner is utterly irrelevant. The only ones who apparently get a look-in are those who spend all their days camped outside the leader’s office, presumably waiting for him to turn up so they can tell him what is in the papers. One of those is no other than Stephen Smith. What does John Lyons say about Stephen Smith? He says:

While Smith sounds strong in his opposition to the further sale of Telstra, some of his colleagues believe he would be prepared to sell it in office.

He is one of the Bobbsey twins. You know who the Bobbsey twins are, don’t you? They are the guys who run around chasing the headline of the day. The article says:

They personify the modern machine politician. The first question they ask invariably is: what headline will we get in tomorrow’s newspapers if we take this course?

In other words, the big picture, the vision, the great decisions for Australia: what reaction will we get in the papers tomorrow? That is the mentality; that is the prism through which all policies are judged. As Mr Lyons said on radio today in talking about this incredible interview with Mr Beazley:

He's against the sale of Telstra, but didn’t really used to be, and in fact I believe that if Labor got into power they would sell Telstra. That is the information I have been given. He wouldn’t confirm that, but I believe that they will get into power if they do and say, 'Well, we needed to sell it as well.'

This is someone who interviewed Mr Beazley over presumably several hours, and Mr Beazley said at the end of it:

If I don't like [the article], I won't read it.

He was presumably saying, ‘I’ll have to lock myself in my room and wait until someone rings up and tells me the bad news.’ So he could not even convince this journalist that he was against selling Telstra. All he could say was that he would not confirm it, and he will not confirm that he was there with Mr Keating when they tried to flog Telstra to BHP. This is a damning expose of Labor. (Time expired)

Child Care: Jobs, Education and Training Program

Senator CROSSIN (2.46 p.m.)—My question is to Senator Newman, the Minister for Family and Community Services. Is the minister aware that her own department’s budget statements show that spending on child care for participants in the JET Program, which helps sole parents to find work, has fallen from $10.5 million in the last Labor budget of 1995-96, on page 152 of the report, to $4.6 million in this government’s last completed budget of 1998-99, which is on page 183? Once the rhetoric is stripped away, isn’t this the reality of the government’s commitment to sole parents: halving of the funding to meet the child-care needs of sole parents trying to find work through the JET Program?

Senator NEWMAN—No, that is not true. The funding for the Jobs, Education and Training Program, JET—which is one of the few good programs the Labor Party ever introduced and which we supported—is now dispersed through several portfolios. This matter has been discussed in estimates, and I think Senator Crossin is just canvassing old ground. There has in fact been an increase in expenditure over the last year on the JET Program.

Senator CROSSIN—Madam Deputy President, I ask a supplementary question.
How can the minister expect to be believed when her insistence that the government has not slashed child-care funding for the most vulnerable families is in fact contradicted by her own department’s reports to parliament?

Senator Newman—I do not think I have got anything to add to that. It has been canvassed before, and I think that you perhaps had better come along to the estimates committee hearings. The money for child care that has been allocated every year since we have come into government has been an increase on the previous year. It is all an increase on what was done in previous years—

Senator Chris Evans—Allocated, not spent.

Senator Newman—Senator Evans, we have had that little tussle across the chamber this week. Nobody is ever making somebody put their children in care. The money is there if they want to take it up, just like this government has provided a subsidy for people taking a vehicle across Bass Strait. It is driven by demand. The money is allocated. If more is needed, more is spent; if less is needed, less is spent. That is the lesson on that one. As far as the JET Program is concerned, I can assure Senator Crossin that more money has been spent on the JET Program in the past year than before, but it is scattered over other departments as well as mine. (Time expired)

Greenhouse Gases: Coal

Senator Allison (2.49 p.m.)—My question is to the Minister for the Environment and Heritage. I refer to the fact that eminent atmospheric scientists are now saying that to stabilise atmospheric concentrations of greenhouse we must reduce emissions globally to a third of the current level. Minister, doesn’t this mean Australia must phase out its dependence on coal? Premier Beattie said on Monday that Minister Hill could, if he were serious, quash Queensland’s approval of three new coal-fired power stations. The Queensland government also says it is promoting greater use of gas and renewable energy. Minister, what is going on? Will you intervene? And have you considered financial assistance for the PNG gas pipeline as an alternative to coal?

Senator Hill—The science of climate change continues to firm up. It is anticipated that the next report will indicate that scientists worldwide are more confident in their assertion that the unprecedented rate of increase in global temperatures that is occurring at the moment is related to human intervention, or there is a causal factor between human activity and that rise in temperatures. Scientists also tell us that, whilst the full consequences of that are obviously uncertain, there is within it considerable risk that there may be major weather events, sometimes of a catastrophic nature, that may occur more often. Other changes, of course, with temperature changes and changes in humidity could lead to expanding areas of disease and so on. The bottom line of all that is that the global community should be acting prudently, looking for ways in which it could become less carbon dependent and looking for ways in which economies can grow in a less carbon dependent manner. Australia has taken that approach. We do not see that it is sensible to be sacrificing our economic competitiveness, but we do believe that within that constraint there is much that Australia can do to build a less carbon intense economy. In terms of international comparisons, we are, as I am sure the honourable senator would know, a very carbon intense society.

The government is implementing a whole range of programs to help bring about this transformation in the structure of our economy and we are committed to a goal of an increase of carbon emissions to 108 per cent by the year 2010 over a 1990 base. Without the intervention of government—the programs that we are currently implementing and the very large sums of money that we have put towards that objective, almost $1 billion now within the government’s greenhouse programs—it would be anticipated that the growth would be to a figure of about 130 per cent. Thus, within a very short period of time, our programs are designed to bring about very major changes in the structure of the Australian economy. Yes, it is true that in looking for a less carbon intense economy it would be useful if we were less reliant on coal in the production of our energy. Coal is by far the dominant fuel source at the moment, I think accounting for about 80 per cent
of energy production—it may even be a touch more than that. If gas were able to be delivered at a competitive price to the locations where it is necessary for the production of such power, that could help provide a better mix of power and energy sources and a better greenhouse outcome.

The Australian government is keen on the concept of the pipeline from PNG. The financial assistance that we have offered to Coimalco, which according to my memory is $100 million, is a major financial incentive towards that pipeline going ahead. One of the benefits of that pipeline would be that it would provide the potential for gas to be delivered to the major areas of industrial growth on the Queensland coast and therefore give gas a better prospect of being economically competitive with coal. As I said, that could help bring about a change in the profile of our energy and a better greenhouse outcome.

(Time expired)

Senator ALLISON—Madam Deputy President, I ask a supplementary question. Minister, the price of coal continues to go down. In fact, this morning the CFMEU said that coal is too cheap. Is it not the case that gas cannot be competitive while coal is as cheap as it is? Is that not the key problem? Is that not the reason why Australia is already having trouble meeting its 108 per cent Kyoto commitment?

Senator HILL—The difference between the government and the other parties in this chamber is that the government are after win-win outcomes. We are after good environmental outcomes, but we want to maintain a strong, growing economy that can produce wealth and give people jobs. If one of our competitive advantages is the cost of coal, we are very reluctant to sacrifice that. The other parties in this place would, of course, advocate energy taxes. Carbon taxes were promoted by Senator Faulkner when he was environment minister. Fortunately, he got overruled in cabinet in that regard; we all read about it in the newspapers. But we are not into carbon taxes. We believe that we can achieve good economic outcomes and good environmental outcomes without new energy taxes and that is the preference that we take. We think it will deliver better outcomes.

Children: Centre Closures

Senator LUNDY—My question is to Senator Newman, the Minister for Family and Community Services. Can the minister confirm that at least 400 child-care centres have closed down since this government was elected? Does the minister agree that child care is an industry heavily affected by economic change and that child-care workers who have lost their entitlements should therefore be eligible for assistance from the government’s Employee Entitlement Support Scheme? What will the minister do to protect the interests of these low-paid workers, most of whom earn no more than $20,000 per year for full-time work?

Senator NEWMAN—I am glad that Senator Lundy got up because here is yet another myth manufactured by the Labor Party that can be put to rest—let’s see whether this gets out. Certainly, 400 child-care centres in Australia closed between July 1996 and December 1999, but 590 have opened, a net increase of 190. I never hear any ALP spokesman mention the fact that there has been a net increase of 190 child-care centres that have opened since we have been in government. The figures show quite clearly—there is research by the department based on ABS statistics—that they have not been disproportionately in disadvantaged areas. It has been something like fifty-fifty in advantaged and disadvantaged areas. This information is all on the public record. I have said it over and over again, but the opposition get away with putting up these myths over and over again. I am sick and tired of hearing misinformation being put out by people who purport to be honourable senators. It is just as much on the shoulders of the opposition to not mislead the Senate or the Australian people as it is for the government. Let us make sure that next time any questions asked and any public statements made are based on fact.

Senator Lundy—I rise on a point of order, Madam Deputy President. My point of order goes to relevance. I asked the minister a specific question about employee entitlements.

The DEPUTY PRESIDENT—You also asked about the number of child-care places. I am sure the minister is still answering. She
is not yet halfway through the time for her answer. I am sure she will canvass quite a deal of issues.

Senator Newman—Madam Deputy President, I was so fixated on yet another myth being regurgitated that I am afraid the rest of her question passed me by. If she would like to put it in a supplementary question, I would be quite happy to respond to it.

Senator Lundy—Madam Deputy President, I have three specific supplementary questions to which the Senate is entitled to three specific answers. Is the minister aware that some 50 former employees of Queensland child-care centres—

Honourable senators interjecting—

The Deputy President—Order! There is too much general noise in the chamber from both sides for the minister to be able to hear the question or, for that matter, for me to be able to hear the question. I would like some silence so that the minister can hear, please. Senator Hill and Senator Faulkner, would you cease your conversation. Senator Carr, you are not helping.

Senator Lundy—Is the minister aware that some 50 former employees of Queensland child-care centres owned by Parkoak Pty Ltd are owed wages and other entitlements after the company was placed in receivership in February this year? Is the minister aware that Parkoak have been serial offenders in ripping off child-care workers and in fact owe money to the former staff of no less than six of their child-care centres? Will the minister undertake to help recover the money owed to Parkoak's workers and to prevent further rip-offs? Or can we expect the usual from this minister, which is no knowledge, no responsibility and no action?

Senator Newman—I would condemn any organisation that ripped off its workers, so that is the position from which this minister is answering the question. I also point out that child care in this area is regulated by the state and therefore you need to talk to the Queensland government. The Commonwealth is responsible for the accreditation of child care, but the—

Senator Faulkner—Blame the weather.

Senator Newman—Madam Deputy President, it is very difficult to get over Senator Faulkner’s sledging and shouting all the time. I will try and answer Senator Lundy’s question. I would hope that the Queensland government would do its utmost to recover the entitlements to the workers in that agency. This government has already shown leadership in terms of support for workers who do not get their entitlements. If there is any area with which the Commonwealth could help in that, I would be very happy to look into it.

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

ANSWERS TO QUESTIONS WITHOUT NOTICE

Aboriginals: Reconciliation

Senator Herron (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (3.02 p.m.)—On 10 April, Senator Ray asked me a question relating to the Newspoll public opinion research on Aboriginal reconciliation. I seek leave to have the answer incorporated in Hansard.

Leave granted.

The answer read as follows—

The question was as follows: Is it the case that a senior officer from the Office of Indigenous Policy persistently intervened to re-write the questions to be asked in the Newspoll public opinion research on Aboriginal reconciliation? Was the Minister's approval sought for the altered line of questioning. If so, was it granted?

Supplementary question: Could the Minister confirm that this officer was insisting on questions being designed to gauge public reaction to the concept of special rights for Aborigines including special seats in Parliament?

The answer is as follows:

The recent Newspoll survey was undertaken at the specific direction of the Council for Aboriginal Reconciliation. Council decided on 28/29 August 1999 to undertake research in order to gauge public opinion on its strategies to advance reconciliation.

Officers of the Office of Indigenous Policy were responsible for implementing the Council’s wish that a survey be developed. One of the areas to be covered was the National Strategy to promote the recognition of Aboriginal and Torres Strait Is-
lander rights. This draft document explicitly canvasses the option of dedicated seats in parliament and mentions native title. Departmental officers - in particular the relevant Section Head, the Branch Head and the Division Head - were responsible for giving effect to the Council’s request. This involvement by the Division Head and the other departmental officers was a normal part of managing such a consultancy, particularly one of such scale, cost and importance as this one. The Division Head was the legal delegate for signing the contract and committing the funds.

As is evident from the documents that have been released, the officers liaised closely with Newspoll on such aspects as the size of the quantitative sample, the clarity of the questions, their relevance, potential duplication, ambiguity and logical sequence in order to ensure that the survey document fully met Council’s requirements.

The draft survey document was approved by the Chair (Evelyn Scott) and the Deputy Chair (Sir Gus Nossal) of the Reconciliation Council prior to its conduct. The survey was never seen, nor the details discussed with members of any ministerial office (including that of the Prime Minister) nor with any minister. This is entirely proper as Council is not required to seek the approval of this Government (or, as I understand it, the former Government) in relation to its decisions on how to advance the reconciliation process.

The officer’s involvement was designed specifically to ensure that, in all respects, the survey canvassed the key issues that Council wished to test. The concepts included in Council’s documents are complex and present methodological challenges if they are to be accurately tested. In this context Council’s draft rights strategy presented particular challenges. Many of the concepts contained in this draft strategy are not amenable to simple explanation. The questions ultimately included in the survey were designed to test the concepts in the draft rights strategy recognising this complexity yet without losing the key concepts that Council wished to test. This included the provision of separate seats in parliament and issues surrounding native title. Officers of the Office of Indigenous Policy in their role supporting the legitimate business of the Council at all times endeavour to discharge that role in an efficient and professional manner.

The Opposition’s allegation that these questions were included as a device to divide public opinion at the behest of the Government are scurrilous and unfounded, and they know this is so. Darryl Melham is only too aware that the survey was commissioned by the Council and the survey document approved by Evelyn Scott and Gus Nossal. He was at the Reconciliation Council meeting on 11 March 2000 when Sir Gus reported to the meeting on the process and his involvement in clearing the survey.

Nursing Homes: Inspections

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (3.02 p.m.)—On 16 March, Senator McKiernan asked me a question relating to the Canberra Nursing Home. I seek leave to have the answer incorporated in Hansard.

Leave granted.

The answer read as follows—

The Minister for Aged Care has provided the following answer to the honourable senator’s question in accordance with information supplied to her:

The case referred to involves the death of a 56 year old woman at the Canberra Nursing Home in July 1998. A coronial inquiry was conducted into the death and made no adverse findings of anyone’s conduct. The daughter of the deceased resident lodged a complaint relating to her mother’s death with the ACT Health Complaints Commissioner (HCC) in August 1998. At no stage has the Department been officially involved in the matter nor was there any record of a formal complaint being lodged with the Aged Care Complaints Resolution Scheme until 15 March 2000.

Departmental officers visited the facility on 27 February 2000 and the Aged Care Standards and Accreditation Agency conducted a review audit of the facility on 29 February and 1 March 2000. No serious risks were identified.

The Approved Provider for Canberra Nursing Home is Lasman Pty. Ltd.

The Approved Provider for Riverside Nursing Home was Riverside Nursing Care Pty. Ltd.

Nursing Homes: Inspections

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (3.02 p.m.)—On 11 April, Senator Evans asked me a question relating to the Aged Care Standards and Accreditation Agency and its preparation of inspection reports. I seek leave to have the answer incorporated in Hansard.

Leave granted.

The answer read as follows—

The answer to the honourable senator’s questions, in accordance with advice provided, is as follows:
In the periods from 1 January 2000 to 31 March 2000, more than 200 visits from the Aged Care Standards and Accreditation Agency have been made to residential aged care services in Queensland, Tasmania, Northern Territory and South Australia. These included review audits, support visits and accreditation audits. There is a time lag between an on-site audit and publication of a report. Published reports are not produced from support visits. Visit numbers for the three months from January 2000 were: South Australia: 83; Northern Territory: 3; Tasmania: 19; and Queensland: 114.

Aged Care: Residential Care Places

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (3.02 p.m.)—On 11 April, Senator Forshaw asked me a question relating to aged care residential places. I seek leave to have the answer incorporated in Hansard.

Leave granted.

The answer read as follows—
The Minister for Aged Care has provided the following answer to the honourable senator’s question, in accordance with advice provided to her: 530 of the new residential places are designated as high care residential places. This is in line with meeting the benchmark established by the previous Labor government of 40 high care places, 50 low care places and 10 Care and Community Packages for every 1,000 people aged 70 years and over. Labor left us 10,000 places short as they never reached their own benchmark. This allocation is part of our promise to make up the deficit and reach the benchmark which we will do by 2002.

Aboriginals: Stolen Generation

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (3.02 p.m.)—On 10 April, Senator Hutchins asked me a question relating to the Senate submission relating to the stolen generation of Aboriginal children to the Daily Telegraph. Can the Minister confirm that he or his office was responsible for giving a copy of his Senate submission relating to the stolen generation of Aboriginal children to the Daily Telegraph? Was the submission given only to the Daily Telegraph or was it given to other media outlets as well? Did the minister consult the Prime Minister’s office before making the submission public?

Answer: The Senate Legal and Constitutional References Committee authorised the public release of the submission on Thursday, March 30. It is hardly surprising that once it was available there was substantial media coverage.

Goods and Services Tax: Non-government Schools

Senator KEMP (Victoria—Assistant Treasurer) (3.02 p.m.)—On Thursday, 6 April, Senator Carr asked me a question relating to an education ruling, and I seek leave to have the answer incorporated in Hansard.

Leave granted.

The answer read as follows—
The Australian Taxation Office has been working closely with the Department of Education Training and Youth Affairs (DETYA) in preparing a draft ruling on education. During this process a number of important issues were identified and escalated to the appropriate authorities for clarification. The ruling has been delayed whilst these issues are being clarified, but will issue as soon as possible.

The ATO has established an Industry Partnership with representatives from various peak bodies in the education sector. The aim of the partnership is to assist the education industry with implementing the new tax system and to address their issues and concerns. The forum meets on a monthly basis and the advice given by the ATO on issues raised is documented in an ‘Issues Log’ and is available for public distribution. The issues log can be relied upon in the same manner as a public ruling. In the absence of the education ruling, much of the information contained in that ruling is currently being disseminated to the education industry via the ‘issues log’ until the ruling is released.

Nursing Homes

Senator CHRIS EVANS (Western Australia) (3.02 p.m.)—I move:

That the Senate take note of the answers given by the Minister for Aboriginal and Torres Strait Islander Affairs (Senator Herron), to questions without notice asked today, relating to aged care.
In particular I want to concentrate on the question of the state of nursing homes in Victoria. We have known for some time that Victoria is the state worst affected in terms of the poor standard of nursing homes, with a large number of homes that have been identified as providing substandard care. There are a lot of good nursing homes in Victoria, but this has been the state most affected by serious problems in the nursing home industry. It has the highest number of complaints: the number recorded against nursing homes in Victoria is almost double the national average. It has approximately 35 nursing homes that are still uncertified. I am the first to concede that there is a long history of problems in the nursing home industry, dating back prior to this government. But what we do know is that Victoria has got the majority of the problems. We also know that the minister has been maintaining that she is insisting on high standards and that she is insisting on ensuring that the nursing home industry is brought up to scratch. What we now know, as a result of receiving the leaked minutes of the Aged Care Standards Agency meeting in Victoria, is that there is no attempt by this government to regulate and monitor standards in nursing homes in Victoria. They wound back that effort in November last year.

The Aged Care Standards Agency of Victoria has an agency liaison group in Victoria, and at its meeting on 9 November last year the officer from the agency reported on the risk management program. That is the program that monitors the risks involved in nursing homes, the care of the elderly in Victoria and the risk management program state activity. The minutes say:

The Chairman reported that the activity in relation to the above program has been wound back following the signing of the accreditation principles.

The program has been wound back. The risk management of nursing homes in Victoria was wound back in November last year. This is the program that is responsible for inspecting nursing homes, responding to serious complaints, and ensuring that the poor nursing homes are brought up to standard and that proper care is delivered. They also note in those minutes that 90 per cent of national activity in this area existed in Victoria at the time of the decision to wind back. Everybody knows, including the agency, that the majority of the problems existed in Victoria, yet they took the decision to wind back the risk management program in that state in November.

In February we had the infamous kerosene bath incident, and we have had a whole host of concerns expressed about the standard of care in Victoria earlier this year. But in November last year, just after the accreditation principles were promulgated, the agency, obviously with the minister’s authority, wound back the risk management program. This is a very serious revelation. It helps to explain what happened in Victoria in terms of the drop in standards of care and what happened in terms of the monitoring of the poor homes. This was around the same time that the agency gave Riverside the all clear. Then it walked away from its risk management program. We know, for instance, that at the same time only five per cent of nursing homes in Victoria had even applied to join the accreditation system. The minister today pretends that the accreditation system is up and running. It is only at the stage of being implemented. Five per cent of nursing homes in Victoria had applied to join the system. They had not been assessed and they had not been accredited. Five per cent had put in an application to be part of the system, 95 per cent had not.

So we know that 90 per cent of national activity in areas of concern is concentrated in Victoria. We know they have the lowest number of applications to join the accreditation system. Only five per cent of nursing homes have even applied for accreditation, yet we have a winding back of the role of the program that is responsible for managing the risk, for inspecting the nursing homes, for responding to the serious complaints, for ensuring standards are applied and for ensuring that sanctions are applied to nursing homes not meeting standards. They are saying, ‘We are moving down the accreditation path; we do not need to play this role anymore. We are moving to the new, deregulated environment that this government has put in place, and we do not need to manage the risks.’
Is anyone seriously suggesting today in Australia that we cannot manage risk in nursing homes in Victoria? Surely the last few months have shown the very urgent need for much better management of the risks in Victorian nursing homes. But the department, with the minister's knowledge, is winding back its activities in this area, refusing to continue its role of regulator and allowing a deregulated environment in these nursing homes. (Time expired)

Senator PATTERSON (Victoria—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs and Parliamentary Secretary to the Minister for Foreign Affairs) (3.08 p.m.)—Senator Evans had the good grace to say that the problems in the nursing home industry, especially in Victoria, existed prior to this government. Yes, they did, and Labor had 13 years to do something about it. As a Victorian senator and having visited hundreds of nursing homes, particularly in Victoria, I know that Victoria has historically grown up in a very different way in terms of aged care. We had more state funded nursing home beds than any other state; we had more small rural nursing homes than any other state; we had more nursing homes with leaseholds than any other state. All of that posed problems. Labor did almost nothing about them. When it was decided that the small and rural nursing homes would have to close because they were not viable as they only had about 15 beds, Labor's solution was to merge small nursing homes that were less than 250 kilometres apart. You might have lived in a town all your life and had your spouse in a nursing home and they were going to merge you into a nursing home 250 kilometres away because they thought that was a great idea. In 1982, 1985 or 1986 you would have had to travel kilometres and kilometres to visit your spouse in a nursing home.

I went around rural area after rural area condemning the then Labor government for this soulless and careless policy until, finally, they came up with the idea of multipurpose centres to actually address the issue of making a centre viable; and they have been a success. But it was not because Labor did it spontaneously; it was because they were dragged kicking and screaming to address a problem that was particularly a problem in Victoria. And here today the Labor Party are telling us about the problems in Victoria. Yes, there are problems with nursing homes that are leasehold. With nursing homes where the proprietor owns the property or where a not-for-profit organisation owns the property and they are funded, it is not two lots of people trying to make ends meet. If it is a leasehold, both the owner of the property and the person who has leased the property, the proprietor of the nursing home, are trying to earn a living out of it because it is a private nursing home.

It has been issue; it has been a problem. Labor did nothing about it. Many of those nursing homes were the ones that needed capital upgrading. Labor would not take it on. When we came into office, 75 per cent of homes did not meet building standards, 13 per cent did not meet fire safety standards and 11 per cent of homes did not meet basic health standards. We commented when there were appalling cases in nursing home care. I did not run around frightening old people as shadow minister for aged care or as Parliamentary Secretary to the Minister for Health and Aged Care. I argued the point here in the chamber, but I did not actually raise individual cases of total neglect.

This opposition take one or two cases, go over and over them, frighten all the relatives of people in nursing homes, frighten people in aged care and frighten people who may need aged care in the future. They do not talk about the number of nursing homes that have reached accreditation standard or are working towards that. I recently visited a nursing home near my electorate office which has worked assiduously to achieve accreditation, which has come on board and developed training programs for the staff. These sorts of things were never done under Labor—where they have taken on board the goals of accreditation and have actually lifted their standards enormously. No, we saw Labor cut capital funding to nursing homes by 75 per cent in their last four years. When we tried to do something about it, tried to bring in a policy that would provide funding, they ran around scaring older people telling them they would have to sell their homes. The Labor
Party are bereft of policies. All they can do is scare older people. They have no idea how to initiate a policy. They did nothing in 13 years other than something about hostels, which I have always given them credit for. They did nothing to upgrade the standard of nursing homes. (Time expired)

Senator JACINTA COLLINS (Victoria) (3.13 p.m.)—I commend Senator Patterson on at least acknowledging the work the Labor Party did on hostels.

Senator Patterson—I always do.

Senator JACINTA COLLINS—If Senator Patterson listens for a moment, she will hear that this is in fact a compliment. I was about to criticise the minister in his answers today for not acknowledging that issue in his selective figures in relation to nursing homes. Let me go to the issue the government has been deflecting from, which is the crucial matter today: the government has introduced in its attempt to deal with the problems in aged care a system to deregulate the regulations in place—which to some extent are problematic—but it is not maintaining risk management and it is not maintaining inspections or spot checks. Senator Evans pointed out the most glaring example of that: the minutes of the Commonwealth Aged Care Standards Agency, the Liaison Group of Victoria. These minutes clearly indicated that the Commonwealth has made the decision to wind back inspections and wind back spot checks. The truth of the matter is that Riverside would not have occurred, certainly to the extent that it has—not the other problems in Victoria—had proper inspections and risk management been maintained. The most alarming aspect is that, with the emphasis on accreditation now, the government is looking at winding back spot checks and inspections in the very area it needs to maintain those standards if we are not going to have further cases of abuse such as those at Riverside.

Let me deal with the deflections that the minister ran today. He concluded, in his answer to my question, with ‘We’ll fix it up.’ I think he concluded the same way in his answer to Senator Chris Evans’s question as well: ‘We’ll fix it up.’ Unfortunately, we can have absolutely no confidence that he will fix it up, nor indeed that Minister Bishop will fix it up. Today’s pathetic performance gives us and all members of the Australian public good reason to believe that we should have no confidence that that will be the case. I will run through the four questions that were asked of Senator Herron on aged care. His answer to the first one was to blame 13 years of Labor. Problems that have occurred in the aged care sector in Victoria, as Senator Patterson acknowledged and I would also, have been in existence for much longer—well before 13 years of Labor. Labor took some initiatives in these areas. The current government has taken some initiatives, but this problem that we discussed today still exists and must be dealt with. We can have no confidence in glib statements such as ‘We’ll fix it up.’

In response to Senator McLucas’s question, the minister referred to one spot check in relation to Alchera Park. Yet he acknowledged that there were several problems—more than just the one or two cases that Senator Patterson said she held back from when she was in opposition. There are more than one or two cases that the opposition has been dealing with in these matters. In response to the second question asked of the minister, the minister says, ‘It’s our complaints system,’ but seems not to understand that it might be this government’s system, but that does not mean the government is not responsible for making that system work. In Victoria, where the government is winding back spot checks and inspections, it is obvious that it will not work.

In response to the third question asked on aged care, this time the minister deflected to Labor’s current position and simply said, ‘We’ll fix it up. As you say, we’ll fix it up.’ Unfortunately, Senator Herron, you are in government and you are responsible for ensuring that what systems you put in place are operating effectively. In response to my question, the minister blamed the Bracks government. For heaven’s sake! I know he is only representing the Minister for Aged Care in this chamber, but he should have a more effective understanding of how the system operates. It is the Commonwealth Aged Care Standards Agency. It is the Commonwealth that is responsible for these issues and I sug-
Suggest that he have that discussion with Minister Bishop. Hopefully, she herself understands that that is the case.

The problem that we face in Victoria is even larger than what was raised today, because we are going to have the prospect of more home closures and more uncertainty for aged people as we get to the stage where accreditation kicks in and we potentially have more closures. We have no plan from the government about how they are going to deal with this nor how they are going to deal with the employee entitlements issue. The ANF has written to the government twice in relation to employee entitlements matters and has simply had no response. Given Senator Newman’s assurances on her views on employee entitlements today, hopefully that attitude will extend across the government.

(Time expired)

Senator KNOWLES (Western Australia)

(3.18 p.m.)—Isn’t it interesting that the members of the opposition cannot even understand a basic answer that is given to them in question time. Senator Collins has just stood up here and purported to claim that the minister has said to them, ‘We’ll fix it. We’ll fix it. We’ll fix it.’ Why she repeats it like a parrot I’m blowed if I know. But what Senator Herron was actually saying at the time—and unfortunately Senator Collins is getting out of the chamber again so that she cannot—

Senator Jacinta Collins interjecting—

Senator KNOWLES—It is interesting to note that not only does she get out of the chamber but she throws a bucketful of abuse over the aisle on her way out. She is not even interested in now finding out exactly what the problem was. If Senator Collins had half a wit about her, she would have listened to Senator Herron saying that the problems that were being enunciated by the Labor Party today and on other days were getting the treatment from their policy formulation in the way in which the Daryl Melhams of this world give the treatment to policy formulation on native title. ‘We’ll fix it up. We’ll fix it up,’ to quote Senator Collins, in a squeaky, shrieking voice trying to imitate Senator Herron.

What we are saying is that the former Labor government tried desperately to run down the nursing home sector. It is disgusting to think that the Labor legacy, when we came to government, was that there had been capital funding cuts to nursing homes by 75 per cent in the last four years. Senator Collins just does not happen to mention that. She has a short-term memory, does not understand it but pretends to come in here and talk about it.

There was no access under the Labor government to other forms of funding. The Labor Party commissioned the Gregory report into aged care capital funding but then let it gather dust. The Gregory report uncovered some dreadful circumstances in nursing homes where they did not meet fire standards, they did not meet safety standards and they did not meet building standards. What did the Labor Party do about it? Absolutely nothing. But we did not hear Senator Collins or Senator Evans make mention of that.

Be that as it may, that is what we inherited when we came to government. Since then, this government has allocated around 17,000 places to areas of need across Australia. Of those, 6,100 have been residential care places and 10,900 have been community care places. In the latest allocation, around 7,000 more aged care places were allocated. If one were to listen to Senator Evans’s daily misrepresentation of the aged care debate, one would believe that there were fewer places now than there were four years ago. That is not the truth. It is untruthful to say that. In the latest round, 40 per cent of places were allocated to rural and remote areas. Listening to Senator Collins and Senator Evans today you would think that it was otherwise. What they are saying is simply untruthful. Emphasis given to caring for people in their own homes has been a priority of this government. Around 4,300 community aged care packages have been allocated in the last round. If you listened to the Labor Party, you would believe that not to be the case. Once again, quite untruthful.

With regard to the capital for residential aged care facilities, access to a capital funding stream of $1.4 billion over the first 10 years of the aged care reform has been put in place by this government. An extra $23 mil-
lion has been provided in the 1999-2000 budget to services in rural and remote areas and other special needs groups. An amount of $10 million will be available annually to facilities in need of capital assistance, and $28.2 million has been allocated to the aged care sector to assist in the restructuring of the sector. Of the capital grants recently announced, 68 per cent have gone to services in rural, regional and remote Australia. It is a shame that the Labor Party cannot tell the truth on this issue and that, as Minister Herron said today, they are just diligently seeking to terrify aged people in the community and their families.

Senator McLUCAS (Queensland) (3.23 p.m.)—I also rise to speak to the motion that the Senate take note of the answer given by Senator Herron. I know that a lot of older people across Australia listen to question time on the radio and I do not know that they would have received a lot of comfort from Senator Herron's words today. Senator Herron trivialised the events of today. He tried to make jokes about pharmaceuticals and all sorts of things. That was rather inappropriate. I do not know that older people in Australia will take much comfort from that.

Senator Herron today also saw fit in his response to accuse me of raising fear in Queensland about aged care services. I find that extraordinary. The concerns that have been expressed in this chamber and around the place have come from families and individuals in the community. They are honest and, in some cases, very tragic stories that have been trivialised by this minister today in question time and, unfortunately, over many months by the Minister for Aged Care in the other place. Minister Herron knows of the concerns that have been held by families in Queensland, if he reads his mail or answers the phone. He is aware of the concerns of families, or should be, about Alchera Park.

I would like to go through the events of the last few months concerning Alchera Park. In October 1999, unfortunately and very tragically, two residents of Alchera Park died. They died after they had been removed from Alchera Park to the local public hospital. Complaints were registered by the daughter of one of those deceased persons to the complaints tribunal. That was in October 1999. On the last day of November and the first day of December 1999, the Aged Care Standards and Accreditation Agency visited Alchera Park. Mrs Baum, the daughter of one of those people, requested a meeting, which was refused, but she was advised that a report of the visit would be available on the Internet in six weeks time. In mid-January 2000, six weeks later, there was no posting of a report. On 25 February, almost three months after the inspection, Mrs Baum was advised that the delay was unfortunate and it would be available in two weeks.

That did not satisfy Mrs Baum, so she rang the complaints resolution tribunal on 28 February 2000 and was advised, given that she had phoned them before, that legal implications prevented the publication of this report. Still unsatisfied, she rang Minister Bishop's office and was advised that her office would make inquiries and would get back to her. I have a letter that says that on 20 March 2000 Mrs Baum still had no response from the minister's office or from the agency. From this chronology of events, senators in this chamber will get an understanding of the runaround, the pain and the lack of answers that Mrs Baum has had trying to find the truth about the death of her father. The experience of Mrs Baum, of being pushed between the complaints tribunal, the accreditation standards agency and the minister's office, is not the only story that we hear. It is the same story we have heard right across the state and, in fact, right across Australia.

We hear in this place about the fantastic aged care system this government has introduced. It has three parts. The first is the department and the minister's office, which administer the services. The second is the accreditation standards agency, which is an independent organisation to monitor and recommend changes in care programs and the facilities in aged care institutions. It is this agency that ostensibly runs the inspections and spot checks programs. On many occasions we have heard the sad and sorry tale of inaction in delivering spot checks to aged care facilities, even when there have been complaints registered about them through the complaints tribunal. The third part is the
complaints tribunal. That is a system that should work. It is a system that should give our community some confidence that they can take their aged family members to aged care facilities. But it is not working. These events occurred in October last year and the families of those people are still not comforted, they are not assured and they have no faith in the complaints process. Senator Herron said today that the problem will be fixed. We can assure him that we will be monitoring his fixing of that problem.

Question resolved in the affirmative.

Child Support: Fraudulent Claims

Senator Harris (Queensland) (3.28 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 Harris today, relating to child support and fraudulent claims.

In responding to Senator Newman’s answer in relation to the difficulties that are faced by non-custodial parents in having their assessments reassessed, I would like, first of all, to quote from a letter to the Prime Minister, John Howard, dated 6 December. It reads:

In the Second Reading of the Child Support Legislation (Amendment) Bill 1992 the Minister Assisting the Treasurer said, ‘further rights of appeal to the court are retained against determinations that may be made.’ In the first case of appeal in the Family Court case of Perryman, the Registrar submitted in counter application that a Part 6A Determination made by the Registrar could not be appealed in accordance with section 110 of the ... Act.

So what we have is the parliament setting up a process under which a person who wishes to make application to have their assessment heard finds themselves with the taxation commissioner, Mr Carmody, putting in a counter-application. If a submission was provided which showed that the registrar had consistently made part 6A determinations which were wrong, and without having regard to whether or not the information used in making the determination was true or correct in any material particular, and if the Child Support Registrar and the Minister for Social Security had all been served with formal legal notice of the particular matter, are they then derelict in their duty of care to those people making those claims?

A question I also would like to put on record is: is there a conflict of interest between the taxation commissioner, Mr Carmody’s, assessment of the taxation act and the subsequent rulings that he brings down as the registrar in relation to the assessments? What Mr Carmody is doing as the registrar involved in the court is upholding decisions where a person’s income is deemed to be far in excess of their actual income and, at the same time, as the taxation commissioner, is accepting a tax return from that same person. So how can he have it both ways? How can he accept a taxation submission from a person who under statutory law is saying that they have a certain income and, under his power as a registrar under the Child Assessment Act, then deem that to be a different amount?

I would like to go further and ask some questions of the minister. Does the minister believe the Child Support Registrar’s current application of the provisions of part 6A is consistent with what was intended when the Child Support Amendment Bill entered this chamber in 1992? How many determinations of the registrar made under part 6A of the Child Assessment Act have been appealed in the Family Court? (Time expired)

Question resolved in the affirmative.

PETITIONS

The Clerk—Petitions have been lodged for presentation as follows:

Uranium Mining: World Heritage Areas

To the Honourable the President and Members of the Senate in the Parliament assembled.

The Petition of the undersigned strongly opposes any attempts by the Australian Government to mine uranium at the Jabiluka and Koongara sites in the World Heritage Listed Area of the Kakadu National Park or any other proposed or current operating site.

Your Petitioners ask that the Senate oppose any intentions by the Australian Government to support the nuclear industry via any mining, enrichment and sale of uranium.

by Senator Lees (from 1,780 citizens).
Goods and Services Tax: Dockets

To the Honourable the President and Members of the Senate in Parliament assembled.

This petition of the undersigned draws to the attention of the Senate that under current legislation the GST will not be included on dockets and that consumers will not know how much GST they are being charged, or whether they are being charged correctly.

Your petitioners therefore request the Senate that when a business provides a consumer with a receipt or docket issued in respect of a taxable supply the receipt or docket must separately include:

(a) the price of the goods or services excluding the GST;
(b) the amount of the GST; and
(c) the total price including the GST.

by Senator West (from 9 citizens).

Petitions received.

NOTICES

Presentation

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

That the Senate—

(a) condemns the Government’s continual marginalisation of young people through its failure:

(i) to provide sufficient support for young people to confront the many serious challenges they are facing, including the casualisation of employment, depression and youth suicide, drugs and youth homelessness, and the lack of appropriate vocational educational opportunities,

(ii) to listen and act on the concerns and views of young Australians, and

(iii) to adequately resolve the issue of mandatory sentencing;

(b) notes that, despite the Government’s publicly stated commitment to the National Youth Roundtable, the recommendations of the 1999 National Youth Roundtable, including its unanimous support for the reinstatement of a peak youth body and the need for a formal apology to the stolen generation, are yet to be acted upon; and

(c) calls on the Government to take action immediately to provide relevant assistance to young people to aid in their participation in social and political processes, and to redress existing policies which have a deleterious effect on young Australians.

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

That a message be sent to the House of Representatives requesting that the House immediately consider the Human Rights (Mandatory Sentencing of Juvenile Offenders) Bill 1999.

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

That the Senate—

(a) considers that the current government program of whole-of-government information technology (IT) outsourcing is a flawed program which has:

(i) led to a loss of departmental in-house IT expertise,

(ii) failed to deliver the savings announced publicly by the Minister for Communications, Information Technology and the Arts (Senator Alston), and

(iii) had a negative impact on small to medium enterprises in the Australian IT and telecommunications sector;

(b) notes that the Australian National Audit Office (ANAO) is currently undertaking an inquiry into the whole-of-government IT outsourcing process which is scheduled to be tabled during the autumn 2000 sittings of Parliament; and

(c) calls on the Government immediately to put on hold the group 1 tender for the outsourcing of Centrelink and the Department of Family and Community Services to allow parliamentary scrutiny of the ANAO report.

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

That the hours of meeting for Tuesday, 9 May 2000 be from 2 pm to 6 pm and 7.30 pm to adjournment, and for Thursday, 11 May 2000 be from 9.30 am to 6 pm and 7.30 pm to adjournment, and that:

(a) the routine of business from 7.30 pm on Tuesday, 9 May 2000 shall be:

(i) Budget statement and documents 2000-2001, and

(ii) adjournment; and

(b) the routine of business from 7.30 pm on Thursday, 11 May 2000 shall be:

(i) Budget statement and documents—party leaders and independent senators to make responses to the statement and documents for not more than 30 minutes each, and

(ii) adjournment; and

(c) the question for the adjournment of the Senate on each day shall not be proposed until a
motion for the adjournment is moved by a minister.

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

That the Senate—

(a) notes:

(i) the New South Wales Government’s refusal to help workers owed entitlements, by not committing to the Federal Government’s Employee Entitlements Support Scheme, and

(ii) that the Carr Government is refusing to match the Federal Government’s assistance to workers in New South Wales who are owed entitlements, including 80 sacked employees from Scone Fresh Meats;

(b) condemns the Carr Government for not signing onto this arrangement which, for the first time in Australia, offers a national safety net for the basic protection of entitlements of employees whose employment has been terminated because of an employer’s insolvency, from 1 January 2000;

(c) notes that during 13 years as the Federal Government, the Australian Labor Party failed to produce any scheme to protect worker entitlements; and

(d) calls on both the New South Wales state and federal Labor parties to quit their ‘long on rhetoric, short on action’ attitude towards worker entitlements and support the Federal Government’s Employee Entitlements Support Scheme.

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

That the Senate notes that:

(a) it is 63 days since former Senator Parer resigned as a senator for the State of Queensland;

(b) the Queensland Liberal Party has said that it will not select a replacement for Senator Parer until 30 April 2000, another 18 days (a total of 81 days since Senator Parer’s resignation);

(c) at the Queensland Liberal Party’s request, the Queensland State Parliament will not be asked to appoint a replacement for Senator Parer until 16 May 2000 (a total of 97 days since Senator Parer’s resignation);

(d) the day of swearing-in of the successor to Senator Parer would be 5 June 2000 at the earliest (a total of 117 days since Senator Parer’s resignation); and

(e) the people of the State of Queensland have been denied their full Senate representation by the lethargy of the Queensland Liberal Party in appointing a successor to Senator Parer.

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

That the Senate—

(a) notes:

(i) the call by the Minister for Forestry and Conservation (Mr Tuckey) for state governments to ‘prosecute the law or cancel the law’ in relation to forest protests,

(ii) that the Victorian Government has twice been found by courts to have engaged in illegal logging and that the Tasmanian and Western Australian Governments have breached their own codes of forest practice, and

(iii) that police have been slow to attend, and laid very few charges, following at least six violent attacks on protesters in East Gippsland, the Otways and Western Australia over the past 18 months; and

(b) calls on the Federal Government, through the Regional Forest Agreement process, to require state governments to uphold the law in the governance of forests.

Senator Stott Despoja to move, on the next day of sitting:

That the Senate—

(a) notes:

(i) the outcry of residents in the Albury-Wodonga region concerning the treatment of the Kosovar refugees, and

(ii) the inappropriateness of sending these vulnerable refugees to remote detention centres; and

(b) calls on the Government to reverse the decision of the Minister for Immigration and Multicultural Affairs (Mr Ruddock) to impose a 9 am deadline on 12 April 2000, a decision which imposes a no-win choice on the refugees between returning to Kosovo or confinement at isolated detention centres.

Senator Faulkner (New South Wales—Leader of the Opposition in the Senate) (3.36 p.m.)—I give notice that, contingent on the President presenting a report of the Auditor-General on any day or notifying the Senate that such a report had been presented under standing order 166, I shall move:

That so much of the standing orders be suspended as would prevent Senator Faulkner moving a motion to take note of the report and any senator speaking to it for not more than 10 minutes, with the total time for the debate not to exceed 60 minutes.
Senator CAL VERT (Tasmania) (3.37 p.m.)—I present the sixth report of 2000 of the Selection of Bills Committee.

Ordered that the report be adopted.

Senator CAL VERT—I also seek leave to have the report incorporated in Hansard.

Leave granted.

The report read as follows—

SELECTION OF BILLS COMMITTEE
REPORT NO. 6 OF 2000

1. The committee met on 11 April 2000.

2. The committee resolved to recommend—

(a) That the provisions of the following bill be referred to a committee:

<table>
<thead>
<tr>
<th>Bill title</th>
<th>Stage at which referred</th>
<th>Legislation committee</th>
<th>Reporting date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Postal Services Legislation Amendment Bill 2000 (see Appendix 1 for a statement of reasons for referral)</td>
<td>Immediately</td>
<td>Environment, Communications, Information Technology and the Arts</td>
<td>5 June 2000</td>
</tr>
</tbody>
</table>

(b) That the following bills be referred to committees:

<table>
<thead>
<tr>
<th>Bill title</th>
<th>Stage at which referred</th>
<th>Legislation committee</th>
<th>Reporting date</th>
</tr>
</thead>
<tbody>
<tr>
<td>A New Tax System (Trade Practices Amendment) Bill 2000 (see Appendix 2 for a statement of reasons for referral)</td>
<td>Immediately</td>
<td>Economics</td>
<td>9 May 2000</td>
</tr>
<tr>
<td>Social Security and Veterans' Entitlements Legislation Amendment (Miscellaneous Matters) Bill 2000 (see Appendix 3 for a statement of reasons for referral)</td>
<td>Immediately</td>
<td>Community Affairs</td>
<td>5 June 2000</td>
</tr>
</tbody>
</table>

(c) That the following bills not be referred to committees:

A New Tax System (Fringe Benefits) Bill 2000
A New Tax System (Medicare Levy Surcharge—Fringe Benefits) Amendment Bill 2000
A New Tax System (Family Assistance and Related Measures) Bill 2000
Aviation Legislation Amendment Bill (No. 1) 2000
Family and Community Services Legislation Amendment Bill 2000
Sex Discrimination Legislation Amendment (Pregnancy and Work) Bill 2000
Appropriation (Dr Carmen Lawrence's Legal Costs) Bill 1999-2000
Constitution Alteration (Electors' Initiative, Fixed Term Parliaments and Qualification of Members) Bill 2000
Excise Amendment (Alcoholic Beverages) Bill 2000
Migration Legislation Amendment Bill (No. 2) 2000
Taxation Laws Amendment Bill (No. 10) 1999 (deferred from meeting of 23 November 1999)
Taxation Laws Amendment Bill (No. 11) 1999 (deferred from meeting of 11 April 2000)
Customs Amendment (Anti-Radioactive Waste Storage Dump) Bill 1999 (deferred from meeting of 30 November 1999)
Criminal Code Amendment (Theft, Fraud, Bribery and Related Offences) Bill 1999 (deferred from meeting of 15 February 2000)
Customs Amendment (Alcoholic Beverages) Bill 2000
International Tax Agreements Amendment Bill (No. 1) 2000
Petroleum Excise Amendment (Measures to Address Evasion) Bill 2000
(Paul Calvert)
Chair
12 April 2000
Proposal to refer a bill to a committee
Name of bill:
Postal Services Legislation Amendment Bill 2000
Reasons for referral/principle issues for consideration
Investigate the impact of deregulation on the postal service.
Deregulation in the context of the GST and in particular rural and regional areas.
Possible submissions or evidence from:
CEPU, Australia Post, LPOOA, Major Mail Users Association
Committee to which the legislation is to be referred:
Environment, Communications, Information Technology and the Arts Legislation Committee
Possible hearing dates:
Possible reporting date: 5 June 2000
Signed Kerry O’Brien
Whip/Selection of Bills Committee Report
Proposal to refer a bill to a committee
Name of bill:
A New Tax System (Trade Practices Amendment) Bill 2000
Reasons for referral/principle issues for consideration
To examine and report on the provisions of the bill, in particular:
Extent of behaviour to which proposed powers and penalties could apply
The necessity for proposed powers and penalties
Adequacy of ACCC’s resources to exercise powers
Constitutional foundation of legislation
Possible submissions or evidence from:
Professor Fels, ACCC, Attorney-General’s Department, Treasury
Committee to which the legislation is to be referred:
Senate Economics Legislation Committee
Possible hearing dates: one half day required
Possible reporting date: 9 May 2000
Signed Kerry O’Brien
Whip/Selection of Bills Committee Report
NOTICES
Postponement
Items of business were postponed as follows:
General business notice of motion no. 535 standing in the name of Senator Stott Despoja for today, relating to the summit meetings of the International Monetary Fund and the World Bank, postponed till 13 April 2000.
General business notice of motion no. 537 standing in the name of Senator Stott Despoja for today, relating to the Federal Government’s Trade Outcomes and Objectives Statement for 2000, postponed till 13 April 2000.
Business of the Senate notice of motion no. 4 standing in the name of Senator Greig for today, relating to the reference of a matter to the Legal and Constitutional References Committee, postponed till 13 April 2000.
General business notice of motion no. 540 standing in the name of Senator Greig for today, relating to mandatory sentencing laws, postponed till 13 April 2000.
General business notice of motion no. 542 standing in the name of Senator Greig for today, relating to mandatory sentencing regimes, postponed till 13 April 2000.
General business notice of motion no. 545 standing in the name of Senator Brown for today, relating to Ballallaba Action Group, postponed till 13 April 2000.
Business of the Senate notice of motion no. 1 standing in the name of Senator Evans for today, relating to the reference of matters to the Community Affairs References Committee, postponed till 13 April 2000.

Business of the Senate notice of motion no. 2 standing in the name of Senator O’Brien for today, relating to the reference of a matter to the Rural and Regional Affairs and Transport Legislation Committee, postponed till 13 April 2000.

COMMITTEES
Finance and Public Administration References Committee

Reference
Motion (by Senator Murray) agreed to:
That the following matter be referred to the Finance and Public Administration References Committee for inquiry and report by 26 June 2000:

The mechanism contained in general business notice of motion no. 489, standing in the name of Senator Murray, providing for accountability to the Senate in relation to government contracts.

Rural and Regional Affairs and Transport References Committee

Extension of Time
Motion (by Senator Woodley) agreed to:
That the time for the presentation of the report of the Rural and Regional Affairs and Transport References Committee on the development of the Brisbane Airport Corporation’s Master Plan for the future construction of a western parallel runway be extended to 10 May 2000.

MANDATORY SENTENCING LEGISLATION
Motion (by Senator Faulkner) agreed to:
That a message be sent to the House of Representatives requesting that the House immediately consider the Human Rights (Mandatory Sentencing of Juvenile Offenders) Bill 1999.

BILLBOARD ADVERTISING
Motion (by Senator Murray, at the request of Senator Stott Despoja) agreed to:
That the Senate—

(a) notes that:

(i) the Advertising Standards Board has upheld complaints that billboard advertising for Windsor Smith shoes is offensive and not in line with community standards, and

(ii) previous advertisements produced by the same company have attracted similar complaints;

(b) notes, with concern, the lack of sanctions available to the board to enforce this decision; and

(c) calls on the company to abide by the decision of the board and withdraw the billboards.

COMMITTEES
Rural and Regional Affairs and Transport Legislation Committee

Extension of Time
Motion (by Senator Calvert, at the request of Senator Crane) agreed to:

That the time for the presentation of the report of the Rural and Regional Affairs and Transport Legislation Committee on the Australian Quarantine and Inspection Service and the importation of salmon be extended to 11 May 2000.

ANNIVERSARY: EARTH DAY
Motion (by Senator O’Brien, at the request of Senator Bolkus, Senator Brown and Senator Bartlett) agreed to:

That the Senate—

(a) notes that:

(i) 22 April 2000 is the 30th anniversary of Earth Day,

(ii) Earth Day is an annual day of celebration of the environment, participated in by millions of global citizens each year, and

(iii) 4 500 groups in 181 countries are part of the Earth Day network and are organising environmental events and celebrations to mark Earth Day 2000;

(b) congratulates the many Australian organisations that are part of the Earth Day network;

(c) encourages the fullest participation in Earth Day by Australian groups from all sectors; and

(d) recognises the global significance of Earth Day and its extraordinary contribution to the environmental movement over the past 30 years.
COMMITTEES

Procedure Committee

Report

The ACTING DEPUTY PRESIDENT (Senator Ferguson)—I present the first report of 2000 of the Procedure Committee.

Ordered that the report be printed.

Ordered that consideration of the report be made an order of the day for 10 May 2000.

Scrutiny of Bills Committee

Report

Senator O'BRIEN (Tasmania) (3.43 p.m.)—On behalf of Senator Cooney, I present the fifth report of 2000 of the Standing Committee for the Scrutiny of Bills. I also lay on the table Scrutiny of Bills Alert Digest No. 5 of 2000 dated 12 April 2000.

Ordered that the report be printed.

ANTI-COMPETITIVE HEALTH COVER PRACTICES

The Clerk—A document is tabled in response to the order of the Senate of 25 March 1999 relating to assessment reports by the Australian Competition and Consumer Commission on anti-competitive health cover practices.

Senator HARRADINE (Tasmania) (3.44 p.m.)—I move:

That the Senate take note of the document.

This is an extremely important document, tabled pursuant to an order of the Senate in March last year. As honourable senators will recall, in the atmosphere of the medical rebate debate, I proposed:

... that there be laid on the table as soon as practicable after the end of each period of 6 months, commencing with the 6 months ending on 31 December 1999, a report by the Australian Competition and Consumer Commission containing an assessment of any anti-competitive or other practices by health funds or providers which reduce the extent of health cover for consumers and increase their out-of-pocket medical and other expenses.

That received the approval of the Senate as a whole, and the Senate's order was transmitted by the Senate Clerk, Harry Evans, to Professor Alan Fels, the Chairman of the ACCC, on 26 March 1999. This document is the result. It is a 191-page document that substantially goes over the history and deals with the issues that the Senate was concerned about.

It was my intention that the Senate order, although not requiring a completely exhaustive audit of anti-competitive practices, was certainly meant to ask the ACCC to do more than reactively respond to any serious breach that it became aware of. Of course, we should be aware—as we no doubt are—of the work of the health ombudsman in this particular area. I note that, throughout the document, there is reference by the ACCC to the work of the ombudsman, and clearly there has been a cooperative spirit of engagement between the two organisations.

The intent of the order was to require the ACCC to report to the Senate on anti-competitive conduct in the area of health insurance funds and health care providers, including medical and allied health practitioners as well as hospitals and health care services. The issue of gap fees was a major one, as honourable senators will recall, during that very debate. It was felt by the Senate that any assessment by the ACCC should focus particularly on those funds or providers who uniformly charge a significant gap fee and/or those who overservice and/or those who do not provide all of the information and advice required for informed consent.

Those were the parameters that I believed were necessary for consideration by the ACCC. I have had this report in my hand for only a few minutes and therefore I am not able to report to the Senate as to whether or not the desires of the Senate are met but, on a very brief, cursory look at it, I think we will see that, in this first report, the ACCC has set the foundations for future six monthly reports and has made certain, clear statements of what is appropriate in the report. It conducted consultations with a very substantial list of relevant shareholders—which are, by the way, all detailed in the appendices. The commission also received 33 submissions from individual health funds and their associations, from hospitals and their associations, from medical and allied health practitioners’ associations, from consumer organisations, from the Private Health Insurance Ombudsman, from some state and territory health complaints bodies and from the De-
partment of Health and Aged Care. There is also a list of the parties that provided submissions in attachment C. The ACCC pointed out in its executive summary:

... with respect to medical specialists, allied health professionals could make more use of advertising to make their quality of services and fees known to consumers. Health funds may also be able to set up their own database of practitioners’ fees for their members to access ... allied health professional associations could take a leadership role in helping the community to better understand the services their members provide and how to select appropriate professionals to provide these services.

It goes on:

Complaints received by the Private Health Insurance Ombudsman and the Commission from consumers—

and there were a number of complaints—

raise some issues of concern, including confusion about benefit entitlement, verification of entitlements, pre-existing ailments, transferability of cover, changes to benefit entitlements.

This next sentence is very important. It says:

A clear message is that the funds must provide adequate information to consumers about their health insurance policies and any changes affecting these policies.

I emphasise that point at this juncture, because I have complaints from a constituent who has pointed out that one health insurance company has actually changed its system of entitlement without notifying the members of that particular fund. They passed it off by saying, ‘It was in the newspaper’. The members were not individually told about it, and the ACCC is making it very clear that the members must be given the information. Failure to do so in certain circumstances amounts to a breach of the act. The report states, ‘The Commission will continue to examine allegations in this area.’ Finally, I would like to briefly refer to the next paragraph of the executive summary of the ACCC report. It reads:

In order to make a financially informed decision about treatment options, the patient has to know about the likely costs of alternative treatment options prior to giving consent to receive treatment. Patients need this information prior to making an appointment to visit a specialist.

Information about alternative specialists and their fees may be provided to patients by their referring general practitioner. As indicated above, in the future patients may be able to obtain this information from their health funds or medical practitioners’ professional associations.

I think it is important to recognise that the ACCC has taken very seriously the Senate order and request, and it has presented its first report. I look forward to future reports coming before the Senate pursuant to the order. (Time expired)

Senator HARRIS (Queensland) (3.54 p.m.)—I seek leave to continue my remarks later.

Leave granted; debate adjourned.

COMMITTEES

Finance and Public Administration Legislation Committee

Membership

The ACTING DEPUTY PRESIDENT (Senator Ferguson)—The Deputy President has received a letter from a party leader seeking a variation in the membership of a committee.

Motion (by Senator Ian Campbell)—by leave—agreed to:


CUSTOMS TARIFF AMENDMENT BILL (NO. 3) 1999

HEALTH LEGISLATION AMENDMENT (GAP COVER SCHEMES) BILL 2000

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) (3.55 p.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 be now 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) (3.55 p.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—

CUSTOMS TARIFF AMENDMENT BILL (NO. 3) 1999

The Customs Tariff Amendment Bill (No. 3) 1999, which is now before the chamber, contains a number of amendments to the Customs Tariff Act 1995. I will only outline the more important amendments.

The amendments contained in schedule 2 of this bill reinstate the five per cent rate of customs duty which applied prior to the first of September 1998 on certain goods classified in chapter 90 of the customs tariff.

The goods on which this action is being taken are:
- certain drawing, marking-out and mathematical calculating instruments;
- certain rules of wood or plastic;
- electrical test benches and certain machines for balancing mechanical parts;
- certain gas, electric and liquid meters; and
- steel tape measures.

These products were free of customs duty following the implementation of the recommendations of the Industry Commission in its review of the medical and scientific equipment industries.

The implementation of these recommendations removed the duty from a wide range of goods, some of which were not medical or scientific equipment. Some Australian manufacturers advised government that the tariff reductions on non-medical and non-scientific equipment had an adverse effect on their manufacturing profitability. In light of these representations, the five percent customs rate of duty was reinstated on the goods which I have previously listed. Reinstatement of duty has operated since the third of September 1999.

Schedule three of this bill commences on the first of October 1999 and removes the customs rates of duty on steel tinplate, and aluminium cansheet used in the manufacture of aluminium cans. This action was recommended by the 1996 Industry Commission report on packaging and labelling.

The removal of these customs tariffs should result in lower input costs for the food and beverage canning industry. This should improve the competitiveness of this industry, and lead to increased exports of these products. Steel tinplate is primarily used for food cans but also for other containers such as paint tins and aerosol cans.

In the case of aluminium cansheet, the removal of tariffs applies to three cansheet products - bodystock, endstock and tabstock used in the manufacture of aluminium cans.

The removal of these customs rates of duty is further proof of the government’s commitment to lowering business costs and helping develop competitive Australian industries, while providing consumers with better priced products.

I commend the bill.

HEALTH LEGISLATION AMENDMENT (GAP COVER SCHEMES) BILL 2000

This bill amends two acts - the National Health Act 1953 and the Health Insurance Act 1973. This piece of legislation is important as it addresses one of the more challenging issues facing private health insurance, namely, the medical gap. The gap is the difference between fees charged by doctors for in-hospital medical services and the combined health insurance benefit and Medicare rebate.

We have made some significant advances in this area over the last 18 months. The number of people being covered by gap products and the number of hospital admissions being covered by gap products has gone up, I believe, around 25 per cent just since the December quarter of 1999. It really took off since we allowed changes whereby doctors could come to arrangements on hospital based gap cover, an amendment moved in 1997. It was from there that Melville Private was the first hospital in Australia to offer such arrangements.

There has, however, been a problem with the current arrangements in that the very significant part of the medical profession finds that this is completely unacceptable and the advances we have had to date have been over the bodies, so to speak, of the medical profession and they have opposed it at every single move.

The measures contained in this bill will enhance the attractiveness of the product of private health insurance by giving the health insurance industry
an additional means by which it can offer known gap insurance policies. The bill provides for ministerial approval of gap cover schemes. The approval criteria will be contained in regulations. Those regulations are not yet available. I concede that they are important and will need to be properly examined by the opposition before they can give a final position.

The bill requires health insurance funds to demonstrate that the operation of any proposed gap cover scheme will not have an inflationary impact. This is not an absolute standard. In exercising powers of approval, I would ensure the gap cover schemes would not have an inflationary impact over and above those associated with gap product already developed under existing arrangements. But in doing this, I am trying to send a clear message that we simply will not allow any open-ended scheme and we will not allow a scheme that allows medical fee inflation. But we are sending something of an olive branch to the medical profession in saying, 'It's now over to you to work with health funds to see if you can come up with products that are to the benefit of the consumers.' I believe this is possible.

The model that has been put to me is what is called a service delivery scheme - in effect, Medicare at a general practitioner level as a service delivery scheme whereby a person goes to a GP, the GP may choose to bulk bill or may alternatively choose to give the patient an account. Over time, most GPs have come to charge no gaps at all on their GP products but, then again, that is an individual GP's choice and a consultation by consultation choice.

This reform is an integral part of our government's desire to make private health insurance better value for consumers and part of a long-term process and long-term plan with health insurance. That includes lifetime health cover, a 30 per cent rebate, a change to prudential requirements and changes to prosthesis, one of the most rapidly growing areas of private health insurance expenditure. These measures therefore serve to enforce our commitment to a robust Medicare system complemented by a viable private health system.

Consumers have consistently demanded no or known gaps in return for their health insurance premiums. We have listened to those demands and this bill has delivered the framework within which this policy may be offered and our existing successes expanded. The bill is evidence of our commitment to ensuring that choice and freedom offered by the private health system remains viable to all.

As I mentioned, while the current legislation allows the gap to be covered in circumstances where a hospital or fund-based agreement exists with the practitioner providing the service, this bill will enable the gap to be covered without the need for formal contractual arrangements between practitioners and funds. Despite the rapidly increasing coverage of gap products, there is still very great friction in this area. I hope that this bill will allow time for the different parts of the industry to start working together, something that should have happened a very long time ago.

The measures contained in the bill are significant in the history of private health insurance. It is the first time health funds and doctors have been able to agree on strategies for dealing with gaps. In this sense it should be commended as an example of people working together.

Ordered that further consideration of these bills is adjourned until the first day of the 2000 budget sittings, in accordance with standing order 111.

Ordered that the bills be listed on the Notice Paper as separate orders of the day.

A NEW TAX SYSTEM (FAMILY ASSISTANCE AND RELATED MEASURES) BILL 2000

Consideration of House of Representatives Message

Message received from the House of Representatives acquainting the Senate that it had agreed to the amendments requested by the Senate.

Third Reading

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

COMMITTEES

Environment, Communications, Information Technology and the Arts References Committee

Report

Senator ALLISON (Victoria) (3.57 p.m.)—I present the interim report of the Environment, Communications, Information Technology and the Arts References Committee on matters specified in paragraphs 1(a) and (b) of the terms of reference for the inquiry into online delivery of Australian Broadcasting Corporation material, together with the Hansard record of the committee's proceedings, submissions and documents presented to the committee.

Ordered that the report be printed.
Senator ALLISON—by leave—I move:

That the Senate take note of the report.

The Senate referred this inquiry into the proposed ABC/Telstra Online agreement to the Environment, Communications, Information Technology and the Arts References Committee on 17 January this year. The inquiry was not in any way an attempt to interfere with the independence of the ABC board, and, in drawing its conclusions, the committee fully acknowledges and respects the fact that decisions about the sale of ABC Online content are ultimately a matter for the board. The reference reflected concerns about pressure on the ABC board for increased commercialisation created by the current funding environment as much as it did other matters emerging from the arrangement. It reflected concern, both within and outside the ABC, about the implications of the sale of online content for the preservation of the ABC’s fundamental values of independence and integrity. There were concerns about the ABC’s editorial independence, its policy on advertising, and about the secrecy which surrounded many of its agreements for the sale of online content.

The committee’s inquiry has three parts. The interim report we are presenting today deals with the first two terms of reference, which examine existing and proposed commercial arrangements for the sale of ABC Online content. The third part is the subject of the committee’s ongoing inquiry and will examine whether there is a need to amend the legislation governing the ABC to ensure its viability and integrity in the online environment.

The ABC currently has at least 15 contracts to sell its online news to other web sites, including Optusnet, Yahoo Australia and others. Since August last year the ABC has been in detailed negotiations with Telstra over an agreement to sell not only online news but also sports, science, children’s programming and more. The value of the agreement is $13.5 million annually over five years. This amounts to five times the current dedicated budget to ABC Online. The proposed agreement with Telstra goes well beyond the sale of off-the-shelf content to include co-productions, the cross-promotion of products in Telstra and ABC shops, undertakings to cooperate in the development of multimedia and datacasting, and for the ABC to explore the purchase of Telstra’s broadband capacity. There is also provision in the agreement for the ABC to share in advertising and e-commerce revenues generated by Telstra webpages with ABC content.

The committee has no in principle objection to the sale of ABC Online content to third party web sites, provided that the agreements to do so require the strict application of ABC editorial policies and guidelines and that advertising, other than for the ABC’s own products and services, is not placed around or otherwise associated with ABC material. However, the committee has substantial reservations about the conclusion of the proposed agreement with Telstra in its current form. Those reservations are based on elements in the proposed agreement that could contravene the spirit of the ABC’s act, constrain the ABC’s strategic flexibility as the online environment develops or create disagreement about future expectations.

Concern about the ABC’s editorial independence and integrity is a major theme of this inquiry. We are pleased that both Telstra and the ABC recognise its importance, and they have sought to place formal safeguards in their agreement to this effect. However, this did not extinguish our concerns. The committee heard evidence about problems the ABC has had with Optus and Looksmart where news stories were modified or dropped. The ABC maintains that these were essentially technical problems. The committee has recommended that the ABC seek to improve its monitoring of third party sites and explore technological solutions that would allow it to do so inexpensively. A broader concern was that the very breadth and scale of the proposed agreement with Telstra, in which the two organisations were engaged in strategic cooperation, could create an environment in which editorial compromise was more likely to occur. One area where the committee has particular concerns is the proposed undertaking that the ABC and Telstra will cooperate in coproductions. Our concern, and the concern of some witnesses, is that the ABC’s process of commissioning
programs could be compromised by an undertaking to engage in coproductions before concrete proposals have been assessed.

The key recommendation of this inquiry is that the ABC board consider a new agreement solely for the sale and repurposing of ABC Online content to Telstra. This agreement could deal merely with the sale and repurposing of online content. It should include strong provisions to ensure that ABC content is not altered by Telstra and that ABC editorial policies and guidelines will apply to all content supplied by the ABC to Telstra. The committee agrees that the ABC should be free to enter into coproductions with Telstra, but considers it better for these to be the subject of separate agreements made as and when clear proposals with a discrete commercial value arise.

The committee is particularly concerned about the inclusion in the agreement of a reference to future advertising revenues. Advertising on ABC broadcast services is currently prescribed by section 31 of the ABC Act 1983. Advertising on ABC Online and around ABC Online content sold to third parties is currently prescribed by an ABC board policy decision, in the absence of any direct reference to ABC online services in the ABC Act. The committee strongly disputes the view of the ABC that the board possesses the discretion to change this policy to allow advertising. This is properly a matter for the parliament to consider. The committee strongly recommends that any reference to advertising revenues be removed from the proposed agreement with Telstra. The committee shares the concern of many witnesses about the apparent secrecy and haste with which Telstra and other online agreements have been developed. The committee acknowledges that there is a need for the protection of commercial confidentiality in such matters; however, it should still be possible for the ABC to find improved ways of consulting with its staff and the public on general matters of editorial integrity and philosophy prior to branching out in new directions. In relation to broadband carriage services, the committee suggests that the ABC avoid signing an exclusive agreement with any cable owner that might prejudice the achievement of an open access regime.

In conclusion, ABC Online is a legitimate source of pride for the ABC. The committee commends the ABC for its foresight and skill in establishing and developing ABC Online and strongly supports its maintenance as a core ABC activity. The committee has no wish to unfairly constrain the ABC’s freedom of action in developing a strong presence in the evolving convergent environment; however, this freedom needs to be balanced by attention to the ABC’s charter and core responsibility as a respected public broadcaster and institution. It is important that the ABC’s editorial integrity and independence and the value of its brand are preserved as the online environment develops.

I would like to finish by thanking the committee secretariat: Roxane Le Guen, David Arnold, Anthony Bourke and their assistants. The report is, as usual, a very good one, despite the very tight timeframe imposed on the secretariat and the enormous workload of the secretariat currently—it has three other inquiries under way. I also thank the ABC and other witnesses for their significant efforts in assisting the committee in this inquiry.

Senator MARK BISHOP (Western Australia) (4.07 p.m.)—Earlier this year news broke of commercial arrangements being negotiated between the ABC and Telstra. As the details of those proposed arrangements became public, concerns developed over the potential detrimental impact on the ABC and its future independence and integrity. As emerged at Senate estimates in February this year, the proposed arrangement contained four key aspects and a range of peripheral matters. The four key aspects were: (a) the non-exclusive licensing of ABC Online content to Telstra, including some reversioning of content for use on new platforms; (b) allowing the ABC access to new media delivery systems through cooperative activities; (c) undertaking coproductions under the ABC’s editorial control; and (d) cross-promotion of ABC and Telstra products. The Senate committee met to consider the proposed arrangements, and the following concerns were raised in evidence by a range of
interested witnesses: reliance on funds from commercial arrangements; self-censorship or undue or inappropriate regard for the views of contractual partners; concerns about advertising, compromise of the ABC’s competitive advantage and the possible result of a failure to realise the potential of ABC Online; concerns about the privacy of consumers; and the overall breadth of the agreement, which covers topics incidental to the licensing of ABC Online content.

It is clear that the background to these proposed commercial arrangements and the haste and apparent secrecy with which they were developed directly relate to the continuing starvation of funds to the ABC by this government. Contrary to expressed election commitments prior to the 1996 election, and contrary to commitments given by Senator Alston on election night 1996, this government has significantly cut funding to the ABC. In this same environment the ABC has required, and will require into the future, significant resources to facilitate digitisation and expansion into new areas of the changing market. It is evident that the ABC has been forced to pursue alternative sources of revenue as a result of the government’s lack of funding. As a consequence of these funding cuts and the development of alternate funding sources, witnesses argued that the ABC would be dependent upon those revenues and hence its independence and integrity could be in jeopardy. In particular, fears were expressed that editorial control might become secondary to the commercial demands of new contractual partners.

The ABC responded to these concerns, pointing out that integrity and independence are of paramount importance to the board, management and staff of the organisation and the general public and that, for this reason, it is unlikely that independence will be permitted to be compromised. The ABC said that editorial policies set up mechanisms and processes that ensure independence from commercial pressures; that internal processes and structures, such as internal training, staff development and internal reporting, seek to preserve and enhance the integrity and independence of the ABC; and that policies specifically relating to online services have been built into editorial policies and licensing agreements are made subject to these editorial policies. The ABC said that its independence is important to Telstra and that Telstra is not seeking to put the ABC in a situation where the ABC’s independence is compromised.

Notwithstanding those assurances, the ALP has identified a number of ongoing concerns. Those concerns go to digital spectrum rights, contract compliance monitoring, Telstra’s ongoing right to consult, advertising revenue and Telstra’s absolute discretion to present material. In respect of digital spectrum rights, Labor senators recommend this provision be omitted from any final agreement with Telstra as it is entirely incidental to proposed content arrangements and deals with an area of public policy administration of substantial public interest, as demonstrated by high rates of bidding in recent spectrum auctions. While the ABC has attempted to provide assurances concerning ongoing contract compliance monitoring practices, the ALP is of the view that there is a need for clearly articulated, rigorous, ongoing compliance monitoring practices.

The term sheet provides Telstra with an ongoing right to consult and, whilst ALP senators understand that consultation is important, this provision suggests that Telstra will have the capacity to influence ABC decisions about content mix and genres for a commercial purpose. ALP senators suggest it may be more reasonable to renegotiate contractual arrangements in their entirety, if amendments to cover arrangements are proposed, to avoid the perception of undue influence on ABC editorial decisions. In respect of advertising revenue, the proposed term sheet contains provisions that allow the ABC to share advertising revenues generated by Telstra’s web site. This is contrary to current ABC board policy and should be omitted from any proposed arrangement pending detailed consideration of the principles involved. In respect of Telstra’s absolute discretion to present material, Labor senators expressed concern about this aspect and advised that it may be more appropriate that minimum guidelines for content presentation are developed by the ABC and incorporated...
as part of standard third party content arrangements.

Throughout this inquiry the ALP has been aware that the ABC is an independent national public broadcaster properly funded by government. Its independence from government, the integrity of its products, the high standing of its executives and staff in the public eye and the need for the ABC to be transparent in its operations and accountable to taxpayers have all been aspects that have guided ALP senators in the consideration of the issues raised in public hearings. It is paramount that the ABC protect its editorial control and independence in considering possible arrangements with Telstra. This was a common theme of many witnesses and submissions received by the committee. Accordingly, Labor senators regard as essential the maintenance of the independence of the ABC. As a public agency with a charter legislated by parliament, the ABC needs to be transparent in its operations. Its decisions need to be made in accordance with a principled public policy framework to ensure the accountability and transparency of the corporation’s activities. In this context, it is for the ABC board to determine whether, and on what terms, it will enter into an agreement with Telstra or any other corporation. The ABC has its own charter and legislative and regulatory framework within which to make its decisions. It is the job of the ABC board to protect that editorial control and independence.

Those who presented submissions and evidence to the committee in public hearings have raised legitimate concerns and issues. Consideration of the issues raised would be essential in the board’s final deliberation on the proposed ABC-Telstra online content arrangements. Similarly, it is time for the government to be making the necessary allocations of funding to ensure that the ABC can adapt to the changing world, develop and enhance new delivery systems and develop new products as required in the marketplace. In this context, a lot of the concerns that have been raised would not have been as critical if government had provided sufficient funding in the last four years.

In summary, ALP senators say that the proposed arrangement between Telstra and the ABC has given rise to public concerns at the potential detrimental impact on the ABC and its future independence and integrity. There are significant differences between the proposed ABC-Telstra arrangement and those arrangements already in place with other corporations. It is self-evident that the ABC has been forced to pursue alternative sources of revenue as a result of this government’s funding cuts, contrary to the coalition’s 1996 election commitment to maintain existing levels of Commonwealth funding.

It is ultimately a matter for the ABC board to determine, within the framework of its charter and the legislative and regulatory framework, whether and on what terms the ABC will agree to deal with Telstra. Labor senators believe that the board should approach its decision with due regard to the concerns that have been raised. Labor senators remain concerned at some of the provisions in the term sheet developed between the ABC and Telstra that relate to matters that are at best incidental to the core content arrangements proposed by the terms under negotiation. Labor senators regard the maintenance of the independence and integrity of the ABC as essential. The ABC needs to be transparent in its operations and accountable to the taxpayers who provide its funding. Decisions need to be made in accordance with a principled public policy framework to ensure the accountability and transparency of the corporation’s activities. The ABC must protect its editorial control and independence in considering a possible arrangement with Telstra. Finally, consideration of the legitimate concerns presented to the committee in submissions and evidence in public hearings would be essential in the board’s final deliberations on the proposed ABC-Telstra online content arrangements.

Senator TIERNEY (New South Wales) (4.17 p.m.)—I also rise to speak on this report on ABC Online by the Environment, Communications, Information Technology and the Arts References Committee. This was a very unusual report in the way in which it panned out across the various parties. I have never seen anything without a majority report on
any committee, yet from this committee inquiry we had a report from the Democrats, a report from the Labor Party and a report from the coalition. There really was not a majority report. So I did take exception to Senator Allison, in reporting on this committee’s work, saying things like ‘the committee had reservations’ and ‘our concerns’. She cannot really say that, because what she was reporting on was the Democrat report and she is the only Democrat on that committee. We are talking about a report of one person in the case of her remarks.

The Labor Party, as well as the Democrats, have raised a number of concerns. Most of their concerns have no substance in reality. They are perhaps fears for the future for certain things that might happen in relation to this rapid expansion into online services. I want to actually put to people that those concerns are basically unfounded and unjustified. In a minute I want to go into the way in which this whole thing is developing and its potential for the future, but first of all I want to address one or two of Senator Bishop’s remarks. Again, he put a very misleading view in relation to the way in which the ABC is funded. He talked about funding cuts. He is referring to what happened in 1996, when a budget for the ABC of over half a billion dollars was cut by about 10 per cent at that time. Of course, compared to a number of public broadcasters I have seen in operation overseas, in countries like the United States, Australia has provided for public broadcasting a rolled gold approach. Not only do we have two public providers, SBS and the ABC, but also we fund those arrangements, particularly for the ABC, in a very generous sort of way. To claim that 10 per cent efficiencies could not be found in the ABC is quite laughable. Many politicians have presented themselves to the ABC in terms of commentary and being on various programs, and what always strikes us with the ABC compared to commercial operations is how lean and mean the commercial operations are by comparison. When you approach the ABC you can never talk directly to the journalist, you have got to talk to the producer. It has got this whole bureaucracy, and that was certainly in place when we came to government.

The ABC has found a range of savings across that time, and that is most welcome. What it also has, though, is a range of widening possibilities in terms of revenue growth. Why must this all come off the public budget? Why must the taxpayer pay for all these services? The key and important thing that we must do and ensure from this parliament is the integrity of the ABC’s independence and its editorial policies. We must trust a properly appointed ABC board to administer that body under its charter in the best interests of public broadcasting. The ABC has had a terrific record over the last 60 years in doing just that. I think some of the scares that have been put around by the Democrats and the Labor Party today on this matter are totally unfounded.

This new, exciting development of online services has gone ahead in leaps and bounds. ABC Online has over 100 autonomous web sites and you can see the ABC now right around the world on the web. You can find ABC TV, Radio National, Triple J and the news. It has had many achievements and many accolades since these services started to expand over the last three years. The web sites of the ABC are now ranked in the five top sites in Australia—they get three million hits per week. That is an enormous expansion of access for the public. One of the problems with the ABC over the years has been its relatively lower rating compared with commercial sites. With the provision of online services, we now have the opportunity for that to expand enormously, and that is happening in leaps and bounds.

The quality of the programs on the web has been recognised by a number of awards. For example, the Australian Interactive Multimedia Association has presented the ABC site with the award for the best children’s site for ‘The Playground’ and the best science site for the ‘The Lab’. The Australian Internet Awards best media site has been awarded to ABC Online and best entertainment site to ‘Stuff Art 99’. These are just some of the examples of the response from the industry and the public to what is developing as a high-quality service which is very much in line with ABC tradition.
If we have a look at the cost of the delivery of these sorts of services, there is an even more amazing outcome from the ABC. They are delivering all this, based on the 1998-99 budget, at a cost of $2.7 million. This compares to the Fairfax and the ‘ninemsn’ web site arrangements which cost $30 million— that is efficiency for you. Not only do they produce this at very low cost but, as I indicated before, they produce very high quality.

The government is very concerned that this kind of success continue and that the ABC must take advantage of the increasing range in new media services that is available for new technology. Labor and the Democrats should be congratulating ABC Online and should go further by supporting online expansion. The real question is whether the ALP and the Democrats want to stifle the growth of the ABC. They are already showing signs of trying to hold this growth back. We must act quickly, and the ABC needs to act quickly in this very dynamic and changing online environment or it will be left behind. The Internet is growing at a phenomenal rate and, given the number of web sites, it must be out there, up front and projecting its material to be part of this expanding and very rapid industry. At present, it has 15 Internet portal sites and its customers include Yahoo Australia, Excite Australia, Looksmart, and it also supplies cricket to ninemsn. These agreements brought in half a million dollars last year and the projection for next year is $1.5 million—growth will triple in that time. The projection for the following year is $2.5 million. So there is a growing stream of funds coming into the ABC from this new development. Under these arrangements, ABC Online News feeds to third-party sites. This is done on conditions of editorial independence and integrity. There have been no problems with this so far and the potential is enormous for exposing ABC services right across the world.

The ABC has already offered good reasons why it wants to sell its online services to other web sites and online portals. It wants to do this so that ABC content is available on as many platforms as possible and so that the commercial value of ABC Online is enhanced. The ABC has adequate powers under its act to enter into commercial arrangements. It is a matter for consideration for the ABC board and management. The ABC can exercise discretion and ABC commercial and editorial interests can be protected by the arrangement which we have already under ABC independence. There is no need for parliamentary scrutiny, except for very light touch scrutiny through processes such as Senate estimates.

The government recognises the ABC’s desire to be a player in the online world. It must seek new audiences and adapt technologies. We must always be cautious when entering commercial arrangements, but I have every confidence that the ABC and its online arm will do this very much in the public interest. It is imperative that the ABC is seen by as many as possible under its existing tight editorial guidelines. The ABC has adequate safeguards against compromise of its editorial integrity. On this basis, I call on all parties in this Senate to support this exciting new development in the ABC.

Senator LUDWIG (Queensland) (4.27 p.m.)—I seek leave to continue my remarks later.

Leave granted; debate adjourned.

A NEW TAX SYSTEM (FRINGE BENEFITS) BILL 2000
A NEW TAX SYSTEM (MEDICARE LEVY SURCHARGE—FRINGE BENEFITS) AMENDMENT BILL 2000
Second Reading
Debate resumed.

Senator SHERRY (Tasmania) (4.28 p.m.)—The A New Tax System (Fringe Benefits) Bill 2000 and associated legislation display government policy action at its worst. The bills we are considering represent a series of roll-backs, backflips, backdowns, contradictions and outright hypocrisy. It was the Treasurer, Mr Costello, and the Prime Minister, Mr Howard, who earlier this year committed the government not to make any further changes to the GST package, but these bills are clear evidence of them
breaching their own commitments. This has occurred in two areas. Firstly, there is a further amendment to the GST legislation to insert a new exemption. On 24 January on the Neil Mitchell program, when asked by Mr Mitchell, ‘Does this mean no more changes?’, Treasurer Costello said:

Well, it does mean that we are not changing the legislation, that we’ve got it right. As you implement these things there have to be further rulings, but these are just rulings as to how the tax office applies the concepts.

This was said in reference to further changes to the GST and the package. What we have here is not a ruling—that is for the tax office. This is a new exemption, a change to an existing policy pronouncement and associated legislation. This is hypocrisy on the part of the government who argue that it is bad if it comes from the Labor Party but it is good if it is done by the government.

Senator McGauran—That’s right.

Senator SHERRY—I will take that interjection because it just shows your lack of principle and total hypocrisy even further. What is even worse is that it can be done, in their view, without any adverse effects. Well may you laugh, Senator Minchin and Senator McGauran, but it is a serious issue. Secondly, the bills represent a major roll-back—and I stress the term ‘roll-back’—on the cap on fringe benefit exemptions for public benevolent institutions. This will cost $300 million over four years. So much for the arguments we have often heard in this place from, for example, Senator Kemp, the Assistant Treasurer, who has claimed time and time again in recent weeks that you cannot roll back the GST in this area, that roll-back makes it more complicated and that it costs hundreds of millions of dollars. It was on 25 February that the Treasurer’s spokesperson, we do not know whom, was reported in the Sydney Morning Herald as saying, in reference to this matter, ‘If the loophole is left open, it means it will have to be funded by some other part of the budget.’ In other words, if the government were to make any further concessions on this FBT cap, the cost would be borne by expenditure cuts in other parts of the budget. Mr Costello, by this bill, has increased substantially what his spokesperson called a loophole. This bill represents a worsening of the budget bottom line by $300 million over four years.

It was on 15 February that the Treasurer, Mr Costello, did it again. In his press release No. 13 he announced changes in respect of rules for small businesses which provided financial services as an incidental part of their business. He had earlier said that changes in this area were unnecessary. Apparently, he is attempting to simplify the administration for small business. This confirms Labor’s criticisms and our concerns about the complexity and flaws in the legislation. Again, the Assistant Treasurer, Senator Kemp, has continually claimed in reference to Labor’s proposed roll-back of the GST that it would make the tax system more complicated. The GST is already world’s best practice in terms of complexity.

Recently the National Farmers Federation, one of the strongest advocates of the GST, along with their doormat partner, the National Party, in this government—

Senator McGauran interjecting—

Senator SHERRY—It is right, I am glad you accept that, Senator McGauran.

Senator McGauran—I said: they are fighting words.

Senator SHERRY—The National Party has a recently well developed reputation, Senator McGauran, for completely ignoring the interests of people in rural and regional Australia. I will come to another example of that later. It was the National Farmers Federation that tendered a report at the recent national wage case hearings, prepared by Professor Binh Tran-Nam of ATAX from the University of New South Wales. It was called The implementation costs of the GST in Australia: a preliminary analysis. Putting aside the hypocrisy of the NFF arguing workers should not get a pay rise because of the adverse impact of the GST, which they have supported, the NFF analysis referred to the initial costs of preparation for the GST as $4.3 billion to collect $27 billion in the first year. Of this $4.3 billion, $2.8 billion was to be paid by business and $1.5 billion by government. The cost to business, therefore, is approximately 10 per cent of revenue col-
lected. Ten per cent of revenue collected is the cost to business of a GST. Of course, this cost will be borne overwhelmingly by small business and, I might say, in particular by farmers in rural and regional areas of Australia. This figure excludes the $2 billion in ongoing costs that the government has finally admitted will be the ongoing figure.

The Liberal-National Party have just assumed away this problem. They have wished away a $2.8 billion cost impact on the economy. Most of these costs will be passed on to consumers. It will further fuel Australia’s inflation. Of course, this is a critical element in determining interest rates. Let us make it clear: the GST equals higher inflation equals higher interest rates. In addition, the costs that I earlier referred to from the National Farmers Federation document clearly illustrate the inefficiency of the GST. In respect of the fringe benefits tax, most senators would know that it is a tax on employers on the value of non-salary and wage benefits provided to their employees. It is imposed on employers for one very good reason: to ensure administrative efficiency and compliance. In 1998-99, there were some 67,000 taxpayers paying FBT, collecting $3.3 billion. It was the Ralph Review of Business Taxation, incidentally set up by this government, that proposed to shift collection from employers to employees—millions of new tax collection points. Rightly, the Treasurer, Mr Costello, rejected this proposal. But the hypocrisy is clear again. The FBT collection is highly efficient, yet the Liberal-National Party, joined by the Australian Democrats, have implemented a highly inefficient method of collecting the GST. Millions of new tax collectors means extra paperwork, and collection and compliance costs that will hit hardest small business and, in the case of the National Party, those small business elements, those farming elements, in rural and regional Australia that they allege they continue to represent. The Treasurer’s approach to collection simplicity in terms of him accepting the current collection mechanism of the FBT is in strong contrast to the collection mechanism for the GST. And, of course, it highlights the contradictory approach.

Whilst on efficiency and administrative costs, the government has never addressed a key matter in respect of this issue, that is, how it will impact on service delivery for those vital community and public organisations such as charities, hospitals and the like. The Liberal-National Party and the Democrats have never addressed the issue of resources or offered any compensation. The Liberal-National Party has, of its own accord, modified its original proposals by backing down on imposing a $17,000 grossed-up exemption limit per employee, by proposing a new limit, a differential scheme, retaining the limit for hospitals of $17,000 but setting a new higher limit of $25,000 for charities and other bodies.

The interaction of the GST and the FBT is extremely complicated. The changes we are considering significantly add to that complexity. This is supposedly a simple new tax system. Recently Mr Ray Regan published a guide on various aspects of the collection of GST and FBT and its calculation. Mr Ray Regan is a well-known accountant in this country who often comments publicly on tax matters. Mr Regan’s guide runs to 212 pages on the interaction of the GST and the FBT. The guide has 212 pages. This is fairly normal; it is not an extraordinary guide by any means. This is before the legislation we are considering today passes into law. This is the complexity of this tax as it interacts with the fringe benefits tax—all the new complexities and new costs of the allegedly great new simple tax system with the centrepiece of a GST.

But it goes even further. The back-downs, the back-flips and the hypocrisy do not stop here. This bill also provides important exemptions for remote area housing and some meal expenses. This is a benefit to remote area employers and employees and will cost $35 million a year—and rightly so. But where was the National Party in highlighting this problem in respect of remote area housing and some meal expenses for people living in rural and regional areas? We have not heard a peep from them. We have not heard a word publicly, and I am pretty sure that they were silent in the backrooms of the coalition as well.
Senator McGauran—Fringe benefits are tax free for mining towns. Mount Isa—

Senator SHERRY—We will get to that, Senator McGauran. I am afraid, going by that interjection, that you do not understand what the government is doing here.

Senator McGauran—You do not understand what you are talking about.

Senator SHERRY—This expansion of the exemptions for remote area housing and some meal expenses was not the original government policy, Senator McGauran. You even missed it in the original government policy. What the government has done in this legislation is roll back the FBT as it applies to some remote area housing and some meal expenses in regional areas from their original position. The explanatory memorandum says:

The FBT exemption for remote area housing has not been previously announced.

Do you get that, Senator McGauran? The roll-back in this piece of legislation had not been previously announced.

Senator McGauran—I am seeking some real advice—serious advice.

Senator SHERRY—That is in the explanatory memorandum. However, the Treasurer, Mr Costello, announced this roll-back on 25 November last year. He described it in the Financial Review:

It’s a more technically robust and better system to achieve the original policy intent.

This comes at the cost of some additional millions to government revenue. Of course, the Treasurer can dress it up as technically robust and a better tax system but, in effect, what the Treasurer and this government have done is roll back—they have carried out a back-flip and have backed down on—their original proposal on remote area housing.

Senator McGauran—You’re wrong.

Senator SHERRY—You are wrong. I am afraid. You are the ones who are wrong. You should take more of an interest in these issues, Senator McGauran. The poor old National Party takes very little interest in the interests of people who live in rural and regional Australia. It is something you should have been on top of on behalf of the National Party. But there are numerous other examples of the neglect by the National Party of the people they supposedly represent in rural and regional Australia. Unfortunately, the legislation we are considering is one of the worst examples of the Liberal-National Party’s handling of an issue in respect of the GST implementation. It has been absolutely atrocious. It illustrates the increased complexity, the increased costs and the increased unfairness of the GST to the general community.

Senator LEES (South Australia—Leader of the Australian Democrats) (4.43 p.m.)—The A New Tax System (Fringe Benefits) Bill 2000 is certainly very controversial. It has been one that the charitable sector, the not-for-profit sector generally and the public hospitals have had some grave concerns about. It is also one that the government regards as very important to its budget bottom line. It contains four major changes to the fringe benefits tax. The history of this dates back to the release of the government’s election tax policy in August 1998.

The four major measures in this bill are: first, capping the current unlimited FBT exemptions for charities and not-for-profit organisations at $25,000 for charities and $17,000 for hospitals; second, including the 10 per cent GST in the grossing-up formula for calculating FBT; third, extending the current exemption for housing in rural and remote areas to all; and, fourth, providing an exemption for meals provided by primary producers.

The sum total of all of this, according to the government’s budgetary figures, is a budgetary gain of $344 million in extra FBT next year, rising to $394 million by 2003. But, when looking more closely, we have very little faith in that figure. While the grossing-up formula is set to raise upwards of around $210 million, the saving figure of $170 million on hospitals and charities is almost certainly a fiction. This is because packaging is mostly at the high end of the salary scale. As charities and hospitals seek to balance their books, they are almost certainly going to recoup their costs by broadening out eligible salary packaging into middle income employees, if that is not already happening. In some states, this is already happening. I will speak a little bit more about
hospitals in a moment. But in other states it is largely not being used at the moment. I believe we could well have a situation where it spreads rapidly to those who are currently not using it. In fact, this was the finding of the Ralph review when they reviewed this issue. Their report said:

The Review is not convinced that the proposal announced in ANTS will be sustainable in the longer term because of the eventual cost to revenue. ... The Review considers that this element of government assistance to charities and the like should be removed from the tax system and replaced by direct identifiable subsidy.

The government has, commendably, not agreed with them, but nor has it heeded their advice that this item does not really bring any significant budget savings.

The Democrats certainly think that the Ralph report was right, that this measure is unlikely to save anywhere near the money the government has predicted, although it will encourage some degree of better remuneration strategies for higher income employees in hospitals. The simple fact is that, if the government is saving $170 million, it is doing so by pulling the money out of the charity and hospital sectors, and I think there would not be anyone here who would not argue that those sectors desperately need the money. The services of charities are stretched to the limit, and this situation has been made worse by this government’s decisions on funding cuts and also policy changes in the social security area, cuts to health, education, welfare and community services, et cetera. So to say, basically, ‘On top of that, we are going to take another $170 million out of the sector,’ is to add insult to injury. It is also very hard to have sympathy with this measure when we look at the measure where the government legislated for some $500 million a year in tax cuts for high income earners through their capital gains tax changes in the business tax package, and this was agreed to by the ALP. Basically, we are seeing an increase in tax on charities to give tax breaks to people on high incomes, those who are speculating and getting some benefits now from the cuts in capital gains tax.

My colleague Senator Woodley has been consulting extensively with the charitable sector for many months. They are extremely concerned about how the changes to FBT exemptions will affect their capacity to deliver services. If they have to find extra money to pay salaries, it has to come from somewhere. As they have no source of additional revenue—in fact, if we think they have any possibilities for raising extra revenue they would be only too happy to hear about it; they are already stretching every possibility to the limit—the only way to do that is to stop delivering some of the services they are now delivering. This is very much so where they are providing a lot of hands-on service, professional services where they need people who traditionally are paid quite a reasonable salary, such as in medical services, services involving legal practitioners, or where the task of running an entire operation has significant managerial role—where in the private sector they would attract very high salaries. They have basically used FBT to enable them to compete with the far better resourced private sector. They need to attract quality staff. They do not just need to attract them but they also need to be able to keep them. They have been encouraged by government to use FBT to stretch their dollars further and to assist them with making ends meet. The exemption has been particularly important in rural and remote areas where, for hospitals at least, attracting staff is extremely difficult, and also for indigenous communities, which have traditionally a very low level of funding and whose recruitment problems are very acute.

Having said that, the sector and the Democrats acknowledge that there has to be some limit placed on the use of this exemption. For some years, most charities—not all but certainly the vast majority of them—have been operating on a self-imposed cap of 30 per cent. As we surveyed the charities, we could find very few, if any, examples of where they have been going over this. The sector by and large accepts that a cap is appropriate as long as it leaves the sector without any disadvantage but still with some degree of competitive advantage against the private sector. The original $17,000 cap proposed for charities was clearly inadequate. The sector was absolutely unanimous in its submissions to the Senate tax inquiry on this point. It made it
very clear that it could not live with this cap—that there would be a significant reduction in services. Under pressure from us and from the sector, the government raised this sum from $17,000 up to $25,000. But the advice from the sector is that this is not acceptable. They have been operating at around the $30,000 mark for their higher income earners and that was what was going to cause least disruption. ACROD, the peak body for the disability sector, proposed a cap of $30,000, indexed to CPI and taking effect from 1 April 2001. ACOSS, who also strongly supported a cap, suggested it should be 30 per cent of remuneration up to a maximum of $30,000, with a higher cap for indigenous organisations. We sought the views of the sector. We surveyed them formally, basically putting out the ACROD proposal. In just over two weeks, more than 700 responses were received from various organisations, with 89 per cent supporting a cap and 74 per cent supporting the ACROD proposal. Largely, this is the proposal that we are strongly recommending to government.

For hospitals, the issue is a little different. Here, the strategy for promoting the use of fringe benefits tax has been largely driven by central government agencies. State governments are past masters at cost shifting—shifting costs off their books and onto someone else’s, in this case the Commonwealth’s. The savings have rarely stayed with the hospital. The savings have gone back into consolidated revenue and those black holes in many states, and basically used to reduce debt. The most proficient users of the FBT exemption have been coalition governments. The former coalition government in Victoria virtually got it to an art form. The coalition governments in Western Australia and South Australia are very heavy users of salary packaging, encouraging their hospitals to be actively involved in it. Over time it has extended from where it started, with the top salaried officers, and has moved down to nursing staff and other health professionals. We have now seen that it goes well beyond that to basically anyone who works within the hospital—down to those on what we would call minimal incomes. This has been partly about saving money but, in some states, it has been about getting people out of awards and onto individual employment contracts.

For both these reasons, the Democrats believe it is appropriate to place a cap on FBT exemptions in hospitals. However, while central agencies have been very happy to demand savings from hospitals, they are very quick to avoid any costs that may come back to them. They duck for cover when it is suggested they meet these additional costs. So basically, having let the FBT genie out of the bottle, it can only be put back in over time. The appropriate time would be during the next Medicare discussions and negotiations—that is three years away—particularly given the fact that the federal government failed to raise this as a problem during the last Medicare negotiations. We see it now as unreasonable to expect the states to pick up all of the costs of the change to the rules.

Over the remaining three years of the current agreement, we propose to government that the cap be phased in slowly. This will discourage new excessive salary packaging arrangements, while ensuring that hospitals can fund those that they have without affecting their services. We are recommending to government that there be a gradual reduction—an 80 per cent refund in the first year, 70 per cent in the second and 60 per cent in the third. It should also be remembered that the states start receiving additional money from the GST over these three years. Access Economics estimates that, by 2003, the states and territories will be about $1.5 billion a year ahead of where they would be with the current grants system. So the states will have the capacity to absorb some, but not all, of the costs.

The Democrats acknowledge that the hospitals and not-for-profit providers in regional areas face particular recruitment problems. This is why we support the government’s initiative to broaden exemptions for rural and remote housing. We will believe it will go some way towards addressing that, but we stress to government that more needs to be done. It does not matter which agency you discuss this issue with: it is a recruitment problem as well as a long-term staffing issue. Occasionally they can get the staff in but actually hanging on to them becomes quite a
major issue. We say to government that more has to be done in rural and remote areas.

At this stage our particular concerns relate to Aboriginal services. We are very concerned that the $30,000 cap will apply to indigenous organisations. We see their services as being consistently underfunded. It does not matter whether you look at Aboriginal health services, legal services, education or whatever. It does not matter whether you look at central business districts or rural, remote and regional areas. They are all suffering the same problem. Part of this followed on from the very heavy cuts to ATSIC in the first years of this government. It is also comes from the huge demand on their services. Where one doctor may be sufficient for a community health service, in an Aboriginal health service you find that they need to recruit not a doctor but perhaps several nursing staff and a series of Aboriginal health workers. Their budgets are already under enormous pressure. They get very little to actually recruit a doctor—around some $70,000-odd. When most doctors can earn perhaps double this if they stay in inner city practices, you can imagine the difficulty they have in attracting doctors to rural and remote areas.

There is a lack of information about this sector and any information that we do have points to the massive problems. We still need further information as to what should be done. We think we should look into this area and at the particular recruitment problems that indigenous organisations are having. We have 12 months in which to do this and then, armed with that detail, we can start giving far greater assistance, particularly in the area of Aboriginal health. As has been pointed out in this place earlier this week, for every dollar that we non-indigenous Australians receive from Medicare, Aboriginal Australians get somewhere between 60c and 65c. That is with virtually every bit of Commonwealth spending on indigenous health. That is their Medicare, PBS, Aboriginal health services, et cetera. They are already behind. To put the same FBT cap on them as on others will put even greater pressure on their services. We should be looking at expanding Aboriginal services, not just trying to maintain them.

Senator Woodley has already dealt with a number of issues. I emphasise the anxiety that he and I have picked up in the not-for-profit sector. This sector does want to do the right thing. Indeed, we can find very little evidence that there are any out there who are moving beyond what the government sees as reasonable—in other words, the $30,000. But being asked to shoulder cuts when it is all about a budget bottom line is not something that this chamber is prepared to tolerate. What the Democrats propose achieves a far better balance. While allowing salary packaging to continue, particularly for those organisations which have difficulty getting and keeping appropriate staff, we want to achieve a balance between that and actually allowing people to rort the system, as well as a reasonable funding base for government.

Senator GIBBS (Queensland) (5.00 p.m.)—I rise to speak on A New Tax System (Fringe Benefits) Bill 2000 and the associated bill and will be focusing mainly on the problems and hardship that this bill as it stands will cause to charitable institutions and not-for-profit organisations. There are about 10,000 charities in Australia and every one of them will, under this government, become a tax collector. Some of them are quite large, employing hundreds of people and helping thousands and thousands of needy people. Other charities are quite small. But no matter what their size, all play a very important role in this country.

The introduction of the GST and the changes to the fringe benefits tax will mean major changes to the charity sector in this country. The changes will place a huge burden on these organisations. That burden will come about because, despite changes to the tax package announced last year, charities and not-for-profit organisations will still have the administrative burden of collecting tax for this government.

From 1 July the new tax package will draw charities and not-for-profit organisations into the tax collection circle. The compliance costs for charities conforming to the new regime will be horrendous. Every dollar charities spend on complying with the GST will be a dollar less they can spend on their core work. The GST is shaping up to be a tax on
compassion, a tax on helping people, and a tax on volunteering. So even before we start to look at the fringe benefits tax changes, charities are already behind the eight ball.

The implications of a GST and the fringe benefits tax changes on charities are enormous when we consider the size of the charitable sector and the magnitude of the work it does within the community. Evidence received from the Industry Commission during the Senate Community Affairs References Committee's GST inquiry showed that in 1993-94 the community welfare sector employed over 100,000 paid staff and had a total annual expenditure of $4.8 billion. Considering this government's slash and burn attitude towards social services in this country, I gather this figure would have dropped in the past few years. And it will get even worse in the next few months leading up to the GST.

The work of the charitable and community sectors is also supported by volunteers, who together donate 95 million hours of their own time each year. In 1995-96 not-for-profit organisations spent over $25 billion in operating expenditure. The New South Wales Council of Social Service pointed out that the nonprofit sector in Australia is as large as the New South Wales and Victorian governments combined. Clearly, these groups have traditionally made a substantial contribution to helping Australians in a multitude of different ways. I am sure they will do their best to go on making that contribution to Australian society whatever the government does. But that does not mean that the parliament should put impediments in front of them.

The FBT changes as they currently stand are another impediment to the successful operation of charities and not-for-profit groups. The full effect of the fringe benefit changes, on the other hand, is not easy to pin down, though it does not look positive. I do not think the government fully understands the total impact of the proposals on charitable groups and, to be honest, I do not think anybody else in Australia does either. That is why the opposition is calling for a full and independent inquiry into the effect of the legislation. The opposition supports a full and independent inquiry which will help everybody get to the bottom of the matter. We owe it to the people in the sector and we owe it to the people whom they serve.

A lot of charities are extremely worried that the FBT changes will have a major impact on their workings. The particular area of contention in the fringe benefits bill is the proposal to limit the presently unlimited FBT exemption for certain employers, namely, charities and hospitals, and the limiting of the rebate arrangements applying to other nonprofit bodies. The effect of this will be to reduce the resources available for these bodies to deliver services, to reduce the remuneration of many of their key staff or a combination of the two areas. It may also force state governments to inject more resources into the public hospital sector, although I am not exactly sure where the state governments will find that money, considering current problems with public hospital funding. Although we have been told that the states will benefit because of the GST, I believe that will not kick in for five years when it comes to the hospital situation.

Looking at the fringe benefits tax in more depth demonstrates the need for an inquiry. Some not-for-profit and charitable bodies obtain fringe benefits tax exemptions or concessions by way of a rebate. The government says that these concessions are being abused by some and so this bill has proposed limits on the concessions. I am sure there are occasions when, unfortunately, rorting does take place. There is anecdotal evidence that shows that some groups and individuals are rorting the system, but I suspect it is far from the majority. This is one more reason to have an inquiry into the issue. Labor has always supported a cap on the FBT but, before we decide exactly what level the cap should be, we need to know how widespread the rorting is. We need to know exactly what effect the changes will have, not only on those groups rorting the system but also on the overwhelming majority, who are doing their best to work within the system with the limited resources they have.

Organisations gave evidence to the Senate community affairs committee inquiry that the government itself encouraged charities to make use of the FBT system to ensure in-
creased services. The Spastic Centre of New South Wales indicated it had taken part in a 1997 meeting with the Prime Minister, and it was understood that organisations such as the Spastic Centre should optimise benefits of exemptions to maximise service for people with disabilities. Salary packaging is important to charitable groups because it enables them to maximise the use of their limited funds. It also allows them to compete with the private sector to attract and retain talented and dedicated staff.

It was reported to the community affairs committee inquiry into the GST that organisations were conscious of the need to retain qualified and competent staff. It was noted that many employees utilising the FBT arrangements are not highly paid compared with similar occupations in the public and private sectors. Salaries offered by community and welfare organisations are generally low, even taking into account the FBT arrangements. The FBT arrangements had gone some way to ensuring that experienced and competent staff were retained by FBT-exempt organisations. It was noted that the need for organisations to be able to attract and keep competent staff has in the past been recognised by governments through the policy of providing them with an exemption from FBT. It was also argued that organisations were finding it necessary to employ more experienced staff as governments sought to devolve more and more responsibility for self-reliance to the not-for-profit sector.

There is no doubt that there is a need to examine whether the system is being rorted. The opposition does not support the rorting of the fringe benefits tax system by charities and other not-for-profit organisations. But there is also a need to look long and hard at whether some of the proposed changes will do anything but hurt organisations that are trying to do the best they can under the current laws. Despite the fact that the FBT is levied on employers, it is most often borne by employees in their salary packages.

Impacts vary between employers. There are four main areas of change to FBT proposed in this legislation. The first is to limit the currently unlimited fringe benefits tax exemption for certain employers, including charities and hospitals. It also limits the rebate arrangements to other bodies such as private educational institutions and sporting bodies. It also introduces provisions covering the GST’s complex interaction with the FBT system, including a now increased, grossed-up formula, new exemptions for remote area housing benefits and meals provided by primary producers, and technical amendments to the way fringe benefits are treated in the calculation of liability under the Medicare levy surcharge.

The proposed FBT exemption limit for charities is quite contentious. The government is saying that the current provisions are being abused. The charity sector disputes this. There is evidence of widespread use of FBT exemptions by charities—up to 30 per cent of some charity work is salaries. There is also evidence of a similar practice in a number of hospitals, especially in Victoria. The removal of the FBT exemptions would have a very serious impact on the operation of some of the larger hospitals, particularly the church hospitals. The charities themselves support a limit of 30 per cent. Evidence received at the Senate inquiry indicated that this was the limit many of them were using at the time. The tax office has basically accepted this as an informal arrangement, saying that salary packaging up to 30 per cent was all right. The original plan to cap FBT at $17,000 was seen by most charities as disastrous, especially on top of the GST. The proposal to increase the limit to $25,000 is extremely welcome.

The ALP support the government’s view that the current informal arrangement is not satisfactory. We support the government’s view that the system needed to be regulated and to be made more transparent. What we are saying is that we have to be very careful about the level we set this regulation at. That is the reason we need an inquiry into the whole issue. We want to know what impact the various regimes would have on the sector. We want to know what impact the various regimes would have on the ability of charities to attract workers. We want to know how caps of $17,000, $25,000, $30,000 or even 30 per cent or some other figure might affect the salary packaging. As it stands at the moment, we just do not know the answers to those
questions, and the Labor Party is not prepared to help put into effect legislation which could have a devastating impact on the charity sector. We need an inquiry to make these decisions in an informed and educated manner. The cuts this government has made to social services since it came to power has placed a higher emphasis on the work of the charities. For that reason it is absolutely essential that we know the full effect of any changes we make to the way the system operates.

I cannot emphasise enough the concern and worry these proposed changes are causing charities in Queensland. I have had a number of calls and letters—and I am sure my colleagues have had these as well—from people working in the charity sector expressing concern about their future. There are a lot of people in the sector who do not know exactly what their current conditions of employment are. The reason for this is that the government announced an operative date of April 1 this year for this legislation.

Currently these groups are operating in a policy limbo. They know the issue is being debated here but they do not know what the outcome will be. A number of employees are asking what their position will be. The proposed Democrat amendments to delay the regime until 1 April next year, at least for charities, alleviate that particular problem somewhat, but the bigger issue remains.

I have had contact from a financial counselling service in Rockhampton. They are incorporated as a community financial counselling service, a community legal service and a consumer service. They were told that they would have to register and receive an Australian business number, which they have done. But they are somewhat confused. As everybody would know, they are given money in the form of a grant by the federal government. They have been told that they have to pay 11 per cent of their grant up front to the taxation department. But they are not sure how to receive this money back. They have been told they will get it back, but they are not sure how because their service is a totally non-paying service. It is a free service. They do not charge anybody for anything. Apparently, in this circular that was sent to them, the department said that they would be issued with ‘tax invoices’. They think that, when they are given their grant, they obviously will get a tax invoice and get their money back. This seems rather ludicrous. Why should they pay it in the first place when they are going to get it back? Of course they do not really purchase much because, as most CLCs do, they scrounge as much as they can in the way of paper or whatever.

The Labor Party have been expressing these concerns about the FBT since October last year. The Labor Party believe that, when we make any changes to this sector, we should get it right the first time. Charities simply cannot afford multiple changes to the FBT system, particularly on top of the cost of implementing the GST. That is an area which is going to cause a considerable number of problems, as everybody in this chamber has said before. The compliance costs are going to be enormous. Even though the government says they will not be, everybody knows that, in organisations where you have volunteers, the compliance costs are going to be absolutely enormous.

I am pleased that the Democrats have also recognised the need for an inquiry into the issue, although there is some debate on exactly how it should be set up. I trust we can put politics to the side and work together to find an adequate solution to these issues. I hope that government senators also see the importance of this inquiry and support Senator Evans’s second reading amendment.

Senator McLUCAS (Queensland) (5.18 p.m.)—I also rise today to add my voice to those of my colleagues in the Labor Party calling for a proper inquiry into the provision of the ANTS package and its treatment of fringe benefits. Like my colleagues, I am concerned about how this legislation will affect the many community based agencies that rely on the current system of FBT exemptions in order to stretch their limited funding dollars further. I add my voice to this debate because it is the one issue about which I have consistently been bailed up whenever I visit any community organisations.

People in the welfare sector are worried about these changes. They are overwhelmed
by the many tax changes that are being forced upon them by the government’s GST legislation. They need a breather to assess their liabilities, and I think this parliament does too. The government has not done any real analysis of how the welfare sector uses the existing FBT exemptions and what impact these proposed changes might have. Yet here we are, about to impose caps and other reporting mechanisms without clear information and without any real proof that the changes will reduce the alleged rorting of the system. It simply is not good enough.

This legislation before us today aims to do a number of things. It places a limit on FBT exemptions for benevolent institutions and a range of other bodies, including public hospitals, some private schools, trade unions and employer associations. To this point, it is still not clear which organisations will fit the definition of a public benevolent institution. This legislation changes the formula for calculating FBT liability in the light of the GST. It extends the exemption for remote area housing and exempts certain meal benefits provided by primary producers.

While I want to talk about my concerns about the proposed FBT limitations this afternoon, I also want to make the point that the exemption of meal allowances for primary producers is welcome, as is the extension of the remote housing exemption. But I also want to remind the Senate that not all remote area employers are in a position to offer housing to their employees. While the proposed bill does benefit mining companies, some state and Commonwealth departments and other large employers in remote areas, there are many other employers who cannot provide housing and therefore cannot provide rent subsidies to their employees. These employees also operate in remote areas and need some kind of consideration. A remote area housing exemption will not help all remote area employers deal with the problems of limiting their FBT exemptions.

Having said that, my major concern with the legislation is its impact on those community agencies that use salary sacrificing. As I have said, it is a matter that many Queensland community sector agencies have brought to my attention. I must also add at the outset my own personal concerns in relation to this issue. They are concerns that I think many people in the welfare sector share. I am, in principle, not a supporter of salary sacrificing. Fundamentally, it is legalised tax evasion. I would venture to suggest that all Labor members would prefer to see our charities and our community sector agencies adequately funded and paying their fair share of tax. If we had proper funding for this important sector of our work force, we would not be here today trying to close loopholes and targeting alleged abusers of the system. Everyone would pay on an equitable basis.

Having said that, the fact is that our community sector is not well funded. It struggles and it relies on structures like salary sacrifice to make its inadequate funding stretch a little further. If we are now planning to limit its ability to use salary sacrifice, I would argue very strongly that the sector should be heard in relation to the impacts of any changes, and this is clearly not happening.

The government had initially proposed a grossed-up value of $17,000 as the limit for concessional FBT tax treatment for public benevolent institutions. It has now moved from that position, splitting the FBT treatment of hospitals from that of other PBIs. Under the current proposal, the $17,000 cap remains for public hospitals, while the cap has been lifted to $25,000 for other public benevolent institutions. There is no explanation as to why a harsher regime should apply to hospitals than that which PBIs and other charities will endure.

The Democrats have circulated a further proposal which would take the cap for PBIs to $30,000 or 30 per cent of salary. It is still unclear whether the higher or the lower of these rates would apply. They also want a year’s delay for the start-up of the changes, which would push the implementation date back to 1 April 2001. The problem that I have is that it is difficult to work out the validity of any of the figures we are supposed to be deciding upon. There has been no public data available on the behaviours of PBIs regarding FBT, yet the government says it is a measure which will raise $170 million. The government argues that the current FBT exemptions for PBIs are being abused, but the
sector disputes that. The government says that a cap of $17,000 across the board will fix the problem. It then changes its mind and decides that a cap of $17,000 for hospitals and $25,000 for other charities and PBIs is a better solution. The Democrats say $30,000 or 30 per cent will fix it. The charitable sector asks, “What problem?”

We all share a concern to ensure that the tax system is not being rorted, but my point is: where is this supposed rorting going on and how do we know that these various caps will stop it? How do we know that a cap of 30 per cent of salary does not penalise a worthy PBI while failing to clip the wings of some alleged rorter? The Democrats at least have surveyed charities, but what I am hearing in Queensland is that the Democrats’ process has been focused very much on larger charities and public benevolent institutions and is not a reflection of the picture on the ground for the smaller, stand-alone community agencies, especially in regional and rural Queensland.

We have to understand who does or does not benefit from these changes. We are talking about a measure which, in the next 12 months alone, will take some $170 million out of the sector. We need to be certain that these changes do not gut viable services. We have to be sure that they will work to end any systemic abuse of the system. The only way we can possibly do this is through an independent inquiry, and that inquiry must logically take place before we set any cap in concrete.

The government has proposed these FBT changes at the same time as requiring charities and other public benevolent institutions to deal with the GST and its enormous compliance costs. We know that charities and PBIs are already struggling to understand the GST, to set up systems to deal with it, and to train their staff to administer it. This legislation provides a whole other layer of interaction between FBT and GST. It is a complicated interaction. The advice on this matter apparently runs to 212 pages. How will this interaction impact on FBT exemptions? I suggest we cannot use any of the figures currently on the table with confidence. We need a thorough inquiry into the proposals and just what their impacts will be. It is what the community organisations I hear from are asking, and it is what I am here today to support.

I am very concerned about the impact of ill-considered changes on the community sector, because of the experience in my home state when the sector moved to award wages. As many senators would be aware, the issue of award wages was and is a very fraught issue for the community sector. In Queensland, the relevant award, most widely the social and community services award, was not introduced until 1996, which was late by national standards and certainly after the passage of the first FBT legislation in 1986. While award wages were not opposed by employers in the sector—in fact, I am sure the vast majority of employers recognised that their workers were overworked and underpaid—the issue was of course how to fund the sector-wide wage rises needed to implement an award wage. The difficulty was further compounded by the fact that the then Borbidge government made no commitment to increase grants to cover increased wage costs. Faced with a rise in wage costs and no increase in funding, the sector was in crisis—and the solution was salary sacrificing. The new award contained a provision for salary packaging. As a result, many organisations moved to implement salary sacrifice, faced as they were with the choice of using that condition in the award or cutting services or shortening operating hours.

Here we are now, some four years later, set to change the goalposts yet again, and yet again not offering anything in the way of funding assistance to cover the salary costs of those organisations which will be adversely affected by these proposals—irrespective of whether we are dealing with the government’s or the Democrats’ proposal. Neither contains any measures to assess the long-term impacts on the sector. Neither of the proposals offers the sector a chance to argue their case or to put forward an alternative. An inquiry would provide that opportunity and, given the nature of the work of the community sector, we surely need to be certain that the changes will not result in any shrinking of services.
Referring again to the experience in Queensland, it is worth noting that a survey was conducted after the move to awards. In 1997 the Queensland Council of Social Services asked Queensland community sector agencies how they had coped with the move to awards. The results make interesting reading in the context of today's discussion. Of the 179 organisations which responded to the QCOSS survey, 11 had reduced staff by up to 50 per cent; 25 had reduced operating hours by an average of 25 per cent; 43 had introduced salary sacrificing, affecting an average 70 per cent of staff; and 51 organisations had reduced paid hours available by over 27 per cent. I suggest we would all be wise to consider whether the same dramatic effects might be felt by the community sector across the country if we get it wrong with this legislation.

If this legislation is really to target abuse of FBT exemptions and not the agencies providing those critical community services, we need to be able to address the issues which are consistently brought to my attention. Firstly, if we are to limit the concessional tax treatment for public benevolent institutions, how would the community sector pay for the increased salary costs and for services which are effectively now being subsidised by fringe benefits exemptions? Secondly, how will we ensure that regional and remote areas are not specifically affected by the changes? These are very real concerns—concerns which I think the various proposals before us fail to address. Another concern is simply the inability of agencies that operate with part-time bookkeepers and frequently voluntary treasurers to keep up with the current changes—but I will come back to that later.

In relation to the ability of the community sector to pay for increased salaries, I think we would all agree that the sector does not have a great deal of capacity to meet an increased wages bill. We know that these changes will increase the salary costs for those employers who rely on concessional tax treatment to stretch their dollar. The employer will either have to pay the FBT on the salary sacrifice or have to pay a higher salary to their employee. Where is this money going to come from? I do not see anything in this legislation which addresses this. We are looking at measures which the government itself estimates will take $170 million out of this sector in the next financial year, rising to $190 million the year after. This is on top of the compliance costs for the GST. Surely we have to stop and think about whether the sector can afford to lose such large sums of money.

A report completed recently by the Youth Action Network of Queensland identified salary sacrificing as widespread among community agencies and also found that different agencies use it in different ways. The specific formula will depend on an agency's funding levels and that agency's particular needs in relation to its various employees. The common intent of all the models is either to direct the tax savings back to the agency or to direct it to the employee, thereby providing a means of offering above award wages as an incentive, typically for senior positions. The community sector tells us—as does commonsense, I might add—that, if an employee is not gaining any concessional tax treatment from salary sacrifice, they will not use it because they would be better off with the money in their pocket and they would be within their rights to ask for full award payment. Employers will have to find more money or reduce costs. That means cutting jobs, cutting opening hours or cutting paid hours, and in some cases, I am afraid, it could mean closing services.

I am sure that this is an outcome that the Democrats or the government would not want. But can they guarantee that their proposals will not result in this outcome? I suggest not, because they simply do not know enough about the many ways not-for-profits use FBT exemptions. Neither, by the way, does the Australian Taxation Office. The ATO told the opposition in a briefing that it does not yet possess the information on how charities currently use FBT exemptions. How on earth can we even consider legislating in this environment? That is why I believe we must offer the sector a forum in which we can properly examine the whole issue of the GST and its impacts on the charitable and not-for-profit sector, including these proposed changes to FBT exemptions.
I also want to talk about the concerns that have been raised with me by some remote area services. One, in particular, is based in Cooktown. It is a family resource centre which operates a whole range of programs across Cape York Peninsula: family support, child care, youth outreach programs and many more. It has a budget in excess of $500,000 per year. That sounds substantial, but that budget is overwhelmingly made up of singular project grants; that is, the majority of their funding comes attached to specific programs. Their recurrent funding is a tiny percentage of that budget. There are 15 people working there but most of them, again, are attached to specific grants. The average grant is around $45,000. The service takes 10 per cent of those program grants for administrative costs and then still has to meet the on-costs of the program as well its operational costs out of that budget. These costs, I might add, are substantial. This is not an agency servicing a suburb in Brisbane. If you are running a rural outreach program in Cooktown you have to be on the road, and the operational costs of the program are considerable. The grants do not have extra money to cover the additional costs incurred in delivering a service to a remote area. Any additional costs have to be covered within the grant. It is easy to see why salary sacrificing in these circumstances is not only attractive; it is essential. Once you take those costs out of a 12-month grant, you simply do not have the money to pay an award wage of $37,000. Quite apart from the fact that you cannot pay someone to relocate, you cannot offer subsidised housing and you cannot any longer offer an employee the after hours use of a car, you cannot even pay the award.

If the people in Cooktown are to be serviced by properly trained and qualified staff, services have to rely on salary sacrificing. In the case of this service—like many others in the region I represent—the ability to salary sacrifice is a matter of survival. The service survives by directing savings back into the organisation and those savings pay for the part-time bookkeeper, for example, or help with the costs of the child-care service. We are not dealing here with rotting; we are dealing with a competent coordinator who stretches every dollar in order to meet community demand. If we are to change their ability to juggle their limited finances, the Labor Party argues that we have to be sure that these changes will not lead to services like this one closing or cutting back on their programs. The only way we can do that is through a proper inquiry into just how the changes will work and how they will impact on smaller agencies—not major charitable institutions, not national bodies, but localised service providers who do an amazing job on very limited resources.

The last point I wish to raise is the level of concern within the community sector about the current tax changes. The people I speak to feel absolutely overwhelmed. They are currently having to digest the GST and the new regulations for charities and not-for-profits. The costs of complying with the GST are not being compensated. The paperwork, the updating of record systems and the regulations in relation to fundraising and so on are of real concern to our community organisations. The government says that if you are under $50,000 you are exempt. Even if we ignore that and also ignore the fact that those organisations that do not register for the GST cannot claim back the GST that they pay in the course of their daily operations, the message I get is that there are plenty of PBIs with turnovers in the hundred of thousands of dollars that are operating on a shoestring. These agencies do not have a choice about registering for the GST, and they are not dealing with it particularly well.

I urge the Democrats to support our call for an inquiry into the impacts of this change and others on charities and PBIs. We need to know that we are doing the right thing in implementing these changes. We cannot argue at this point in time that we have the mix right. We hear about rotting, but do we know who is doing it? If we cannot identify those that are doing it, how do we know that any cap will work and how on earth can we arrive at a ‘fair’ figure for capping tax exemptions? The Labor Party’s proposal provides us with a forum for separating fact from fiction. It will enable us to be sure that those services which are so essential to our community wellbeing are not going to go belly up, cut their services or resort to unqualified staff.
Surely none of us wants that. It will also give us the opportunity to be sure that the changes already in train will be properly considered in determining an appropriate FBT regime. Just as importantly, it will give agencies on the front line a breather and, believe me, you just need to walk into any community organisation at the moment to realise how desperately a breather is needed.

Senator BARTLETT (Queensland) (5.38 p.m.)—That is probably a good point for me to flow on from Senator McLucas's contribution, given her final remarks about the need for community organisations to have a breather from change as well as a breather from the difficulties of the ever more thinly stretched budgets that they have to meet the very significant and growing needs in the community. One of the other things that community organisations want a breather from is uncertainty about what is actually going to drop on them and their difficulty in being able to make plans in any coherent way. One issue that has certainly been raised with the Democrats a number of times by a number of groups in the charitable and not-for-profit sector is the need to remove some uncertainty and get some clarification about what is actually going to happen, how they are going to have to structure their operations, and what their budget situation is going to be. That should not in any way be interpreted as saying that we should therefore agree to anything just so that people will know what it is. Obviously, you do not agree to a bad outcome just so you can get certainty about the fact that you are going to have a bad outcome. Nonetheless, it is important to try to ensure that these issues are resolved in a positive way, and I think that reinforces the value and benefit of having an inquiry into the overall operation of the tax system.

Fringe benefits tax, any changes to that and how it will impact on non-profit organisations are very significant issues but they are not the only issues in terms of taxation, and neither is the GST. The GST is certainly a significant issue for non-profit organisations in terms of not only how it will impact on them through costs and administratively but also how they will adapt to that change and get used to that new system. There has been a lot of work done, and there is more work to be done, to focus on that happening. But there are a lot of broader problems with the taxation treatment of charities—a lot of anomalies and inconsistencies that previous speakers in this debate have highlighted—and those also need to be addressed. They do need to be addressed, as Senator McLucas was saying, in a coherent and consistent way, and we need that sort of broader change to happen. That cannot be done through this bill, of course—that is a point that needs to be made. What we need to focus on with this bill is ensuring that it does not have a negative impact on the operations of the bona fide and very valuable charities and non-profit welfare organisations throughout the community.

Certainly, as it stands, the A New Tax System (Fringe Benefits) Bill 2000 will have a severe negative impact on the ability of those organisations to function effectively, and that must be avoided at all costs. In my view, the non-profit sector, the charitable sector—to use what I think is a misleading phrase these days—has had to bear more and more of the burden, often through quite deliberate changes in government policy that try to shift responsibility for service delivery from government agencies to community based agencies. I do not necessarily have an objection to that as long as the community based agencies are adequately resourced. Governments being governments, of course, they tend to be happy to hand over responsibilities but not to hand over the money to ensure that other people can meet those responsibilities. In some ways that is why this issue of charities using this FBT exemption has become such a significant issue: it is the only way that they are able to deliver the services that are required to meet the needs out in the community, because the funding is not there from government or other sources to ensure that those needs are met. That issue has to be addressed. One of the supposed great reasons why we need the whizzbang new tax system with a GST in the middle of it that we are now getting is that we would therefore get a broader revenue base from which to derive revenue that could then be provided to fund social services, health, education and welfare services.
The onus is now very much on governments, and this government in particular, seeing that it has got its new tax system—whether people support it or not does not really matter anymore; it is now happening—to deliver on that supposed rationale and ensure that extra funding is provided. It is an onus not just on the federal government but on state governments—a group that will clearly be the winners in the long term out of the new tax system. State governments will have an increase in their revenue and they need to deliver as well in terms of improving the funding that they have provided for community organisations, because it is inadequacies in funding from state governments as well that have led to the need for non-profit organisations to resort to the fringe benefits tax exemption to enable them to provide—or at least to attempt to provide—adequate services and staffing to meet the needs in the community. It is worth noting that there has been a lot of criticism from state Labor governments, and I will use as an example of that my home state of Queensland, where Mr Beattie and the Treasurer, Mr Hamill, have both been hugely critical of the GST and of the impact it will have on charities.

Certainly concern about the potential impact of the GST on charities was one of the major reasons I gave for the position I took on that particular piece of legislation, so I am not necessarily unsympathetic to the concerns they raise, but I do get a little bit tired when they are quite happy to run very heavily on the supposed evils of a GST and its impact on a whole lot of things, including charities, but they do not provide one extra cent to help charities work with this so-called increased burden that the state Labor government are trying to convince us all is going to be there. At least the federal government have agreed to gross up grants to charities by the full 10 per cent to ensure that the value of the grant is not diminished because of the impact of the GST. On the other hand, the state government have not agreed to provide one extra cent at all on any grants, despite saying that the GST is going to have a huge impact on these organisations. And that is also despite the fact that, if they did increase it by 10 per cent as a GST component, it would not cost the state anything extra because they could claim that back directly as an input credit. So it does get a bit hard to believe that the concerns of state governments about the impact of tax changes on charities are genuine when they are quite willing to beat up the supposed negative impacts but will do nothing to actually help the charities in dealing with those. There has been ongoing pressure from organisations and also, despite not supporting the move to a GST, I have put a lot of time in, as have a lot of my Democrat colleagues, in trying to keep pressure on the federal government, and obviously we will need to keep pressure on state governments as well, to acknowledge where there are potential negative impacts and to continue to make changes to address them. We have achieved some changes in that regard in relation to charities, including the commitment from the federal government to fully gross up grants to charities by the full 10 per cent, and we will continue to monitor that and maintain the pressure where negative impacts are shown to have occurred.

I turn again specifically to the issue of the fringe benefits tax that is at the heart of this bill. Whilst it is called the A New Tax System (Fringe Benefits) Bill, it is not directly linked to the GST. Nonetheless, it was examined by the Senate Community Affairs Committee as part of the broad investigation by that committee into the GST aspects of the new tax system. The fringe benefits changes also ended up in the terms of reference. I was the Democrat representative on that committee. Indeed, the Democrats are on record as far back as then as rejecting the attempt to cap FBT for non-profit organisations at $17,000. I recommended at that time consideration of an option of 30 per cent, with possibly an overall upper limit on salary level that that 30 per cent could be applied to. That is the position the Democrats took at that time in recognition of, and in response to, the strong concerns that were put forward by a range of organisations from the non-profit sector which highlighted quite clearly the huge impact this change would have. Indeed, as I said at the time, and as I think Senator Evans said in his contribution on this bill last night, the
potential impact of the fringe benefits tax changes that the government was initially proposing was seen by many, certainly including me, as being a much greater potential problem to the welfare sector than the GST was ever going to be. That is true: if these changes were to go ahead in their original form, they would have a much more serious impact than the GST in its original form would have had. Of course, the Democrats made many changes to the initial legislation and have achieved further changes since to mitigate a lot of those impacts in terms of the GST, but we now have to deal with the FBT. Again, we are in a situation where there must be significant changes to this bill to prevent very major damage to these organisations. It is not just a matter of protecting them because they provide an essential service across a whole range of areas, an immense variety of areas, throughout the community. It would be a big problem not just for those groups but for all of us in the community if the ability of those groups to meet social needs were to be significantly compromised. It is therefore in that sense just as crucial an issue and one that needs just as much focus, consideration and attention as other aspects of the new tax system.

I am pleased that the position of the ALP has shifted a fair bit since the last election. Even during the Senate committee inquiry that I referred to before, whilst there was recognition by Labor of concerns raised, there was not a firm position taken about how best they should be addressed. So it is pleasing that Labor has joined the Democrats in recognising those concerns and seeking to find the best way forward to get those concerns addressed. In saying that, I think it is important to say that the message and reaction we got from a lot of those organisations is that they do not necessarily particularly like having to, if you like, subsidise their operations through using this fringe benefits tax exemption. It is in many ways a clumsy way to ensure adequate resourcing for an organisation. It would be much better to get direct grants from governments than to have to go through this mechanism, but that is what they are forced to do. In that context, we should not make any changes to that unless it is clear that the problem of ensuring that there is not a financial impact on groups’ ability to deliver services is addressed first. It has been an ongoing concern to an enormous number of community organisations throughout the country. I have had a lot of responses, and my staff have had an enormous response, with continual feedback and concern being expressed about what was happening on this issue and what the impacts would be if things went through unchanged. I have spent a lot of time in recent months trying to talk with community groups in Queensland about the issue of welfare reform, which is obviously central to a lot of what these groups are about. That has been very useful, but it has been very hard to have discussions with community groups about any welfare issue without their continually raising the issue of FBT as something that is very much uppermost in the minds of a huge number of community organisations and very high on the list of concerns that they have.

It came through particularly—and it is an important issue that needs to be addressed—from community organisations in regional and rural parts of the country. Most senators would agree that the adequacy of funding to groups outside the capital cities is even poorer than it is in the main centres. I think senators would also agree that in many ways it is harder to meet and address social needs outside capital cities where organisations have to cover huge areas. Groups based in somewhere like Rockhampton do not just address issues and needs in Rockhampton but have to cover an area from Rockhampton all the way to the Queensland-Northern Territory border and significant areas north and south as well. Organisations have to cover huge areas with very limited resources. So any negative impact on community organisations is going to be felt twice as hard in regional areas. These organisations have special needs and special issues as to what assistance and conditions need to be provided so that they can even get staff to perform services in some areas. Those special needs and issues need to be recognised. They have not been recognised in this legislation. If mechanisms are not found to deal with those needs, then we will be facing a situation where the level of
service delivery from the community sector in those regions will deteriorate further.

In recent times, there has been a lot of debate and commitments from the Prime Minister and others that no services will be withdrawn from the bush. This legislation will have a significant impact on services provided in the bush by non-profit organisations—not government services, but services which are essential to the community and are already stretched to the limit. As it stands, this legislation will have a major impact on services not just in the bush but in cities up and down the Queensland coast, outside Brisbane, which will be impacted even more severely. This issue has to be addressed.

We have heard great exhortations from the government in the last week or two about their commitment to addressing the real needs of indigenous communities, in response to the criticism they took over the stolen generations debacle, saying that they were focusing on the real issues of service delivery. Again, this legislation will impact hugely on the concrete issue of service delivery. Whether you are talking about general organisations out in areas where large numbers of indigenous people live or specifically about indigenous organisations themselves, again, in its current form, this legislation will impact severely on those organisations and you will have another situation where the government’s rhetoric about delivering better services and addressing the needs of indigenous communities will be completely overturned by the very significant impact that this legislation will have.

I have touched on only some of the potential impacts of this legislation if it is unamended. One of the issues about the non-profit sector is that it is so incredibly diverse. That is why a single, uniform, blunt approach such as this cannot work without having any other compensatory measures or other aspects to deal with specific situations. Because the sector is so diverse, it is very difficult to try a one-size-fits-all approach to organisations, service delivery, areas where services are based, numbers of staff, the way funding is provided and the salary packages that are in existence at the moment. All of those vary hugely across the sector and all of them need to be adequately assessed. That gets back to the issue of ensuring that we actually know what we are doing when we make changes like this because in many ways the information is not there. I do not think the government has a clear understanding of the nature of some of these organisations and what the real impact of this bill will be. All of us are in that position to a degree, but when we are making changes to the law, particularly ones as significant as this, we need to make sure that we do know as much as possible what we are doing and what the impact is going to be. From the Democrats’ perspective—certainly from my perspective—the number one priority is to ensure that service delivery to the community from the non-profit sector is not negatively impacted by any changes.

Senator CROSSIN (Northern Territory) (5.58 p.m.)—I rise this evening to provide a contribution about the impact of this legislation on organisations in the Northern Territory, particularly Aboriginal medical services. I recognise that, when this legislation was first designed and was placed before this parliament, there was a cap of $17,000 provided and the government has moved that to $25,000. But if you look at the second reading speech, it says that it has been recognised that there has been misuse of fringe benefits tax, particularly with public benevolent institutions, and that there certainly is a need to do something about this concession being overused. It brought back memories of the days when I was in primary school where, if one person did something wrong, we all had to put our hand out to get a smack with the ruler, without knowing the implications.

So I guess we may well be caught between a rock and a hard place here. We do actually recognise that there has been some overuse in the fringe benefits tax area. We recognise that there has been a move from the government to raise that cap. But in my speech this evening you will see that there is a third element here, the Aboriginal medical services, which I do not believe the government has considered in this bill. There is a need, even more now, to support the Labor Party’s call for an inquiry into this because we are unsure as to whether $25,000 is the appropriate cap. We do need to have a very close examination of
the call by these Aboriginal medical services to be exempt from this bill and to retain the current situation. Let me, to some extent, take you through the reasons why.

I think through this bill this government is once again targeting those people and community organisations and institutions that exist to help the disadvantaged sectors of our community. We know that these organisations and institutions provide welfare services, disability services, community legal and advocacy services, non-profit health services and overseas aid—the types of services that are not met or provided for by the government. Under this legislation, we now know that some of these organisations will not survive. The loss of the fringe benefits tax exemption will have serious implications for the continuing operation of hospitals, community organisations and, in particular, Aboriginal organisations and some charities. Withdrawing this amount of tax assistance from the charitable, hospital and non-profit sectors will impact on the service delivery of these vital community and public organisations. There has been no explanation from the government as to why a harsher regime will apply to hospitals than to charities, for example. As Senator Bartlett said, the Senate Community Affairs Committee inquiring into the tax package received submissions from a wide range of charitable and non-profit organisations that the proposal would result in increased costs and, without compensation, a reduction in the services they provided.

In response to the concerns raised by affected organisations, and in the absence of any information from the government, the Community Affairs Committee report signalled that the FBT exemptions could represent a $100 million increase in the costs faced by charitable and nonprofit sectors, and a $150 million increase in the costs faced by state public hospitals. The committee report called on the government to recognise this impact and to provide compensation to ensure that the services provided by charitable and nonprofit sectors were maintained. In my electorate of the Northern Territory, I feel this bill is going to have a wide-ranging and damaging impact on remote communities. Those communities rely very heavily on community organisations to provide them with basic services. Aboriginal community controlled health services are primary health care services that are initiated, planned and managed by local Aboriginal communities. They aim to deliver high quality, holistic and culturally appropriate health care, and they are usually known, as I have referred to them earlier, as Aboriginal medical services.

A paper produced by the National Aboriginal Community Controlled Health Organisation in March of this year, which was a case for exempting Aboriginal community controlled health services from the proposed capping of the FBT, drew my attention to the Hall Chadwick report. This report was released in February of this year. In late 1999 it was, of course, funded by the Office of Aboriginal and Torres Strait Islander Health in the federal Department of Health and Aged Care. That department funded a review by Hall Chadwick, chartered accountants and business advisers, of the effects of the new tax system, including these proposed FBT reforms, particularly on Aboriginal community controlled health services. This report found that many Aboriginal community controlled health services have successfully applied for charitable status as public benevolent institutions, or PBIs, which provides a full exemption from the FBT. This has allowed services working within fixed budgets to offer salary packages which are more competitive with those available to staff in other sectors. However, primarily as a result of variability in accounting and legal advice, there is little uniformity between services in the application of the FBT provisions, with services implementing packages to varying degrees.

The National Aboriginal Community Controlled Health Organisation, NACCHO, believes that significant staff losses will accrue, even with the higher proposed cap of $25,000 per employee. As the Hall Chadwick report states:

In practical terms, this would mean a loss of medical officers, nurses and administration staff ...

Current FBT arrangements could greatly assist the recommendations in the National Aboriginal Health Strategy to expand Aboriginal medical services ...
If compensation is deemed an appropriate method of offsetting the impact of proposed FBT amendments, then it will be important that a proactive approach be taken in allocating compensation.

NACCHO is calling for an exemption for Aboriginal medical services. I do not wish to state a position about whether I believe that that is a good thing or not, although I do believe that they have a case that is of merit and quite worthy of concern. That is a reason why there should be an opportunity for these organisations to put forward a case if an inquiry is established, and I hope that it will be. The changes to the fringe benefits provisions will cause serious problems for many of these Aboriginal health services, which rely on salary packaging to recruit and retain staff within their fixed global budgets. Aboriginal health services generally face great difficulty in recruiting and retaining skilled staff, largely due to the high demands of working in Aboriginal health and the low remuneration available to health professionals in this area compared with other areas of practice. In order to attract quality staff and to make the best use of them, with the often limited financial resources that the Aboriginal community controlled health sector maintains, they offer salary packages that have a number of fringe benefits components.

Changes to what they can currently offer their staff will seriously endanger their ability to recruit key medical and other staff with a consequent impact on the health of their communities. A letter from the Northern Territory Remote Health Workforce Agency to the Central Australia Aboriginal Congress dated earlier this year reads:

The Agency is involved with recruiting and supporting General Practitioners for the Territory. The Agency has provided financial incentives and support initiatives for GPs and their families.

... ... ...

The impact of reduced FBT limits on GPs salaries will result in decreased recruitment to Aboriginal Community Controlled Health Services (ACCHS). These services have limited funding and other financial capacity and have been relying on effective salary packaging to be able to offer a fair remuneration for the GP.

... ... ...

The impact of the GST—coupled, of course, with this limit on the FBT—will also have a detrimental effect on the financial sustainability of these organisations.

Aboriginal people suffer by far the worst health status of any group in Australia. Life expectancy for Aboriginal people is 15 to 20 years below that of other Australians. Infant mortality is two to four times higher, and other adult death rates are three to four times higher. The enormous burden of morbidity and mortality experienced by Aboriginal people in all age groups and all settings is strongly related to underlying chronic poverty and disadvantage.

The government continually says that its main outcome areas in Aboriginal affairs are health and education. This bill, if it is passed in its current form, would devastate Aboriginal health service delivery, especially in areas where people have least access to care. Smaller remote services have less capacity within their budgets to find alternative funds to retain their staff, and I believe there would be a walk-out by doctors and professional staff. Larger services will have to cut positions and, either way, it will mean a loss of services. The Central Australia Aboriginal Congress in Alice Springs has seven doctors, for example. Its client base is 10,000 people and the waiting time is about an hour to see a doctor. People usually present with complex chronic health conditions. Any loss in positions will be a loss in service to people who are coming in with health problems. The government keeps saying, though, that it wants to fix this problem. Remote services usually have just one doctor, and the loss of that doctor will be an absolute loss of that service.

The Office of Aboriginal and Torres Strait Islander Health rebased Aboriginal health services in 1996 and decided to fund GP positions to the tune of a $70,000 flat rate across the country. Historically, Aboriginal community controlled health services are underfunded and the only way they can offset this is through salary packaging. So if these services are not going to be exempt, they will have to be compensated. This is not about a grab for more money or tax avoidance by these organisations or services. GPs and other
professional staff in Aboriginal medical services are not well paid relative to GPs in the private sector. Financial advice to AMSANT, the Aboriginal Medical Services Alliance in the Northern Territory, has estimated that the proposed changes will raise the salary costs of delivering health services by up to 17.5 per cent. Given that current budgets do not allow for such an increase in salary expenditure, senior management of these services will be faced with the untenable position of having to cut staff and programs to some of the sickest people in this country. The relatively small increase that the FBT has enabled the Aboriginal medical services to make in doctors’ level of remuneration has made a big difference to their ability to recruit and retain doctors and other professional staff. The critical factor in this change has been better remuneration, even though the level is still below the average income of a GP. PBIs in Central Australia may have to retrench staff or close completely if they are not exempt from the government’s proposed arrangements under this bill. They service an area that includes communities in the Northern Territory, Western Australia, and northern South Australia. The residents of these committees are amongst the most disadvantaged in Australia.

Retaining staff has always been a problem in the Northern Territory, but it is essential if organisations are going to develop and improve their operations in order to better service their clients. Also, the costs of recruiting staff are high with considerable relocation and interviewing costs. FBT exemptions also help offset the high cost of living in remote Australia. A recent NT health survey, for example, showed that a $100 basket of goods in a capital city would cost $146 in remote areas surrounding Alice Springs. In other areas such as the Anangu Pitjantjatjara lands of South Australia these costs are even higher.

The majority of people in the community sector work very hard for low wages and provide services to some of the most disadvantaged members in our community. The majority of organisations have limited salary packaging to 30 per cent of salary. The tax office have previously stated that they believe this is a fair and reasonable limit. Based on current salary levels, the larger organisations surveyed estimated that the cost of incurring FBT would be as high as $180,000 each. If extra funding is not received, these organisations would have no option but to retrench staff and cut services. This would lead to a lessening of the services offered to the clients of such organisations. The impact would be devastating for Australia as a whole, even more so for Aboriginal communities who are already without doctors and nurses, and organisations without senior managers. As I have said before, some organisations would in fact cease to exist.

Smaller organisations may not be able to absorb increasing costs and be forced to close as a result of the proposed fringe benefits tax arrangements. Unmet demand for services as a result of organisations discontinuing will put a strain on the public sector to provide the services that were previously offered by these organisations. What the government gains in limiting the FBT cap is lost through the necessity for it to provide public facilities to service communities in remote regional Australia. Let me give you an example in dollar terms from figures provided for me by AMSANT. With an allocation of $70,000 per GP, with a salary packaging component they are able to boost that up to between $110,000 and $130,000. Yet we know that GPs in capital cities such as New South Wales or Victoria are on salaries of anywhere between $155,000 and $180,000.

This makes a huge difference to training and recruiting doctors, particularly in remote places and in the Northern Territory. But even if doctors are able to salary package their salary under the FBT arrangement and come out at the end of the day with around $110,000 or $120,000, this is still around $60,000 less than they could be earning if they maintained a practice in some of the larger capital cities. Even with the current FBT arrangements, these doctors are going to the Northern Territory and providing health services to Aboriginal people at a considerable personal loss, knowing what they could get in the larger capital cities.

As current global budgets stand, Aboriginal community controlled health services will not be able to compensate for the loss of FBT
Based on modelling methodology provided by the Australian Taxation Office, services such as Danila Dilba in Darwin will have an increased tax bill of $500,000 and will have to find an additional $230,000 to maintain current salary value when the new taxation system is introduced. The tax bill of a larger service, the Central Australian Aboriginal Congress, will rise to almost $2 million in 2000-01 and the organisation will spend $430,000 more to keep staff on current salary levels. None of these organisations have funding in their recurrent budgets to absorb these costs. In practical terms, this will mean the loss of staff from an already overextended sector. It is the same problem we heard about from Senator McLucas and Senator Bartlett: nonprofit organisations currently struggle to provide the services they do with the amount of money that they have, and this will overextend and overstretch their capacity to do that.

The impact on Aboriginal medical services will be felt not only in the recruitment of doctors but across all senior professional staff. The current FBT arrangements have given Aboriginal community controlled health services the resourcing flexibility to attract the senior professional staff necessary for the efficient and effective running of these services. The services have projected the increase in costs arising from the proposed FBT changes and know that they cannot be absorbed within the current global budgets. Cutting staff and programs and potentially closing services will be an unmitigated disaster for the already precarious state of indigenous health. I want to place on record that the Aboriginal medical services are not opposed in principle to taxation reform and support changes that will achieve a fairer system for all taxpayers. But they are strongly lobbying for an exemption under this bill. This situation is further testimony to the fact that an inquiry into the impact of this bill is called for and should be supported.

In closing, I want to make a quick comment about the exemptions for remote area housing and some meal expenses. The bill proposes some benefits for taxpayers. Coming from a remote area and having worked in a remote area, I note that remote area housing is to be made fully tax free. The concessions to not only housing but also housing loans, residential fuel and other housing costs are more than welcome. (Time expired)

Senator MURPHY (Tasmania) (6.18 p.m.)—As Senator Crossin was just saying, there are some housing benefits from this A New Tax System (Fringe Benefits) Bill 2000 for people in rural and remote areas. But there is another issue in terms of the reportable measures. Where police stations or fire stations have been closed and changes have been made to way they operate, if police or firemen are now required to take a car home they are caught in the reportable side of fringe benefits. That is something that the government ought to have been looking at.

The opposition supports the approach being taken by the government in part in respect of a cap, and the cap that applies in terms of the nonprofit sector, although it seems to be very unclear at the moment. Certainly there is not certainty in the approach at the moment. But as part of a Senate inquiry I was involved in with regard to the operations of the Australian Taxation Office where we dealt with the issue of equity in the tax system, I have been made aware of one problem in the overall approach of the government with regard to the GST and the amendments it is making in the new tax system. On the one hand, we are trying to in effect put pressure on certain taxpayers through the fringe benefits tax as applied to the nonprofit sector. On the other hand, we have the matter of private binding rulings or product rulings in respect of the application of taxation law to certain aspects of a taxpayer’s financial arrangements. It would seem to me that private binding rulings are sought primarily by people who have a capacity to afford them. They are given in private. The public do not know. There is no transparency and there is no certainty in terms of revenue. The Taxation Office has clearly created a problem for itself because private binding rulings are used by the individuals or companies they were given to and become known to others, and smart accountants and other people develop schemes or investment arrangements and promote them. Some of the schemes, like Bud Plan and
Sentinel, have fallen foul of the Taxation Office’s ultimate determination that these types of schemes were in effect tax avoidance or tax minimisation measures that were outside of the law as it would be applied by the Taxation Office, and people have been clearly caught out. There is an issue here about bringing certainty into the tax system in terms of the application of the tax law to taxpayers.

We do not know how many private binding rulings have been issued and what they were for because there is no transparency—there are no checks and balances—other than within the tax office. The Senate inquiry identified that there was a problem with regard to tax office branches around this country giving different determinations on the same issue. It has been alleged that people seeking to minimise their tax not only knew that but also knew which offices they could go to for the purposes of getting a ruling acceptable to them. In terms of the government seeking to address taxation measures, as it is through this piece of legislation, for it to then introduce another piece of legislation into the House of Representatives that says that not only are private binding rulings going to be written but also people can get an oral one and that somehow the tax office is going to be bound by this oral advice as to how the tax law will apply to people’s financial circumstances or to their investment—they can get this verbal advice and the tax office will be bound by it—I do not quite know how it will work. You could get a verbal advice if the tax officer says, ‘Look, this is how it applies and your proposal is okay.’ If it is ultimately proven to be a bad decision by the tax office, the tax officer can say they never said it; they never approved it.

The situation with regard to private binding rulings and how they have operated over time is very interesting. With investors that invested in mass marketed schemes for tax deductibility purposes, the tax office attacked a whole range of them. The more prominent ones that received some airing through the media were Bud Plan and Sentinel. For the purposes of the exercise, if an oral process were in place, the situation would be even worse. We sought assurances in large part from the tax office and were informed by the tax office that private binding rulings, which created, if you like, the Bud Plan and Sentinel investment type arrangements, would no longer exist because we would have this new system called a product ruling system. I thought to myself, ‘That is all well and good. It sounds interesting.’ Whilst I can understand to some degree the need for maybe some ruling mechanism for the tax office to determine some of these issues, we ought to have a more transparent process that will actually work. I took at face value the tax office’s opinion.

Just the other day I noticed an advertisement in one of the Tasmanian newspapers promoting an investment in forestry plantations. The ad said that if people invested their money they were eligible for a 100 per cent tax deduction on plantation establishment costs. It was quite a large ad but I could not see any reference to the scheme having received a taxation ruling, either a private binding ruling or a product ruling. I thought that I would ring the tax office, given that the tax office had told me and the committee that a potential investor had to take it upon themselves to try to run through a range of checks and balances. They would be expected to make sure that the scheme that was promoted to them or that they saw advertised in a magazine or a newspaper had a tax ruling for it. I thought I would test this, and I did. I rang the tax office and asked whether or not this particular investment scheme had a taxation ruling.

I was amazed, to say the least, at the response I got. They said they could not inform me at that time. I said, ‘Can you tell me whether or not the promoter of the scheme has made an application for a product ruling?’ They said, ‘No, we can’t tell you that because that is commercial-in-confidence.’ If I wanted to invest in this scheme, and this particular scheme closed on 31 May, or if I invested in it, I could get no information from the tax office as to whether or not it had been approved by them in terms of the tax deductibility aspects. The promoter of the scheme said they had made an application to the Taxation Office for a product ruling on some information that can be found on a web
site, but I do not know for sure whether one has been made. The net effect of this is that I could have phoned the tax office every day, or every couple of days, asking, ‘Have you made a decision about this scheme in terms of a product ruling?’ and the answer would have been, ‘No, we haven’t.’ I asked the tax office when they were likely to make a decision and they could not tell me.

I raised the question with them: is this not just the example that would indicate that it is still quite possible for another Bud Plan or Sentinel to occur? That is, a scheme promoter could run an ad in a magazine or circulate it to a range of people with a designated income level. In the case of Sentinel, it was primarily aimed at pilots. You could slot the people and promote the scheme to them and claim to have a taxation ruling when you did not. The people could invest their money and the tax office, ultimately making a decision, could whack them for tax avoidance. Those people not only would lose the reason they invested in the scheme—tax deductibility, to minimise their tax and reduce their salary—but also would face the potential of being hit with a taxation penalty. I find that amazing and totally unacceptable.

If we are talking about—as the government keeps saying—bringing more transparency and greater equity into the taxation system through this legislation, this is a long way short of doing it in every aspect of the sorts of things I have been talking about, such as private binding rulings. It cannot be acceptable to put a significant emphasis on nonprofit organisations in terms of fringe benefits tax when there is no emphasis on—indeed, what would seem to be a relaxation of—those areas of tax law the government can apply to the high wealth individual end of town.

I cannot understand why the government will not address this. Listening to the legislation that has been introduced into the House of Representatives, I think in TLAB 10, I cannot understand why the government is not seeking to tighten up and make more transparent an area of taxation law that can have such a significant effect on revenue, to the tune of billions of dollars. That is why the Taxation Office jumped on the Bud Plan and Sentinel type schemes—because of the potential risk to revenue. Yet the government is introducing legislation that will make it easier for those sorts of things to occur. That approach, versus the approach the government is taking in this legislation, just does not make sense, although we support aspects of it. We are maintaining our position in calling for an independent inquiry to determine matters in respect of the nonprofit sector.

This is a very serious set of issues here, coming from a government that said it was going to bring in a new tax system that was going to be fairer and more equitable. The matters the government has to confront in respect of private binding rulings, the operation of the Taxation Office and the application of tax law in those circumstances are a long way short of being addressed. Just yesterday when I rang the tax office about that matter, I could not get an answer. It is still the case today and will continue to be the case. It will probably be even worse under the TLAB 10 legislation.

You can promote to unsuspecting people investment schemes that are supposedly going to provide tax advantages when those schemes have never been approved by the tax office. You can put at risk investors’ money and investors could have penalties applied to them as a result of their innocence, even if they had tried to check, as I did, with the tax office, by ringing them up and saying, ‘Does this scheme have a taxation ruling?’ I could not be told. Had an application been made? They would not tell me that because it was commercial-in-confidence. That would be breaching, I think they said, the secrecy provisions. That is an amazing set of circumstances in an area where we are talking about billions of dollars, potentially, an area which could have a major impact on mums and dads or other people.

A promoter could concoct a taxation ruling number and put it in the prospectus promoting the scheme. Without somebody checking that, the process can proceed. As I said to the Taxation Office, I cannot understand why they do not promote to the government a change in the legislation that would disallow the promotion of schemes unless those schemes or investments have a taxation rul-
ing number and that number is placed within an ad or a prospectus or whatever mode of promotion is used. The potential investor should be able to pick up the phone and seek clarification from the tax office on that. A ridiculous set of circumstances exists at the moment. People can invest their money in shonky schemes and find themselves confronted with the potential for taxation penalties of up to 50 per cent. The whole new tax system, the whole ANTS package, is falling down around the government’s ears, although in the FBT area it might have done a bit with regard to remote area housing.

I have always had a concern with regard to the nonprofit sector in some areas where it operates in the retail trade. By way of example, the Australian scout movement operates a chain of stores known as Snowgum, but it is not required to pay business taxation. It competes in the Australian retail sector with a whole range of other sellers of outdoor gear—equipment and clothing—much of which is bought offshore. Indeed, I find it downright deplorable that the Australian scout uniform is no longer made in Australia. Those are some other areas that need to be addressed in terms of taxation law. I think one of the most serious aspects that this government has to confront in new taxation law is the area that relates to private binding rulings, product rulings, tax rulings, advanced opinions—and what is proposed to become oral rulings is downright criminal. I cannot for a minute understand the tax office even wanting to allow that to continue.

Senator CONROY (Victoria) (6.38 p.m.)—These bills show yet again that the government is incapable of keeping its promise when it comes to the GST. These bills have been introduced because the government failed to consider the interaction between the GST and the fringe benefits regime. This GST is so complex, even the government is still trying to comprehend its complexities. The government found it necessary to introduce this bill even though on Monday, 24 January 2000 when the Treasurer, Mr Costello, was asked whether there would be any more changes to the GST, he replied:

Well, it does mean that we are not changing the legislation—that we’ve got it right. As you implement these things, there have to be further rulings, but they are just rulings as to how the tax office applies the concept; but we’re not changing the legislation.

Well, what is this bill if it is not a change to the GST legislation? The government has once again failed to keep its promises in relation to the GST. What other promises will the government fail to keep in relation to the GST?

Let me name just a few more the Australian public can expect not to be kept. Firstly, inflation—and this week more than any other week the chickens are coming home to roost for the government. The Reserve Bank was monstered by the Prime Minister a couple of weeks ago. They did not mind when interest
rates were coming down; they would hold a press conference; they would ask a dorothy dixer. We would have either Senator Hill or Senator Kemp fighting to talk about interest rates and savings for consumers. We would have the Prime Minister and the Treasurer on their feet in the chamber touting the savings and how the government had delivered. What happened? With the first sniff of an interest rate increase, we had the Prime Minister suggesting politely that it was about time the Reserve Bank got out in public; about time it got out there and faced the punters, held a bit of a press conference, was a bit more accountable and started to explain its actions.

So we had this week silence from the government. There was another hollow threat from the Treasurer: ‘Don’t you dare put up your interest rates by more than what the Reserve Bank has just put up its interest rates.’ But what happened last month or the month before when three or four different institutions all put their interest rates up by more than the Reserve Bank increase? Silence, nothing—the bluff was called. The government broke its promise, and it will break its promise again. What the government does not want to admit has been so well articulated by Mr Tim Colebatch in an 11 April article in the Age. The heading was: ‘A little fib (as a matter of interest)’. He was asking what was the Reserve Bank doing?

Was it just clumsily trying to explain existing policy? Or did the bank, in fact, get itself in trouble because protocol prevents it from explaining the real reason for raising rates—to counter the impact of the GST and the government’s $6 billion fiscal easing.

He went on to say:
I suspect the Reserve’s weak explanation has another cause; it fudged it because it was fibbing.

The danger of higher inflation becoming entrenched is not from import prices, but from the combination of the GST raising consumer inflation to around 6 per cent at the same time as tax cuts pump an extra $6 billion into the economy.

He went on to say—and these are wise words:
We are heading towards a speed bump that, if we are not careful, could smash the car and wreck this long recovery.

Why these are sensible and wise words is that, as long as the government continues to deny the truth of what it is doing to this economy, and as long as it continues to try to pretend that the impact of the GST on this economy is almost nonexistent, we will not get the proper policy responses. Senator Kemp has stood up in this chamber and challenged me on a number of occasions. I say to him, as I have just said to Senator Macdonald, ‘Come to Benalla next week.’ It is a bit of a long trip from Townsville, Senator Macdonald. I acknowledge that. But you are the minister for regional services and Benalla is a regional town, and it is a town the National Party have held for many years. It needs an eight per cent swing; Senator Macdonald, on top of an already eight per cent swing that we got in the state election.

Senator Ian Macdonald—What does your polling show?

Senator CONROY—How about you do some polling, Senator Macdonald. You come for a walk down the main street of Benalla with me and do your own poll. You come clean and do a poll with me on the main street. That is your challenge: come and see.

Senator Ian Macdonald—Tell us what your push polling shows.

Senator CONROY—You would know about push polling. That is right up your alley. You are the hard man in Queensland. We know that. We know you are behind the moves to dump Mr Moore, the Minister for Defence. You are after his portfolio; that is what is really going on. You are just trying to get rid of one of your cabinet colleagues to create a space for yourself. We know what is going on.

Mr Colebatch is not the only person who has blown the whistle on you this week. We saw a heading, ‘Executives warn of 7 per cent inflation but profit expectations high’. We had a survey conducted by Dun and Bradstreet which points to warnings that inflation could rise to seven per cent when the GST is implemented. Dr Duncan Ironmonger said ‘inflation would jump five or six percentage points’ after the GST was implemented and that this ‘was in line with expected price increases.’ So, again, what we
see is this government running and hiding and breaking its promises. That is its consistent pattern with this GST. You can keep spending your $50 million or $60 million on your glossy ads out there every night on the news, but the punters are not fooled. They are not fooled in Benalla and they were not fooled last year in regional Victoria, where the Liberal Party and the National Party were just about wiped out. It is no coincidence that the Labor Party is the largest regional and rural based party. It holds more seats than the Liberals and Nationals combined in Victoria. That is the sad fact.

Senator Ian Macdonald—What about federally?

Senator CONROY—Call the election, Senator Macdonald. We are happy to go out there right now and have another vote. You call a federal election right now and we will test it with the voters, because they have woken up to the cons that you have promised them. Tax expert Mr David Vos would be familiar to you, Senator Macdonald, because Mr Vos is the person whom this government appointed to conduct an investigation of its original ANTS package. Mr Vos was described publicly by Senator Kemp as a ‘great Australian’. What did Mr Vos have to say recently? Mr Vos was described in the Australian of 6 April as ‘PricewaterhouseCoopers’ GST leader’. He said:

The Federal Government’s forecast of the GST effect on car prices—a fall of 8.3 per cent—was based on incorrect assumptions and outdated figures.

The approach they’ve adopted has used a model that they haven’t fully explained.

Senator Greig, I am glad a member of Democrats has come down to face the music as well because we know that, if we call a division, you will be voting with the government on this one. You are going to face the same electoral prospects that the Liberals and Nationals are going to get in Benalla in a few weeks time. Further in that article Mr Vos also said:

What the Government should be doing is coming out and saying they’ve re-crunch the numbers.

The article went on to say:

He told Australasian Fleet Managers’ Association conference in Sydney this week that PRISMOD’s treatment of embedded taxation on existing assets is a “furphy”.

The wild card is that the list price will come down but will the sticker price go up?

So, one of the government’s big lies—$2,000-$3,000 worth of savings. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

NOTICES
Withdrawal

Senator GREIG (Western Australia) (6.49 p.m.)—I wish to withdraw business of the Senate No. 4, standing in my name for today.

ADJOURNMENT

The ACTING DEPUTY PRESIDENT (Senator Hogg)—Order! It being 6.50 p.m., and there being no consideration of government documents, I propose the question:

That the Senate do now adjourn.

Kosovo: Refugees

Senator BARTLETT (Queensland) (6.50 p.m.)—I would like to speak further this evening on a matter that is continuing to be of great concern certainly to me and to the Democrats, and also to many other people in the Australian community—that is, the plight currently faced by those refugees from Kosovo who are in Australia and who are being forced to return. I know that a number have today agreed to the government’s demands that they return, and I am sure that will now be portrayed by the minister and the government as people voluntarily returning. I think that is getting rather thin. It is pretty clear that there is enormous coercive pressure being put on these people to go.

There is no doubt that, under the strict letter of the law, they have no alternative. Indeed, immigration department officials have no alternative but to require these people to be removed from Australia. The only person who can actually do something about it under the letter of law is the Minister for Immigration and Multicultural Affairs, Mr Ruddock, because, under the letter of law that he put in place, he has absolute power. There is an old saying about what absolute power can do to people. I think it is something we need to keep in mind when we pass legislation that puts absolute power in the hands of one per-
son. But that is the current situation: the fate and the future of these Kosovars who are being forced to return lies completely in the hands of the immigration minister, with no right for anybody to be able to appeal his decision—or his lack of a decision—no ability to scrutinise the reasons he used for that decision and no criteria that he is required to follow in making that decision. I think that is a clearly unsatisfactory situation.

Today in question time I asked the minister representing the immigration minister to guarantee that none of the people whom the government is sending back fall into the categories that have been identified by the UNHCR as people who should not be returned at this time. The government, through the minister, was not able or was not prepared to give that guarantee, which simply increases my concerns and the concerns of the Democrats. There has been great play made by the government that it is following the recommendations of the United Nations High Commissioner for Refugees. Clearly that is not the case. The minister may be taking them into account in making his decision, but he is obviously ignoring them, which is hardly of much help. Evidence of this is demonstrated, and not denied, by the government in today’s Canberra Times. A very specific, indeed probably the most specific, component of the UNHCR’s recommendations provided to the Australian government just a few weeks ago says, in paragraph 10, ‘The UNHCR would advise against the return of Kosovo Albanians to Serb dominated areas, either the area north of Mitrovica or certain areas in eastern Kosovo, as it is neither safe nor sustainable.’ I understand that eastern Kosovo is actually in southern Serbia, which is a trifle confusing, but in any case it is clearly a Serb dominated area.

It is also worth emphasising, as the UNHCR report makes clear, that the ethnic Albanians do not need to worry about their safety only at the hands of Serbs. Many of them need to worry about their safety at the hands of other ethnic Albanians in Kosovo. There are a lot of people who did not support the Kosovo Liberation Army or the bodies that are renamed groupings of the KLA. These people have issued decrees and laws in many parts of the country, and those who have not fallen in behind them are also quite specifically targeted. The UN report makes it clear that that is a major problem for many people, and the ability of the UN forces to protect people is certainly far from perfect.

The minister was quoted in the Canberra Times today as saying that none of the Kosovars would be sent back to Serbian controlled areas. That is technically true. They are not being sent back to southern Serbia or to Mitrovica, but they are being sent back to other parts of Kosovo where they do not even come from. Often when the media report that people are being returned home, they are actually not being returned home. There is no doubt—indeed the government has admitted—that a significant number of people are in the category which the UNHCR recommended should not be returned. If you need to have it any more clear, there are specific quotes from the UNHCR spokesperson in Kosovo, on the ground, that Albanians from Serbia should not be resettled in Kosovo. The spokesperson said, ‘To return people to Kosovo, which is not where they are even from, would put those people in a situation of displacement.’ Displacement is one of the worst aspects of being a refugee, and Australia is now complicit in reinforcing that displacement. The UNHCR spokesperson said—and I think this is reasonably unequivocal even for the minister—‘Clearly, anyone from southern Serbia should not be returned to Kosovo, because they are not from Kosovo.’

The minister keeps using the cover that he is doing everything completely in accordance with the UNHCR and that he has got the UNHCR’s stamp of approval. Certainly the media commentators who have supported the government’s line, including an editorial in today’s Herald Sun, have repeated, ad nauseam, that the UNHCR said that it is all fine. Clearly, that is not the case and that facade needs to be exposed for what it is.

The other line that is used, and it is understandable on the surface, is that these people signed a contract when they came here and basically signed away all their rights and put their whole future in the hands of one person. They signed that, so therefore they should
stick to it. That sounds good. I am sure that when people were fleeing the ravages of the war at the time, they sent these contracts to their lawyers to get them properly checked before they decided whether or not to sign them! You need to look at the reality. Sadly, I had a few interjections today from people on the government side while I was asking my question during question time, suggesting that I was being naive. If it is naïve to express concern about people being sent back to face potential death, then I am quite happy to be labelled naive. In my view, it is an extremely serious matter, and it does not take much thought to realise that people who are in a situation of absolute desperation, as people were at the time, would grab any lifeline that was offered to them to get out of that situation and to be put in a safe haven, as we called it. Any misgivings they may have had about the conditions they were forced to accept would have been pushed very far into the background, so that they could escape the persecution and worry about that sort of situation afterwards.

Senator Patterson—Have you been to visit them?

Senator BARTLETT—No, you did not send any up to Queensland—and I cannot visit them at the moment because you are now calling the safe havens ‘detention centres’, which is an even greater disgrace. I have had extensive contact with many people who have had regular and close contact with the refugees, and they know the situation that some are being sent back to. Of course the people on the ground who are often used as the justification, the UNHCR, know the situation and they have expressed clear recommendations about what should be taken into account before people are sent back. Obviously, in some circumstances the government has chosen to ignore these recommendations. Despite the fact that the government will not guarantee that people are not being sent back to face these situations, they refuse to allow many of these people to test their claims through the process that has been set up for a number of years in Australia. It is an independent and open assessment with criteria that have to be followed so that claims can be tested through the refugee determination process. They have been excluded from that.

It is worth noting that, on the Foreign Affairs and Trade web site tonight, the travel advice to Australian citizens quite bluntly states that travel to all parts of Kosovo and in the areas of southern Serbia should be avoided. It is obviously the government’s view that it is not safe for Australians to go to this area but they are quite happy to send the Kosovo people straight back there, in many cases clearly against the recommendations of the UNHCR. The Refugee Council, which very closely monitors these situations, has expressed extreme concern that Australia is putting itself in potential breach of one of its most serious international and human rights obligations, which is not to send people back to face persecution, torture or death. It is quite clear that we are taking that risk, and the fact that the government refuses to allow that risk to be independently assessed merely increases the concern.

Women: Government Policies

Senator PATTERSON (Victoria—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs and Parliamentary Secretary to the Minister for Foreign Affairs) (7.00 p.m.)—I rise tonight with my Parliamentary Secretary to the Minister for Foreign Affairs hat on to highlight the achievements of this portfolio in the promotion of women’s rights both internationally and domestically. The foreign affairs portfolio, under the leadership of Minister Downer, is committed to the advancement of women’s rights and a voice for women in international aid programs. The Howard government has recognised that poverty disproportionately affects women around the globe and that the benefits of economic development do not automatically flow equally to women and children as they do to men. In fact, the United Nations Development Program estimates that 70 per cent of the world’s 1.3 billion people living in poverty are women. There are twice as many illiterate women as men and twice as many women suffering from protein malnutrition as men. Women’s wages are one-third to a half of those of men and women constitute less than 15 per cent of administrators and managers in the development world.
Unlike the Labor government, who comprehensively failed to address the relationship between gender and poverty in the developing world, the Howard government and Minister Downer saw these problems as being inextricably linked. In order to take positive action on this issue—rather than resound with rhetoric like my Labor colleagues—the government launched its gender and development policy in March 1997. The goal of this gender and development policy is to promote equal opportunities for women and men as participants and beneficiaries of development. The policy recognises that sustainable development cannot be achieved without the active participation of all members of the community. The gender and development policy also acknowledges that an aid program that targets women has a multiplier effect that delivers real benefits across the gender divide: that is, helping women helps whole communities—men and children.

The aims of the Howard government, Minister Downer and, more broadly, AusAID are to provide equal rights and an equal access to opportunities for women and girls in order to reduce poverty, illiteracy and disease. The four key objectives of the government’s gender and development policy seek to provide long lasting and sustainable benefits for women in the developing world. The first of these four objectives—that of increasing the access of women to education and health—is one of the primary goals when an aid program is first delivered to a local community. By supporting basic literacy and education programs for girls, coupled with vocational education and training, maternal and child health programs, primary health care and disease and immunisation programs, women in the developing world are benefiting from aid that is broad based and sustainable. The Howard government has developed an aid policy that focuses on educational and health outcomes for women across a range of age groups so that more than one generation of women stand to benefit from the development assistance. This approach is broad ranging and inclusive and very far from the piecemeal and ad hoc approach of the Labor Party during their 13 years in government.

The second objective of our government’s gender and development policy has been a program to improve women’s access to economic resources. By supporting programs which promote women’s equal access to capital—and this can take the form of land, forests, marine and other natural resources—the aim is to provide women with resources and mechanisms to generate their own income for themselves and their families. But the focus on economic assistance is not merely at the broad macro level. The aid program under Minister Downer has also developed policies that seek to assist women in understanding and utilising credit and savings programs as well as economic programs that seek to improve the financial, technical and professional skills of women. The third objective of the gender and development policy has, I believe, some of the greatest potential in terms of longevity, and this objective is the promotion of women’s participation in leadership and decision making positions. These positions encompass those in government, in business and in community organisations. By supporting and strengthening organisations and networks which provide and promote effective voices for women, the public visibility and status of women is reinforced and improved.

The final objective that was behind the development of the government’s gender and development policy was, and very staunchly remains, the promotion of human rights and anti-discrimination objectives. The promotion of human rights has been undertaken through the support of legal reform programs for the advancement of women. These initiatives have been coupled with training and public information programs to overcome discrimination against women both in practice and in the law. The Howard government is also strongly supportive of community and recipient government initiatives to combat violence against women and the provision of basic needs for women in crisis situations through the aid program.

This evening I would like to share with the chamber and the Australian people a few examples of the progress that has been achieved by the Howard government in the implementation of our plan of action for women in
developing countries. Specific activities that directly improve women’s lives comprise a major part of the government’s aid program. In fact, in 1998-99, well over half—in fact, 64 per cent—of aid program activities had the promotion of gender equality as a significant policy component. However, the quantity of development assistance is only one aspect of aid flows that need to be addressed in evaluating the successes of the government in this area. The quality of these flows—the aid program—is also vitally important in any evaluation equation.

The Howard government have achieved real gains in improving the lives of women through our aid program. We have provided support to tackle the problem of violence against women, from the Asia-Pacific region right through to Africa. Violence against women is a global problem that cuts across lines of income, class and culture and takes place in both public and private life. Violence against women occurs, very sadly, in all societies to a greater or lesser degree and includes not only physical violence but also sexual violence, psychological harm and suffering. Violence is a key factor preventing women from exercising their rights and achieving social and economic equality. For over a decade the government have supported the Fiji Women’s Crisis Centre in Suva. The Fiji Women’s Crisis Centre assists women and children who are victims of domestic and sexual abuse. It also provides counselling, shelter and support services and has developed close links with the police, the judiciary and the media in an effort to raise public awareness of this social disease.

In Bougainville, as part of the peace establishment negotiations, the government, through Australia’s overseas aid program, assisted in organising separate meetings for women to ensure that their voices were heard. So keen were the island’s women to be heard that some of them walked for three days to take part. More recently, in East Timor, Australia’s overseas aid program has provided funding to the Matabean Mane Women’s Group. Through this project, women are being encouraged to be full participants in economic development. We are providing women with sewing machines, material and training so that they can meet their own clothing needs and can generate an income for themselves and their families.

Finally, in speaking on this very important aspect and focus of the Howard government’s overseas aid program, it would be remiss of me not to acknowledge the direct contribution of women themselves to aid programs around the world. Even within the confines of the government agency charged with the responsibility of administering Australia’s international aid program, AusAID, our gender record is proud. I guess that the strong representation of women within AusAID is a clear example of how the Howard government has a clear gender focus in the domestic sphere and has sought to replicate these successes in its recruitment and appointment of women to positions in Australia’s diplomatic corps. This juncture is the perfect opportunity for me to take a moment from the AusAID focus of this adjournment speech to make special mention of the work that the Minister for Foreign Affairs, Alexander Downer, has undertaken in promoting women to positions of international prominence. During the Howard government’s two terms in office, Minister Downer has appointed a large number of women as heads of mission, and there are currently 11 women heads of mission serving Australia around the globe. Even as recently as yesterday, the minister announced the appointment of a woman, Glenda Gauci, as Ambassador-designate to Cambodia, which I guess means that as of today there are 12. I congratulate the minister for his achievements in this area. One cannot underestimate the importance of Australian women being visible to the world in positions of diplomatic power. This commonality of gender focus throughout AusAID and the broader Foreign Affairs portfolio is strong evidence of the commitment of this government to women, both at home and abroad. I am therefore proud to assume my role as parliamentary secretary in a portfolio that, under this government, has had such a proud focus and record of achievement in this very important area of women’s rights.

Senator LUNDY (Australian Capital Territory) (7.10 p.m.)—More than any other gen-
eration, young people have the potential to be effective agents of change. Whilst cynicism and apathy are characteristics attributed quite often to young people’s perception of the political system, it is obviously not the case for those young Australians who chose to apply to be a part of this year’s National Youth Roundtable. I would like to take this opportunity to extend my congratulations to the 50 young Australians who have been appointed to the National Youth Roundtable. My thanks must also be extended to those young people who were unsuccessful with their applications but were absolutely willing to be involved and sought that opportunity actively.

The National Youth Roundtable represents a different approach to youth policy, one that can succeed only if both the government and the members of the roundtable listen to each other and respect the advice and criticisms. However, it cannot succeed in isolation. It is not a replacement for many of the programs that were in place during Labor’s period of government, and I will return to this point later in my speech this evening. Despite my and the ALP’s support for those young people who are taking the opportunity to represent the interests of youth and to act as a conduit for the views of those young people who are alienated by political structures, I must also take the time to express some reservations about the process. I fear that youth cynicism of the political process in fact stems from the treatment of young Australians by this government. That is interpreted as insulting and, in my view, has been demonstrably so by virtue of many of the policies put forward by the coalition government. There are the examples of the defunding of AYPAC, which is a matter I have spoken about many times in this place; the denial of support for many young Australians who previously were deservedly recognised as being worthy of government support; and the changes in youth policy, particularly the juggling of what the definition of an ‘adult’ is for the purposes of the support that the government provides through the youth allowance and other support mechanisms. Is it not surprising that young people come to this place with a big question mark over whether or not the government actually works on their behalf.

One of my primary concerns about the roundtable is that young people will come away disappointed, having been led to believe that their input would be listened to and in fact acted upon by the government. We found at the 1999 roundtable that the minister for youth affairs publicly informed the roundtable participants that they were a direct line to government. Yet later the government went on to inform members of the roundtable privately that explicit statements or recommendations on public policy issues were inappropriate and that, rather, the roundtable should merely offer the government a diverse range of opinions. Despite my attending at least a few of the sessions this time around, I still do not think the situation is clear this year for the year 2000 roundtable. On the one hand, the government is looking for specific ideas but, on the other, it is a case of ‘we want your vision stuff and we’ll go away and think about the policy afterwards’. So I think there is a real need to clarify what the government is actually asking of these young people.

Despite the enormous outlay of public moneys at the 1999 roundtable, and the continuation of the roundtable in 2000, the government continues to refuse to act or neglects to act on many of the recommendations of the 1999 Youth Roundtable. Despite the minister’s statement that ‘listening to the views of young people and the organisations working with them is crucial to effective policy making’, recommendations on issues such as reconciliation, the republic, education, drug reform and, most importantly, the reinstatement of AYPAC as the youth peak representative body still continue to be ignored. Irrespective of the $76,000 budget blow-out which occurred at the 1999 roundtable, Minister Kemp and his department went on to grant the National Youth Roundtable tender process ‘an exemption from the minimum standard for procurement on the grounds of pre-eminent expertise to entry into contract negotiations with the YMCA/Suzanne Moore Consultancy’. Granting such an exemption negates the opportunity for other consultancies to pitch a bid for the roundtable. The point here is that this calls into question the transparency of the tendering process and demonstrates that the
government is actually not committed to its much touted open, clear competitive tendering process that the department of finance so often promotes.

I would like to take this opportunity to clarify my concerns with respect to the consultancy engaged for the 1999 and 2000 roundtables. My concerns and problems are not with the YMCA or Suzanne Moore Consultancy. I believe that their involvement in this process is built on their belief and their commitment that young people deserve a fair opportunity to participate in the political process, and that they have done their best and have actively worked within the government’s model of the National Youth Roundtable to ensure more equitable participation by all 50 members—no mean feat, if you look at the structure they were given to work within. I commend them for their efforts. As contractors, they are responsible for meeting the details of their contract and its requirements and scope. However, if adequate resources were not provided to them, then it is obvious that the scope of their actions would by definition be limited and in fact perhaps affected in a detrimental way in their efforts to actually fulfil the expectation they gave young people who attended last year’s roundtable. I think that is part of where the problem lies.

The government’s refusal to disclose the contracts with the consultants and their insistence throughout the recent Senate estimates committee hearings that ‘the evaluation report is intended to be an internal management tool’ leave me with no alternative other than to believe the claims made to me by an individual who had participated in the process that that evaluation report identifies major failures in the course of the roundtable that bore a direct relationship with the contracts for those consultancies. I have to do my job; I have to call the government to account. I would like to again call on the government to make public this document that actually assesses the whole process and make it available to the opposition, so that we can scrutinise effectively the expenditure of public moneys in this regard. In fact, the detail in my press release was referred to my office as a direct quote from the individual concerned.

As I am sure the government appreciates, young people are independent citizens and choose themselves to talk to other members of parliament other than just government members.

Rather than attributing blame, it seems to me that we need to focus on the actual contract itself. It concerns me that, unless the roundtable process is transparent and open to all parliamentarians irrespective of their political affiliations, the roundtable will actually suffer in credibility in the eyes of young Australians. This has been a primary concern of mine for the year 2000 roundtable. It has become even more concerning following the government axing of the peak youth representative body, which has left the National Youth Roundtable as the government’s only consultative youth body. We heard the minister say today at the lunch that this was the way the government consulted with youth: twice a year with 50 people. It is a fascinating and worthy forum, but that alone cannot build the complex structures that are needed to actually draw out ongoing dialogue, expressions of views and public debate about how youth policy is treated in this country. If the roundtable is a resource to parliament and something that we can all participate in and get involved in, we expect to see more information supplied to the opposition. I think that the Youth Roundtable should be a resource to the whole of the parliament. If the government persist in having it simply as a resource of the government, how can we ask these young people to be more than just a focus group for the government? I repeat what I said at this time last year and express my concern that, as it is currently structured, there is limited access that the young people get because they get access only to the minister, and they should have access to opposition members. (Time expired)

Rural and Regional Australia: Medical Practitioners

Senator EGGLESTON (Western Australia) (7.21 p.m.)—I would like to talk a little more tonight about rural medical practitioners. That it is difficult to attract GPs and specialist medical practitioners to rural and remote communities is well known. Many doctors only ever practise in urban centres,
and a substantial proportion of those who do venture out of the cities see rural and remote practice as a relatively short-term prospect. Vast tracts of the country are affected by this, as is demonstrated by the accessibility and remoteness index of Australia, which is known as the ARIA index. It sets a scope of remoteness, with zero being the capital cities and 12 being the most remote areas of Australia. Under this index, most of Australia is classified as being remote. In my own state of Western Australia, 480,000-odd people live in the state’s regions, comprising 28 per cent of the state’s population. Most of them are classified at the high number levels of the ARIA scale.

The national rural general practice study of 1996-97 confirmed that the overall number of doctors in rural practice is expected to remain static over the next five years, with an ageing practitioner base and a slightly decreased average length of stay in rural practice. However, the results of another study indicate that approximately 30 per cent of current GPs practising in rural and remote areas intend leaving within two years. Currently, around half of the GPs who move to rural areas remain there for less than two years. Dr Paul Mara states:

These findings suggest that at least 400 graduates are needed to enter rural and remote practice in order to meet ongoing needs.

This same research has also indicated that there is a deficit of between 500 and 1,900 full-time equivalent doctors throughout rural and regional Australia, although Dr Mara says that realistically the deficit in the number of general practitioners in rural Australia is around 750. Senators will understand the tremendous challenge facing rural and remote medicine to attract these large numbers of doctors and to retain them. It is a very serious issue, with very serious implications for remote communities. It is not an exaggeration to say that timely access to a doctor can mean the difference between life and death to some individuals, and it can make a great difference to many other medical situations if somebody cannot receive adequate treatment within a short period of time.

One of the reasons that rural and remote communities find it so difficult to attract and retain medical practitioners is concern over inadequate remuneration to cover the higher cost of rural medical practice and to reward the higher levels of responsibility and competency required for rural medical practice. Doctors who otherwise enjoy the challenges of rural medicine and the lifestyle offered in regional communities nevertheless do not believe rural and remote practice sufficiently rewards them for their often long hours, their many years in training, their continuing study and the necessity of performing work not required in urban practice. This acts as a significant disincentive to remain in practice in country areas.

The Howard government has acknowledged that concerns over remuneration are a factor in the difficulties rural and remote communities experience in recruiting medical practitioners. Accordingly, it has introduced two policies designed to address this issue. Firstly, the government has recognised that some important aspects of general practice are not covered adequately by fee-for-service arrangements. Consequently, it has established the Practice Incentives Program, which replaced the Better Practice Program. This program aims to reward general practitioners in country areas who provide a higher quality of care. It targets five specific areas of medical practice: information management and information technology; after hours care; rural and remote practice; teaching of medical students; and, targeted incentives. The level of payments a practice receives will vary depending upon the number of areas in which it is eligible for payments, but all practices will qualify for a payment for providing data to the Commonwealth and a payment for ensuring that patients have access to 24-hour care. Rural practices qualify for a payment, the level of which increases with remoteness. This program has been well received. In June of last year, the Minister for Health and Aged Care was able to report that since its introduction, the number of practices receiving payments had increased by 50 per cent.

Secondly, the government has formulated the Rural Retention Program which aims to reward long-serving GPs in rural and remote communities. The 1999-2000 budget has set
aside $60 million over four years for this important measure. The program provides for bonuses to be paid to these doctors based on their length of service, the remoteness of their practice and their workload. In Western Australia, 178 doctors are to share $1,336,800 in bonuses during 1999-2000.

An important additional measure which could be considered is an initiative advocated by the Rural Doctors Association of Australia. It involves higher rebates for medical services provided in rural and remote communities in recognition of the higher level of responsibility and costs associated with rural medical practice. It was in fact a strategy recommendation of the health working group at the Regional Australia Summit that a special rebate for regional medical practice be introduced. Under this proposal, rural consultation item numbers would be introduced to the Commonwealth medical benefits schedule, so that a differential rebate applied between urban based and rural based doctors, with rural doctors receiving a higher rebate. The rural consultation item numbers, for instance, could be allocated on the basis of the accessibility remoteness index of Australia.

The RDAA believes that the ‘Medicare floor price is being reached in rural areas’. Its president, Dr David Mildenhall, cites his own six-person partnership as an example. He says that:

... an analysis of income relating to general practice consultations ... compared to practice costs shows that we make a slight loss from consultations over a year.

It is only by way of non-consulting room work, which adds little to practice costs, that Dr Mildenhall’s practice has been able to remain viable. The provision of rural consultation item numbers can be justified on the basis of the higher practice costs of rural and remote doctors and the fact that, by necessity, their level of responsibility is higher than that of urban doctors. For instance, as far as specialist care is concerned, because of the distances involved in a patient consulting a specialist and the associated cost, rural general practitioners have to manage cases which an urban GP would refer to a specialist, which means a significant increase in the level of competence required and the level of responsibility undertaken by the rural general practitioner. Even when a referral is made, it is often left up to the rural GP to implement complex medical management plans when the patient returns, which in the city would be implemented by a specialist. The provision of rural consultation item numbers would complement the already existing financial incentives offered by the government, would have the effect of further financially rewarding doctors for their efforts and would encourage young graduates to practise in rural areas. (Time expired)

Senate adjourned at 7.31 p.m.

DOCUMENTS

Tabling

The following government documents were tabled:


Private health insurance premium increases—Quarter commencing 1 January 2000.

The following documents were tabled by the Clerk:


Australian Capital Territory (Planning and Land Management) Act—National Capital Plan—

Amendments 29 and 35.

Approvals of Amendments 29 and 35.


QUESTIONS ON NOTICE

The following answers to questions were circulated:

_Goods and Services Tax: Coin Operated Machines_  
(Question No. 1596)

_Senator Cook_ asked the Minister representing the Treasurer, upon notice, on 23 September 1999:

With reference to coin-operated slot machines:

1. How will the owners of such machines account for the goods and services tax (GST).
2. With reference to a children’s bubble gum machine that now charges 20 cents, how will the GST be added to the 20 cents given that 2 cent pieces are no longer in use.
3. Will all coin-operated machines that now take a fixed coin amount, for example, a $2 coin, now have to be altered to take the $2 coin and a 20 cent piece to account for the GST.
4. How much will it cost, on average, to alter a fixed amount coin-operated machine to become GST compliant.

_Senator Kemp_—The answer to the honourable senator’s question is as follows:

1. For coin-operated slot machines that supply a product or service, GST is 1/11th of the amount received as consideration for the supply. It is expected that the Commissioner will determine that those receipts are attributable to the tax period in which the coins are collected from the machine.

   Where gambling supplies are made through a coin operated slot machine, GST is calculated as 1/11th of the GST inclusive margin.

2. Bubble gum is currently subject to a 12% wholesale sales tax (WST), while the GST will be 10% of the value. The removal of the WST may mean that there is no need to increase the price of the bubble gum.

3. No. Removal of WST will allow many products offered in vending machines to fall in price. Many machines also take multiple coins and offer change.

4. As many items offered in vending machines will fall in price as a result of the abolition of WST, there may be no cost at all.

_Minister for Health and Aged Care: Meetings with Radiologists_  
(Question No. 1652)

_Senator Chris Evans_ asked the Minister representing the Minister for Health and Aged Care, upon notice, on 29 September 1999:

Can the minutes be provided of any meeting held between either the Minister, the department, or both, and the following people, either together, individually or in smaller groups, in the period between 1 October 1997 and 30 May 1998: (a) Dr Phillip Dubois, a radiologist of Queensland X-Ray Services; (b) Dr Peter Carr, a radiologist at North Shore Diagnostic Centre and Pittwater Radiology in Sydney; (c) Dr George Klempfner, a radiologist of Radclin Medical Imaging; (d) Dr Chris Atkinson, a radiologist with the Victorian Imaging Group; (e) Dr Martin, a radiologist with the Victorian Imaging Group; (f) Dr Chris Ingle, a radiologist in the practice of Kos, Ingle and Gordon; (g) Dr Donald Robertson, a radiologist of Geelong Radiological Clinic; (h) Dr Chris Harper, a radiologist of Perth Imaging Centre; and (i) Dr Sprague, a radiologist of Perth Radiological Clinic.

_Senator Herron_—The Minister for Health and Aged Care has provided the following answer to the honourable senator’s question:

No.

_Rural and Regional Australia: Program Funding_  
(Question No. 1864)

_Senator Mackay_ asked the Minister for Regional Services, Territories and Local Government, upon notice, on 19 January 2000:

With reference to the following programs:

Countrylink
Rural Communities program
Rural Plan
Rural Transactions Centre program
CreditCare
Local Government Incentive program
Regional Flood Mitigation program
Regional and Rural Women’s Unit
Regional Women’s Advisory Council
Rural Domestic Violence program

(1) What was the total amount of funding provided for each program, the period over which it was paid and disbursement to date.

(2) What was the purpose of each program.

(3) Can details be provided of all projects implemented and funding assistance provided to community organisations/groups/private sector under the above programs from 1996 to date.

(4) What are the names of the community organisations/groups/private sector groups that have received funding under these programs, their addresses, and the electorates they are located in.

(5) Can details be provided of the person/organisation/group that announced each project/funding assistance given under these programs, and the date of the announcement.

(6) Can details be provided of the approved process for each project/funding assistance given under these programs, the number of applications, the names of the applicants, the names of the successful applicants, and the name of the person/committee/group who selected the successful applicants.

Senator Ian Macdonald—The answer to the honourable senator’s question is as follows:

Countrylink

(1) Countrylink (known as Countrylink Australia) does not have responsibility for any administered funds.

(2) Countrylink Australia provides regional Australians with information on Federal Government programmes and services through the provision of:
   . the Countrylink Australia free call number 1800 026 222;
   . production of the Rural Book - a free publication detailing major Federal Government programmes and services;
   . community information stands located with regional community groups as a local source of information; and
   . shopfront displays at rural shows and events.

(3) Countrylink does not fund projects.

(4) Not applicable

(5) Not applicable.

(6) Not applicable.

Rural Communities Programme

(1) The Rural Communities Programme (RCP) has a total budget of $25.332m for administered funds from 1 July 1998 – 30 June 2001. This figure includes the financial counselling element of the Programme that is administered by Agriculture, Fisheries and Forestry – Australia (AFFA).

   Of the $9.9m total allocations transferred from AFFA to DoTRS in March 1999, around $7.8m has been expended or committed to end of February 2000.

   Details of RCP expenditure and commitments to end of February 2000 under DoTRS and AFFA have been provided to the Table Office.

   (2) The purpose of the RCP is to develop the capacity of regional and rural communities to take leading roles in their own development.
(3) Details of all RCP projects currently being administered by DoTRS and AFFA have been provided to the Table Office.

(4) The names and electorates of the community organisations/groups/private sector groups that have received funding by DoTRS and AFFA under the RCP have been provided to the Table Office.

(5) Initial approvals, variations, reconsiderations for all RCP applications and Planning Grants over $3,000 were announced as follows:

- For Round One on 15 May 1998 and Round Two on 22 June 1998, the then Minister for Primary Industries and Energy, the Hon John Anderson MP announced successful applicants;
- Round Three successful applicants were announced by the then Minister for Primary Industries and Energy, the Hon John Anderson MP on 27 August 1998; and

The responsibility for the financial counselling elements of the Programme remained with the Minister for Agriculture, Fisheries and Forestry (formerly Primary Industries and Energy).

The Departmental Delegate for the RCP advises successful applicants for small planning grants of $3,000 or less. Before 16 March 1999, this was carried out under the portfolio of Agriculture, Fisheries and Forestry – Australia (AFFA). Since this date, recipients of small planning grants of $3,000 or less have been advised under the Transport and Regional Services portfolio.

(6) Officers within the Department of Transport and Regional Services assess the non-financial counselling applications in the first instance. Officers from AFFA assess financial counselling applications.

All assessments and applications (including applications for small planning grants under $3,000 that are rejected by departmental staff) are then passed to the Rural Communities Programme Advisory Committee (RCPAC) for recommendation. The RCPAC make recommendations on non-financial counselling applications to the Minister for Regional Services, Territories and Local Government. Recommendations for financial counselling applications are submitted to the Minister for Agriculture, Fisheries and Forestry.

To end of February 2000, 536 applications for funding have been received. This figure includes those projects administered by AFFA.

Names of all applicants from Rounds One to Six have been provided to the Table Office.

Names of all applicants for Round Seven (currently being finalised) have been provided to the Table Office.

Names of all successful applicants from Rounds One to Six have been provided to the Table Office.

**Rural Plan**

(1) Total allocation for Rural Plan is $6.430m from 1 July 1998 – 30 June 2001. To end of February 2000, total expenditure is $0.460m.

(2) The purpose of Rural Plan is to undertake strategic planning to assist the growth of communities and industries in regions. The objective is to develop the capacity of rural communities and industries in a region to work together to develop and implement strategic plans and on-going planning processes.

(3) Rural Plan commenced on 1 July 1998 in the then Department of Primary Industries and Energy, now Agriculture, Fisheries and Forestry - Australia. On 16 March 1999 it was transferred to the Department of Transport and Regional Services. Details of projects have been provided to the Table Office.

(4) Details of the names of the community organisations/groups/private sector groups that have received funding under this programme, their addresses, and the electorates they are located in have been provided to the Table Office.

(5) The then Minister for Primary Industries and Energy, the Hon John Anderson MP, announced the following Rural Plan projects on 25 September 1998:

- The Three(3)S Liverpool District Project;
- Murray Malley (SA) Regional Strategic Co-ordination Project; and
- Eastern Downs Turnaround Project
The Hon Warren Truss MP, the then Minister for Customs and Consumer Affairs, Federal Member for Wide Bay, announced on 28 September 1998 the Regional Strategic Planning for the Burnett Inland Economic Development Organisation project.

Three other projects were announced by the then Minister for Primary Industries and Energy, the Hon John Anderson MP, in September 1998:
- Murray Valley – Victorian Irrigated Cropping Council Project;
- Rural Strategic Planning Project (Northern Rivers District); and
- Rural Strategic Planning Project (Cairns District).

Since the transfer of the programme to DoTRS, the Minister for Regional Services, Territories and Local Government, Senator the Hon Ian Macdonald has announced approval for projects on 22 August 1999, 10 September 1999 and 7 October 1999. The Prime Minister, the Hon John Howard MP, announced approval for a project on 30 January 2000. Details of the projects have been provided to the Table Office.

(6) Applications for funding are first assessed by Departmental staff who make recommendations for decision by the relevant Minister as follows:
- 1 July 1998 – October 1998 the Minister for Primary Industries and Energy;
- October 1998 – 15 March 1999 the Minister for Agriculture, Fisheries and Forestry; and
- From 16 March 1999 the Minister for Regional Services, Territories and Local Government.

To end of February 2000, 175 applications for funding have been received.

Names of all applicants in the Pilot round, Round One and Round Two have been provided to the Table Office.

The names of successful applicants to end of February 2000 have been provided to the Table Office.

Regional and Rural Women’s Unit
(1) The Regional and Rural Women’s Unit (RRWU) has no responsibility for administered funds other than for the Domestic Violence Programme which has been reported on separately.

(2) The RRWU was set up in the Department of Transport and Regional Services in March 1999 to take a lead role within the Federal Government to work with women in regional Australia. It strengthens the involvement of regional and rural women in issues affecting regional, rural and remote Australia.

(3) The Regional and Rural Women’s Unit does not fund projects.
(4) Not applicable
(5) Not applicable.
(6) Not applicable.

Regional Women’s Advisory Council
(1) The Regional Women’s Advisory Council, established in September 1999, has no responsibility for administered funds.

(2) The purpose of the Council is to advise the Deputy Prime Minister and Minister for Transport and Regional Services on women’s perspectives and concerns on issues and opportunities in regional, rural and remote Australia.

(3) The Council does not provide funding assistance or implement projects for community organisations/groups or the private sector.
(4) Not applicable
(5) Not applicable
(6) Not applicable

Rural Domestic Violence Programme
(1) 1998-1999

<table>
<thead>
<tr>
<th>Administered Funds</th>
<th>$67,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spent</td>
<td>nil</td>
</tr>
<tr>
<td>Carried forward</td>
<td>$67,000</td>
</tr>
</tbody>
</table>
(2) The Rural Domestic Violence Programme is part of a package of Commonwealth, State and Territory initiatives under the Partnerships Against Domestic Violence Strategy. The purpose of the programme is to address issues associated with the incidence of domestic violence in regional Australia.

(3) The closing date for applications for the small grants programme was 31 January 2000. 114 applications for grants were received. These applications are in the process of being assessed.

(4) No community organisations/groups or private sector groups have received funding under this program.

(5) Not applicable

(6) Officers within the Department of Transport and Regional Services assess the applications in the first instance.

All assessments and applications will then be forwarded to the Rural Domestic Violence Programme Advisory Committee (RDVPAC). The RDVPAC will make recommendations on the applications suitable for funding to the Minister for Transport and Regional Services.

Details of the number of applications and the names of the applicants have been provided to the Table Office.

CreditCare

(1) The CreditCare project was refunded from 1997/98 for a 3 year period at a total cost of $2.7m. Disbursements to end of February 2000 total $1.8m.

(2) CreditCare helps rural and remote communities that have lost, or are threatened with the loss of, access to financial services, by working with them to attract alternative financial services.

(3) and (4) The Commonwealth Government funds the Credit Union Services Corporation Limited (CUSCAL) towards the cost of providing CreditCare services across Australia. CreditCare field officers work with local communities to assess their financial viability by facilitating community meetings, conducting surveys and developing business plans. Business plans generated by CreditCare activities may then be used to attract financial institutions (generally, but not exclusively, existing credit unions) to the communities.

(5) Not applicable

(6) Following the 1998 Federal election, responsibility for the project transferred to the Department of Transport and Regional Services. Prior to this CreditCare was administered by the Departments of Social Security and Primary Industries and Energy.

Funding for CreditCare was announced as part of the Agriculture, Advancing Australia package in 1997.

Local Government Incentive Programme

(1) A total of $7 million over two years was allocated in the 1999-2000 Federal Budget to the Local Government Incentive Programme (LGIP). As at 10 February 2000 the amount disbursed is $965,400.

(2) The purpose of the LGIP is to provide direct support to Local Government to encourage adoption and transfer of leading practice skills and projects. Grants are targeted to achieve:

. streamlining of regulatory practices that inhibit economic development;
. activities that lead to the adoption of best practice and the sharing of technical expertise across councils;
. the promotion of an appropriate role for Local Government in regional development; and
. Local Government compliance with the requirements of the GST legislation.

(3) Funding has been allocated to Local Government associations in each State and the Northern Territory to assist Local Government prepare for GST implementation (for details see reply to question (4)).

(4) State and Northern Territory Local Government associations are located in their respective State/Territory capital city.
Organisation and Address
(electorate in which office is situated shown in brackets)

<table>
<thead>
<tr>
<th>Organisation and Address</th>
<th>Assocation Base Funding</th>
<th>Notional Council Allocation</th>
<th>Total funding for Associations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Government and Shires Associations of NSW GPO Box 7003 Sydney NSW 2001 (Sydney)</td>
<td>$266,000</td>
<td>$360,000</td>
<td>$626,000</td>
</tr>
<tr>
<td>Municipal Association of Victoria PO Box 4326PP Melbourne VIC 3001 (Melbourne)</td>
<td>$202,000</td>
<td>$158,000</td>
<td>$360,000</td>
</tr>
<tr>
<td>Local Government Association of Queensland PO Box 2230 Fortitude Valley Business Centre QLD 4006 (Brisbane)</td>
<td>$223,000</td>
<td>$312,000</td>
<td>$535,000</td>
</tr>
<tr>
<td>Western Australian Municipal Association PO Box 1544 West Perth WA 6872 (Curtin)</td>
<td>$118,000</td>
<td>$284,000</td>
<td>$402,000</td>
</tr>
<tr>
<td>Local Government Association of South Australia GPO Box 2693 Adelaide SA 5001 (Adelaide)</td>
<td>$100,000</td>
<td>$148,000</td>
<td>$248,000</td>
</tr>
<tr>
<td>Local Government Association of Tasmania GPO Box 1521 Hobart TAS 7001 (Denison)</td>
<td>$67,000</td>
<td>$58,000</td>
<td>$125,000</td>
</tr>
<tr>
<td>Local Government Association of the Northern Territory GPO Box 4502 Darwin NT 0801 (Northern Territory)</td>
<td>$74,000</td>
<td>$140,000</td>
<td>$214,000</td>
</tr>
</tbody>
</table>

(5) Senator the Hon Ian Macdonald, Minister for Regional Services, Territories and Local Government announced the commitment of funds to assist Local Government prepare for implementation of the GST in a media release on 13 September 1999.

(6) For GST related funding, proposals on how these funds would be best administered were sought from the peak Local Government body in each State and the Northern Territory. The Minister for Regional Services, Territories and Local Government wrote to each Local Government Association and to the State and Territory Ministers for Local Government on 13 September 1999. The Associations provided project proposals to the Minister detailing how they propose to administer the funding. Following approval by the Minister, the Department of Transport and Regional Services prepared Deeds of Grant for the projects. Some applications are still being processed, but it is expected that all the funds will be disbursed before 30 June 2000.

Rural Transaction Centres Programme

(1) During the 1998 Federal election the Government committed $70 million over five years to help establish Rural Transaction Centres. The programme was launched on 11 March 1999. To end of February 2000, grants totalling $1,591,577 have been approved.

(2) The main aim of the RTC programme is to improve access to basic private and government transaction services in small rural communities in a way that encourages private sector and/or community based provision. Funding is available for the establishment and operating costs of RTCs (Project Assistance) and for the development of business plans (Business Planning Assistance).

(3) Projects implemented and funding assistance provided:

Approved Applications in receipt of Project Assistance funding towards the establishment of RTCs

<table>
<thead>
<tr>
<th>Approved Applications</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aramac Shire Council, QLD – opened 15.12.99</td>
<td>70,000</td>
</tr>
<tr>
<td>Bendemere Shire Council (Wallumbilla)</td>
<td>21,098</td>
</tr>
<tr>
<td>Bendemere Shire Council (Yuleba)</td>
<td>21,462</td>
</tr>
<tr>
<td>Bombala Council, NSW</td>
<td>0</td>
</tr>
<tr>
<td>Cabonne Council, (Eugowra) NSW – opened 29.10.99</td>
<td>130,000</td>
</tr>
<tr>
<td>Crows Nest &amp; District Tourist &amp; Progress Association Inc., QLD</td>
<td>38,000</td>
</tr>
<tr>
<td>Dirranbandi Progress Association Inc., QLD</td>
<td>110,000</td>
</tr>
<tr>
<td>District Council of Barunga West (Port Broughton), SA</td>
<td>120,000</td>
</tr>
<tr>
<td>Gresford Community Group, NSW – opened 10.12.99</td>
<td>100,000</td>
</tr>
</tbody>
</table>
Approved Applications in receipt of Project Assistance funding towards the establishment of RTCs

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Funding ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guyra Business Connection &amp; Guyra Shire Council, NSW</td>
<td>0</td>
</tr>
<tr>
<td>Hallidays Point Senior Citizen Assoc. Inc., NSW</td>
<td>0</td>
</tr>
<tr>
<td>Kalbar Regional Organisation for Promotion (KROP), QLD</td>
<td>60,000</td>
</tr>
<tr>
<td>St Marys Association for Community Development, TAS – opened 4.11.99</td>
<td>84,190</td>
</tr>
<tr>
<td>Urana Shire Council, NSW – 26.11.99</td>
<td>120,000</td>
</tr>
<tr>
<td>Wambo Shire Council / Bell &amp; District Progress Association (Bell), QLD</td>
<td>137,197</td>
</tr>
<tr>
<td>Welshpool and District Advisory Group Inc., VIC – opened 29.11.99</td>
<td>140,000</td>
</tr>
</tbody>
</table>

Total Project Assistance Funding Approved = 1,151,947

* There was no cost to the RTC Programme for Medicare EasyClaim services only.

Approved Business Planning Applications

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Funding ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ashburton Shire Council – Onslow, WA</td>
<td>10,150</td>
</tr>
<tr>
<td>Augathella Cultural Association Inc., QLD</td>
<td>5,000</td>
</tr>
<tr>
<td>Bamaga Island Council, QLD</td>
<td>5,900</td>
</tr>
<tr>
<td>Beacon Telecentre Inc., WA</td>
<td>8,500</td>
</tr>
<tr>
<td>Bega Valley Shire, NSW</td>
<td>5,000</td>
</tr>
<tr>
<td>Bendemere Shire Council, QLD</td>
<td>4,000</td>
</tr>
<tr>
<td>Bremer Bay Community Resource Centre, WA</td>
<td>5,561</td>
</tr>
<tr>
<td>Bulahdelah Chamber of Commerce and Tourism, NSW</td>
<td>5,000</td>
</tr>
<tr>
<td>Cape Barren Islanders Community Association Inc., TAS</td>
<td>4,000</td>
</tr>
<tr>
<td>Captain Cook 1770/Agnes Water Lions Club Inc/Miriam Vale Shire Council –</td>
<td>15,000</td>
</tr>
<tr>
<td>Agnes Waters &amp; Miriam Vale, QLD</td>
<td></td>
</tr>
<tr>
<td>Carrathool Shire Council (Hillston), NSW</td>
<td>10,000</td>
</tr>
<tr>
<td>City of Albany, WA</td>
<td>20,725</td>
</tr>
<tr>
<td>Cocos (Keeling) Islands Regional Business Association Inc, WA</td>
<td>10,075</td>
</tr>
<tr>
<td>Coolamon Shire Council (on behalf of Ardlethan, Coolamon, and Ganmain), NSW</td>
<td>10,000</td>
</tr>
<tr>
<td>Dauan Island Council, QLD</td>
<td>4,350</td>
</tr>
<tr>
<td>Delegate Progress Association, NSW</td>
<td>3,000</td>
</tr>
<tr>
<td>District Council of Grant (Port MacDonnell &amp; Tarpeena), SA</td>
<td>11,000</td>
</tr>
<tr>
<td>District Council of Mt Remarkable, SA</td>
<td>5,000</td>
</tr>
<tr>
<td>District Council of Naracoorte and Lucindale, SA</td>
<td>6,500</td>
</tr>
<tr>
<td>Dunolly Goldrush Committee Inc., VIC</td>
<td>7,500</td>
</tr>
<tr>
<td>Gannawarra Shire Council – Quambatook, VIC</td>
<td>3,600</td>
</tr>
<tr>
<td>Gilgandra Shire Council (Tooraweenah), NSW</td>
<td>4,950</td>
</tr>
<tr>
<td>Greenvale Progress Association Inc., QLD</td>
<td>4,000</td>
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<tr>
<td>Gulargambone &amp; District Development Committee, NSW</td>
<td>10,000</td>
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<tr>
<td>Gunning Shire Council, NSW</td>
<td>5,000</td>
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<tr>
<td>Ilfracombe Shire Council, QLD</td>
<td>4,000</td>
</tr>
<tr>
<td>Jabiru Town Council, NT</td>
<td>15,000</td>
</tr>
<tr>
<td>Kardu Numida Incorporated – Wadeye, NT</td>
<td>17,950</td>
</tr>
<tr>
<td>Kempsey Shire Council (Bellbrook), NSW</td>
<td>4,465</td>
</tr>
<tr>
<td>Kilkivan Shire Council, QLD</td>
<td>10,000</td>
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<tr>
<td>Applicant</td>
<td>Funding $</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>Marra Worra Worra Aboriginal Corporation, WA</td>
<td>15,000</td>
</tr>
<tr>
<td>Mataranka Community Government Council, NT</td>
<td>3,000</td>
</tr>
<tr>
<td>Mendooran and District Development Group, NSW</td>
<td>9,121</td>
</tr>
<tr>
<td>Mount Alexander Shire Council</td>
<td>8,000</td>
</tr>
<tr>
<td>(Maldon and Newstead Communities), VIC</td>
<td></td>
</tr>
<tr>
<td>Murray Shire Council – Mathoura, NSW</td>
<td>9,600</td>
</tr>
<tr>
<td>Murrindindi Shire Council, VIC</td>
<td>5,000</td>
</tr>
<tr>
<td>Nanango Shire Council, QLD</td>
<td>5,000</td>
</tr>
<tr>
<td>Ngaliwurru – Wuli Association (Timber Creek), NT</td>
<td>5,900</td>
</tr>
<tr>
<td>Northern Areas Council, SA</td>
<td>10,000</td>
</tr>
<tr>
<td>Numbulwar Numburindi Community Government Council, NT</td>
<td>15,000</td>
</tr>
<tr>
<td>Robertstown War Memorial Community Centre Inc., SA</td>
<td>7,500</td>
</tr>
<tr>
<td>Scamander Community Development Association Inc., TAS</td>
<td>3,000</td>
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<tr>
<td>Shire of Dumbleyung, WA</td>
<td>5,000</td>
</tr>
<tr>
<td>Shire of Halls Creek, WA</td>
<td>15,000</td>
</tr>
<tr>
<td>Shire of Yarra Ranges, VIC</td>
<td>5,000</td>
</tr>
<tr>
<td>Tasman Council – Nubeena, TAS</td>
<td>10,000</td>
</tr>
<tr>
<td>The Kilcoy Chamber of Commerce and Industry Inc., QLD</td>
<td>5,000</td>
</tr>
<tr>
<td>Tumbarumba Shire Council, NSW</td>
<td>10,000</td>
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<tr>
<td>Uralla Shire Council – Bundarra, NSW</td>
<td>8,533</td>
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<tr>
<td>Warroo Shire Council – Surat, QLD</td>
<td>5,000</td>
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<tr>
<td>Wentworth Shire Council, NSW</td>
<td>10,000</td>
</tr>
<tr>
<td>Werris Creek Economic Development Committee, QLD</td>
<td>6,750</td>
</tr>
<tr>
<td>Wudinna and District Telecentre Inc., SA</td>
<td>8,000</td>
</tr>
<tr>
<td>Wurankuwu Aboriginal Corporation, NT</td>
<td>5,000</td>
</tr>
<tr>
<td>Yarrowlumla Council (Bungendore &amp; Captains Flat), NSW</td>
<td>5,000</td>
</tr>
<tr>
<td>Yowah Opal Mining Community Services</td>
<td>10,000</td>
</tr>
<tr>
<td>Business Planning Total</td>
<td>=439,630</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,591,577</td>
</tr>
</tbody>
</table>

(4) Contact and Electorate Details for successful funding applications to date

<table>
<thead>
<tr>
<th>Applicant</th>
<th>Postal Address</th>
<th>Electorate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aramac Shire Council</td>
<td>Gordon Street, Aramac QLD 4726</td>
<td>Capricornia</td>
</tr>
<tr>
<td>Ashburton Shire Council</td>
<td>PO Box 567 Tom Price WA 6751</td>
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</tr>
<tr>
<td>Augathella Cultural Association Inc</td>
<td>C/- “Akoroy”, Chorleville Qld 4470</td>
<td>Marona</td>
</tr>
<tr>
<td>Bamaga Island Council</td>
<td>Post Office, Bamaga QLD 4876</td>
<td>Leichhardt</td>
</tr>
<tr>
<td>Beacon Telecentre Inc</td>
<td>C/- Post Office, Beacon WA 6742</td>
<td>O’Connor</td>
</tr>
<tr>
<td>Bega Valley Shire Council</td>
<td>PO Box 492, Bega NSW 2550</td>
<td>Eden-Monaro</td>
</tr>
<tr>
<td>Bendemere Shire Council</td>
<td>PO Box 14, Yuleba QLD 4427</td>
<td>Marano</td>
</tr>
<tr>
<td>Bendemere Shire Council - Wallumbilla</td>
<td>PO Box 14, Yuleba QLD 4427</td>
<td>Marano</td>
</tr>
<tr>
<td>Bendemere Shire Council - Yuleba</td>
<td>PO Box 14, Yuleba QLD 4427</td>
<td>Marano</td>
</tr>
<tr>
<td>Bombala Council</td>
<td>PO Box 105, Bombala NSW 2632</td>
<td>Eden-Monaro</td>
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<tr>
<td>Bremer Bay Community Resource Centre</td>
<td>Post Office, BREMER BAY WA 6338</td>
<td>O’Connor</td>
</tr>
<tr>
<td>Bulahdelah Chamber of Commerce and</td>
<td>PO Box 30 Bulahdelah NSW 2423</td>
<td>Paterson</td>
</tr>
<tr>
<td>Applicant</td>
<td>Postal Address</td>
<td>Electorate</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------</td>
<td>------------</td>
</tr>
<tr>
<td>Cabonne Council</td>
<td>PO Box 17, Molong NSW 2866</td>
<td>Calare</td>
</tr>
<tr>
<td>Cape Barren Islanders Community Assoc. Inc.</td>
<td>Esplanade, Cape Barren Island, TAS 7257</td>
<td>Bass</td>
</tr>
<tr>
<td>Captain Cook 1770/Agnes Water Lions Club Inc.</td>
<td>C/- Secretary Lot 21 Jeffery Court, Agnes Water QLD 4677</td>
<td>Hinkler</td>
</tr>
<tr>
<td>Carrathool Shire Council</td>
<td>PO Box 484, WA</td>
<td>Forrest</td>
</tr>
<tr>
<td>City of Albany</td>
<td>PO Box 12, Goolgowi NSW 2652</td>
<td>Riverina</td>
</tr>
<tr>
<td>Cocos (Keeling) Islands Regional Business Association Inc</td>
<td>C/- Post Office Cocos Islands, WA 6799</td>
<td>NT</td>
</tr>
<tr>
<td>Coolamon Shire Council – (on behalf of Ardlethan, Coolamon, and Ganmain.)</td>
<td>PO Box 101 Coolamon NSW 2701</td>
<td>Riverina</td>
</tr>
<tr>
<td>Crows Nest &amp; District Tourist &amp; Progress Association Inc.</td>
<td>PO Box 72, Crows Nest QLD 4355</td>
<td>Blair/Groom</td>
</tr>
<tr>
<td>Dauan Island Council</td>
<td>C/- Post Office, Dauan Island Qld 4875</td>
<td>Leichhardt</td>
</tr>
<tr>
<td>Delegate Progress Association</td>
<td>6 Hayden Street, Delegate NSW 2633</td>
<td>Eden-Monaro</td>
</tr>
<tr>
<td>Dirranbandi Progress Association Inc.</td>
<td>PO Box 15, Dirranbandi QLD 4486</td>
<td>Maranoa</td>
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<tr>
<td>District Council of Barunga West - Port Broughton</td>
<td>PO Box 3, Port Broughton SA 5522</td>
<td>Grey</td>
</tr>
<tr>
<td>District Council of Grant</td>
<td>PO Box 724, Mount Gambier SA 5290</td>
<td>Barker</td>
</tr>
<tr>
<td>District Council of Mt Remarkable</td>
<td>Box 94, Melrose SA 5483</td>
<td>Grey</td>
</tr>
<tr>
<td>District Council of Naracoorte and Lucindale</td>
<td>PO Box 555, Naracoorte SA 5271</td>
<td>Barker</td>
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<tr>
<td>Dunolly Goldrush Committee Inc</td>
<td>PO Box 46, Dunolly VIC 3472</td>
<td>Bendigo</td>
</tr>
<tr>
<td>Gannawarra Shire Council</td>
<td>24 Guthrie Street, Quambatook, VIC 3540</td>
<td>Murray</td>
</tr>
<tr>
<td>Gilgandra Shire Council</td>
<td>PO Box 23, Gilgandra NSW 2827</td>
<td>Gwydir</td>
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<td>Greenvale Progress Association Inc</td>
<td>6 Banksia Court, Greenvale QLD 4816</td>
<td>Kennedy</td>
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<tr>
<td>Gresford Community Group - Dungog Shire Council</td>
<td>&quot;Brinkburn&quot;, Gresford NSW 2311</td>
<td>Paterson</td>
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<tr>
<td>Gulargambone and District Development Committee</td>
<td>&quot;Ballyboy&quot;, Munnett Street, Gulargambone NSW 2828</td>
<td>Gwydir</td>
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<tr>
<td>Gunning Shire Council</td>
<td>PO Box 42, Gunning NSW 2581</td>
<td>Hume</td>
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<tr>
<td>Guyra Business Connection &amp; Guyra Shire Council</td>
<td>PO Box 254, Guyra, NSW 2365</td>
<td>New England</td>
</tr>
<tr>
<td>Hallidays Point Senior Citizen Association Inc</td>
<td>PO Box 23, Hallidays Point, NSW, 2430</td>
<td>Lyne</td>
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<tr>
<td>Ilfracombe Shire Council</td>
<td>PO Box 1, Ilfracombe QLD 4727</td>
<td>Capricornia</td>
</tr>
<tr>
<td>Jabiru Town Council</td>
<td>PO Box 346, Jabiru, NT 0886</td>
<td>NT</td>
</tr>
<tr>
<td>Kalbar Regional Organisation for Promotion (KROP)</td>
<td>76 George Street Kalbar QLD 4309</td>
<td>Forde</td>
</tr>
<tr>
<td>Applicant</td>
<td>Postal Address</td>
<td>Electorate</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>----------------------------------------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Kardu Numida Incorporated</td>
<td>Post Office Wadeye NT 0822</td>
<td>NT</td>
</tr>
<tr>
<td>Kempsey Shire Council</td>
<td>PO Box 78, West Kempsey NSW 2440</td>
<td>Cowper</td>
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<tr>
<td>Kilkivan Shire Council</td>
<td>PO Box 9, Kilkivan QLD 4600</td>
<td>Wide Bay</td>
</tr>
<tr>
<td>Marra Worra Worra Aboriginal Corp.</td>
<td>PO Box 35, Fitzroy Crossing, WA, 6765</td>
<td>Kalgoorlie</td>
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<tr>
<td>Mataranka Community Government Council</td>
<td>PMB 99, Mataranka NT 0852</td>
<td>NT</td>
</tr>
<tr>
<td>Mendooran and District Development Group</td>
<td>C/- Castlereagh Country Store, 59 Bundulla Street Mendooran NS 2842</td>
<td>Gwydir</td>
</tr>
<tr>
<td>Mount Alexander Shire Council (Maldon and Newstead Communities)</td>
<td>93 High Street, Maldon Vic 3463</td>
<td>Bendigo</td>
</tr>
<tr>
<td>Murray Shire Council</td>
<td>PO Box 21 Mathoura, NSW, 2710</td>
<td>Farrer</td>
</tr>
<tr>
<td>Murrindindi Shire Council</td>
<td>PO Box 138, Alexandra VIC 3714</td>
<td>McEwen</td>
</tr>
<tr>
<td>Nanango Shire Council (Town of Blackbutt)</td>
<td>PO Box 10, Nanango, QLD 4615</td>
<td>Blair</td>
</tr>
<tr>
<td>Ngaliwurr - Wuli Association</td>
<td>PMB 154, Katherine, NT, 0852</td>
<td>NT</td>
</tr>
<tr>
<td>Northern Areas Council</td>
<td>Box 120, Jamestown, SA 5491</td>
<td>Grey</td>
</tr>
<tr>
<td>Numbulwar Numburindi Community Government Council</td>
<td>CMB 17, Via Katherine, NT, 0852</td>
<td>NT</td>
</tr>
<tr>
<td>Robertstown War Memorial Community Centre Inc.</td>
<td>7 Commercial Street, Robertstown SA 5381</td>
<td>Wakefield</td>
</tr>
<tr>
<td>Scamander Community Development Assoc Inc</td>
<td>C/- Paul Burstall, Scamander Supermarket, Scamander TAS 7215</td>
<td>Lyons</td>
</tr>
<tr>
<td>Shire of Dumbleyung</td>
<td>PO Box 99 Dumbleyung, WA 6350</td>
<td>O'Connor</td>
</tr>
<tr>
<td>Shire of Halls Creek</td>
<td>PO Box 21, Halls Creek WA 6770</td>
<td>Kalgoorlie</td>
</tr>
<tr>
<td>Shire of Yarra Ranges</td>
<td>PO Box 105, Lilydale VIC 3140</td>
<td>Casey/McEwen</td>
</tr>
<tr>
<td>St Marys Association for Community Development Inc</td>
<td>PO Box 165, St Marys, Tasmania 7215</td>
<td>Lyons</td>
</tr>
<tr>
<td>Tasman Council</td>
<td>Post Office Nubeena, TAS 7184</td>
<td>Lyons</td>
</tr>
<tr>
<td>The Kilcoy Chamber of Commerce and Industry Inc</td>
<td>PO Box 210, Kilcoy QLD 4515</td>
<td>Blair</td>
</tr>
<tr>
<td>Tumbarumba Shire Council</td>
<td>PO Box 61, Tumbarumba NSW 2653</td>
<td>Farrer</td>
</tr>
<tr>
<td>Uralla Shire Council</td>
<td>PO Box 106 Uralla NSW 2358</td>
<td>New England</td>
</tr>
<tr>
<td>Urana Shire Council</td>
<td>PO Box 65, Urana NSW 2645</td>
<td>Farrer</td>
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<tr>
<td>Wambo Shire Council/Bell &amp; District Progress Association Inc</td>
<td>PO Box 549, Dalby Qld 4405</td>
<td>Maranoa</td>
</tr>
<tr>
<td>Warroo Shire Council</td>
<td>PO Box 63, Surat QLD 4417</td>
<td>Maranoa</td>
</tr>
<tr>
<td>Welshpool &amp; District Advisory Group Inc</td>
<td>35 Main Street, Welshpool VIC 3966</td>
<td>Gippsland</td>
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<tr>
<td>Wentworth Shire Council</td>
<td>PO Box 81, Wentworth NSW 2648</td>
<td>Farrer</td>
</tr>
<tr>
<td>Werris Creek Economic Development Committee</td>
<td>PO Box 43, Werris Creek NSW 2341</td>
<td>Hunter</td>
</tr>
<tr>
<td>Wudinna and District Telecentre Inc</td>
<td>Box 256, Wudinna SA 5652</td>
<td>Grey</td>
</tr>
<tr>
<td>Wurankuwu Aboriginal Corporation</td>
<td>PMB 145, Winnellie, NT 0822</td>
<td>NT</td>
</tr>
</tbody>
</table>
On 20 July 1999, the Minister for Transport and Regional Services, John Anderson MP and I announced 22 successful applications:

On 3 November 1999, the Minister for Transport and Regional Services, John Anderson MP and I announced 27 successful applications:

On 2 February 2000 I announced one successful application:

On 3 February 2000, I announced 23 successful applications:

Details of successful applications are provided in (3) and (4) above.

(6) The approval process for funding applications is as follows:

Applications for assistance under the RTC Programme are considered by an independent Advisory Panel appointed by the Minister for Regional Services, Territories and Local Government. The Advisory Panel considers the applications against the eligibility criteria below:

. The existing availability of services and the likelihood of services being provided in the near future by other providers;
. The extent of community support and management;
. The extent to which the applicant and others will contribute;
. The extent of support from State/Territory and local government and the relationships with their initiatives, such as one stop shops and telecentres where appropriate;
. The long-term viability of the project after Federal Government assistance ceases; and
. The environmental and heritage impact of the project.

The Advisory Panel provides advice to the Minister for Regional Services, Territories and Local Government about each application and the level of funding sought. As Minister, I decide which applications will receive assistance under the programme, taking account of the Advisory Panel’s advice.

The members of the Independent Advisory Panel are:

Carol Armstrong, NT. Pastoralist, involved with the School of the Air, NT Cattlemen’s Association, Member of the Chief Minister’s Women’s Advisory Council.

Jane Bennett, TAS. Cheese maker, President of the Tasmanian Rural Industry Training Board, Board Member of the Tasmanian Electronic Commerce Centre. 1997 Rural Woman of the Year.


Andrew Hunter, NSW. Executive director of Teletask, founding coordinator of the Walcha Telecottage.

Barry Moyle, QLD. Mayor of Johnstone Shire. Chair of the Johnstone Farmers Council and member of the Regional Advisory Committee.

Ruth Robinson, SA. Runs family property. Former Branch Chairman of the SA Farmers’ Federation.

Dr John Stone, QLD. Local government councillor, medical practitioner, and company director.

David Taylor, WA. Retired General Manager of Business Banking at BankWest.

86 eligible applications have been considered to date. The names of the successful applicants are listed above - refer Question (3) and Question (4). Applications that were unsuccessful or deferred are listed below:

<table>
<thead>
<tr>
<th>Applicant</th>
<th>Postal Address</th>
<th>Electorate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yarrowlumla Council</td>
<td>PO Box 112, Queanbeyan NSW 2620</td>
<td>Eden-Monaro</td>
</tr>
<tr>
<td>Yowah Opal Mining Community Services Inc.</td>
<td>C/- Private Mail Bag 1, Yowah via Cunnamulla QLD 4490</td>
<td>Maranoa</td>
</tr>
</tbody>
</table>

(5) Announcement of funding decisions.
The above list does not include details of applicants subsequently approved for funding.

Regional Flood Mitigation Programme

(1) The Regional Flood Mitigation Programme (RFMP) was announced in the 1999-2000 Budget. It will provide $20m over 3 financial years. As at 10 February 2000, no money had been paid to the States and Territories.

(2) The Regional Flood Mitigation Programme is a Federal Government initiative to assist State and Territory and Local Governments in the implementation of priority, cost effective flood mitigation works and measures in rural towns and regional centres.

(3) No funding assistance is provided to community organisations/groups/the private sector. Under the Regional Flood Mitigation Programme assistance is provided to State and Territory governments, which pay the Commonwealth contribution and their own matching funding to the relevant local agency. Eligible local agencies include local councils, catchment management boards, river improvement trusts and other bodies with statutory responsibility for flood mitigation and floodplain management.

The Programme was announced on 11 May 1999 in the 1999-2000 Budget.

(a) As at 10 February 2000 the approved and announced RFMP Projects are:

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Funding 1999/2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tamworth Levee upgrade &amp; construction</td>
<td>$330,000</td>
</tr>
<tr>
<td>Deniliquin Levee</td>
<td>$333,333</td>
</tr>
<tr>
<td>Voluntary Purchase and House Raising</td>
<td>$166,667</td>
</tr>
<tr>
<td>Voluntary Purchase of Floodprone Properties in a number of eligible locations</td>
<td>$550,000</td>
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</tbody>
</table>
### Project Council Description Funding 1999/2000

<table>
<thead>
<tr>
<th>Project</th>
<th>Council</th>
<th>Description</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairy Creek Detention basin &amp; Channel Improvement</td>
<td>Wollongong City Council</td>
<td>Construction of a flood detention basin and channel improvement works as part of protection of Wollongong’s CBD and residential areas.</td>
<td>$200,000</td>
</tr>
<tr>
<td>Narrara Creek Flood Way and Levee</td>
<td>Gosford City Council</td>
<td>Creation of a floodway, replacement of culverts and bank stabilisation works.</td>
<td>$120,000</td>
</tr>
<tr>
<td>Coffs Harbour CBD Flood Warning System</td>
<td>Coffs Harbour City Council</td>
<td>Flow diversion around the Central Business District (CBD).</td>
<td>$200,000</td>
</tr>
<tr>
<td>Lismore Flood Levee</td>
<td>Richmond River County Council</td>
<td>Construction of a levee to protect Lismore CBD from a 1 in 10 year flood, modification of the South Lismore levee and house raising from 1 in 10 year to 1 in 100 year flood.</td>
<td>$200,000</td>
</tr>
<tr>
<td>Victoria</td>
<td></td>
<td>Total $2,100,000</td>
<td></td>
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<tr>
<td>Wangaratta Flood Mitigation Scheme</td>
<td>Wangaratta Rural City Council</td>
<td>Flood protection for the urban areas of Wangaratta.</td>
<td>$50,000</td>
</tr>
<tr>
<td>Ovens and King Rivers Flood Warning System</td>
<td>Alpine Shire and Wangaratta River</td>
<td>An improved flood warning system for the Ovens &amp; King River.</td>
<td>$204,000</td>
</tr>
<tr>
<td>Flood mitigation works for Euroa</td>
<td>Strathbogie Shire</td>
<td>Development of flood levees and bund walls</td>
<td>$100,000</td>
</tr>
<tr>
<td>Hazel &amp; Spring Creeks Flood mitigation works</td>
<td>Baw Baw Shire</td>
<td>Construction of two retarding basins</td>
<td>$300,000</td>
</tr>
<tr>
<td>Flood Warning System for the Latrobe River to Rosedale</td>
<td>Wellington Shire</td>
<td>Flood warning system for Rosedale</td>
<td>$50,000</td>
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<tr>
<td>Queensland</td>
<td></td>
<td>Total $704,000</td>
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</tr>
<tr>
<td>Greater Townsville Area ALERT Flood Warning System</td>
<td>Thuringowa and Townsville City Councils</td>
<td>Improving the coverage of gauging stations across the greater Townsville area.</td>
<td>$94,000</td>
</tr>
<tr>
<td>Flood and Tide ALERT Cairns City Council System for the Cairns Region</td>
<td>Cairns City Council</td>
<td>Provide new or additional telemetry.</td>
<td>$38,000</td>
</tr>
<tr>
<td>Noosa River Flood Warning System</td>
<td>Noosa Council</td>
<td>To provide an accurate early warning system of flooding events.</td>
<td>$45,650</td>
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<tr>
<td>Western &amp; South Western Districts Flood Warning Improvement</td>
<td>Ipswich City Council</td>
<td>The purchase and installation of a flood warning system at 7 sites.</td>
<td>$30,000</td>
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<tr>
<td>Project Description</td>
<td>Council</td>
<td>Funding 1999/2000</td>
<td></td>
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<tr>
<td>---------------------</td>
<td>---------</td>
<td>------------------</td>
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<tr>
<td>Enhancement of Herbert River Flood Warning System</td>
<td>Hinchinbrook Shire Council</td>
<td>$20,000</td>
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<tr>
<td>Mackay Flood ALERT System Improvement</td>
<td>Pioneer River Improvement Trust</td>
<td>$36,000</td>
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<tr>
<td>Johnstone Rivers Flood Warning ALERT Systems</td>
<td>Johnstone Shire Council</td>
<td>$25,000</td>
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<tr>
<td>Saunders Creek Flood Bypass Channel at Deeralgin</td>
<td>Thuringowa City Council</td>
<td>$90,700</td>
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<tr>
<td>Charleville Levee Design</td>
<td>Murweh Shire Council</td>
<td>$57,000</td>
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<tr>
<td>Augathella Levee Design</td>
<td>Burdekin Shire Council</td>
<td>$10,000</td>
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<tr>
<td>Goovigen Flood Mitigation Levee Bank</td>
<td>Banana Shire Council</td>
<td>$20,000</td>
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<tr>
<td>Detention basin on unnamed tributary of Western Creek at Trevlac St, Rosewood Township of Brandon Del Santo's Culvert</td>
<td>Ipswich City Council</td>
<td>$180,000</td>
<td></td>
</tr>
<tr>
<td>Detention basin at McKinnon Creek, to assist protection of Edmonton Township</td>
<td>Cairns City Council</td>
<td>$477,990</td>
<td></td>
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<tr>
<td>Louisa Creek Hydraulic Upgrade</td>
<td>Townsville City Council</td>
<td>$630,000</td>
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<tr>
<td>Detention basin at Mountview Park as part of Kirwan Area to Bohle River Flood Diversion</td>
<td>Thuringowa City Council</td>
<td>$334,300</td>
<td></td>
</tr>
<tr>
<td>South Australia Angaston Township Watercourse Management</td>
<td>The Barossa Council</td>
<td>$50,000</td>
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<td>Total</td>
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<td>$2,098,640</td>
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### Project Council Description Funding 1999/2000

<table>
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<th>Project</th>
<th>Council</th>
<th>Description</th>
<th>Funding</th>
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<tbody>
<tr>
<td>Jones Street, Northern Areas Council</td>
<td>Jamestown Flood Diversion Channel</td>
<td>Construction of an open diversion channel to collect and divert runoff into Belalie Creek</td>
<td>$70,000</td>
</tr>
<tr>
<td>Jacka Creek, Jameston Northern Areas Council Flood Control Works</td>
<td></td>
<td>Widening and deepening of existing creek culverts at road crossings to prevent minor watercourses flooding into Jamestown</td>
<td>$85,000</td>
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<tr>
<td>Northern Diversion District Council of Works Coobowie Peninsula</td>
<td></td>
<td>Construction of levee banks and holding basins to divert runoff away from the town of Coobowie</td>
<td>$33,300</td>
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<tr>
<td><strong>Total</strong></td>
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<td><strong>$238,300</strong></td>
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**Northern Territory**

<table>
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<tr>
<th>Project</th>
<th>Council</th>
<th>Description</th>
<th>Funding</th>
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<tbody>
<tr>
<td>Todd River Flood Alice Springs Town Council Mitigation Levee</td>
<td></td>
<td>Construction of a levee on existing parkland between Sturt Terrace and the Todd River bank</td>
<td>$96,666</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>$96,666</strong></td>
</tr>
</tbody>
</table>

**Western Australia**

(b) Community organisations/groups/private sector groups are not eligible for funding under the Regional Flood Mitigation Programme.

(5) Senator the Hon Ian Macdonald, Minister for Regional Services, Territories and Local Government announced the assistance for each project as follows;

New South Wales projects were announced on 2 February 2000 as a joint release with the Hon Richard Amery MP, Minister for Land and Water Conservation.

Victorian projects were announced on 8 September 1999 at the Inaugural Victorian Flood Management Conference at Wangaratta.

Queensland projects in the Townsville region were announced on 28 January 2000 as a joint release with the Hon Rod Welford MLA, Minister for Natural Resources. Projects in the rest of the State were announced on 31 January 2000 as a joint release with the Hon Rod Welford MLA, Minister for Natural Resources.

South Australian projects were announced on 1 February 2000 as a joint release with the Hon Dorothy Kotz MP, Minister for Environment and Heritage.

The Tasmanian project was announced on 13 December 1999 as a joint release with the Hon David Llewellyn MHA, Minister for Primary Industries, Water and Environment.
The Northern Territory project was announced on 31 January 2000 as a joint release with the Hon Tim Baldwin MLA, Minister for Lands, Planning and Environment.

(6) Applications are lodged with the State or Territory lead agency. The assessment process is a three-stage system:

(a) The State lead agency undertakes the technical assessment to determine whether the proposals are feasible and effective, taking into consideration best practice and necessary approvals under environmental, heritage, planning and other relevant legislation.

(b) The State and Territory Assessment Committees assess the applications and make recommendations to the State Minister on State priorities. The State Ministers advise the Federal Government of the priority projects for which the State will provide at least matching funding.

The State Assessment Committee process and structure is essentially a matter for the State to determine and varies from State to State. Generally, the Assessment Committee consists of the State’s lead agency, other agencies that have a role in flood mitigation, and local government. The Commonwealth has observer status on the State Assessment Committee.

The names of the State Assessment Committees are:

 NSW Regional Flood Mitigation Programme State Assessment Panel
 The Regional Flood Mitigation Programme Sub-Committee of the Victorian State Flood Policy Committee
 Queensland State Assessment Committee
 South Australian Catchment Management Subsidy Scheme Advisory Committee
 Western Australian Regional Flood Mitigation Programme State Assessment Panel
 Tasmanian Regional Flood Mitigation State Assessment Panel
 Northern Territory Floodplain Management Committee.

(c) Commonwealth officials consider the State project priorities and make recommendations to the Commonwealth Minister on funding under the Programme.

The number of applications in each State or Territory are shown below:

<table>
<thead>
<tr>
<th>State</th>
<th>Successful</th>
<th>Unsuccessful</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>New South Wales</td>
<td>8</td>
<td>11</td>
<td>19</td>
</tr>
<tr>
<td>Victoria</td>
<td>5</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>Queensland</td>
<td>16</td>
<td>39</td>
<td>55</td>
</tr>
<tr>
<td>South Australia</td>
<td>4</td>
<td>14</td>
<td>18</td>
</tr>
<tr>
<td>Western Australia</td>
<td>Not yet available</td>
<td>Not yet available</td>
<td>10</td>
</tr>
<tr>
<td>Tasmania</td>
<td>3</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Northern Territory</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>ACT</td>
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<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Applicants’ names
NSW
Coffs Harbour City Council
Deniliquin City Council
Greater Lithgow City Council
Gosford City Council
Lake Macquarie City Council
Richmond River County Council
Tamworth City Council
Walgett Shire Council
Wollondilly Shire Council
Wollongong City Council
Applications for Voluntary Purchase of flood-prone properties from
Bathurst City Council
Clarence River County Council
Hunter Catchment Management Trust
Muswellbrook Shire Council
Narrabri Shire Council
Richmond River County Council
Tweed Shire Council
Wollongong City Council
were combined by the Department of Land and Water Conservation into a single application on their behalf.

Victoria
Alpine Shire
Baw Baw Shire
Cardinia Shire Council & Melbourne Water
Goulburn Broken Catchment Management Authority & Shepparton Irrigation
Regional Implementation Committee
Macedon Ranges Shire Council
Strathbogie Shire
Wangaratta Rural City
Wellington Shire
Queensland
Banana Shire Council
Beaudesert Shire Council
Blackall Shire Council
Boonah Shire Council
Burdekin Shire River Improvement Trust
Burdekin Shire Council
Cairns City Council
Calliope Shire Council
Cudooloo Shire Council
Croydon Shire Council
Don River Improvement Trust
Goondiwindi Town Council
Herbert River Improvement Trust
Herberton Shire Council
Hervey Bay City Council
Hinchinbrook Shire Council
Ipswich City Council
Johnstone Shire Council
Kingaroy Shire Council
Mackay City Council
Mirani Shire Council
Murweh Shire Council
Noosa Council
Paroo Shire Council
Pioneer River Improvement Trust
Redland Shire Council
Rockhampton City Council
Tiaro Shire Council
Thuringowa City Council
Toowoomba City Council
Townsville City Council
South Australia
Adelaide Hills Council
The Barossa Council
Clare and Gilbert Valleys Council
District Council of Copper Coast
Corporation of the Town of Gawler
District Council of Kapunda & Light
Koonibba Aboriginal Community
District Council of Mallala
District Council of Mt Barker
District Council of Naracoorte
Northern Areas Council
Port Pirie Regional Council
District Council of Tatiara
District Council of Wattle Range
District Council of Yorke Peninsula
Western Australia
Shire of Ashburton
Shire of Busselton
Shire of Coolgardie
Shire of Moora
Shire of Murray
Shire of Narembeen
South West Development Commission
Water &Rivers Commission
Tasmania
Central Coast Council
Huon Valley Council
Hydro-Electric Corporation
Latrobe Council
Launceston City Council
Meander Valley Council
Northern Midlands Council
Northern Territory
Alice Springs Town Council
Katherine Town Council

It should be noted that some local agencies made more than one application.
Other Councils and authorities may have discussed applying for the Programme with lead State departments, written an initial letter but not followed that up with an application, or submitted applications that were clearly ineligible. These contacts with lead State Departments may not have been counted above.

**Computer Support: Outsourcing**

*(Question No. 1911)*

Senator Brown asked the Special Minister of State, upon notice, on 4 February 2000:

(a) Is it a fact that the contracted-out computer support system for parliamentary officers requires four separate companies to fix one small problem in an electorate office, namely:

Company one (CSC), to whom the problem is reported and described, which relays the job back to company two in Canberra. They ring back to confirm that the problem has not gone away in the hour since company one was called. They pass the job to company three in Melbourne. They send a fax to company four in Hobart. They finally send a technician. The job takes five minutes.

(b) Is this a good example of the efficiency, cheapness and quality of the services provided under contracting out?

Senator Ellison—The answer to the honourable senator’s question is as follows:

(a) and (b) Service delivery arrangements provided by Computer Sciences Corporation (Australia) to the honourable Senator’s electorate office are broadly similar to those that applied in the former Department of Administrative Services (DAS). CSC also uses the same service provider as was used by the former DAS.

Electorate Office IT services are provided by Computer Sciences Corporation (Australia) under the Commonwealth’s Cluster 3 contract. The contract allows for CSC to use sub-contractors to deliver the services required. The company provides an Australia wide service through a centralised help desk. The number of sub-contractors involved varies depending on the location where the service is required. It is not unusual for a sub-contractor to check that a problem still exists before committing resources to the solution. The Government has set high standards of service delivery for CSC based on those that applied prior to contracting out the service and industry standards.

In the case mentioned by the honourable Senator the requirement of the contract was for CSC to repair the equipment within two working days. This measure was easily met with the repairs being made on the same day that the call was logged.

**Australian Industrial Relations Commission: Post Delivery Officers Union**

*(Question No. 1967)*

Senator Robert Ray asked the Minister representing the Minister for Employment, Workplace Relations and Small Business, upon notice, on 25 February 2000:

(1) Did the Australian Industrial Relations Commission (AIRC) refuse to register the Postal Delivery Officers Union (PDOU).

(2) Was registration denied because the PDOU:

(a) Failed to follow proper procedures such as admitting members before adopting its rules;

(b) Failed to move or pass a resolution to form the union; and

(c) Would not support the Workplace Relations Act’s principal objective of providing a framework for cooperative workplace relations.

(3) Did the AIRC also refuse to register the PDOU because its officials, including high profile Australian Liberal Party member, Mr Quentin Cook, behaved in an ‘appalling, spiteful and vindictive’ manner.

(4) Did the behaviour ascribed to Mr Cook and other PDOU members include publishing vindictive and defamatory material against Australia Post employees, including one instance where the publication of a PDOU newsletter described an employee as behaving ‘like a maniac’.

(5) Given that the Prime Minister personally endorsed Mr Cook’s candidacy in the 1994 Communication Workers Union elections using tax payers’ money, can the Minister provide an assurance that the Prime Minister did not write to him seeking favourable treatment from him for Mr Cook or other members of the PDOU.
Senator Alston—The Minister for Employment, Workplace Relations and Small Business has provided the following answer to the honourable senator’s question:

On 18 February 2000 Vice President McIntyre of the Australian Industrial Relations Commission (AIRC) handed down his decision (Print No S3192) in respect of an application by the Postal Delivery Officers Union (PDOU) for registration under the Workplace Relations Act 1996 (the WR Act). The decision is publicly available. I refer the honourable senator to a perusal of the decision in answer to each of his questions.

**Australian Taxation Office: Yi Lu, Mr Louis**

*(Question No. 1968)*

Senator Robert Ray asked the Assistant Treasurer, upon notice, on 25 February 2000:

1. Has the Assistant Treasurer’s attention been drawn to reports that Australian Taxation Office (ATO) employees were involved in a scuffle with Mr Louis Yi Lu, whose business was being audited by the officers at the time of the scuffle.
2. What were the circumstances that led to the scuffle.
3. Is it a fact that: (a) when the dispute arose between Mr Yi Lu and two tax officers, the two officers proceeded to grab Mr Yi Lu by his wrist and arm; (b) when Mr Yi Lu’s spouse heard the fracas taking place between her husband and the officers she pleaded with the officers to release her husband from their grip; and (c) the tax officers ignored Mrs Yi Lu’s pleas.
4. Has the ATO taken any disciplinary action against the officers involved in the scuffle.
5. What is the ATO’s policy for dealing with employees who are involved in violent incidents with taxpayers in the course of their employment.

Senator Kemp—The answer to the honourable senator’s question is as follows:

1. Yes.
2. The Commissioner of Taxation has advised me that he is unable to comment on the specific facts of the alleged incident at this time as it is connected to current legal proceedings.
3. As per (2).
4. The Commissioner has assured me that a full investigation of the incident is being conducted.
5. ATO officers from time to time have to deal with taxpayers in difficult circumstances. Any incident involving the suggestion of violent or other inappropriate behaviour by an ATO officer, or by a taxpayer toward a tax officer, is taken seriously. If an ATO officer is found to have acted improperly in the course of his/her duties there are disciplinary mechanisms available including counselling, fines, demotion and dismissal. On the other hand, where ATO officers have been the subject of inappropriate behaviour from a taxpayer, the ATO has guidelines in place to assist staff in dealing with these situations.

**Goods and Services Tax: Department of Immigration and Multicultural Affairs**

*(Question No. 1989)*

Senator Faulkner asked the Minister representing the Minister for Immigration and Multicultural Affairs, upon notice, on 3 March 2000:

1. Has the department, or any agency of the department, commissioned or conducted any quantitative and/or qualitative public opinion research (including tracking research) since 1 October 1998, related to the goods and services tax (GST) and the new tax system; if so (a) who conducted the research; (b) was the research qualitative, quantitative, or both; (c) what was the purpose of the research; and (d) what are the contracted costs of that research.
2. Was there a full, open tender process conducted by each of these departments and/or agencies for the public opinion research; if not, what process was used and why.
3. Was the Ministerial Council on Government Communications (MCGC) involved in the selection of the provider and in the development of the public opinion research.
4. (a) What has been the nature of the involvement of the MCGC in each of these activities; and (b) who has been involved in the MCGC process.
(5) (a) Which firms were short-listed; (b) which firm was chosen; (c) who was involved in this selection; and (d) what was the reason for this final choice.

(6) What was the final cost of the research, if finalised.

(7) On what dates were reports (written and verbal) associated with the research provided to the departments and/or agencies.

(8) Were any of the reports (written or verbal) provided to any government minister, ministerial staff, or to the MCGC; if so, to whom.

(9) Did anyone outside the relevant department and/or agency or Minister’s office have access to the results of the research; if so, who and why.

(10) (a) What reports remain outstanding; and (b) when are they expected to be completed.

(11) Are any departments and/or agencies considering undertaking any public opinion research into GST and the new tax system in the future; if so, what is the nature of that intended research.

(12) Will the Government be releasing the full results of this taxpayer-funded research; if so, when; if not, why not.

Senator Vanstone—The Minister for Immigration and Multicultural Affairs has provided the following answer to the honourable senator’s question:

The Department of Immigration and Multicultural Affairs, the Migration Review Tribunal and the Refugee Review Tribunal have not undertaken any public opinion research relating to the goods and services tax and the new tax system. Similarly, no such research is proposed in the future.

Goods and Services Tax: Aboriginal and Torres Strait Islander Affairs Commission Research

(Question No. 1992)

Senator Faulkner asked the Minister for Aboriginal and Torres Strait Islander Affairs, upon notice, on 3 March 2000:

(1) Has the department, or any agency of the department, commissioned or conducted any quantitative and/or qualitative public opinion research (including tracking research) since 1 October 1998, related to the goods and services tax (GST) and the new tax system; if so: (a) who conducted the research; (b) was the research qualitative, quantitative, or both; (c) what was the purpose of the research; and (d) what was the contracted cost of that research.

(2) Was there a full, open tender process conducted by each of these departments and/or agencies for the public opinion research; if not, what process was used and why.

(3) Was the Ministerial Council on Government Communications (MCGC) involved in the selection of the provider and in the development of the public opinion research.

(4) (a) What has been the nature of the involvement of the MCGC in each of these activities; and (b) who has been involved in the MCGC process.

(5) (a) Which firms were short-listed; (b) which firm was chose; (c) who was involved in this selection; and (d) what was the reason for this final choice.

(6) What was the final cost for the research, if finalised.

(7) On what dates were reports (written and verbal) associated with the research provided to the departments and/or agencies.

(8) Were any of the reports (written and verbal) provided to any government Minister, Ministerial staff, or to the MCGC; if so, to whom.

(9) Did anyone outside the relevant department and/or agency or Minister’s office have access to the results of the research; if so, who and why.

(10) (a) What reports remain outstanding; and (b) when are they expected to be completed.

(11) Are any departments and/or agencies considering undertaking any public opinion research into the GST and the new tax system in the future; if so, what is the nature of that intended research.

(12) Will the Government be releasing the full results of this taxpayer-funded research; if so, when; if not, why not.

Senator Herron—The answer to the honourable senator’s question is as follows:
(1) No.
(2) Not applicable.
(3) Not applicable.
(4) Not applicable.
(5) Not applicable.
(6) Not applicable.
(7) Not applicable.
(8) Not applicable.
(9) Not applicable.
(10) Not applicable.

(11) The Aboriginal and Torres Strait Islander Commission is not considering undertaking any public opinion research into the Goods and Services Tax and the new tax system in the future.

(12) Not applicable.

Nuclear Disarmament: Non-Proliferation Review
(Question No. 1993)

Senator Allison asked the Minister representing the Minister for Foreign Affairs and Trade, upon notice, on 6 March 2000:

With reference to: (a) assessments by international and Australian non-government organisations, and the governments in the United Nations (UN) that sponsored the New Agenda Resolution that progress on nuclear disarmament has stalled or is in trouble; (b) the comment during Senate estimates on 10 February 2000 of Mr Paterson that the "international climate for arms control and disarmament is going through quite a testing and difficult period"; and (c) references by the UN Secretary General, Mr Kofi Annan to the "deplorable stagnation of the overall disarmament and non-proliferation agenda" and the "discouraging list of nuclear disarmament measures in suspense, negotiations not initiated and opportunities not taken":

(1) What steps is the Australian government taking to inject new life into the global nuclear disarmament process.

(2) What role will Australia have in the April-May 2000 Nuclear Non-Proliferation Treaty Review Conference in New York.

Senator Hill—The Minister for Foreign Affairs has provided the following answer to the honourable senator’s question:

(1) Australia remains at the forefront of international endeavours to reinforce the nuclear non-proliferation regime and create an environment that will help advance progress in nuclear disarmament. The Government regularly urges Russia to ratify START II and calls for Russia and the United States to commence negotiations as soon as possible on START III, which could bring the deployed nuclear arsenals of those two countries as much as 80 percent below Cold War peaks.

A strong non-proliferation regime is essential to further progress towards nuclear disarmament. A key reinforcing element of that regime is the Comprehensive Nuclear Test Ban Treaty (CTBT), and the regime would be further strengthened by conclusion of a Fissile Material Cut-Off Treaty. Australia is a strong supporter of the CTBT and in recent months the Government has made, or is about to make, representations to 36 key countries urging early ratification of the Treaty. On 13 March, the Government signed an arrangement with the Preparatory Commission of the Comprehensive Nuclear Test Ban Treaty Organisation to facilitate the establishment and management of the 21 nuclear test monitoring facilities Australia will host as part of the CTBT’s international monitoring system.

The Government has consistently called for an immediate start to negotiations on a treaty to ban the production of fissile material for nuclear weapons and we are working on a number of issues which will arise in the context of negotiating such a treaty, including an approach to verification.

The Government is working hard for a successful Nuclear Non-Proliferation Treaty Review Conference in April-May 2000. Further detail is provided in the answer to (2) below.

(2) Australia will be an active participant at the Conference. I will lead the Australian delegation, which will vigorously pursue objectives which seek to strengthen the non-proliferation norm and the
treaty system that underpins it. Australia will be seeking a balanced review which covers all aspects of the Treaty - so that no single issue dominates to the detriment of others. Australia will also be working to highlight the progress that has been made in the implementation of the Treaty provisions to be reviewed at the Conference.

In the area of nuclear disarmament, the Australian delegation will be seeking to ensure that the Conference recognises the progress made and focuses on balanced and realistic future objectives which are capable of receiving the support of all groups of states. In the lead-up to the Conference, Australia is pursuing practical initiatives which will contribute to a climate conducive to further progress on nuclear disarmament.

Australia, in recent months, has approached 36 countries to urge that they ratify the CTBT. Australian posts overseas are encouraging NPT parties yet to conclude Safeguards Agreements required by the Treaty on the Additional Protocol developed to strengthen IAEA safeguards to conclude such agreements. Australia is coordinating a small group of countries preparing possible draft text for the Review Conference on safeguards and peaceful uses issues, as it did at the last Review Conference. Australia is consulting a wide range of countries, including the nuclear weapon states, to try to shape positive outcomes at the Review Conference.

Nuclear Disarmament: International Court of Justice Opinion
(Question No. 1994)

Senator Allison asked the Minister representing the Minister for Foreign Affairs and Trade, upon notice, on 6 March 2000:

With reference to the International Court of Justice advisory opinion in 1996 that "there exists an obligation to pursue in good faith and to bring to a conclusion negotiations leading to nuclear disarmament in all its aspects under strict and effective control":

(1) What implications does the government think this advisory opinion has for the nuclear weapons states, and for nuclear weapons states doctrines of nuclear deterrence.

(2) What, in the government's opinion, are the implications for disarmament of statements by the United States (US) Government and the North Atlantic Treaty Organisation (NATO) to the effect that nuclear weapons continue to constitute a central part of their security policies.

(3) What representations, if any, the government has made to the US, Russia and NATO with respect to the legality of their nuclear policies under Article VI of the Nuclear Non-Proliferation Treaty (NPT).

(4) What representations, if any, has the Government made with respect to the nuclear weapons states Article VI 'obligation to pursue in good faith and to bring to a conclusion negotiations leading to nuclear disarmament in all its aspects under strict and effective international control'.

(5) What is the Government's assessment of current arms limitation talks between the US and Russia.

(6) What representations, if any, has the Government made to the US and Russia over the Strategic Arms Limitation Treaty (SALT)/Strategic Arms Reduction Treaty (START) process.

(7) Has the Government indicated strongly to both the US administration and to members of Congress its reservations over the proposed National Missile Defence (NMD) system, and in particular, the implications that this system might have for the SALT/START process and therefore for Article VI NPT obligations of the nuclear weapons powers.

(8) Has the government made representations to the Russian Duma for the ratification of the START II agreement.

(9) If START II is not ratified because of Russian concerns over NMD, what plans does the government have to press for the fulfilment of Article VI obligations of the nuclear weapons states.

Senator Hill—The Minister for Foreign Affairs has provided the following answer to the honourable senator's question:

(1) The advisory opinion finding that "there exists an obligation to pursue in good faith and to bring to a conclusion negotiations leading to nuclear disarmament in all its aspects under strict and effective control" stems from the obligations undertaken by the nuclear weapon states, and all NPT states parties, under Article VI of the NPT.

Under the NPT, there is an obligation to work towards the eventual elimination of nuclear weapons. This is recognised by the nuclear weapon states. That goal will not be achieved overnight, however.
As the Canberra Commission on the Elimination of Nuclear Weapons noted, nuclear disarmament requires a series of phased, verified reductions that allow states to satisfy themselves, at each stage of the process, that further movement toward elimination can be made safely and securely. In the interim, nuclear weapons will continue to be a part of the global security environment, albeit in reducing numbers, and nuclear weapon states will continue to formulate doctrines on their use, and deterrence from use. Those doctrines are not necessarily inconsistent with the obligation to work towards a world free of nuclear weapons.

(2) At present, nuclear deterrence is at the heart of the security policies of all Nuclear Weapon States, not just the United States and NATO. While nuclear weapons exist, this is to be expected. This does not, however, call into question the commitment of those states to the eventual elimination of nuclear weapons in accordance with Article VI of the NPT. In December 1999, for instance, the White House issued "A National Security Strategy for a New Century" which states that

"We will vigorously promote the value of the NPT in preventing the spread of nuclear weapons while continuing policies designed to reduce U.S. reliance on nuclear weapons and to work for their ultimate elimination".

Furthermore, President Clinton affirmed on April 17, 1996 that the United States remains committed to the pursuit of systematic and progressive efforts to reduce nuclear weapons globally, with the ultimate goal of eliminating those weapons. In the same year, he told the United Nations General Assembly that he hoped that during the next century "the roles and risks of nuclear weapons can be even further reduced - and ultimately eliminated". On September 21, 1998, President Clinton reaffirmed the U.S. commitment to the "eventual goal of nuclear disarmament".

(3) None. The Government does not question the legality of the nuclear policies under Article VI of the Nuclear Non-Proliferation Treaty of those states. See answers to (1) and (2) above.

(4) The Government believes that the Article VI goal of eventual nuclear disarmament can only proceed via a series of incremental and reinforcing steps - including bilateral nuclear warhead negotiations, entry into force of the Comprehensive Nuclear Test Ban Treaty, commencement of Fissile Material Cut-Off negotiations, improving the international nuclear safeguards system and facilitating nuclear weapon free zones. The Government has made representations to all five nuclear weapon states to urge their active support for these individual steps, which together represent significant progress towards achieving the final goal of Article VI.

The Government believes that progress in reducing nuclear warhead numbers at this stage is best made bilaterally, between the U.S. and Russia, through the START process. The Government has been active in lobbying Duma members and key officials in the Russian Government to encourage Duma ratification of START II. We have made representations to both the U.S. and Russia to encourage commencement of negotiations on START III and the earliest conclusion, ratification and implementation of START III possible.

The Government has also made representations to the U.S., China and Russia to urge them to ratify the CTBT. It has made representations to all five NWS on the importance of an immediate start to negotiations for a Fissile Material Cut-Off Convention (a measure recognised by both the Canberra Commission and the Tokyo Forum as an essential step on the road towards a world free of nuclear weapons). In addition it has called on all five NWS to take action as part of global efforts to strengthen the nuclear safeguards system, including most recently Russia, the only NWS yet to sign an Additional Protocol with the International Atomic Energy Agency. The Government made successful representations to encourage the nuclear weapon states to support the South Pacific Nuclear Weapon Free Zone and has encouraged the U.S., U.K and France to vigorously continue efforts to resolve their outstanding differences with the members of the South East Asian Nuclear Weapon Free Zone in order to enable ratification of the protocol to that Treaty.

These reinforcing measures all constitute steps on the path to nuclear disarmament - while they may be small steps individually, cumulatively they amount to significant movement. It is important to remember that a strong non-proliferation regime is essential to further progress towards nuclear disarmament.

In this regard the Canberra Commission noted that

"a world environment where proliferation is under control will facilitate the disarmament process," and that action was needed "to press for universal acceptance of non-proliferation obligations."
This is a view that is widely shared. John Holum, Special Adviser to U.S. President Clinton on Arms Control and Disarmament, has stated that

"We will achieve nuclear disarmament in the years to come by using the same method that has produced such great strides forward in the past decade: progress in a series of discrete steps by the nuclear weapon states, each building on its predecessors, and carefully calibrated to the realities of the international security environment at the time".

(5) Both the United States and Russia are ahead of schedule in carrying out START I reductions. Entry into force of START II requires Russian ratification, which has not yet occurred. As noted above, Australia has made numerous representations to Russia to encourage START II ratification at the earliest possible juncture. Discussions between the United States and Russia on START III have begun, but ratification of START II is a prerequisite to the commencement of negotiations on START III.

(6) See answer to (4) above.

(7) Australia understands the rationale for U.S. plans to develop a limited national missile defence system to defend against potential threats from rogue states. We have stressed to the U.S. the importance of managing the issue of NMD carefully, especially with countries which regard such systems as undermining their own strategic position. We have indicated to the U.S. our hope that it will be able to reach understandings with Russia through the START process which preserve strategic stability and facilitate balanced reductions in both countries' nuclear arsenals. We have suggested that this would preferably involve a re-negotiated ABM Treaty more relevant to changed strategic circumstances, rather than U.S. abrogation of the Treaty.

(8) Yes.

(9) The Government is disappointed that Russia has yet to ratify START II, which is currently before the Russian Duma. The U.S. and Russia are, however, continuing discussions on a range of non-proliferation and disarmament issues, including the likely shape of a START III agreement and national missile defence. We have encouraged both countries to continue these discussions. We are also urging the U.S. and Russia to push ahead with the U.S./Russia/IAEA trilateral initiative to develop a safeguards approach for former weapons fissile material. Bringing former weapons fissile material under IAEA safeguards is crucial to ensuring that weapons reductions are irreversible.

The Government believes that, for the time being, the main steps towards nuclear disarmament are best pursued bilaterally, between the United States and Russia. Attempts to multilateralise nuclear disarmament at this stage would complicate and slow-down the existing process of nuclear disarmament between the U.S. and Russia, which has made considerable progress to date (nuclear stockpiles have been more than halved from the Cold War peaks of the mid-80s).

The Government's view is that once the two largest nuclear weapon states have reduced their nuclear stockpiles to levels roughly comparable with the other nuclear weapon states through the START process, the process will become a plurilateral one - among all the recognised nuclear weapons states. This route is not only supported by the Government but was recognised by the Canberra Commission as being the best way forward.

The Government will continue to make strenuous efforts to reinforce the nuclear non-proliferation regime and create an environment that will help advance progress in nuclear disarmament, including through the measures outlined in the answer to question (4) above.

Department of the Prime Minister and Cabinet: Contracts with Deloitte Touche Tohmatsu

(Question No. 1996)

Senator Robert Ray asked the Minister representing the Prime Minister, upon notice, on 6 March 2000:

1. What contracts has the department, or any agency of the department, provided to the firm Deloitte Touche Tohmatsu in the 1998-99 financial year.

2. In each instance: (a) what was the purpose of the work undertaken by Deloitte Touche Tohmatsu; (b) what has been the cost to the department of the contract; and (c) what selection process was used to select Deloitte Touche Tohmatsu (open tender, short-list or some other process).

Senator Hill—The Prime Minister has provided the following answer to the honourable senator’s question:
I am advised that the Department of the Prime Minister and Cabinet did not enter into any contracts with Deloitte Touche Tohmatsu in the 1998-99 financial year. However, the department does have a contract with Deloitte Touche Tohmatsu for the provision of Internal Audit services. This contract was signed in February 1997 and has an approximate annual value of $120,000. It expires on 30 June 2000.

Contracts with Deloitte Touche Tohmatsu were entered into during 1998-99 by the portfolio agencies listed below. Details of these contracts are as follows:

### Australian National Audit Office

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<th>Purpose</th>
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<th>Selection Process</th>
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<td>Develop audit criteria</td>
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<td>Facilitate planning – need for independent study</td>
<td>$30,000</td>
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<tr>
<td>Provide assistance with IT audit</td>
<td>$36,000</td>
<td>Select tender</td>
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<tr>
<td>Provide assistance with the better practice guide</td>
<td>$117,000</td>
<td>Public tender</td>
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</table>

### Office of the Inspector-General of Intelligence and Security

<table>
<thead>
<tr>
<th>(a) Purpose</th>
<th>(b) Cost</th>
<th>(c) Selection Process</th>
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<tr>
<td>Completion of the agency’s 1998-99 financial statements</td>
<td>$3,000</td>
<td>Public tender</td>
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</tbody>
</table>

### Public Service and Merit Protection Commission

<table>
<thead>
<tr>
<th>(a) Purpose</th>
<th>(b) Cost</th>
<th>(c) Selection Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide advice on corporate governance</td>
<td>$2,900</td>
<td>Select tender</td>
</tr>
</tbody>
</table>

### Department of Industry, Science and Resources: Contract to Deloitte Touche Tohmatsu

**Question No. 2009**

Senator Robert Ray asked the Minister for Industry, Science and Resources, upon notice, on 6 March 2000:

1. What contracts has the department, or any agency of the department, provided to the firm, Deloitte Touche Tohmatsu in the 1998-99 financial year.
2. In each instance: (a) what was the purpose of the work undertaken by Deloitte Touche Tohmatsu; (b) what has been the cost to the department of the contract; and (c) what selection process was used to select Deloitte Touche Tohmatsu (open tender, short-list, or some other process).

**Senator Minchin**—The answer to the honourable senator’s question is as follows:

1. The Industry, Science & Resources Portfolio has provided 2 contracts to the firm Deloitte Touche Tohmatsu in the 1998-99 financial year.

   (2)

<table>
<thead>
<tr>
<th>Purpose of work undertaken</th>
<th>Amount paid on contract in FY 1998/99</th>
<th>Total Value of Contract</th>
<th>Selection Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scoping, development &amp; knowledge transfer for an on-line procedural help system - (Australian Sports Drug Agency)</td>
<td>$9,600</td>
<td>$9,600</td>
<td>Restricted</td>
</tr>
<tr>
<td>Audit &amp; preparation of Financial Statements - (ANSTO)</td>
<td>$14,180</td>
<td>$14,180</td>
<td>Restricted</td>
</tr>
</tbody>
</table>

### Department of Veterans’ Affairs: Contracts to Deloitte Touche Tohmatsu

**Question No. 2013**

Senator Robert Ray asked the Minister for Veterans’ Affairs, upon notice, on 6 March 2000:
(1) What contracts has the department, or any agency of the department, provided to the firm, Deloitte Touche Tohmatsu in the 1998-99 financial year.

(2) In each instance: (a) what was the purpose of the work undertaken by Deloitte Touche Tohmatsu; (b) what has been the cost to the department of the contract; and (c) what selection process was used to select Deloitte Touche Tohmatsu (open tender, short-list, or some other process).

Senator Newman—The Minister for Veterans’ Affairs has provided the following answer to the honourable senator’s question:

(1) Nil
(2) N/A

Department of the Prime Minister and Cabinet: Contracts to PriceWaterhouseCoopers

(Question No. 2015)

Senator Robert Ray asked the Minister representing the Prime Minister, upon notice, on 6 March 2000:

(1) What contracts has the department, or any agency of the department, provided to the firm PriceWaterhouseCoopers in the 1998-99 financial year.

(2) In each instance: (a) what was the purpose of the work undertaken by PricewaterhouseCoopers; (b) what has been the cost to the department of the contract; and (c) what selection process was used to select PricewaterhouseCoopers (open tender, short-list or some other process).

Senator Hill—The Prime Minister has provided the following answer to the honourable senator’s question:

(1)-(2) I am advised that the Department of the Prime Minister and Cabinet and the portfolio agencies listed below have entered into contracts with PricewaterhouseCoopers in the 1998-99 financial year. Details of these contracts are as follows:

<table>
<thead>
<tr>
<th>Department of the Prime Minister and Cabinet</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Purpose</td>
</tr>
<tr>
<td>Provide specialist skills in relation to financial statement preparation</td>
</tr>
<tr>
<td>Provide professional accounting expertise</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Australian National Audit Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Purpose</td>
</tr>
<tr>
<td>Provide specialist skills in relation to audit services</td>
</tr>
<tr>
<td>Provide specialist skills in relation to system review</td>
</tr>
<tr>
<td>Provide specialist skills in relation to audit management</td>
</tr>
<tr>
<td>Quality assurance services (Management Information System)</td>
</tr>
<tr>
<td>Provide specialist skills in relation to audits</td>
</tr>
<tr>
<td>Provide specialist skills in relation to performance audit</td>
</tr>
<tr>
<td>Provide specialist skills in relation to financial control and admin audit</td>
</tr>
<tr>
<td>Provide specialist skills in relation to statement audit</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Public Service and Merit Protection Commission</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Purpose</td>
</tr>
<tr>
<td>Provide assistance with preparation of financial statements and preparation of accrual</td>
</tr>
</tbody>
</table>
(a) Purpose       (b) Cost       (c) Selection Process

**Department of Industry, Science and Resources: Contracts to PriceWaterhouseCoopers**  
*(Question No. 2028)*

Senator Robert Ray asked the Minister for Industry, Science and Resources, upon notice, on 6 March 2000:

(1) What contracts has the department, or any agency of the department, provided to the firm, PricewaterhouseCoopers in the 1998-99 financial year.

(2) In each instance (a) what was the purpose of the work undertaken by PricewaterhouseCoopers, (b) what has been the cost to the department of the contract, and (c) what selection process was used to select PricewaterhouseCoopers (open tender, short-list, or some other process).

Senator Minchin—The answer to the honourable senator’s question is as follows:

(1) The Industry, Science & Resources Portfolio has provided 7 contracts to the firm PricewaterhouseCoopers in the 1998-99 financial year.

(2)

<table>
<thead>
<tr>
<th>(a) Purpose of work undertaken</th>
<th>(b) Amount paid on Contract in FY 1998/99</th>
<th>Total Value of Contract</th>
<th>(c) Selection Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analysis of business procedures &amp; use of IT - (Department)</td>
<td>$41,792</td>
<td>$41,792</td>
<td>Restricted</td>
</tr>
<tr>
<td>Economic &amp; policy advice to the Gas Reform Implementation Group - (Department)</td>
<td>$28,401</td>
<td>$28,401</td>
<td>Restricted</td>
</tr>
<tr>
<td>Provision of services to the Gas Reform Implementation Group - (Department)</td>
<td>$109,477</td>
<td>$164,000</td>
<td>Restricted</td>
</tr>
<tr>
<td>Post implementation review of SAP Phase 1 - (T Australia)</td>
<td>Nil</td>
<td>$56,600</td>
<td>Restricted</td>
</tr>
<tr>
<td>Design &amp; programming of a data warehouse software - (Snowy Mountains Hydro-Electric Authority)</td>
<td>Nil</td>
<td>$97,000</td>
<td>Restricted</td>
</tr>
<tr>
<td>Internal audit services - (IP Australia)</td>
<td>$77,300</td>
<td>$77,300</td>
<td>Restricted</td>
</tr>
<tr>
<td>Internal audit &amp; financial advice - (Australian Sports Commission)</td>
<td>$56,966</td>
<td>$109,131</td>
<td>Restricted</td>
</tr>
</tbody>
</table>

**Department of the Prime Minister and Cabinet: Contracts to KPMG**  
*(Question No. 2034)*

Senator Robert Ray asked the Minister representing the Prime Minister, upon notice, on 6 March 2000:

(1) What contracts has the department, or any agency of the department, provided to the firm KPMG in the 1998-99 financial year.

(2) In each instance: (a) what was the purpose of the work undertaken by KPMG; (b) what has been the cost to the department of the contract; and (c) what selection process was used to select KPMG (open tender, short-list or some other process).
**Senator Hill**—The Prime Minister has provided the following answer to the honourable senator’s question:

(1)-(2) I am advised that the Department of the Prime Minister and Cabinet has not entered into any contracts with KPMG in the 1998-99 financial year.

Contracts with KPMG have been entered into by the portfolio agency listed below. Details of these contracts are as follows:

**Australian National Audit Office**

<table>
<thead>
<tr>
<th>(a) Purpose</th>
<th>(b) Cost</th>
<th>(c) Selection Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide specialist skills in relation to facilitat-</td>
<td>$2,800</td>
<td>Public tender</td>
</tr>
<tr>
<td>ting workshop</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide specialist skills in relation to financial statement audit – benchmarking</td>
<td>$7,000</td>
<td>Public tender</td>
</tr>
<tr>
<td>Provide specialist skills in relation to IT audit</td>
<td>$27,000</td>
<td>Select tender</td>
</tr>
<tr>
<td>Provide specialist skills in relation to financial statement audit – benchmarking</td>
<td>$52,800</td>
<td>Public tender</td>
</tr>
<tr>
<td>Provide specialist skills in relation to financial statement audit – benchmarking</td>
<td>$65,550</td>
<td>Public tender</td>
</tr>
<tr>
<td>Provide specialist skills in relation to financial statement audit – prepare for privatisation</td>
<td>$68,850</td>
<td>Select tender</td>
</tr>
<tr>
<td>Provide specialist skills in relation to questionnaires and surveys</td>
<td>$76,500</td>
<td>Public tender</td>
</tr>
<tr>
<td>Provide specialist skills in relation to financial statement audit – benchmarking</td>
<td>$91,000</td>
<td>Public tender</td>
</tr>
<tr>
<td>Provide specialist skills in relation to financial statement audit – benchmarking</td>
<td>$94,000</td>
<td>Public tender</td>
</tr>
<tr>
<td>Provide specialist skills in relation to financial statement audit – benchmarking</td>
<td>$146,400</td>
<td>Select tender</td>
</tr>
<tr>
<td>Provide specialist skills in relation to financial statement audit</td>
<td>$615,000</td>
<td>Select tender</td>
</tr>
</tbody>
</table>

**Department of Industry, Science and Resources: Contracts to KPMG**

*(Question No. 2047)*

**Senator Robert Ray** asked the Minister for Industry, Science and Resources, upon notice, on 6 March 2000:

(1) What contracts has the department, or any agency of the department, provided to the firm, KPMG in the 1998-99 financial year.

(2) In each instance, (a) what was the purpose of the work undertaken by KPMG; (b) what has been the cost to the department of the contract, and (c) what selection process was used to select KPMG (open tender, short-list, or some other process).

**Senator Minchin**—The answer to the honourable senator’s question is as follows:

(1) The Industry, Science & Resources Portfolio has provided 1 contract to the firm KPMG in the 1998-99 financial year.

(2) | Purpose of work undertaken | Amount paid on contract in FY 1998/99 | Total Value of Contract | Selection Process |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Aries financial structure - (AUSLIG)</td>
<td>$10,500</td>
<td>$10,500</td>
<td>Restricted Tender</td>
</tr>
</tbody>
</table>
Department of Veterans’ Affairs: Contracts to KPMG
(Question No. 2051)

Senator Robert Ray asked the Minister for Veterans’ Affairs, upon notice, on 6 March 2000:

(1) What contracts has the department, or any agency of the department, provided to the firm, KPMG in the 1998-99 financial year.

(2) In each instance: (a) what was the purpose of the work undertaken by KPMG; (b) what has been the cost to the department of the contract; and (c) what selection process was used to select KPMG (open tender, short-list, or some other process).

Senator Newman—The Minister for Veterans’ Affairs has provided the following answer to the honourable senator’s question:

(1) Nil
(2) N/A

Department of the Prime Minister and Cabinet: Contracts to Arthur Andersen
(Question No. 2053)

Senator Robert Ray asked the Minister representing the Prime Minister, upon notice, on 6 March 2000:

(1) What contracts has the department, or any agency of the department, provided to the firm Arthur Andersen in the 1998-99 financial year.

(2) In each instance: (a) what was the purpose of the work undertaken by Arthur Andersen; (b) what has been the cost to the department of the contract; and (c) what selection process was used to select Arthur Andersen (open tender, short-list or some other process).

Senator Hill—The Prime Minister has provided the following answer to the honourable senator’s question:

(1)-(2) I am advised that the Department of the Prime Minister and Cabinet has not entered into any contracts with Arthur Andersen in the 1998-99 financial year. Contracts with Arthur Andersen have been entered into by the portfolio agency listed below. Details of these contracts are as follows:

<table>
<thead>
<tr>
<th>Australian National Audit Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Purpose</td>
</tr>
<tr>
<td>Provide specialist skills in relation to audit services</td>
</tr>
<tr>
<td>Provide specialist skills in relation to IT audit</td>
</tr>
<tr>
<td>Provide specialist skills in relation to audit services</td>
</tr>
<tr>
<td>Provide specialist skills in relation to audit services</td>
</tr>
<tr>
<td>Provide specialist skills in relation to financial statement audit</td>
</tr>
<tr>
<td>Provide specialist skills in relation to financial statement audit</td>
</tr>
<tr>
<td>Provide specialist skills in relation to audit services</td>
</tr>
<tr>
<td>Provide specialist skills in relation to financial statement audit</td>
</tr>
<tr>
<td>Provide specialist skills in relation to financial statement audit</td>
</tr>
<tr>
<td>Provide specialist skills in relation to compliance audit</td>
</tr>
</tbody>
</table>

Department of Industry, Science and Resources: Contracts to Arthur Andersen
(Question No. 2066)

Senator Robert Ray asked the Minister for Industry, Science and Resources, upon notice, on 6 March 2000:
(1) What contracts has the department, or any agency of the department, provided to the firm, Arthur Andersen in the 1998-99 financial year.

(2) In each instance: (a) what was the purpose of the work undertaken by Arthur Andersen; (b) what has been the cost to the department of the contract; and (c) what selection process was used to select Arthur Andersen (open tender, short list, or some other process).

Senator Minchin—The answer to the honourable senator’s question is as follows:

(1) The Industry, Science & Resources Portfolio has provided 3 contracts to the firm Arthur Andersen in the 1998-99 financial year.

(2)

<table>
<thead>
<tr>
<th>(a) Purpose of work undertaken</th>
<th>(b) Amount paid on contract in FY 1998/99</th>
<th>(c) Selection Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Report on the taxation accounting income Phase 2 - (Department)</td>
<td>$15,000</td>
<td>$35,000</td>
</tr>
<tr>
<td>Report on Gas pricing - (Department)</td>
<td>$39,000</td>
<td>$39,000</td>
</tr>
<tr>
<td>Human resource strategy development - (ANSTO)</td>
<td>$9,500</td>
<td>$9,500</td>
</tr>
</tbody>
</table>

Department of Veterans’ Affairs: Contracts to Arthur Andersen

(Answer No. 2070)

Senator Robert Ray asked the Minister for Veterans’ Affairs, upon notice, on 6 March 2000:

(1) What contracts has the department, or any agency of the department, provided to the firm, Arthur Andersen in the 1998-99 financial year.

(2) In each instance: (a) what was the purpose of the work undertaken by Arthur Andersen; (b) what has been the cost to the department of the contract; and (c) what selection process was used to select Arthur Andersen (open tender, short-list, or some other process).

Senator Newman—The Minister for Veterans’ Affairs has provided the following answer to the honourable senator’s question:

(1) Nil
(2) N/A

Department of the Prime Minister and Cabinet: Contracts to Ernst and Young

(Answer No. 2072)

Senator Robert Ray asked the Minister representing the Prime Minister, upon notice, on 6 March 2000:

(1) What contracts has the department, or any agency of the department, provided to the firm Ernst and Young in the 1998-99 financial year.

(2) In each instance: (a) what was the purpose of the work undertaken by Ernst and Young; (b) what has been the cost to the department of the contract; and (c) what selection process was used to select Ernst and Young (open tender, short-list or some other process).

Senator Hill—The Prime Minister has provided the following answer to the honourable senator’s question:

(1)- (2). I am advised that the Department of the Prime Minister and Cabinet has not entered into any contracts with Ernst and Young in the 1998-99 financial year. Contracts with Ernst and Young have been entered into by the portfolio agencies listed below. Details of these contracts are as follows:

- Australian National Audit Office
Provide specialist skills in relation to data analysis $68,000 Public tender
Provide specialist skills in relation to editing and reviewing report $2,650 Public tender
Provide specialist skills in relation to performance audit $5,640 Public tender
Provide specialist skills in relation to whole of government consolidation $6,000 Public tender
Provide specialist skills in relation to financial statement audit $13,950 Select tender
Provide specialist skills in relation to financial statement audit $17,100 Select tender
Provide specialist skills in relation to discussion papers $18,000 Public tender
Provide specialist skills in relation to financial statement audit $40,425 Select tender
Provide specialist skills in relation to financial statement audit $44,400 Select tender
Provide specialist skills in relation to financial statement audit $79,200 Select tender
Provide specialist skills in relation to financial statement audit $111,300 Select tender
Provide specialist skills in relation to financial statement audit $166,050 Select tender
Provide specialist skills in relation to financial statement audit $297,000 Select tender
Provide specialist skills in relation to financial statement audit $348,000 Select tender

Public Service and Merit Protection Commission
Provide internal audit services $2,800 Public tender

Office of National Assessments
Provide consultancy services to develop and implement a Performance Management Framework $39,150 Short list

Department of Industry, Science and Resources: Contracts to Ernst and Young
(Question No. 2085)

Senator Robert Ray asked the Minister for Industry, Science and Resources, upon notice, on 6 March 2000:

1. What contracts has the department, or any agency of the department, provided to the firm, Ernst & Young in the 1998-99 financial year.

2. In each instance: (a) what was the purpose of the work undertaken by Ernst & Young, (b) what has been the cost to the department of the contract, and (c) what selection process was used to select Ernst & Young (open tender, short list, or some other process).

Senator Minchin—The answer to the honourable senator’s question is as follows:

1. The Industry, Science & Resources Portfolio has provided 14 contracts to the firm Ernst & Young in the 1998-99 financial year.
<table>
<thead>
<tr>
<th>Purpose of work undertaken</th>
<th>Amount paid on contract in FY 1998/99</th>
<th>Total Value of Contract</th>
<th>Selection Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>External assessment of R&amp;D Start Grants - (Department)</td>
<td>Nil</td>
<td>$75,000</td>
<td>Public</td>
</tr>
<tr>
<td>Staff training on performance measures - (Department)</td>
<td>$4,500</td>
<td>$6,000</td>
<td>Restricted</td>
</tr>
<tr>
<td>Information &amp; training supporting the introduction of the Performance Management System - (Department)</td>
<td>$99,240</td>
<td>$100,000</td>
<td>Restricted</td>
</tr>
<tr>
<td>Identification of possible Departmental Outputs &amp; Outcomes - (Department)</td>
<td>$24,850</td>
<td>$26,250</td>
<td>Restricted</td>
</tr>
<tr>
<td>Review of the Department’s Performance &amp; Review Scheme - (Department)</td>
<td>$9,600</td>
<td>$9,600</td>
<td>Restricted</td>
</tr>
<tr>
<td>XF Advice - (Department)</td>
<td>NIL</td>
<td>$25,000</td>
<td>Restricted</td>
</tr>
<tr>
<td>XF Advice - (Department)</td>
<td>$21,608</td>
<td>$22,000</td>
<td>Restricted</td>
</tr>
<tr>
<td>Internal audit services - (Snowy Mountains Hydro-Electric Authority)</td>
<td>$44,822</td>
<td>$44,822</td>
<td>Restricted</td>
</tr>
<tr>
<td>Preparation of Fringe Benefits Tax return - (Snowy Mountains Hydro-Electric Authority)</td>
<td>$3,300</td>
<td>$3,300</td>
<td>Restricted</td>
</tr>
<tr>
<td>Improved support for commercial marketing activities</td>
<td>$11,000</td>
<td>$11,000</td>
<td>Restricted</td>
</tr>
<tr>
<td>Within CSIRO - (CSIRO)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research on electronic record keeping - (CSIRO)</td>
<td>$180,000</td>
<td>$180,000</td>
<td>Restricted</td>
</tr>
<tr>
<td>Assistance to implement selected business information system - (CSIRO)</td>
<td>$24,000</td>
<td>$24,000</td>
<td>Restricted</td>
</tr>
<tr>
<td>Staff training on Government reforms - (Australian Sports Commission)</td>
<td>$55,625</td>
<td>$55,625</td>
<td>Restricted</td>
</tr>
<tr>
<td>Financial advice - (Australian Sports Commission)</td>
<td>$33,801</td>
<td>$33,801</td>
<td>Restricted</td>
</tr>
</tbody>
</table>

Ethnic Communities Council of the Northern Territory: Submission (Question No. 2096)

Senator Crossin asked the Minister representing the Minister for Immigration and Multicultural Affairs, upon notice, on 6 March 2000:
With reference to the decision to reject the submission by the Ethnic Communities Council of the Northern Territory (ECCNT) for continuing funding to administer the Community Settlement Scheme:

(1) For the overall assessment of funding applications, with whom did the department consult in Darwin.

(2) Who did these persons represent.

(3) To assess applications in relation to the assessment criterion of service delivery, what means did the department use to assess ECCNT’s past performance.

(4) Did the assessment include the evaluation of Community Settlement Scheme clients or community organisations representing groups targeted under the scheme.

(5) What means did the department use to assess the capacity of competing agencies to match or improve on ECCNT’s performance record in service delivery.

(6) Did the assessment include input from community organisations representing groups targeted under the scheme.

(7) (a) Who were the persons on the Funding Advisory Committee; and

(b) which organisations did they represent.

Senator Vanstone—The Minister for Immigration and Multicultural Affairs has provided the following answer to the honourable senator’s question:

(1) The ‘Assessment of Applications’ is outlined, in Section 5 of the Guidelines for Applicants, February 1999, which was provided to each applicant. The Department followed the procedures outlined and consulted with members of the Funding Advisory Committee. (The members are listed in response (7) below).

(2) These persons were representatives of the 3 tiers of government and were drawn from the Northern Territory Settlement Planning Committee (NTSPC).

(3) The Department assessed the ECCNT’s past performance against their agreed work program with the Department over a 2½ year period.

(4) No formal evaluation process was conducted with the community or clients although informal feedback from clients and community is considered. Some funded agencies choose to include client surveys and self-evaluation as part of their work programs, but this was not the case with the ECCNT.

(5) The NT Office of the Department, with members of the Funding Advisory Committee, used each member's knowledge of competing agencies, plus the actual applications and supporting documentation to assess the capacity of competing agencies and the extent to which assessment criteria were satisfied. The Department's Central Office, in considering State and Territory recommendations from a national perspective, endorsed the NT Office's recommendations. Central Office's assessment was that the advertised criteria had been appropriately applied. This assessment was reflected in advice to the Minister.

(6) No. The grant application assessment process does not include input from community organisations, although feedback from clients and community groups over previous funding periods is taken into consideration.

(7) (a) & (b) The members of the Funding Advisory Committee and the organisations they represented were:

Mrs Dianne Mitchell, Manager of the Settlement & Multicultural Affairs Branch with the Department of Immigration and Multicultural Affairs

Mr Patrick Illidge, Settlement Planning Officer with the Department of Immigration and Multicultural Affairs

Ms Janicean Price, Director of the Northern Territory Office of Ethnic Affairs

Ms Deanna Loos, Representative of the Palmerston Town Council

Mr Ramakrishna Chondur, Senior Project Officer with the Department of Health and Family Services

Mr Emilio Travaini, Migrant Liaison Officer with Centrelink.
**Superannuation Surcharge: Victorian State Government**  
*(Question No. 2100)*

Senator Robert Ray asked the Assistant Treasurer, upon notice, on 8 March 2000:

1. On how many occasions did the Assistant Treasurer write to the Victorian Government, prior to 18 September 1999, raising the issue of Victorian State Parliamentarians’ liability for the superannuation surcharge (tax).
2. Did the then Victorian State Government respond to the Assistant Treasurer’s correspondence; if so, when.
3. Can the Assistant Treasurer confirm that the Victorian Government, prior to 18 September 1999, failed to introduce legislation to compel Victorian members of Parliament to pay the superannuation surcharge (tax).
4. Has the Assistant Treasurer any calculations to demonstrate how much tax has been avoided by departing members of the Victorian Parliament after the election of 18 September 1999.
5. Is the Assistant Treasurer encouraging the new Victorian State Government to legislate on this matter, including making the legislation retrospective.

Senator Kemp—The answer to the honourable senator’s question is as follows:

1. Twice.
2. No written response was received.
3. The necessary legislation was not introduced into Parliament.
4. No.
5. I wrote to the Victorian Premier on 17 November 1999 in relation to this issue.

**Nuclear Disarmament: Non-Proliferation Review Conference**  
*(Question No. 2107)*

Senator Brown to ask the Minister representing the Minister for Foreign Affairs, upon notice, on 21 March 2000:

1. Did Mr Paterson from the department make the following statements: (a) ‘We are expecting a quite difficult NPT (Nuclear Non-Proliferation Treaty) conference beginning at the end of April... Our objectives are currently before Mr Downer awaiting his approval but, essentially, they are in the nature of damage limitation. We do not wish to see the consensus, the support, and the commitment for the NPT undermined or unravelled’; and (b) ‘The main concern of many NPT parties is that the nuclear weapon states have proceeded very slowly with nuclear disarmament. In many ways this is a valid concern and we and other countries are working at encouraging them to be more positive and active in that process’.
2. Is the Government aware of strong arguments that if commitment to the NPT is to be maintained, then fulfilment by the nuclear weapons states of their Article VI obligations in a ‘sooner rather than later’ timeframe is urgently required.
3. Does the Government consider that ‘damage control’ without clear progress on Article VI obligations, might cause other nations to see Australia as an uncritical apologist for the failure of nuclear weapons states to fulfil their Article VI obligations.
4. (a) What steps is the Government taking apart from ‘damage control’ in the context of the NPT Review conference to ensure that the nuclear weapons states fulfil their Article VI obligations; (b) what specific steps has the Government taken; and (c) what steps will it take to encourage them ‘to be more positive and active in that process’.
5. (a) Did the Australian delegation to the NPT Preparatory Committee in Geneva in May 1998 submit a text that essentially repeated existing and commonly agreed language on reaffirming the nuclear weapons states’ commitment to Article VI of the NPT; and (b) did it fail to make additional demands or express alarm over current progress.
6. Does the Government consider that the only immediate practical steps that it can ask for are the signature and ratification of the Comprehensive Test Ban Treaty and the conclusion of a fissile material cut-off treaty.
(7) (a) Is the Government aware of a working paper submitted by South Africa that calls on the nuclear weapons states to bring the Strategic Arms Reduction Treaty (START) II into force, negotiate START III, and ensure full implementation of Article VI obligations; and (b) does the Government support these steps.

Senator Hill—The Minister for Foreign Affairs has provided the following answer to the honourable senator’s question:

(1) (a) and (b) Yes.

(2) Yes.

(3) No. The phrase 'damage control' does not mean that the Government accepts the status quo regarding nuclear arms reductions. On the contrary, the Government looks to the nuclear weapon states actively to pursue further progress on their Article VI obligations. But the Government also acknowledges the considerable progress that has been made already. The START I and II Treaties, when fully in force and implemented, will eliminate two-thirds of U.S. and former Soviet deployed nuclear weapons.

(4) (a) The Government is working hard for a successful Nuclear Non-Proliferation Treaty Review Conference in April–May 2000. I will lead the Australian delegation, which will vigorously pursue objectives designed to strengthen the non-proliferation norm and the treaty system that underpins it. In the area of nuclear disarmament, the Australian delegation will be seeking to ensure that the Conference recognises the progress made and focuses on balanced and realistic future objectives which are capable of receiving the support of all groups of states. The Government regularly urges Russia to ratify START II and calls for Russia and the United States to commence negotiations as soon as possible on START III, which could bring the deployed nuclear arsenals of those two countries as much as 80 percent below Cold War peaks.

(b) The Government believes that the Article VI goal of eventual nuclear disarmament can only proceed via a series of incremental and reinforcing steps - including bilateral nuclear warhead negotiations, entry into force of the Comprehensive Nuclear Test Ban Treaty (CTBT), commencement of Fissile Material Cut-Off Treaty (FMCT) negotiations and facilitation of nuclear weapon free zones. The Government has made representations to all five nuclear weapon states to urge their active support for these individual steps, which together represent significant progress towards achieving the final goal of Article VI.

A strong non-proliferation regime is essential to further progress towards nuclear disarmament. The CTBT is a key reinforcing element of that regime. Australia is a strong supporter of the CTBT and in recent months the Government has instructed posts to make representations to 36 key countries urging early signature and/or ratification of the Treaty. On 13 March, the Government signed an arrangement with the Preparatory Commission of the Comprehensive Nuclear Test Ban Treaty Organisation to facilitate the establishment and management of the 21 nuclear test monitoring facilities Australia will host as part of the CTBT’s international monitoring system.

The Government has consistently called for an immediate start to FMCT negotiations and we are working on a number of issues which will arise in the context of negotiating such a treaty, including an approach to verification.

The Government is pursuing practical initiatives which will contribute to a climate conducive to further progress on nuclear disarmament. In addition to the action urging CTBT ratification mentioned above, Australian posts overseas are encouraging NPT parties yet to conclude safeguards agreements required by the Treaty or the Additional Protocol developed to strengthen IAEA safeguards to conclude such agreements. Australia is coordinating a small group of countries preparing possible draft text for the

Review Conference on safeguards and peaceful uses issues, as it did at the last Review Conference. Australia is consulting a wide range of countries, including the nuclear weapon states, to try to shape positive outcomes at the Review Conference.

These reinforcing measures all constitute steps on the path to nuclear disarmament while they may be small steps individually, cumulatively they amount to significant movement. It is important to remember that a strong non-proliferation regime is essential to further progress towards nuclear disarmament.

(c) The Government believes that progress in reducing nuclear warhead numbers at this stage is best made bilaterally, between the U.S. and Russia, through the START process. The Government has been
active in lobbying Duma members and key officials in the Russian Government to encourage Durna ratification of START II. We have made representations to both the U.S. and Russia to encourage commencement of negotiations on START III and the earliest conclusion, ratification and implementation of START III possible. Discussions between the United States and Russia on START III have begun, but ratification of START II is a prerequisite to the commencement of negotiations on START III.

The Government has also made representations to the U.S., China and Russia to urge them to ratify the CTBT. It has made representations to all five NWS on the importance of an immediate start to FMCT negotiations (a measure recognised by both the Canberra Commission and the Tokyo Forum as an essential step on the road towards a world free of nuclear weapons). In addition it has called on all five NWS to take action as part of global efforts to strengthen the nuclear safeguards system, including most recently Russia, the only NWS yet to sign an Additional Protocol with the International Atomic Energy Agency. The Government made successful representations to encourage the nuclear weapon states to support the South Pacific Nuclear Weapon Free Zone and has encouraged the U.S., U.K and France vigorously to continue efforts to resolve their outstanding differences with the members of the South East Asian Nuclear Weapon Free Zone in order to enable ratification of the protocol to that Treaty.

(a) No. The Australian text submitted to the Second Preparatory Committee meeting for the NPT Review Conference in May 1998 proposed that the nuclear weapon states declare unequivocally their commitment to the ultimate elimination of nuclear weapons. The text proposed that NPT parties agree to the immediate commencement and early conclusion of a FMCT and early signature and ratification of the CTBT as practical and immediate steps towards the achievement of Article VI goals.

(b) No. The Australian text was submitted in conjunction with Australia's statement on Cluster 1 issues (which include nuclear disarmament). The statement acknowledged the progress made on nuclear disarmament but made clear the Government's hope and expectation of further progress. It registered clearly that 'there is still much to be done to realise Article VI of the Treaty' and urged the Russian Federation to do its utmost to secure the early ratification of START II. In addition, the statement indicated that Australia looked forward to the day 'sometime soon - conceivably post START III when the Russian Federation and the United States have reduced their nuclear arsenals to a point where the numbers are sufficiently low to allow progressively extending the negotiations to the other nuclear weapons states and thence to negotiations on a single multilateral convention banning nuclear weapons'.

(b) As indicated above the Government has consistently urged Russian ratification of START II and early negotiation by the U.S. and Russia of START III. The Government supports full implementation of all NPT obligations, including those under Article VI.

China: Human Rights
(Question No. 2108)

Senator Brown asked the Minister representing the Minister for Foreign Affairs, upon notice, on 15 March 2000:

With reference to the bilateral talks on human rights which took place between an Australian government delegation and a Chinese government delegation in China this year and in Australia in 1998 and in China in 1997:

(1) Has the Minister tabled a report in the Parliament in respect of those talks in any of the years mentioned or otherwise presented a report to the Australian public respect of those talks.

(2) Will talks forming part of the bilateral dialogue take place China or Australia this year or at any other time; if so when.

(3) If such talks are to be held, will the Minister table a report in the Parliament in respect of those talks at their conclusion; if not, why not.

Senator Hill—The Minister for Foreign Affairs has provided the following answer to the honourable senator’s question:

(1) Reports of discussions between officials, such as the bilateral human rights dialogue with China, are not normally tabled in Parliament. At each of the rounds of the dialogue, the Australian delegation has given a press conference (on 14 August 1997 in Beijing; on 11 August 1998 in Canberra; and
on 18 August 1999 in Beijing) and the Department of Foreign Affairs and Trade has provided a detailed debrief to NGOs with an international human rights focus, including Amnesty International and the Australia Tibet Council.

(2) The timing of the next round of human rights dialogue is still under consideration. In accordance with the established pattern, the next round would most likely be held in Australia.

(3) See answer to question one.